

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original
 Supplemental

AFE #: 00-0922 Date: 20-Sep-00
 Lease: Royal Stimulator "31" Well #: 1 Well Type: Exploratory/Oil/Gas
 Location: Legal Location In NW/4 Section 31, T15S-R36E County: Lea State: New Mexico
 Prospect: Pato Ardlendo Objective: Wolfcamp/Atoka Morrow/Mississippian Proposed TD: 14,550' MD
 Purpose of Expenditure: Drill and test Wolfcamp, Atoka, Morrow, and Mississippian Formation

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800	0	800
	Staking & Permitting	100	0	100
	Location, Roads & Damages	18,000	2,000	20,000
	Lease Restoration	8,000	0	8,000
	Mobilization/Demobilization	25,000	0	25,000
	Drilling - Footage 9,000 @ \$27.00 /Ft	243,000	0	243,000
	Drilling - Daywork 25 @ \$7,400 /Day	185,000	0	185,000
	Drilling - Directional	130,000	0	130,000
	Completion Rig 12 @ \$1,500 /Day	0	18,000	18,000
	Fuel, Power & Lubricants	0	0	0
	Bits, Reamers & Stabilizers	20,000	0	20,000
	Drilling & Completion Fluids	50,000	2,000	52,000
	Water	20,000	2,000	22,000
	Mud Logging 40 @ \$600 /Day	24,000	0	24,000
	Drill Stem Tests (3 tests)	20,000	0	20,000
	Coring Services	0	0	0
	Logging - Open Hole & Sidewall Cores	53,000	0	53,000
	Cement & Services - Surface	5,000	0	5,000
	Cement & Services - Intermediate	15,000	0	15,000
	Cement & Services - Production	0	18,000	18,000
	Perforating & Cased Hole Logs	0	1,200	1,200
	Acidizing, Fracturing & Stimulation	0	95,000	95,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	0	9,000	9,000
	Inspection & Testing	5,000	1,000	6,000
	Transportation	5,000	3,500	8,500
	Miscellaneous Labor	2,000	3,000	5,000
	Engineering & Geological Services	6,500	2,000	8,500
	Overhead	9,000	2,500	11,500
	Supervision	16,000	3,000	19,000
	Sand Blast & Coat Casing	0	5,000	5,000
	Contingencies	44,800	8,300	53,100
	Gross Receipts Tax	57,500	11,300	68,800
	TOTAL INTANGIBLE EXPENSE	1,933,700	190,300	1,168,000

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft		0	0
	Casing - Surface 470 of 13 3/8" @ \$18.30 /Ft	8,600	0	8,600
	Casing - Intermediate 950 of 8 5/8" @ \$13.20 /Ft	12,500	0	12,500
	Casing - Intermediate 4,000 of 8 5/8" @ \$10.90 /Ft	43,600	0	43,600
	Casing - Production 9,000 of 5 1/2" @ \$7.50 /Ft	0	67,500	67,500
	Casing - Production 5,550 of 5 1/2" @ \$7.70 /Ft	0	42,700	42,700
	Tubing 14,550 of 2 7/8" @ \$3.70 /Ft	0	53,900	53,900
	Float & Other Equipment	2,700	1,000	3,700
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods	0	16,000	16,000
	Down Hole Pump	0	3,000	3,000
	Packer/TAC	0	4,300	4,300
	Pumping Unit & Prime Mover	0	50,000	50,000
	Tank Battery & Storage Facilities	0	22,700	22,700
	Separator/Heater Treater/Dehydrator	0	9,500	9,500
	Meters & Flowlines	0	6,000	6,000
	Miscellaneous Valves & Fittings	0	16,000	16,000
	Contingencies	4,900	17,500	22,000
	TOTAL TANGIBLE EXPENSE	76,500	320,500	397,000
	TOTAL WELL COST	1,054,200	510,800	1,565,000

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval:

Partner Approval:

Prepared By:

Company:

Steve Scott, Petroleum Engineer

Approved By:

Approved By:

David H. Arrington, President

Title:

Title:

Date:

Date:

BEFORE THE OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
Case No. 12560 Exhibit No. 4

Submitted by:
David H. Arrington Oil & Gas, Inc.
Hearing Date: December 21, 2000