

Quest Resource Corporation

AUTHORIZATION FOR EXPENDITURE

DATE: #####

Operator: Quest Cherokee LLC	AFE #
Well Name, #: State 9-4 #1	Field: Development
Proposal: Drill and Complete	Formation: San Andres
Location: NW 1/4 Sec. 9, T18-S, R38-E	County: Lea County, N. Mexico
TVD: 5000'	
MD:	
Lateral Length:	

<u>Drill and Evaluate</u>	<u>Completion</u>
Intangible	Intangible
\$	\$
Title and Legal	5000
Permit, Survey, Damages	7000
Dirtwork, Road, & Location	12000
Rig Mob / DeMob	22000
Pit Liner	2500
Daywork 13 days @ \$13,900/day	180700
Fuel / Cube	12000
Drill Bits	10000
Water / Water Well	7000
Surface Equipment Rental	1000
Subsurface Equipment Rental	
Misc Equipment and Supplies	5000
Drilling Mud and Additives	9000
Contract Labor	
Casing Crew	1500
Cement & Cementing Services	19000
Mud Logging	7000
Directional Services	0
Open Hole Logging	20000
Coring	
Engineering Services	5000
Overhead	3000
Geologic Services	1500
Supervision	14000
Environmental	
Insurance	10000
Transportation	12000
Drill Pipe / Collars	
Other	
Contingency	30000
Sub Total Intangibles	\$396,200
Tangible	\$
Conductor	7500
Surface Casing (8-5/8 @ 1,800')	26800
Intermediate (5-1/2" @ 5,000')	
Casing Head	2000
Casing Equipment	
Miscellaneous Equipment	
Sub Total Tangibles	\$36,100
TOTAL DRY HOLE COST	\$432,300

Cementing & Cementing Services	13500
Dirtwork, Roads, & Location	1500
Completion Unit (8 @ \$3000)	24000
Surface Equipment Rental	1500
Subsurface Equipment Rental	3000
Misc Equipment and Supplies	0
Water Hauling and Completion	3500
Cased Hole Wireline	7000
Testing / Fluid Analysis etc.	0
Stimulation and Treatment	24000
Transportation	4000
Contract Labor	
Casing Crew	2500
Engineering and Supervision	7000
Completion Overhead	1000
Permits and Permanent Damage	
Fuel	2000
Blowout Prevention	
Miscellaneous Contingency	10000
Sub Total Intangibles	\$104,500
Tangible	\$
Production Casing / Liner (5-1/2", J-55)	42500
Casing Accessories	
Xmas Tree and Wellhead	5000
Production Tubing (2-7/8 @ 4800')	21250
Pumping Unit - Used	32000
Subsurface Artificial Lift	3000
Surface Separation Equipment	8000
Tankage With Fittings; (2-500 bbl, 1-210 FG)	15000
Flow, SWD, Fuel Lines, etc.	2000
Rods, etc.	7000
Valves and Fittings	4000
Meter Run	1500
Electrification	7500
Pipeline Miscellaneous	1000
Contract Labor	
Miscellaneous Contingency	10000
Sub Total Tangibles	\$157,750
TOTAL COMPLETION COST	\$262,250
TOTAL WELL COST	\$694,550

<u>Company</u>	<u>WI%</u>	<u>Cost</u>
	100%	\$694,550

INTERNAL APPROVAL:

Approved By: BTB B. Simmons
 Approved By: SLH S. Hochstein
 Approved By: _____ D. Grose
 Approved By: _____ J. Cash

PARTNER APPROVAL:

Approved By: _____

Oil Conservation Division
 Case No. _____
 Exhibit No. 13