Nearburg Producing Company

Exploration and Production

Dallas, Texas

AUTHORITY FOR EXPENDITURE COMPARISON

NEARBURG AFE FORMAT

LEASE: Arroyo 16 State Com #1 / Boyd X State Com #9 PROPOSED TOTAL DEPTH: 8,200' / 8,300'

LOCATION: Section 16, T19S, R25E, Eddy County, New Mexico

DESCRIPTION OF WORK: Drill and complete as a pumping Cisco/Canyon oil producer.

DATE PREPARED: 6/8/95

INTANGIBLE COSTS:	NPC BCP	YATES BCP	NPC ACP	YATES ACP	NPC TOTAL	YATES TOTAL	DIFF
Drilling Footage	129,600	140,700			129,600	140,700	(11,100)
Drilling Daywork	13,200	13,500	8,800		22,000	13,500	8,500
Drilling Turnkey					0	0	0
Rig Mobilization and Demobilization					0	0	0
Road & Location Expense	17,000	11,300	1,000	3,300	18,000	14,600	3,400
Damages	5,000				5,000	0	5,000
Directional Drilling - Tools and Service					0	0	0
Drilling Fluids	15,000	10,000		600	15,000	10,600	4,400
Fuel, Power, and Water	10,000	18,000	1,500	1,100	11,500	19,100	(7,600)
Supplies - Bits			750	2,300	750	2,300	(1,550)
Supplies - Casing Equipment	2,000		3,500		5,500	0	5,500
Supplies - Liner Equipment					0	0	0
Supplies - Miscellaneous	500	300	500		1,000	300	700
Cement and Cmt. Services - Surface Csg	17,000	12,500			17,000	12,500	4,500
Cement and Cmt. Services - Int. Csg					0	0	0
Cement and Cmt. Services - Prod. Csg			30,000	30,000	30,000	30,000	0
Cement and Cmt. Services - Other					0	0	0
Rental - Drilling Tools and Equipment	3,000	6,300	1,000	8,000	4,000	14,300	(10,300)
Rental - Miscellaneous	500		1,000		1,500	0	1,500
Testing - Drill Stem / Production	6,000				6,000	0	6,000
Open Hole Logging	20,000	11,000			20,000	11,000	9,000
Mudlogging Services	7,500	3,600			7,500	3,600	3,900
Special Services					0	0	0
Plug and Abandon	10,000		(10,000)		0	0	0
Pulling and/or Swabbing Unit			12,000	7,800	12,000	7,800	4,200
Reverse Equipment			1,200		1,200	0	1,200
Wireline Services			5,000	4,000	5,000	4,000	1,000
Stimulation			20,000	30,000	20,000	30,000	(10,000)
Pump / Vacuum Truck Services	500		500		1,000	0	1,000
Transportation	1,000		1,500		2,500	0	2,500
Tubular Goods - Inspection & Testing	500		6,000		6,500	0	6,500
Unclassified					0	0	0
Telephone and Radio Expense	500		500		1,000	0	1,000
Engineer / Geologist	3,150		1,350		4,500	0	4,500
Company Labor - Field Supervision	12,600	7,500	4,500	5,400	17,100	12,900	4,200
Contract Labor / Roustabout	1,000		2,500		3,500	0	3,500
Legal and Professional Services	2,500		500		3,000	0	3,000
Insurance	10,300				10,300	0	10,300
Overhead	4,600		2,000		6,600	0	6,600
SUBTOTAL	292,950	234,700	95,600	92,500	388,550	327,200	61,350
Contingencies	29,295		9,560	4,500	38,855	4,500	34,355
ESTIMATED TOTAL INTANGIBLES	322,245	234,700	105,160	97,000	427,405	331,700	95,705

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11311 Exhibit No. 8
Submitted By:
Nearburg Exploration Company
Hearing Date: August 10, 1995

