

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF CIMAREX ENERGY CO. FOR  
A NON-STANDARD OIL SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

Case No. 14,020

VERIFIED STATEMENT OF JOSHUA A. RALEY

Joshua A. Raley, being duly sworn upon his oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1210.A(1)(b), the following information is submitted in support of the application filed herein:

(a) No opposition to this application is expected because the mineral interest owner being pooled has simply not responded to well proposals.

(b) A plat outlining the spacing unit being pooled, and marking the location of the proposed well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 12, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The unit is to be dedicated to the Antero 12 Fee Well No. 3, a horizontal well to be drilled at a surface location 2310 feet from the north line and 2210 feet from the west line of Section 12, with a terminus 330 feet from the north line and 2210 feet from the west line of Section 12. The well unit is non-standard because of the horizontal well.

(c) The party being pooled, his interest in the well unit, and his last known address, are:

Sidney Roger Davis  
P.O. Box 29330  
Austin, Texas 78755

\_\_\_\_\_ 0.106820 \_\_\_\_\_ %

The E $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 12 is a fee tract with common, undivided mineral ownership throughout the well unit.

Oil Conservation Division

Case No. \_\_\_\_\_

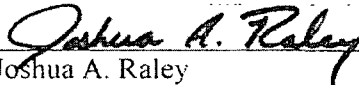
Exhibit No.   1

- (d) Copies of the proposal letters sent to the uncommitted mineral interest owner are attached hereto as Exhibit B.
- (e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of interest owners in the well.
- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.
- (g) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.
- (h) Overhead charges of \$ 6,940 /month for a drilling well, and \$ 690 /month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Cimarex Energy Co. requests that the rates be adjusted under the COPAS accounting procedure.
- (i) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF Dallas            )

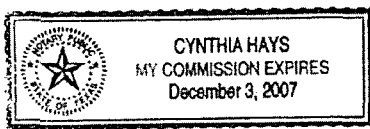
Joshua A. Raley, being duly sworn upon his oath, deposes and states that: He is a landman for Cimarex Energy Co.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

  
Joshua A. Raley

SUBSCRIBED AND SWORN TO before me this 30<sup>th</sup> day of October, 2007 by Joshua A. Raley.

My Commission Expires: Dec. 3, 2007

  
Notary Public





DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 86210

DISTRICT III  
1000 Rio Bravos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-38499</b>	Pool Code <b>17290</b>	Pool Name <b>Denton; Wolfcamp</b>
Property Code <b>36686</b>	Property Name <b>ANTERO "12" FEE</b>	Well Number <b>3</b>
GRID No. <b>215099</b>	Operator Name <b>CIMAREX ENERGY CO.</b>	Elevation <b>3786'</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>F</b>	<b>12</b>	<b>15 S</b>	<b>37 E</b>		<b>2310</b>	<b>NORTH</b>	<b>2210</b>	<b>WEST</b>	<b>LEA</b>

**Bottom Hole Location if Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>12</b>	<b>15 S</b>	<b>37 E</b>		<b>330</b>	<b>NORTH</b>	<b>2210</b>	<b>WEST</b>	<b>LEA</b>
Dedicated Acres <b>80</b>	Joint or Infill	Consolidation Code	Order No.						

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<b>BOTTOM HOLE LOCATION</b> Lat - N33°02'17.4" Long - W103°09'18.0" NNSPCE - N 743443.211 E 902444.283 (NAD-83)	<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <b>Zeno Farris</b> 08-28-07 Signature Date Printed Name
	<b>SURFACE LOCATION</b> Lat - N33°01'57.79" Long - W103°09'18.26" NNSPCE - N 741463.211 E 902444.283 (NAD-83)	<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. AUGUST 28, 2007 Date Surveyed Signature of Gary L. Jones Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS

# Shaw Interests, Inc.

## OIL & GAS PROPERTIES

310 West Wall, Ste. 305

MIDLAND, TX 79701

(432) 685-1404

September 25, 2007

Sidney Roger Davis  
P.O. Box 29330  
Austin, TX 78755

**Re: Oil & Gas Lease  
W/2 of Section 12  
Township 15 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico**

Dear Mr. Davis:

According to our title research you own an undivided .341824218 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$200.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 12, Township 15 South, Range 37 East, Lea County, New Mexico:

- Surface Hole Location: 2310' FNL & 2210' FWL
- Bottom Hole Location: 330' FNL & 2210' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

*Tim Lilley*

Tim Lilley

EXHIBIT

**B**

## OIL & GAS LEASE

THIS AGREEMENT made this 25<sup>th</sup> day of September 2007, between Sidney Roger Davis, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is P.O. Box 29330, Austin, TX 78755, and Shaw Interests, Inc., whose address is P.O. Box 9612, Midland, Texas 79708, Lessee;

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 15 South, Range 37 East, N.M.P.M.

