

AUTHORITY FOR EXPENDITURE
NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

PROSPECT NAME: IMA HOAG FIELD: HOAG TANK DATE: 08/03/01
 LEASE/WELL NUMBER: ANCELL #1 PREPARED BY: JF MARTIN
 LOCATION: 1980' FSL, 990' FEL, 17-29S-24E
 COUNTY, STATE: EDDY, NM DAY WORK CONTRACT
 PRIMARY OBJECTIVES: CANYON/WOLF/STRAWN 2 DST'S INCLUDED
 PROJECTED TOTAL DEPTH: 8700' SINGLE COMPLETION IN CANYON ONLY ASSUMED

INTANGIBLE COSTS					CASING POINT	COMPLETION COSTS
LEGAL WORK/PERMITTING/SURVEY/STAKING					2000	0
ROW					2000	2000
SITE PREPARATION/CLEAN-UP					25000	5000
RIG MOVES					20000	
DRILLING TURN-KEY						
DRILLING DAYWORK						
	DRLG	COMPL	DAYS			
	25	2	11500 /DAY		287500	23000
DRILLING FOOTAGE						
	0 FT. @		0 /FT		0	
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID						
	0		1500 /DAY		0	
BITS					18000	500
WATER					9000	5000
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)					0	
	0		250 /DAY		0	
MUD/CHEMICALS/PKR FLUID					30000	2000
MUD LOGGING						
	18 DAYS @		550 /DAY		9900	
OPEN HOLE LOGGING					25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD					2500	
DIESEL						
	25		800 /DAY		20000	
DST'S 2 @ \$3500/TEST					7000	
WELDING						
CASING CREW/TOOLS					3000	3000
CASING CEMENTING					20000	25000
SQUEEZE CMTG/PLUGGING					10000	-10000
TRANSPORTATION					2000	2000
RENTAL TOOLS/EQUIP						2500
COMPLETION RIG						18500
	10 DAYS @		1850 /DAY			
PERFORATING/CASED HOLE LOGGING/CIBP/CMT						10000
NITROGEN POWER PERF						
FRACTURING/STIMULATION						20000
FRAC TANKS/WATER TRANSPORTS						5000
PIT LINER					3000	
LABOR/ROUSTABOUT CREWS					0	3500
INSURANCE					8000	
BOP TESTING - 3RD PARTY					1200	
COLLAR INSPECTION/DAMAGES						
TREATING PACKER						
	DRLG	COMPL	DAYS			
FIELD SUPERVISION						
	25	15	550 /DAY		13750	8250
ADMINISTRATIVE SERVICES/OVERHEAD					5500	2500
CONTINGENCY					52435	12325
TOTAL INTANGIBLE COSTS					576785	140075
TANGIBLE COSTS						
20"	"	CONDUCTOR	40 FT @	40.13 /FT	0	IN LOCATION CO
13-3/8"	"	SURFACE	400 FT @	16.50 /FT	6600	
8-5/8"	"	INTERMEDIATE	1500 FT @	12.50 /FT	18750	
5-1/2"	"	PRODUCTION	8700 FT @	6.50 /FT		56550
	"	LINER	FT @	/FT		0
2 3/8"	"	TUBING	8500 FT @	3.00 /FT		25500
	"	RODS	0 FT @	0 /FT		0
FLOAT EQUIP, DV TOOL, ETC						
CATTLE GUARDS/GATES					1000	
WELLHEAD					7000	7000
PACKER						5000
DOWNHOLE PUMP/TAC						0
FORKLIFT/PIPE RACKS					1000	1000
STOCK TANKS/WATER TANKS						6000
SEPARATORS						
HEATER-TREATER/GPU						7500
VALVES/FITTINGS						7500
FLOWLINE/GATHERING LINE						10000
METER RUN, ETC.						2500
MISCELLANEOUS (ROCK, FIREWALL, ETC)						2500
CONTINGENCY					506	4900
TOTAL TANGIBLE					34856	135950
TOTAL TANGIBLE/INTANGIBLE					611641	276025

TOTAL WELL COST 887666

JOINT INTEREST APPROVAL _____

COMPANY: _____

BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN

BY: *JF Martin*

DATE: 8/3/01

OIL CONSERVATION DIVISION
 CASE NUMBER
 EXHIBIT