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TANGIBLE COSTS:	NPC BCP	YATES BCP	NPC ACP	YATES ACP	NPC TOTAL	YATES TOTAL	DIFF
Conductor Casing					0	0	0
Surface Csg	20,150	16,800			20,150	16,800	3,350
Intermediate Csg					0	0	0
Protection Csg						0	0
Production Csg			101,250	80,000	101,250	80,000	21,250
Protection Liner						0	0
Production Liner						0	0
Tubing			24,180	21,500	24,180	21,500	2,680
Rods					0	0	0
Artificial Lift Equipment			80,000	75,000	80,000	75,000	5,000
Tank Battery			15,000		15,000	0	15,000
Separators/Heater Treater/Gas Units/FWKO			10,000	30,000	10,000	30,000	(20,000)
Well Head Equipment & Christmas Tree	1,500	2,200	10,500	13,500	12,000	15,700	(3,700)
Subsurface Well Equipment					0	0	0
Flow Lines			5,000		5,000	0	5,000
Saltwater Disposal Pump					0	0	0
Gas Meter			3,000		3,000	0	3,000
Lact Unit					0	0	0
Vapor Recovery Unit					0	0	0
Other Well Equipment						0	0
ROW and Damages						0	0
Surface Equipment Installation Costs			10,000	10,000	10,000	10,000	0
Elect. Installation			15,000	15,000	15,000	15,000	0
							0
ESTIMATED TOTAL TANGIBLES	21,650	19,000	273,930	245,000	295,580	264,000	31,580
							0
ESTIMATED TOTAL WELL COSTS	343,895	253,700	379,090	342,000	722,985	595,700	127,285

Likely Savings from NPC AFE:

BCP Intangibles:	Drilling Footage	10,700
	Road & Location	7,000
	Damages	2,500
	Drilling Fluids	7,500
	Cement Surface Csg	2,000
	Insurance	4,730
	Contingencies	29,295
	SUBTOTAL	$63,725
ACP Intangibles:	Pulling Unit	4,500
	Contingincies	9,560
	SUBTOTAL	$14,060
ACP Tangibles:	Submersible Pump	5,000
	SUBTOTAL	$5,000
	GRAND TOTAL	**$82,785**

Items Not Included in Yates' AFE:

Drill Stem Testing	$6,000
Engineer/Geologist	$1,000
Legal & Professional	$2,500
Insurance	$5,580
SUBTOTAL	$15,080
Drilling Daywork	$6,750
Engineer/Goelogist	500
SUBTOTAL	$7,250
Tank Battery	15,000
SUBTOTAL	$15,000
GRAND TOTAL	**$37,330**

Total of NPC Savings and Yates Excluded Items **$120,115**

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SPOT / ELAN Log Analysis

SPOT - **Computes the spots (vugs) that appear on a Formation Micro Imager (FMI) as a percent of the areal size of the wellbore surface. From this computation, the apparent producibility of the formation can be inferred from actual production histories and analogous formations.**

SPOT / ELAN - **Uses SPOT computed porosity (very high resolution) in the ELAN program to calculate volumetric reserves.**

The FMI is also used to identify natural fractures and determine fracture azimuth, which will aid in determining preferential drainage orientation.

