

**PAUL BACA PROFESSIONAL COURT REPORTERS**

**OIL CONSERVATION  
DIVISION**

**CASE # 14200**

**EXHIBIT**

**3**

**PIERCE PRODUCTION COMPANY**  
**Authority for Expenditure**

<b>WELL NAME:</b> Roberts #1	<b>PROSPECT NAME:</b> Southwest Nadine
<b>LOCATION:</b> Sec. 9-T20S-R38E	<b>COUNTY &amp; STATE:</b> Lea, New Mexico
<b>REMARKS:</b> 7,800' Abo Oil Well	<b>OBJECT:</b> Oil Test
	<b>AFE CODE:</b> New Drill & Complete

INTANGIBLE COSTS	BCP	ACP	TOTAL
PERMITS	502	0	702
TITLE OPINION & CURATIVE	504	6,000	704
SURVEYING / STAKE LOCATION	506	2,500	706
DAMAGES & R-O-W'S	508	7,500	708
ROADS, LOCATION, PITS, LINERS, ETC.	510	42,000	710
DRILLING - FOOTAGE	512	0	0
DRILLING - DAYWORK: 22 days @ \$16,000/day	514	352,000	714
DRILLING MUD & CHEMICALS	516	24,000	716
CLOSED LOOP MUD SYSTEM RENTALS		158,400	
WATER	518	26,000	718
BITS, REAMERS, ETC.	520	22,500	720
FUEL	522	59,400	0
CEMENTING SURFACE	524	19,000	0
CEMENTING INTERMEDIATE CASING	526	35,000	0
CEMENTING PRODUCTION CASING		0	728
TUBULAR SERVICES AND TOOLS	530	3,500	730
CASING CREWS / PU LD MACHINE	532	14,000	732
FLOAT EQUIPMENT & LINER HANGER	534	2,200	734
TESTING; DST & COMPLETION	536	0	736
OPEN HOLE LOGGING / CASED HOLE LOGS	538	26,000	2,500
MUD LOGGING (14 days @ \$950)	540	13,300	0
WELDING & HOURLY LABOR	542	1,500	742
ON-SITE HOUSING & EQUIPMENT RENTALS	544	14,300	744
RIG MOBILIZATION, TRANSPORTATION, ETC.	546	65,000	746
COMPLETION UNIT (8 days comp.)		0	748
FORMATION STIMULATION: (4 acid, 3 frags)		0	750
WIRELINE SERVICES / TCP SERVICES	552	0	752
GEOLOGIC / ENGINEERING	554	5,000	754
CONTRACT LABOR	556	23,650	756
DRILLING WELL RATE (A/O)	558	6,500	758
INSURANCE	560	18,000	760
MISCELLANEOUS	562	7,500	762
CONTINGENCY (7.50%)	564	71,606	764
<b>TOTAL INTANGIBLES</b>		<b>1,026,356</b>	<b>433,010</b>

TANGIBLE COSTS	BCP	ACP	TOTAL
CONDUCTOR CASING	602	3,500	0
SURFACE CASING	604		0
400' of 13 3/8", 48#, 8rd STC H-40		29,956	0
INTERMEDIATE CASING	608	0	0
3,100' of 8 5/8", 32#, 8rd LTC, K-55		150,350	0
DRILLING LINER	612	0	0
PRODUCTION CASING	616	0	816
7,800' of 5 1/2", 17#, N-80, 8rd LTC		0	241,098
TUBING: 7,800' of 2 7/8", 6.50#, 8rd EUE	620	0	820
WELLHEAD EQUIPMENT	622	1,800	822
SURFACE LIFT & ELECTRICITY	624	0	824
RODS AND PUMP	626	0	826
PACKERS, BP'S, DOWNHOLE EQUIPMENT	628	0	828
GAS PRODUCTION EQUIPMENT	630	0	830
SEPARATOR, TREATER	632	0	832
FLOWLINES, VALVES, CONNECTIONS	634	0	834
TANKS (Water and Production)	636	0	836
MISCELLANEOUS	638	0	838
CONTINGENCY (7.50%)	640	13,920	840
<b>TOTAL TANGIBLES</b>		<b>199,526</b>	<b>497,347</b>
<b>TOTAL WELL COSTS</b>		<b>1,225,883</b>	<b>930,357</b>

PLUGGING COST 566 38,000  
**TOTAL DRY HOLE 1,263,883**

Prepared By: Bill Pierce Date of Final Preparation: September 10, 2008  
Pierce Production Company; Midland, Texas

Working Interest Owner

Approved By: \_\_\_\_\_ Title: \_\_\_\_\_  
Oil Conservation Division  
Case No. 3 14200  
Exhibit No. 3

Printed Name: \_\_\_\_\_

Company: \_\_\_\_\_ Company/Individual % W.I. \_\_\_\_\_

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACUTAL COSTS INCURRED IN THE OPERATION SPECIFIED ABOVE, WHETHER MORE OR LESS THAN SET OUT HEREIN.

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