

CHESAPEAKE OPERATING, INC.

AUTHORIZATION FOR EXPENDITURE

Project Area: Pennian
Well Name: Alice 1-13
Operator: Chesapeake Operating, Inc.
AFE #: 100543
Spacing Unit: S/2 Section 13-15E-35E

County, State: Lea, New Mexico
Date: March 9, 2001
Total Depth: 13,800'
Formation: Morrow
Property #: 019018

CODE	INTANGIBLE COSTS	WORK DESCRIPTION	DRY HOLE	PRODUCER
233400	Location:	Reads, Location, Pls	\$40,000.00	\$40,000.00
233401		Damages	\$8,000.00	\$8,000.00
233402		Governmental Filings	\$2,000.00	\$2,000.00
233403		Title Opinions	\$3,000.00	\$3,000.00
233404		Seismic Costs	\$0.00	\$0.00
233405		Reclamation	\$75,000.00	\$75,000.00
233406	Drilling:	Top Drive	\$0.00	\$0.00
233408		Pipeline Construction	\$0.00	\$0.00
233409		Fuel	\$35,000.00	\$39,000.00
233410		Drilling Contractor: 35/38 Days	\$370,000.00	\$412,000.00
233411		Directional Services	\$130,000.00	\$130,000.00
233413		Rig Mobilization/Demobilization	\$40,000.00	\$40,000.00
233414		Contract Labor	\$18,000.00	\$24,000.00
233415		Bills	\$80,000.00	\$80,000.00
233416		Supplies and Utilities	\$3,000.00	\$4,000.00
233426		Cement Conductor	\$0.00	\$0.00
233417		Cement Surface Casing	\$8,000.00	\$8,000.00
233420		Cement Intermediate Casing	\$18,000.00	\$18,000.00
233424		Cement Production Casing	\$0.00	\$20,000.00
233425		Cement Drilling Liner	\$0.00	\$0.00
233452		Cement Production Liner	\$0.00	\$0.00
233418		Mud Logging	\$12,000.00	\$12,000.00
233419		Drilling Fluids, Mud, Chem.	\$25,000.00	\$25,000.00
233421		Drill String Inspection	\$4,000.00	\$4,000.00
233423		Open Hole Logging	\$45,000.00	\$45,000.00
233427		Fishing	\$0.00	\$0.00
233428		Downhole Rental Equipment	\$28,000.00	\$30,000.00
233430	Completion:	Completion Unit	\$0.00	\$24,000.00
233431		Cased Hole Logging/Perforating	\$0.00	\$18,000.00
233433		Jetting	\$0.00	\$0.00
233434		Formation Stimulation	\$0.00	\$45,000.00
233437	General:	Surface Equipment Rental	\$78,000.00	\$88,000.00
233438		Transportation	\$8,000.00	\$8,000.00
233441		Frac Fluid Hauloff	\$0.00	\$1,000.00
233442		Blowout/Emergencies	\$0.00	\$0.00
233443		Company Supervision/Engineering	\$30,000.00	\$44,000.00
233444		Consultants	\$28,000.00	\$32,000.00
233446		Company Overhead	\$13,000.00	\$15,000.00
233447		Insurance	\$4,000.00	\$4,000.00
233448		Major Construction Overhead	\$0.00	\$2,000.00
233450		Plug to Abandon	\$0.00	\$0.00
		20% Contingency	\$221,000.00	\$280,000.00
TOTAL	INTANGIBLES	Total Intangible Costs	\$1,327,000.00	\$1,558,000.00

CODE	TANGIBLE COSTS	WORK DESCRIPTION		
230108	Tubulars:	Conductor:	\$0.00	\$0.00
230100		Surface Casing:	\$9,000.00	\$9,000.00
230101		Intermediate Casing:	\$54,000.00	\$54,000.00
230102		Production Casing:	\$0.00	\$96,000.00
230103		Drilling Liner:	\$0.00	\$0.00
230108		Production Liner:	\$0.00	\$0.00
230104		Fixed Equipment	\$3,000.00	\$5,000.00
230105		Tubing:	\$0.00	\$33,000.00
230106	Lease Equipment:	Wellhead Equipment	\$5,000.00	\$14,000.00
230107		Downhole Equipment	\$0.00	\$8,000.00
230111		Artificial Lift Pumping Unit	\$0.00	\$50,000.00
230113		Production Equipment	\$0.00	\$38,000.00
230116		Compressor/Compression	\$0.00	\$0.00
230118		Pipeline Equipment	\$0.00	\$0.00
230120		Non-Controllable Equipment	\$0.00	\$2,000.00
		20% Contingency	\$14,000.00	\$61,000.00
TOTAL	TANGIBLES	Total Tangible Costs	\$85,000.00	\$387,000.00
		Total Costs	\$1,412,000.00	\$1,925,000.00

Prepared by: RAJ

Approved by: JML by JPA

OPERATOR'S APPROVAL:

DATE:

OPERATOR'S APPROVAL:

DATE: 3/9/01

NON-OPERATOR'S APPROVAL:

DATE:

THE COSTS ITEMIZED ON THIS AFE ARE ESTIMATES ONLY. BY EXECUTION OF THE AFE, THE NON-OPERATOR AGREES TO PAY ITS PROPORTIONATE SHARE OF ALL ACTUAL COSTS INCURRED IN THE REFERENCED OPERATION.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12669 Exhibit No. 6
Submitted By:
Chesapeake Inc.
Hearing Date: May 31, 2001