

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: \_\_\_\_\_ Date: 12/05/01  
 Lease: Big Black Ant Well #: 1 Well Type: Exploratory/Gas  
 Location: 990' FEL & 660' FNL Sec 1 County: Lea State: New Mexico  
T155-R34E  
 Prospect: Papalotes Objective: Mississippian Proposed TD: 14,000'

Purpose of Expenditure: Drill and Test Atoka, Morrow, & Mississippian Intervals

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800	0	800
	Staking & Permitting	200	0	200
	Location, Roads & Damages	35,000	2,000	37,000
	Lease Restoration	6,000	0	6,000
	Mobilization/Demobilization	32,000	0	32,000
	Drilling - Footage @ /Ft	0	0	0
	Drilling - Daywork 45 @ \$8,500 /Day	382,500	0	382,500
	Drilling - Directional @	0	0	0
	Completion Rig 12 @ \$2,000 /Day	0	24,000	24,000
	Fuel, Power & Lubricants	40,000	0	40,000
	Bits, Reamers & Stabilizers	85,000	0	85,000
	Drilling & Completion Fluids	50,000	2,000	52,000
	Water	20,000	2,000	22,000
	Mud Logging 30 @ \$650 /Day	19,500	0	19,500
	Drill Stem Tests (3 tests)	15,000	0	15,000
	Coring Services	0	0	0
	Logging - Open Hole & Sidewall Cores	55,000	0	55,000
	Cement & Services - Surface	5,000	0	5,000
	Cement & Services - Intermediate	20,000	0	20,000
	Cement & Services - Production	0	20,000	20,000
	Casing Crews/Laydown Machine	4,500	5,500	10,000
	Perforating & Cased Hole Logs	0	15,000	15,000
	Acidizing, Fracturing & Stimulation	0	100,000	100,000
	Rental Equipment	20,000	5,000	25,000
	Installation - Production Facilities/Electrical	0	15,000	15,000
	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	4,400	2,000	6,400
	Overhead	8,400	2,125	10,525
	Supervision	25,000	7,500	32,500
	Sand Blast & Coat Casing	0	5,000	5,000
	Contingencies	58,000	14,900	72,900
	Gross Receipts Tax	52,000	13,200	65,200
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>950,300</b>	<b>242,725</b>	<b>1,193,025</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft		0	0
	Casing - Surface 470 of 13 3/8" @ \$18.30 /Ft	8,601	0	8,601
	Casing - Intermediate 2200 of 8 5/8" @ \$13.50 /Ft	29,700	0	29,700
	Casing - Intermediate 4,000 of 8 5/8" @ \$11.50 /Ft	46,000	0	46,000
	Casing - Production 9,000 of 5 1/2" @ \$7.80 /Ft	0	70,200	70,200
	Casing - Production 5,000 of 5 1/2" @ \$8.30 /Ft	0	41,500	41,500
	Tubing 13,500 of 2 7/8" @ \$3.80 /Ft	0	51,300	51,300
	Float & Other Equipment	2,700	1,500	4,200
	Wellhead Equipment, Tree	5,000	20,000	25,000
	Sucker Rods	0	0	0
	Down Hole Pump	0	0	0
	Packer/TAC/Misc Downhole	0	15,000	15,000
	Pumping Unit & Prime Mover	0	0	0
	Tank Battery & Storage Facilities	0	17,000	17,000
	Separator/Heater Treater/Dehydrator	0	30,000	30,000
	Meters & Flowlines	0	8,000	8,000
	Miscellaneous Valves & Fittings	0	20,000	20,000
	Contingencies	5,000	16,300	21,300
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>97,001</b>	<b>290,800</b>	<b>387,801</b>
	<b>TOTAL WELL COST</b>	<b>1,047,301</b>	<b>533,525</b>	<b>1,580,826</b>

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: Chuck Sledge Company: \_\_\_\_\_  
 Approved By: \_\_\_\_\_ Approved By: \_\_\_\_\_  
 Title: David H. Arrington, President Title: \_\_\_\_\_  
 Date: \_\_\_\_\_ Date: \_\_\_\_\_

OIL CONSERVATION DIVISION  
 CASE NUMBER 12828  
 EXHIBIT 4