



HOME-STAKE OIL & GAS COMPANY
Authorization for Expenditures

Date: March 20, 2000
Well No: 1
Location: 365' FNL 1593' FEL of Sec 27
Field: McCormack South (Silurian)
Well TD: 7500' (Directional)

Lease: Mozingo
Twp/Blk: 22S
County: Lea
Objective: Fusselman

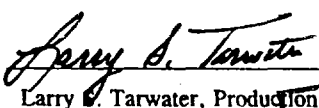
Property Number: L1711060W
Prospect: Brunson
Rge/Svy: 37E
State: New Mexico
Anticipated Product: Oil

CLASSIFICATION OF EXPENSES	Drilling Cost	Completion Cost	Total Cost
INTANGIBLE COSTS			
Legal, Abstracts, Permits	\$5,000	\$10,000	\$15,000
Damages	\$6,000	\$1,000	\$7,000
Roads, Location, Staking, Cleanup	\$15,000	\$1,000	\$16,000
DRILLING CONTRACT:			
Drilling Cost, Footage (7,500' @ \$15.50/ft.)	\$116,300	\$0	\$116,300
Drilling Cost, Daywork (1 Day BCP + 2 Days ACP @ \$5,900/day)	\$5,900	\$11,800	\$17,700
CEMENT AND CEMENTING SERVICES			
Surface Casing	\$5,400	\$0	\$5,400
Intermediate Casing	\$8,500	\$0	\$8,500
Production Casing	\$0	\$18,200	\$18,200
Fuel	\$0	\$0	\$0
Water, Lubricants, Electricity	\$7,000	\$0	\$7,000
Drilling Mud & Chemicals	\$7,000	\$0	\$7,000
Bits and Tools	\$1,500	\$500	\$2,000
Equipment and Tool Rental - Including Directional Services	\$46,800	\$5,000	\$51,800
Trucking and Hauling (Including disposal of reserve pit fluids)	\$5,600	\$4,000	\$9,600
Contract Labor and Other Special Services	\$6,000	\$7,400	\$13,400
Formation Testing	\$0	\$0	\$0
Logging (Open Hole / Cased Hole)	\$16,000	\$2,000	\$18,000
Well Control Insurance*	\$2,000	\$900	\$2,900
Plug and Abandon	\$0	\$0	\$0
Completion Unit (5 Days ACP @ \$ 1800)	\$0	\$9,000	\$9,000
Perforating	\$0	\$3,000	\$3,000
Stimulation	\$0	\$5,000	\$5,000
Geol. and Engr. Supervision	\$14,000	\$6,000	\$20,000
Administrative Overhead	\$2,000	\$1,000	\$3,000
Miscellaneous and Contingencies (15%)	\$40,500	\$12,900	\$53,400
TOTAL INTANGIBLE COSTS	\$310,500	\$98,700	\$409,200
TANGIBLE COSTS			
Conductor Pipe (40' - 20", set & cmt'd)	\$3,000	\$0	\$3,000
Surface Casing (400' - 13 3/8" 48#/ft. H-40 @ \$18.50/ft)	\$7,400	\$0	\$7,400
Intermediate Casing (3,400' - 8 5/8" 32#/ft. K-55 @ \$10.70/ft)	\$36,400	\$0	\$36,400
Production Casing (7,500' - 5 1/2" 15.5#/ft. J-55 @ \$5.50/ft)	\$0	\$41,300	\$41,300
Liner	\$0	\$0	\$0
Tubing (7,500' 2 7/8" 6.5# J-55 @ \$3.10/ft)	\$0	\$23,300	\$23,300
Wellhead Assembly	\$4,700	\$5,400	\$10,100
Sub-Surface Equipment (Pump, rods, etc.)	\$0	\$16,000	\$16,000
Production Equipment (Separator, Heater-Treater, Pumping Unit)	\$0	\$25,000	\$25,000
Tank Battery (New Stock Tanks, Water Tank & Installation)	\$0	\$20,000	\$20,000
Miscellaneous and Contingencies (10%)	\$5,200	\$13,100	\$18,300
TOTAL TANGIBLE COSTS	\$56,700	\$144,100	\$200,800
TOTAL ESTIMATED WELL COSTS	\$367,200	\$242,800	\$610,000

APPROVALS

Prepared by: Larry S. Tarwater

W.I. Owner Name: _____

Approved by: 
Larry S. Tarwater, Production Engineer

Approved by: _____
Title: _____

*Well Control Insurance Thru Operator

Date: _____

Accepted: _____

Decline: _____

BEFORE EXAMINER CATAMACH

OIL CONSERVATION DIVISION

EXHIBIT NO. _____

CASE NO. _____

THIS AFE REPRESENTS AN ESTIMATE OF THE COSTS TO DRILL AND COMPLETE THE WELL.
PARTICIPANTS WILL BE RESPONSIBLE FOR PAYING THEIR PROPORTIONATE SHARE OF ACTUAL COSTS INCURRED.