



**InterCoast  
Oil and Gas**

January 2, 1997

InterCoast Oil and Gas Company  
7130 South Lewis Avenue  
Suite 700  
Tulsa, Oklahoma 74136  
918 488-8283 Telephone  
918 488-8182 Fax

State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, NM 87505-5472

Attention: Florene Davidson

RE: Illinois Camp Prospect  
Oil Conservation Division Case No. 11657  
Application of InterCoast Oil and Gas Company  
for Compulsory Pooling  
Eddy County, New Mexico

Gentlemen:

On December 13, 1996 a letter was mailed to you regarding the referenced Pooling Order, a copy of which is enclosed. Pursuant to my conversation with you this date, you apparently have not received a copy of this document. Therefore, enclosed please find InterCoast Oil and Gas Company's mailing regarding the referenced prospect and Oil and Conservation Division Case. This AFE is now being provided to you showing the actual well costs for the drilling and completion of the subject well.

Very truly yours,

INTERCOAST OIL AND GAS COMPANY

A handwritten signature in cursive script that reads "Carol Drake".

Carol Drake  
Land Secretary

/cd

Enclosures

**INTERCOAST OIL AND GAS COMPANY**

**AUTHORIZATION FOR EXPENDITURES**

Description of Work: Footage Drill, Log,DST, complete and equip a single zone Morrow Sand gas well

Prospect	Illinois Camp	Well No.	1	Date	10/1/96
Lease	To Be Determined	Section	21	AFE No.	
Location	1980' FSL-1650' FWL	County	Eddy	Twp	18S Range 28E
Field	Atoka Morrow	Prim. Obj.	Morrow	State	New Mexico
Well TD	10,650'			Sec. Obj.	

	Before Csg Point	After Csg Point	Total		Before Csg Point	After Csg Point	Total
<b>INTANGIBLE COSTS</b>	<u>BCP-820</u>	<u>ACP-840</u>		<b>TANGIBLE COSTS</b>	<u>BCP-830</u>	<u>ACP-850</u>	
.01 Location/Damage Payment	4,500		4,500	.01 Cattle Guards & Fencing	0	0	0
.02 Location Construction	17,500	1,500	19,000	.02 Csg: Cond.	0	X	0
.03 Contracted Equipment	0	0	0	.03 Csg: Surface	6,500	X	6,500
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	400' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	11,000	11,000	22,000	.04 Csg: Intermediate	33,500	X	33,500
.06 Rotary Rig: Footage	197,500	0	197,500	2700' 9-5/8" 36#			
.07 Fuel	2,000	0	2,000	.05 Csg: Production	X	56,000	56,000
.08 Drilling Bits	0	0	0	4-1/2" @ 11100'			
.09 Drilling Fluid	45,000	1,000	46,000	.06 Float Equip, Centrizers, etc.		2,000	2,000
.10 Mud Disposal	3,000	X	3,000	.07 Well Head	8,800	11,500	20,300
.11 Drill Stem Tests	4,000	X	4,000	.08 Tubing	X	25,600	25,600
.12 Cement and Cementing Service	18,000	12,000	30,000	2-3/8", 4.7#, N-80			
.13 Casing Crew, Equipment	3,500	3,500	7,000	.09 Pump Unit	X	0	0
.14 Logging: Open Hole	9,500	X	9,500	.10 Motor/Engine	X	0	0
.15 Completion Rig	X	15,000	15,000	.11 Rods & Pump	X	0	0
.16 Stimulation	X	75,000	75,000	.12 Pkr & Sub-surface Equip.	X	10,000	10,000
.17 Misc. Pumping Services	0	3,500	3,500	.13 Tanks	X	6,000	6,000
.18 Log & Perf Cased Hole	X	8,000	8,000	.14 Separator/Production Unit	X	8,000	8,000
.19 Rentals	5,000	5,000	10,000	.15 Heater Treater/Dehydrator	X	8,000	8,000
.20 Water/Water Hauling	10,500	6,000	16,500	.16 Fittings & Small Pipe	X	12,500	12,500
.21 Hauling/Freight	0	1,000	1,000	.17 Other Equipment	0	0	0
.22 Tubular Inspection	1,500	2,500	4,000	.18 Installation Costs	X	12,500	12,500
.23 Well Testing	1,500	1,000	2,500	.19 Miscellaneous			
.24 Labor: Contract	1,500	2,500	4,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500	<b>Subtotal</b>	<b>\$48,800</b>	<b>\$152,100</b>	<b>\$200,900</b>
.26 Overhead	3,700	1,000	4,700				
.27 Professional Services	17,500	6,000	23,500	<b>Pipeline</b>		<u>PL-880</u>	
.28 Insurance	1,700	0	1,700	.01 Line Pipe	X	25,000	25,000
.29 Miscellaneous tax	14,000	7,550	21,550	.02 Metering Equipment	X	0	0
.30 Contingency	0	0	0	.03 Meter Sta. Valves, Fittings	X	0	0
.31 Coiled Tubing Work	0	3,500	3,500	<b>Subtotal</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$25,000</b>
.32 Packer Redress	X		0	<b>TOTAL TANGIBLE COSTS</b>	<b>\$48,800</b>	<b>\$177,100</b>	<b>\$225,900</b>
<b>Subtotal</b>	<b>\$374,900</b>	<b>\$166,550</b>	<b>\$541,450</b>	<b>TOTAL WELL COSTS</b>	<b>\$423,700</b>	<b>\$343,650</b>	<b>\$767,350</b>

	Pipeline	Pipeline				
.01 Tapping Fee	X					
.02 Purchased Right of Way	X			Total Well Cost to Casing Point		\$423,700
.03 Damage Payments	X			Plugging Cost		\$15,000
.04 Right of Way Acquisition	X			Total Dry & Abandonment Cost		\$438,700
.05 Permits	X			Total Cost Through Evaluation of Zone of Interest		\$685,350
.06 Freight	X			Prepared By:	LCF/TLR	
.07 PL & Meter Sta. Construction	X			Estimated Spud Date		
.08 Surveying and Drafting	X			InterCoast WIO %		
.09 Field Construction Sup.	X			InterCoast Net Expenditure		\$0
.10 Misc. and Contingency	X			Supplement No.		
<b>Subtotal</b>				Original AFE Amount		
<b>TOTAL INTANGIBLE COSTS</b>	<b>\$374,900</b>	<b>\$166,550</b>	<b>\$541,450</b>	Amount This Supplement		
				Revised AFE Amount		

**INTERCOAST OIL AND GAS COMPANY APPROVED**

By: ALJ Date: \_\_\_\_\_

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

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

**WORKING INTEREST OWNER APPROVED**

Company Name: \_\_\_\_\_

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

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



December 13, 1996

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7130 South Lewis Avenue  
Suite 700  
Tulsa, Oklahoma 74136  
918 488-8283 Telephone  
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State of New Mexico  
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