

**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	Angell Ranch	Date	1/23/97		
Lease	State of New Mexico	Well No.	20-1		
Location	990' FNL-990' FEL	Section	20		
Field	Atoka Morrow	County	Eddy		
Well TD	11,500	Prim. Obj.	Morrow		
		Sec. Obj.			

	Before Csg Point	After Csg Point	Total		Before Csg Point	After Csg Point	Total
<b>INTANGIBLE COSTS</b>	<b>BCP-820</b>	<b>ACP-840</b>		<b>TANGIBLE COSTS</b>	<b>BCP-830</b>	<b>ACP-850</b>	
.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	8,125	X	8,125
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	500' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	11,000	11,000	22,000	.04 Csg: Intermediate	37,400	X	37,400
.06 Rotary Rig: Footage	247,250	0	247,250	3000' 9-5/8" 36#			
.07 Fuel	2,000	0	2,000	.05 Csg: Production	X	56,900	56,900
.08 Drilling Bits	0	0	0	4-1/2" @ 11250'			
.09 Drilling Fluid	37,500	1,000	38,500	.06 Float Equip. Circulators, 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 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	2,500	2,500	5,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500				
.26 Overhead	3,700	1,000	4,700	<b>Subtotal</b>	<b>\$54,325</b>	<b>\$154,100</b>	<b>\$208,425</b>
.27 Professional Services	17,500	6,000	23,500				
.28 Insurance	1,700	0	1,700	<b>Pipeline</b>			
.29 Miscellaneous tax	14,000	7,550	21,550	.01 Line Pipe	X	25,000	25,000
.30 Contingency	500	0	500	.02 Metering Equipment	X	0	0
.31 Coiled Tubing Work	0	3,500	3,500	.03 Meter Sta. Valves, Fittings	X	0	0
.32 Packer Redress	X		0	<b>Subtotal</b>		<b>\$25,000</b>	<b>\$25,000</b>
				<b>TOTAL TANGIBLE COSTS</b>	<b>\$54,325</b>	<b>\$179,100</b>	<b>\$233,425</b>
<b>Subtotal</b>	<b>\$418,650</b>	<b>\$166,550</b>	<b>\$585,200</b>				
<b>Pipeline</b>		<b>PL-880</b>		<b>TOTAL WELL COSTS</b>	<b>\$472,975</b>	<b>\$345,650</b>	<b>\$818,625</b>
.01 Tapping Fee	X			Total Well Cost to Casing Point			<b>\$472,975</b>
.02 Purchased Right of Way	X			Plugging Cost			<b>\$15,000</b>
.03 Damage Payments	X			Total Dry & Abandonment Cost			<b>\$487,975</b>
.04 Right of Way Acquisition	X			Total Cost Through Evaluation of Zone of Interest			<b>\$736,625</b>
.05 Permits	X			Prepared By:	<b>LCF/TLR</b>		
.06 Freight	X			Estimated Spud Date			
.07 PL & Meter Sta. Construction	X			InterCoast WIO %			
.08 Surveying and Drafting	X			InterCoast Net Expenditure			<b>\$0</b>
.09 Field Construction Sup.	X			Supplement No.			
.10 Misc. and Contingency	X			Original AFE Amount			
<b>Subtotal</b>				Amount This Supplement			
<b>TOTAL INTANGIBLE COSTS</b>	<b>\$418,650</b>	<b>\$166,550</b>	<b>\$585,200</b>	Revised AFE Amount			

INTERCOAST OIL AND GAS COMPANY APPROVED

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

WORKING INTEREST OWNER APPROVED

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

**BEFORE THE  
 OIL CONSERVATION COMMISSION**  
 Case No. 11677 Exhibit No. **12**  
 Submitted By:  
**Yates Petroleum Company**  
 Hearing Date: February 13, 1997