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BEFORE THE
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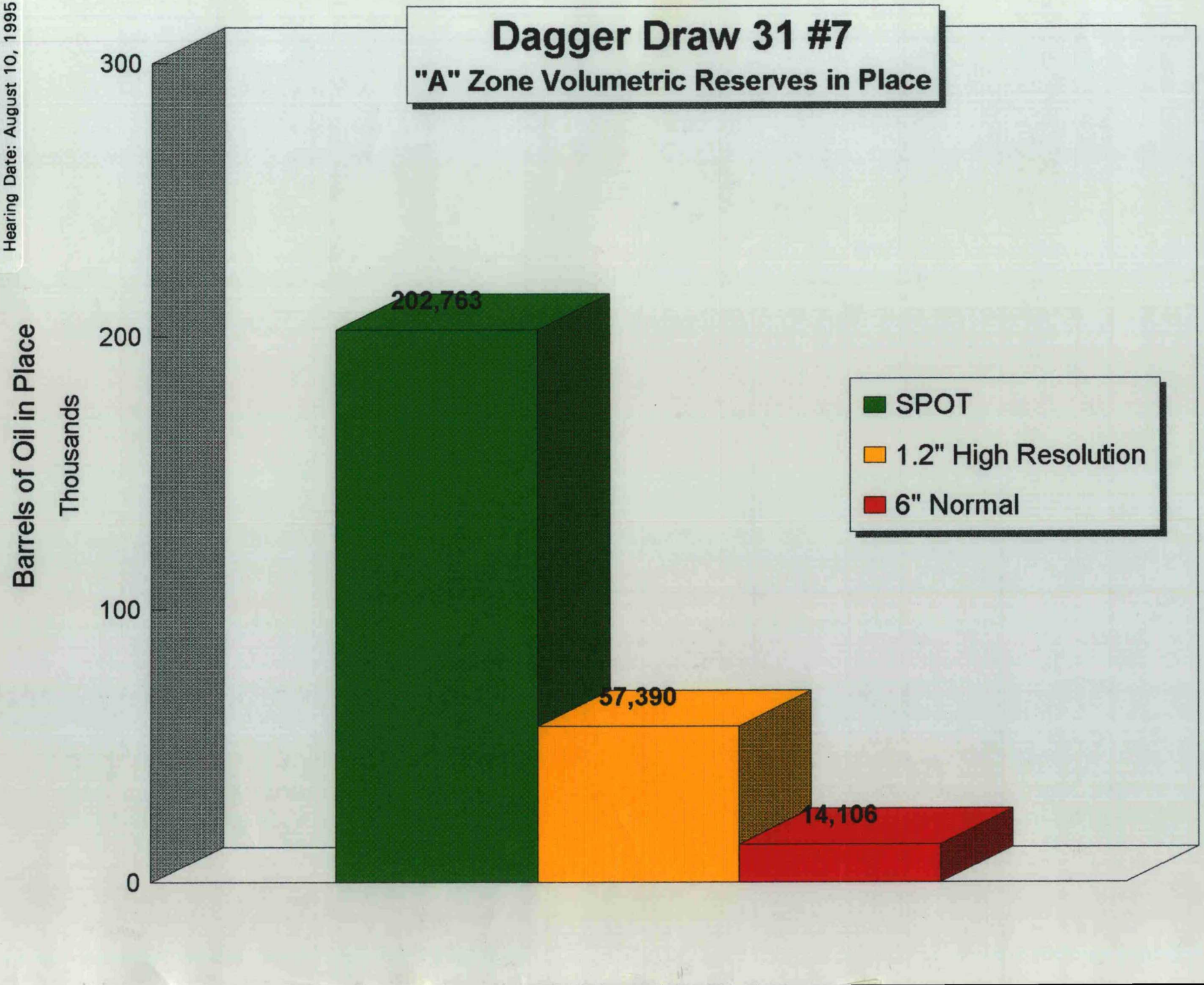
Case No. 11311 Exhibit No. 12
Submitted By:
Nearburg Exploration Company
Hearing Date: August 10, 1995



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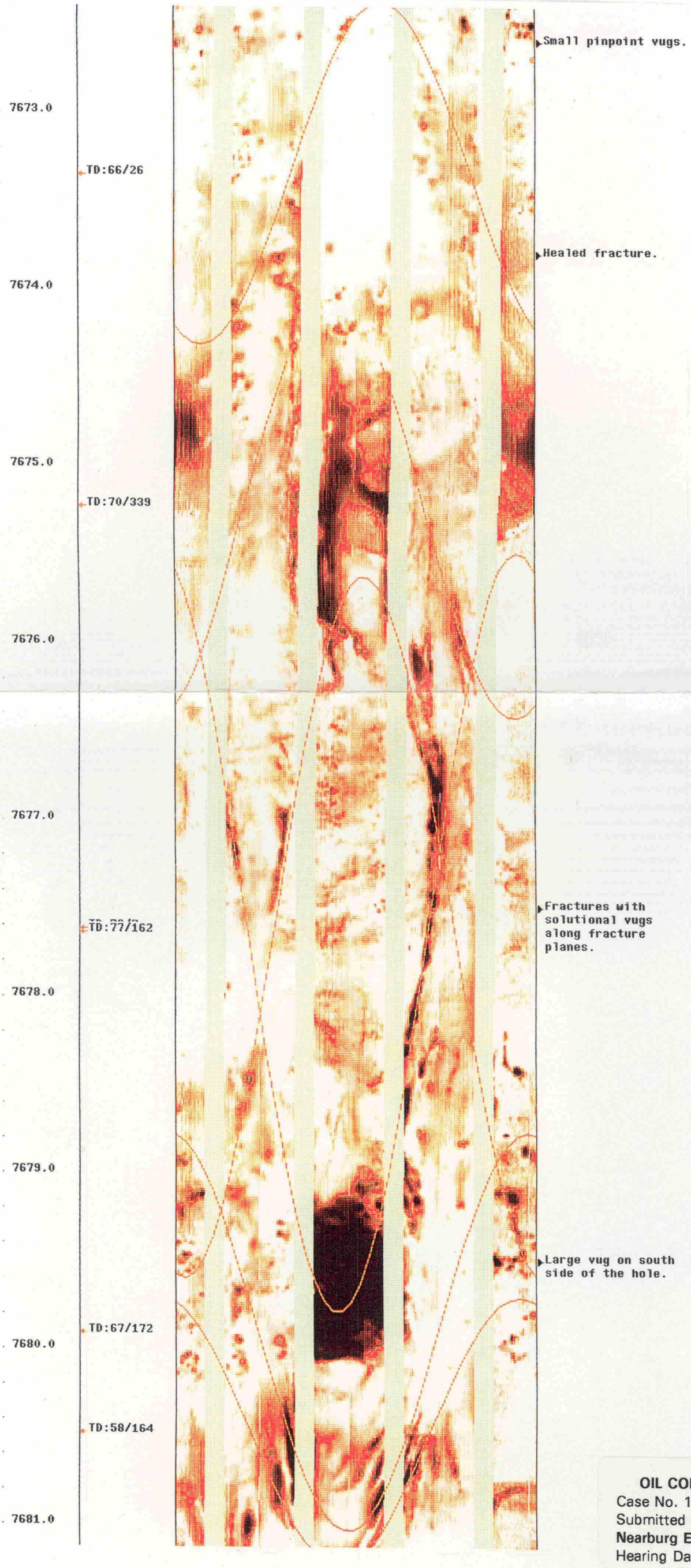
Cisco/Canyon Formation Micro Imager Example



