

THRESHOLD DEVELOPMENT COMPANY
Authority for Expenditure

Prospect: Johnson Ranch	Date: 12/07/00
Well Name: Johnson Ranch State 16 #1	Field: Johnson Ranch - Wolfcamp 14,200'
Location: Sec 16 -24S - 33E	
County/State: Lea, NM	

Intangible Costs

Category	Description	Drill	Complete	Total
Drillsite Title Opinion		10,000		10,000
Road/Location/Survey		25,000	5,000	30,000
Damages/ROW		2,500	500	3,000
Rig Contract - Daywork		400,000		400,000
Rig Contract - Mob/Demob		25,000		25,000
Cementing Services		62,500	35,000	97,500
Mud/Chemicals/Water		100,000	5,000	105,000
Equipment Rentals/Bits		60,000	10,000	70,000
Geologic Services/Mudlogging		12,000		12,000
Open Hole Log/Core/DST		40,000		40,000
Trucking/Hauling		2,500	2,500	5,000
Casing Crews		20,000	5,000	25,000
Miscellaneous Expense/Supplies		5,000	5,000	10,000
Supervision/Engineering		26,250	7,500	33,750
Operator Overhead		5,000	2,500	7,500
OEE Insurance		9,250		9,250
Abandonment Costs/P&A		12,500		12,500
Completion Rig			17,500	17,500
Cased-Hole Log/Perforate			10,000	10,000
Stimulate/Acid/Frac			75,000	75,000
Roustabout Labor/Installations		500	5,000	5,500
Contingencies	@ 10%	81,800	18,500	100,300
Total Intangible Costs		\$899,800	\$204,000	\$1,103,800

Tangible Costs

Drilling Equipment

Category	Description	Drill	Complete	Total
Conductor	30' of 20"	750		750
Surface Casing	850' of 13-3/8"	17,000		17,000
Intermediate	5250' of 9-5/8"	91,875		91,875
Protective Csg	12,200' of 7"	158,600		158,600
Casinghead/Spools		15,000		15,000

Completion Equipment

Category	Description	Drill	Complete	Total
Production Casing (New)	2000' of 4-1/2"		15,500	15,500
Centralizers/Floats/Shoes/hanger			10,000	10,000
Tubing (New)	12,200' of 2-7/8"		76,250	76,250
Wellhead Assembly/Connections			10,000	10,000

Production Equipment

Category	Description	Drill	Complete	Total
Packer/Downhole Choke			7,500	7,500
Pumping Unit/Engine/Motor				0
Sucker Rods/Downhole Pump				0
Flowlines/Meter			25,000	25,000
Separator/Treater			25,000	25,000
Tank Battery/Storage Facility			12,500	12,500
Misc. Expense/Supplies	@ 35% of facility cost		13,500	13,500
Other Equipment/Fittings	@ 5%	14,200	9,750	23,950
Total Tangible Costs		\$297,425	\$205,000	\$502,425

Total Estimated Drilling Cost	\$1,197,225	
Total Estimated Completion Cost		\$406,000
Total Estimated Completed Well Cost		\$1,606,225
WI Owner:	WI:	
WI Owner Approval:		

Signature	Name	Title	Date
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"It is recognized that the amounts provided for herein are estimated only, and approval of this authorization shall extend to the actual costs incurred in conducting the operations specified, whether more or less than herein set (

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12583 Exhibit No. 4
Submitted by:
Threshold Development Company
Hearing Date: March 22, 2001