

AUTHORITY FOR EXPENDITURE
NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

PROSPECT NAME: Thunderball FIELD: _____ DATE: 08/22/03
 LEASE/WELL NUMBER: Domino Fed Well # 1 PREPARED BY: K E McCready
 LOCATION: 1300+006 FEI, 660 FNL S28, 21S 27E
 COUNTY, STATE: EDDY, NM daywork contract
 PRIMARY OBJECTIVES: Morrow, ATOKA, DST IN ATOKA SAND ASSUMED
 PROJECTED TOTAL DEPTH: 11900 SINGLE MORROW SAND COMPL ASSUMED

ASSUMES OCD APPROVES CSG PROGRAM AND PROTECTION LINER NOT NEEDED					CASING POINT	COMPLETION COSTS
INTANGIBLE COSTS						
LEGAL WORK/PERMITTING/SURVEY/STAKING					2000	500
ROW						500
SITE PREPARATION/CLEAN-UP					8000	10000
RIG MOVES					20000	
DRILLING TURN-KEY						
					DRLG COMPL DAYS	
DRILLING DAYWORK					36 3 7800 /DAY	23400
DRILLING FOOTAGE					FT. @ /FT	0
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID					0 /DAY	0
BITS					35000	500
WATER					25000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)					0 250 /DAY	0
MUD/CHEMICALS/PKR FLUID					45000	2000
MUD LOGGING					27 DAYS @ 500 /DAY	13500
OPEN HOLE LOGGING					25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD						
DIESEL - INCL IN BID					39 800 /DAY	31200
DST'S 1 @ \$4000/TEST					4000	
WELDING						
CASING CREW/TOOLS						5000
CASING CEMENTING					25000	20000
SQUEEZE CMTG/PLUGGING					15000	-15000
TRANSPORTATION					2500	2500
RENTAL TOOLS/EQUIP						5000
COMPLETION RIG					8 DAYS @ 1850 /DAY	14800
PERFORATING/CASED HOLE LOGGING/CIBP/CMT						15000
BREAKDOWN						10000
FRACTURING/STIMULATION						75000
FRAC TANKS/WATER TRANSPORTS						5000
PIT LINER					4000	
LABOR/ROUSTABOUT CREWS					1500	5000
INSURANCE					6000	
BOP TESTING - 3RD PARTY					1200	
COLLAR INSPECTION/DAMAGES						
TREATING PACKER					DRLG COMPL DAYS	
FIELD SUPERVISION					33 14 500 /DAY	7000
ADMINISTRATIVE SERVICES/OVERHEAD					1000	1000
CONTINGENCY					56220	18870
TOTAL INTANGIBLE COSTS					618420	209570
TANGIBLE COSTS						
20"	"	CONDUCTOR	40 FT @	40.13 /FT	1605	
13-3/8"	"	SURFACE	500 FT @	17.23 /FT	8614	
9-5/8"	"	INTERMEDIATE	5100 FT @	13.00 /FT	66300	
7-0"	"	2 nd INTERMEDIATE	0 FT @	10.00 /FT	0	
5-1/2"	"	PRODUCTION	11900 FT @	7.00 /FT		83360
2-7/8"	"	TUBING	11700 FT @	3.50 /FT		40950
		RODS	0 FT @	0 /FT		
FLOAT EQUIP, DV TOOL, ETC						
CATTLEGUARDS/GATES						
WELLHEAD					5000	7500
PACKER						7000
DOWNHOLE PUMP/TAC						
FORKLIFT/PIPE RACKS					1500	1500
STOCK TANKS/WATER TANKS						10000
SEPARATORS						
GPU/TREATER						10000
VALVES/FITTINGS						5000
FLOWLINE						2500
METER RUN, ETC.						2500
MISCELLANEOUS (ROCK, FIREWALL, ETC)						3000
CONTINGENCY					650	17325
TOTAL TANGIBLE					83669	190575
TOTAL TANGIBLE/INTANGIBLE					702089	400145

TOTAL WELL COST 1102234

JOINT INTEREST APPROVAL _____

COMPANY: _____

BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN

BY: K.E. McCready

DATE: 8/22/03

OIL CONSERVATION DIVISION
 CASE NUMBER
 EXHIBIT