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Calculated Porosity vs. Data Acquisition Technique

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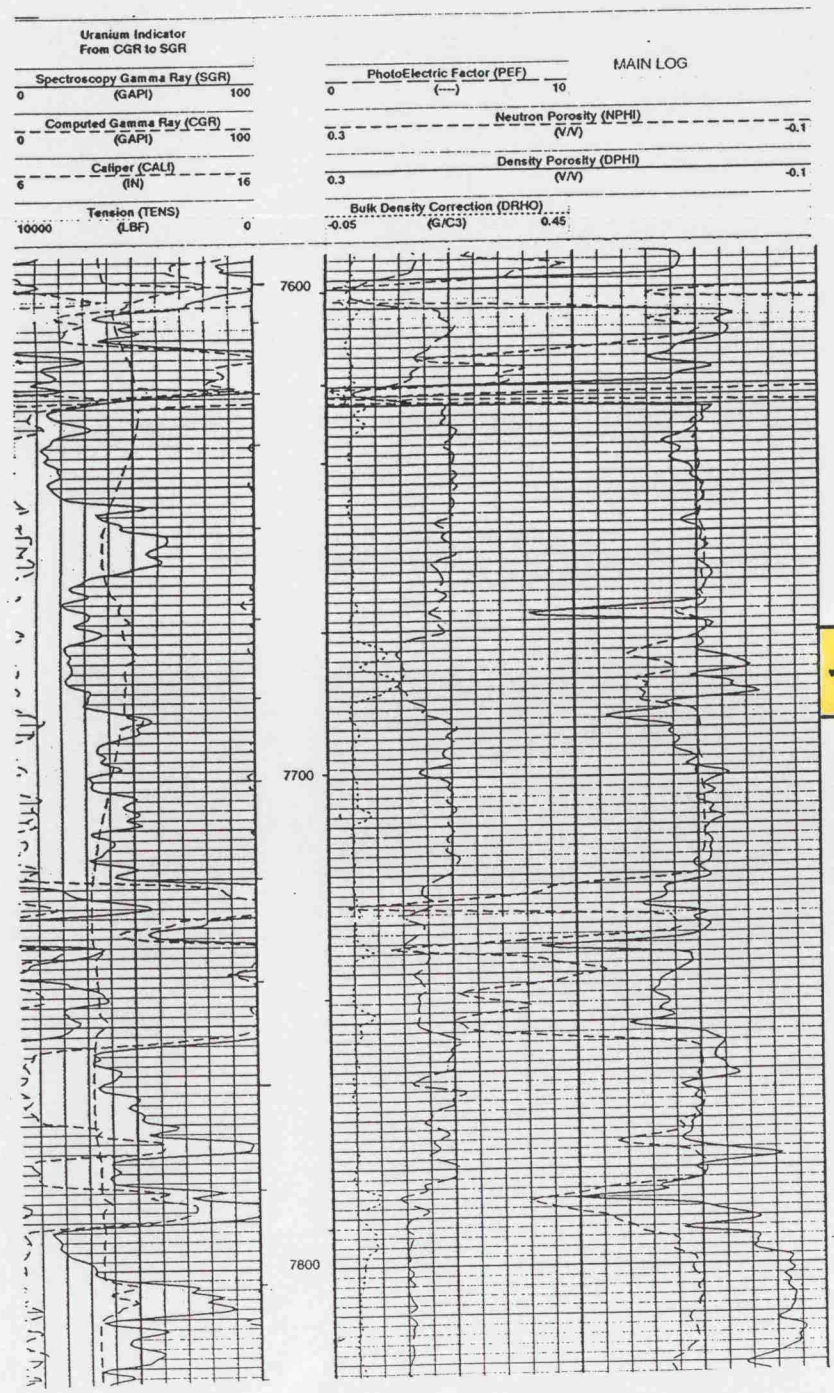
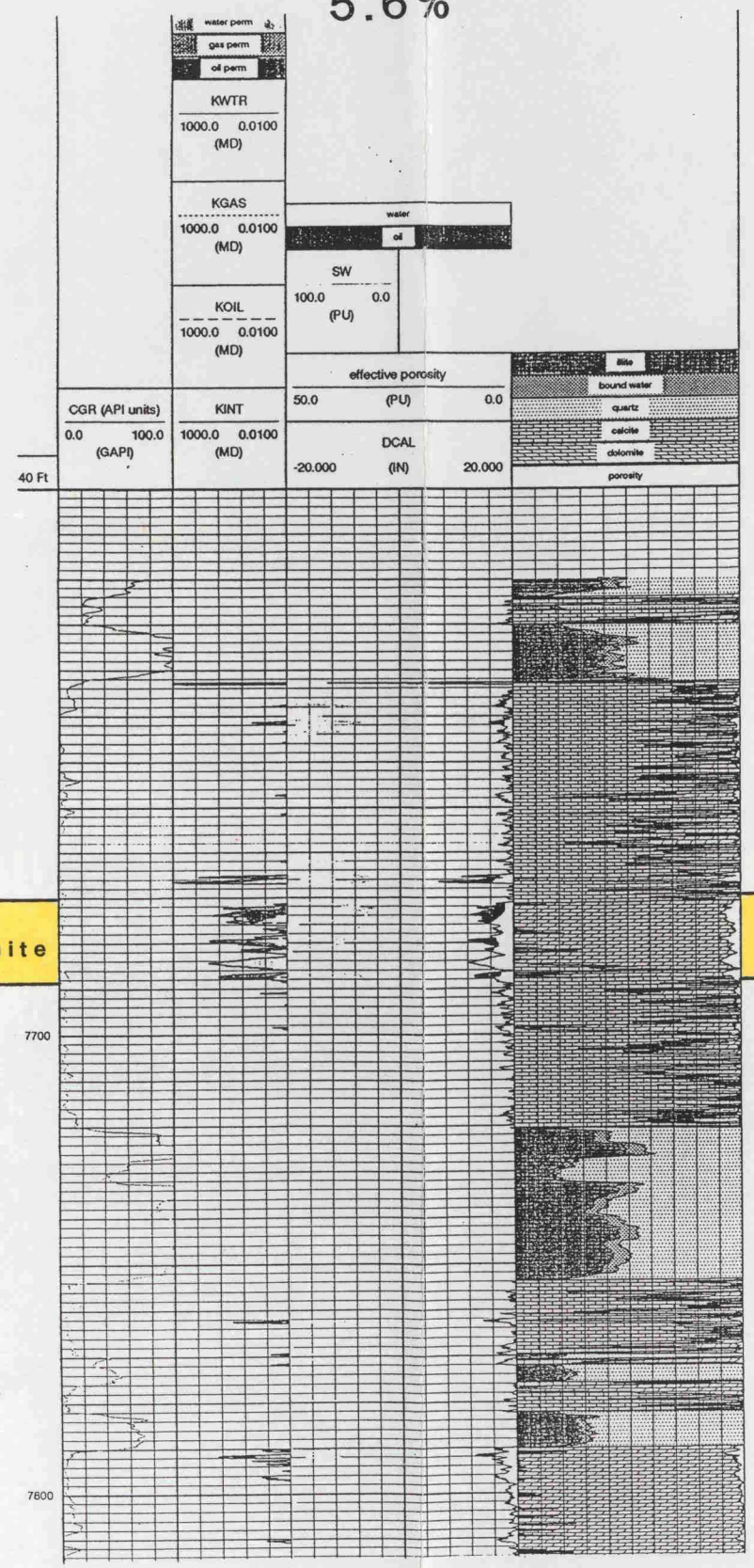
3.6%