#### W/2 of Section 12

Said land is estimated to comprise **320.00 acres**, whether it actually comprises more or less.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

\_\_\_\_\_  
Sidney Roger Davis

### ACKNOWLEDGMENTS

STATE OF TEXAS

§

COUNTY OF TRAVIS

§

§

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2007, by Sidney Roger Davis.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires: \_\_\_\_\_



## AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY <b>Cimarex Energy Co.</b>			DATE PREPARED <b>August 10, 2007</b>		
REGION <b>Permian</b>	WELL NAME <b>Antero 12 Fee #3</b>	WELL NO <b>3</b>	PROSPECT OR FIELD NAME <b>Denton East</b>	PROPERTY NUMBER <b>309501-013</b>	DRILLING AFE NO <b>257143</b>
LOCATION <b>BHL 330' FNL &amp; 2210' FWL SHL 2310' FNL &amp; 2210' FWL Sec 12, T15S, R37E</b>			COUNTY <b>Lea</b>	STATE <b>New Mexico</b>	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISED ESTIMATE <input type="checkbox"/>	EST START DATE	EST COMP DATE	FORMATION <b>Wolfcamp</b>	EST TO <b>9750 TVD 11,250' MD</b>
SUPPLEMENTAL ESTIMATE					

## PROJECT DESCRIPTION:

Drill and complete a horizontal (1880') wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,219,300		\$2,219,300
Intangible Completion Costs		598,600	598,600
<b>TOTAL INTANGIBLE COSTS</b>	<b>2,219,300</b>	<b>598,600</b>	<b>2,817,900</b>
TANGIBLES			
Well Equipment	150,000	449,000	599,000
Lease Equipment		84,000	84,000
<b>TOTAL TANGIBLE WELL COST</b>	<b>150,000</b>	<b>533,000</b>	<b>683,000</b>
PLUG AND ABANDON COST	150,000	(150,000)	
<b>TOTAL WELL COST:</b>	<b>\$2,519,300</b>	<b>\$981,600</b>	<b>\$3,500,900</b>

## Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefor. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

\_\_\_\_\_ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
JOINT INTEREST APPROVAL		
COMPANY	BY	DATE

10/30/2007 10:36 AM

EXHIBIT





## PROJECT COST ESTIMATE

LEASE NAME: Antero 12 Fee #3

WELL NO.:

