

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	Bear Grass Draw			Date	1/1-97
Lease	Bear Grass Draw	Well No.	33-1	AFE No.	
Location	1980' FSL-1650' FEL	Section	33	Twp	17S Range 29E
Field	Atoka Morrow	County	Eddy	State	New Mexico
Well ID	11100'	Prim. Obj.	Morrow	Sec. Obj.	

	Before	After	Total		Before	After	Total
	Csg Point	Csg Point			Csg Point	Csg Point	
INTANGIBLE COSTS	BCP-820	ACP-840		TANGIBLE COSTS	BCP-830	ACP-850	
.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	7,200	X	7,200
.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	35,750	X	35,750
.06 Rotary Rig: Footage	253,000	0	253,000	3250' 8-5/8" 32#			
.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	38,000	1,000	39,000	.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	26,700	26,700
.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 Simulation	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	2,500	2,500	5,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500	Subtotal	\$51,750	\$153,200	\$204,950
.26 Overhead	3,700	1,000	4,700				
.27 Professional Services	17,500	6,000	23,500	Pipeline		PL-880	
.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	500	0	500	.03 Meter Sta. Valves, Fittings	X	0	0
.31 Coiled Tubing Work	0	3,500	3,500	Subtotal		\$25,000	\$25,000
.32 Packer Redress	X		0	TOTAL TANGIBLE COSTS	\$51,750	\$178,200	\$229,950
Subtotal	\$424,900	\$166,550	\$591,450	TOTAL WELL COSTS	\$476,650	\$344,750	\$821,400
Pipeline		PL-880					
.01 Tapping Fee	X			Total Well Cost to Casing Point			\$476,650
.02 Purchased Right of Way	X			Plugging Cost			\$15,000
.03 Damage Payments	X			Total Dry & Abandonment Cost			\$491,650
.04 Right of Way Acquisition	X			Total Cost Through Evaluation of Zone of Interest			\$739,400
.05 Permits	X			Prepared By:	LCF/TLR		
.06 Freight	X			Estimated Spud Date			
.07 PL & Meter Sta. Construction	X			InterCoast WIO %			
.08 Surveying and Drafting	X			InterCoast Net Expenditure			\$0
.09 Field Construction Sup.	X			Supplement No.			
.10 Misc. and Contingency	X			Original AFE Amount			
Subtotal				Amount This Supplement			
TOTAL INTANGIBLE COSTS	\$424,900	\$166,550	\$591,450	Revised AFE Amount			

INTERCOAST OIL AND GAS COMPANY APPROVED

WORKING INTEREST OWNER APPROVED

By: ALJ Date: _____
 By: _____ Date: _____
 By: _____ Date: _____

Company Name: _____
 By: _____ Date: _____
 Name: _____

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11712 Exhibit No. 3

Submitted by: InterCoast Oil and Gas Company

Hearing Date: February 20, 1997