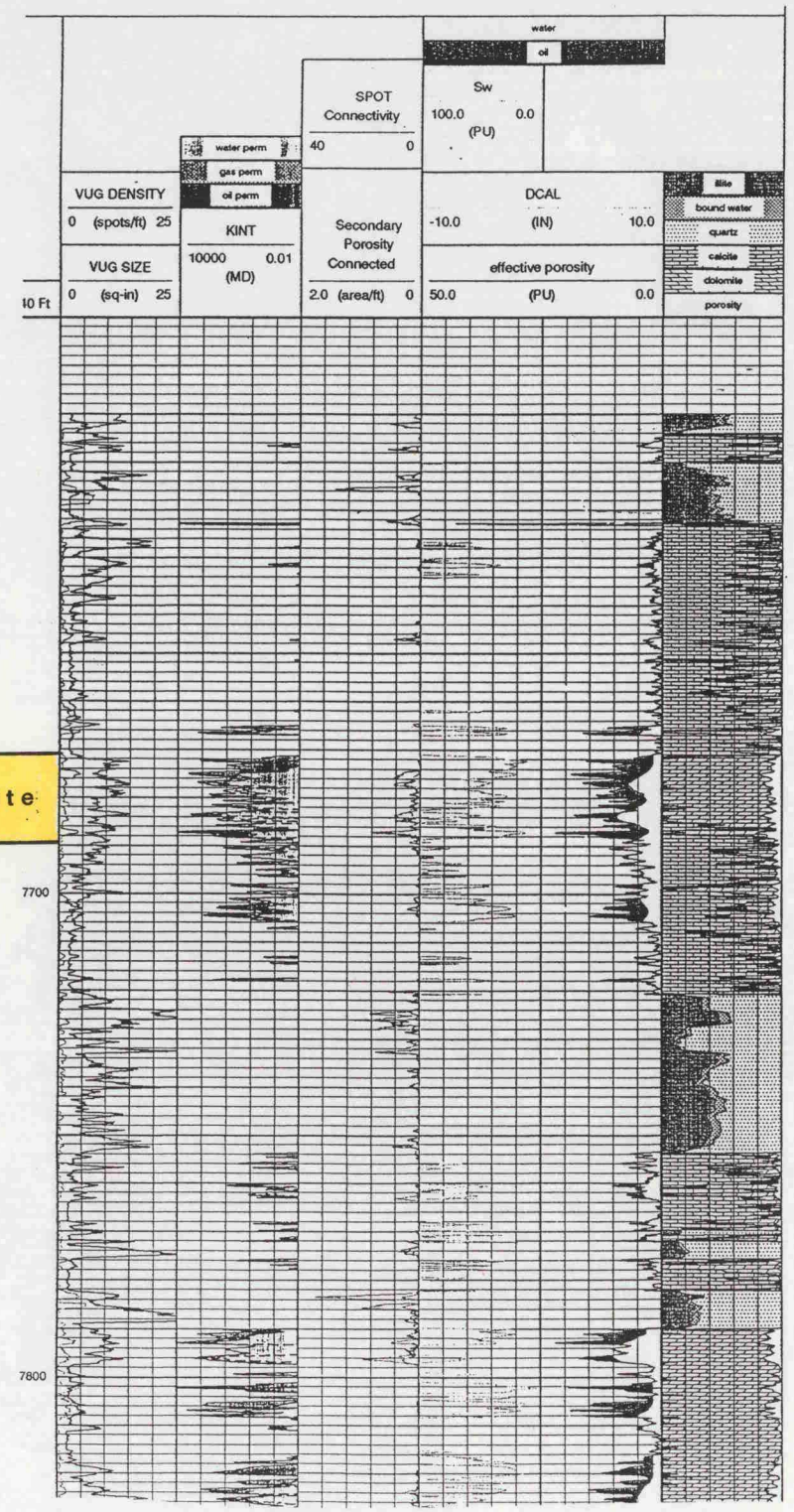
Conventional Log

5.6%



High Resolution Sampling

10.3%



SPOT Technique