3

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED
	Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC 100	\$100,000	DICC 100	\$2,000	\$102,000
DAMAGES	DIDC 105	\$4,000	DICC 105		\$4,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC 255	\$20,000	DICC 235	\$5,000	\$25,000
DAY RATE 42 DH DAYS 5 ACP DAYS @ PER DAY	DIDC 115	\$682,500	DICC 120	\$77,000	\$759,500
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC 120	\$8,000			\$8,000
BITS	DIDC 125	\$80,000	DICC 125	\$1,000	\$81,000
FUEL \$2.50 PER GALLON	DIDC 135	\$84,000	DICC 130	\$1,000	\$85,000
WATER / COMPLETION FLUIDS	DIDC 140	\$29,400	DICC 135	\$15,000	\$44,400
MUD & ADDITIVES	DIDC 145	\$58,800			\$58,800
SURFACE RENTALS	DIDC 150	\$87,000	DICC 140	\$30,000	\$117,000
DOWNHOLE RENTALS	DIDC 155	\$96,000	DICC 145	\$20,000	\$116,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC 160				
MUD LOGGING 30 DAYS @ \$900 PER DAY	DIDC 170	\$34,000			\$34,000
OPEN HOLE LOGGING	DIDC 180	\$85,000			\$85,000
CEMENTING & FLOAT EQUIPMENT	DIDC 185	\$75,000	DICC 155	\$30,000	\$105,000
TUBULAR INSPECTIONS	DIDC 190	\$2,000	DICC 160	\$2,000	\$4,000
CASING CREWS	DIDC 195	\$19,000	DICC 165	\$18,000	\$37,000
EXTRA LABOR, WELDING, ETC.	DIDC 200	\$25,200	DICC 170	\$5,000	\$30,200
LAND TRANSPORTATION (Trucking)	DIDC 205	\$29,400	DICC 175	\$4,000	\$33,400
SUPERVISION	DIDC 210	\$48,000	DICC 180	\$12,000	\$60,000
TRAILER HOUSE/CAMP/CATERING	DIDC 280	\$21,000	DICC 255	\$3,000	\$24,000
OTHER MISC EXPENSES	DIDC 220	\$5,000	DICC 190	\$5,000	\$10,000
OVERHEAD	DIDC 225	\$13,000	DICC 195	\$2,400	\$15,400
REMEDIAL CEMENTING	DIDC 231		DICC 215		
MOB/DEMOB	DIDC 240	\$110,000			\$110,000
DIRECTIONAL DRILLING SERVICES 16 DAYS @ 10500 PER DAY	DIDC 245	\$168,000			\$168,000
DOCK, DISPATCHER, CRANE	DIDC 250		DICC 230		
MARINE & AIR TRANSPORTATION	DIDC 275		DICC 250		
SOLIDS CONTROL	DIDC 260	\$109,000			\$109,000
WELL CONTROL EQUIP (Snubbing services)	DIDC 265	\$41,000	DICC 240	\$21,000	\$62,000
FISHING & SIDETRACK OPERATIONS	DIDC 270	\$75,000	DICC 245		\$75,000
COMPLETION RIG 8 DAYS @ 4400 PER DAY			DICC 115	\$35,200	\$35,200
COIL TUBING 1 DAYS @ 38000 PER DAY			DICC 260	\$38,000	\$38,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC 200	\$25,000	\$25,000
STIMULATION			DICC 210	\$180,000	\$180,000
LEGAL/REGULATORY/CURATIVE	DIDC 300	\$3,000	DICC 280		\$3,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC 285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC 435	\$106,000	DICC 220	\$27,000	\$133,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA 110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ 110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC 265		
<b>TOTAL INTANGIBLE COST:</b>		<b>\$2,219,300</b>		<b>\$698,600</b>	<b>\$2,817,900</b>
<b>TANGIBLE - WELL EQUIPMENT</b>					
<b>CASING</b>					
DRIVE PIPE	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB 150 4,000	\$4,000
CONDUCTOR PIPE				DWEB 130	
WATER STRING				DWEB 135	
SURFACE CASING	13-3/8"	600	42.00	DWEB 140 25,000	\$25,000
INTERMEDIATE CASING	8-5/8"	4,525	20.00	DWEB 145 91,000	\$91,000
DRILLING LINER	7"			DWEB 145	
DRILLING LINER				DWEB 145	
PRODUCTION CASING OR LINER	5 1/2"	9,750	17.76	DWEA 100 173,000	\$173,000
PRODUCTION TIE-BACK				DWEA 100	
TUBING	2 7/8"	11,250	6.00	DWEA 105 68,000	\$68,000
N/C WELL EQUIPMENT				DWEA 115 \$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB 115 30,000 DWEA 120 \$20,000	\$50,000
LINER HANGER, ISOLATION PACKER				DWEB 100 DWEA 125	
PACKER, NIPPLES				DWEA 130 \$70,000	\$70,000
PUMPING UNIT, ENGINE				DLEQ 100 \$90,000	\$90,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ 105 \$19,000	\$19,000
<b>TANGIBLE - LEASE EQUIPMENT</b>					
N/C LEASE EQUIPMENT				DLEQ 115 \$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ 120 \$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ 125 \$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ 130 \$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA 135	
PIPELINES TO SALES				DWEA 140	
<b>TOTAL TANGIBLES:</b>		<b>\$160,000</b>		<b>\$533,000</b>	<b>\$693,000</b>
P&A COSTS	DIDC 295	150,000	DICC 275	(150,000)	
<b>TOTAL COST:</b>		<b>\$2,619,300</b>		<b>\$981,600</b>	<b>\$3,600,900</b>