

**CONCHO RESOURCES, INC.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Southern Cross 32 State #1
 LOCATION: Unit K, Sec 32, T18S, R24E
 1750' FSL & 1980' FWL

PROSPECT NAME: Southern Cross
 COUNTY & STATE: Eddy, NM
 OBJECTIVE: D&C 8700' Morrow well

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	20,000	2,000	22,000
DRILLING/COMPLETION OVERHEAD RATE	5,000	1,000	6,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT \$23.00/ft	200,100		200,100
DAYWORK-CONTRACT 4 days	16,000	16,000	32,000
FUEL & POWER			0
WATER	20,000	1,000	21,000
BITS & REAMERS		1,000	1,000
MUD & CHEMICALS	22,000		22,000
DRILL STEM TEST	4,000		4,000
CORING & ANALYSIS			0
CEMENT SURFACE	8,000		8,000
CEMENT INTERMEDIATE			0
CEMENT PRODUCTION		13,000	13,000
CASING CREWS & EQUIPMENT		3,000	3,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	10,000	4,000	14,000
TESTING CASING/TUBING	1,000	2,000	3,000
MUD LOGGING UNIT	9,000		9,000
LOGGING/WIRELINE SERVICES	20,000	2,000	22,000
PERFORATING		10,000	10,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		14,000	14,000
RENTALS	10,000	4,000	14,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	15,000	2,000	17,000
WELDING SERVICES	1,500		1,500
FLOAT EQUIPMENT & CENTRALIZERS	1,000	1,000	2,000
MISCELLANEOUS		1,000	1,000
CONTINGENCY	38,000	16,500	54,500
TOTAL INTANGIBLES	414,600	180,500	595,100

<u>TANGIBLE COSTS</u>			
SURFACE CASING	13,600		13,600
1250' 8 5/8"			
INTERMEDIATE CASING			0
PRODUCTION CASING / LINER		44,000	44,000
8700' 4 1/2"			
TUBING 8500' 2 3/8" N-80		22,000	22,000
WELLHEAD EQUIPMENT	3,000	12,000	15,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		10,000	10,000
FLOWLINES		5,000	5,000
HEATER TREATER/SEPARATOR		20,000	20,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		6,000	6,000
COUPLINGS/FITTINGS/VALVES		8,000	8,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		5,000	5,000
CONTINGENCY	1,700	13,500	15,200
TOTAL TANGIBLES	18,300	147,500	165,800
TOTAL WELL COSTS	432,900	328,000	760,900

PLUGGING COST
 TOTAL DRY HOLE

Concho Resources, Inc.

By: Erick W. Nelson *ESW 3/26/01*

Date Prepared: 3-26-01

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT 4

We approve: _____
 _____ % Before Tanks / _____ % After Tanks

Company: Virginia Collier Howell

By: _____

Printed Name: _____

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.