

# NorthStar Operating Company

## AUTHORITY FOR EXPENDITURE

September 6, 2005

Well Name: Fort #1

Prospect: East Denton

Location: 2100' FNL & 2500' FEL  
Sec 8, T-15S, R-38E

Co. & State: Lea County, NM

		BCP	ACP	TOTAL
<b><u>INTANGIBLE COSTS</u></b>				
Site Preparation - Initial		\$ 10,000	\$ -	\$ 10,000
Site Preparation - Final		\$ -	\$ 4,000	\$ 4,000
Drilling - Move In/Out		\$ 35,000	\$ -	\$ 35,000
Drilling - Footage	ft @		per foot	
Drilling - Daywork	27 days @	\$ 283,500	\$ -	\$ 283,500
			\$ 10,500 per day	
Drilling - Bits		\$ 15,000	\$ -	\$ 15,000
Drilling - Fluids		\$ 18,000	\$ -	\$ 18,000
Drilling - Fuel		\$ 35,000	\$ -	\$ 35,000
Cement - Surface		\$ 9,000	\$ -	\$ 9,000
Cement - Intermediate		\$ 18,000	\$ -	\$ 18,000
Cement - Production		\$ -	\$ 25,000	\$ 25,000
Water - Drilling		\$ 20,000	\$ -	\$ 20,000
Water - Treating		\$ -	\$ 5,000	\$ 5,000
Logging - Mud Logs		\$ 15,000	\$ -	\$ 15,000
Logging - Electric		\$ 18,000	\$ -	\$ 18,000
Perforating		\$ -	\$ 5,000	\$ 5,000
Testing - Drill Stem		\$ 4,000	\$ -	\$ 4,000
Testing - Other		\$ -	\$ 4,000	\$ 4,000
Rentals - Equipment		\$ 6,000	\$ 6,000	\$ 12,000
Treating - Acid		\$ -	\$ 9,000	\$ 9,000
Treating - Fracturing		\$ -	\$ -	\$ -
Labor - Roustabout		\$ 2,000	\$ 10,000	\$ 12,000
Labor - Welding		\$ 1,000	\$ 500	\$ 1,500
Services - Inspection		\$ 10,000	\$ -	\$ 10,000
Services - Other		\$ -	\$ -	\$ -
Noncontrollable Equipment		\$ 1,000	\$ 1,000	\$ 2,000
Trucking		\$ 2,000	\$ 2,000	\$ 4,000
Completion Unit	10 days @	\$ -	\$ 25,000	\$ 25,000
			\$ 2,500 per day	
Permit Fees		\$ -	\$ -	\$ -
Surface Damages		\$ 5,000	\$ 2,000	\$ 7,000
Legal Fees		\$ 2,500	\$ 5,000	\$ 7,500
Drilling Costs - Other		\$ -	\$ -	\$ -
Administrative Overhead		\$ 5,000	\$ 2,500	\$ 7,500
Supervision - Geology		\$ -	\$ -	\$ -
Supervision - Field		\$ -	\$ 2,500	\$ 2,500
Supervision - Engineering		\$ 25,000	\$ -	\$ 25,000
Insurance - Liability		\$ 1,500	\$ -	\$ 1,500
Insurance - Umbrella		\$ 1,500	\$ -	\$ 1,500
Insurance - Well Control		\$ -	\$ -	\$ -
Insurance - Other		\$ -	\$ -	\$ -
Bonds - Plugging		\$ -	\$ -	\$ -
Misc Intangibles	Est 10%	\$ 54,300	\$ 10,450	\$ 64,750
<b>TOTAL INTANGIBLES</b>		<b>\$ 597,300</b>	<b>\$ 118,950</b>	<b>\$ 716,250</b>

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case Nos. 13527 & 13528 Exhibit No. 5

Submitted by:

NorthStar Operating Company

Hearing Date: September 8, 2005

# NorthStar Operating Company

## AUTHORITY FOR EXPENDITURE

September 6, 2005

Well Name: Fort #1

Prospect: East Denton

Location: 2100' FNL & 2500' FEL  
Sec 8, T-15S, R-38E

Co. & State: Lea County, NM

				BCP	ACP	TOTAL
<b>EQUIPMENT COSTS</b>						
Casing - Surface	13 3/8"	400 ft @	\$ 31.60 per foot	\$ 12,640		\$ 12,640
Casing - Intermedi:	8 5/8 "	4,800 ft @	\$ 22.50 per foot	\$ 108,000		\$ 108,000
Casing - Intermediate		ft @	per foot	\$ -		\$ -
Casing - Production	5 1/2"	9,600 ft @	\$ 13.00 per foot		\$ 124,800	\$ 124,800
Equipment - Cementing					\$ 1,000	\$ 1,000
Equipment - Wellhead				\$ 3,000	\$ 7,000	\$ 10,000
Equipment - Electrical				\$ -	\$ 15,000	\$ 15,000
Equipment - Flowlines				\$ -	\$ 10,000	\$ 10,000
Equipment - Connections				\$ -	\$ 15,000	\$ 15,000
Equipment - Other				\$ -	\$ -	\$ -
Tubing	2 7/8"	9,600 ft @	\$ 4.50 per foot	\$ 43,200		\$ 43,200
Rods		9,600 ft @	\$ 3.25 per foot	\$ 31,200		\$ 31,200
Pumping Unit					\$ 65,000	\$ 65,000
Downhole Pump					\$ 3,000	\$ 3,000
Treater					\$ 8,000	\$ 8,000
Separator					\$ 4,000	\$ 4,000
Tanks - Oil					\$ 20,000	\$ 20,000
Tanks - Water					\$ 6,000	\$ 6,000
Misc Equipment		Est 10%		\$ 12,364	\$ 35,320	\$ 47,684
<b>TOTAL EQUIPMENT</b>				<b>\$ 136,004</b>	<b>\$ 388,520</b>	<b>\$ 524,524</b>
<b>TOTAL WELL COSTS</b>				<b>\$ 733,304</b>	<b>\$ 507,470</b>	<b>\$ 1,240,774</b>

The costs listed above are estimates only. You will be billed for your proportionate share of the actual costs incurred.

Approved: \_\_\_\_\_

Date: \_\_\_\_\_