HILLIARD OIL & GAS, INC.

COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Date 8-25-75 AFE. No.

Lease & Well No. McELVAIN-FEDERAL #2 Field or Area E-K Bone Springs
Location 660' FNL & 1980' FEL, Sec. 31, T-18-S, R-34-E
County Lea State New Mexico Projected TD 10,500'
Spud Date Requirement
Classification: Exploratory ( ) Development (X) Oil (X) Gas ( )

Justification:

Tangible Lease & Well Equip.	ESTIMATED GROSS COST Drilling	Completion	Total	Remarks
1. Surface Casing	$ 6,000	$	$ 6,000	350' 13-3/8", 48#, H-40
2. Intermediate Casing	50,000		50,000	5200' 8-5/8" design
3. Production Casing Prod. liner		23,000	23,000	5100' 4-1/2" design
4. Tubing		26,400	26,400	10,000' 2-3/8",4.70#,N-80
5. Wellhead Equipment	1,000	4,000	5,000	Series 900
6. Artificial Lift Equip.		35,000	35,000	Beam Unit w/gas engine
7. Flow Line		750	750	500' - 2" L.P.
8. Process & Storage Equip.		23,000	23,000	2-500's & treater
9. Power Supply Equipment				Not included
10. Packers, Anchors, Misc.		2,850	2,850	
Total Lease & Well Equip.	$ 57,000	$ 115,000	$ 172,000	
Intangibles				
1. a. MI - RU - RD ~~XXXXXXXXXXXXXXXXXXXXXXXX~~	$ 25,000	$	$ 25,000	
b. Daywork WDP 40 Day @ 3000	120,000		120,000	
c. Daywork WODP Day @				
d. Service Rig		7,500	7,500	10 days @ $750/D
e. Fuel & Water	10,000	500	10,500	
f. Mud & Chemicals	10,000		10,000	
2. a. Supervision	4,000	2,500	6,500	Includes Overhead
b. Geol. and/or Anal.	7,500		7,500	
c. Well Surveys	10,000	1,500	11,500	
d. Drill Stem Tests	6,000		6,000	4 DST's
e. Coring Equipment				None anticipated
3. a. Cement & Service	5,000	3,200	8,200	
b. Floating Equipment	500	4,500	5,000	
c. Welding	250	250	500	
4. a. Perforating		1,200	1,200	One zone
b. Fracturing & Service		16,000	16,000	30,000 gal - 40,000# frac
c. Acidizing & Service		2,500	2,500	3000 gal Morrow Flo
5. a. Location & Roads	10,000	2,000	12,000	
b. Transp. & Freight	500	2,000	2,500	
c. Roustabout Labor	500	3,000	3,500	Fence pits - build battery
6. a. Bits & Rental Tools	25,000	3,000	28,000	Inc. BOP's, test tanks, etc
b. Miscellaneous	8,750	3,350	12,100	
Total Intangibles	$ 243,000	$ 53,000	$ 296,000	Not Complete Actual Cost about as AFE
TOTAL	$ 300,000	$ 168,000	$ 468,000	Darol K. Ramey

Grand Total $ 468,000 for Comp. Pumping Well

H.O.G., Inc. 36.9897 % $ 173,111.79

Others 63.0103 % $ 294,888.21

Prepared by: Darol K. Ramey
DAROL K. RAMEY

(Proposed Procedure & Details on reverse side)

APPROVALS

H.O.G., Inc. Date

BEFORE EXAMINER ... OIL CONSERVATION ...

Hilliard 9

Others 5442 Date

Exhibit #9

Lease & Well No. McELVAIN-FEDERAL #2 AFE. No.

Field E-K Bone Spring County Lea State New Mexico

(1) Justification (Continued)
(2) Proposed Procedure
(3) Details of Interests Owned by Others

(2) Proposed Procedure

1. Drilled $17\frac{1}{2}$" hole to 350'. Set 13-3/8" csg. & cement to surface.
2. Drill 11" hole to top of San Andres at 5100'±.
3. Set 8-5/8" casing @ 5100'±. Cement back up to 2500'.
4. Drill 7-7/8" hole to TD @ 10,500'±.
5. Drilling Fluid Program:
   - 0 - 350' Fresh water spud mud.
   - 350 - 5100' 10.1 - 10.2# Saturated Potash Brine
   - 5100 - 8000' Fresh water
   - 8000 - TD Low Solids, 9.0#, Vis 35, WL 10±
6. Evaluation Program:
   - Mud Logger - 5100' to TD
   - Wellsite Geol. - Through zones of interest from 5100' to TD.
   - DST's - All significant shows of oil or gas.
   - Cores - None anticipated.
   - Open Hole Logs - DIL, FDC-CNL
7. Elect to complete well or P&A based on evaluation data.
8. Set $4\frac{1}{2}$" production liner from 4900' to below lowest zone of interest. Pump plug w/2% KCL water.
9. MORT
10. MICU
11. Run CBL. Perforate zone of interest.
12. Acidize w/3000 gal. 10% Morrow Flow Acid.
13. Swab back & test.
14. Frac w/30,000 gal 2% KCL water & 40,000# sand.
15. Swab back & test.
16. Set pumping equipment.

(3) Details of Interests Owned by Others

	INTEREST	DRILLING	COMPLETION	TOTAL
HILLIARD OIL & GAS, INC.	.369897	$110,969.10	$ 62,142.69	$173,111.79
JAKE L. HAMON	.323661	97,098.30	54,375.05	151,473.35
UNION OIL CO. OF CALIF.	.097809	29,342.70	16,431.91	45,774.61
MARVIN C. GROSS	.054132	16,239.60	9,094.18	25,333.78
C. W. TRAINER	.054132	16,239.60	9,094.18	25,333.78
MILLER OIL COMPANY	.054132	16,239.60	9,094.17	25,333.77
DON O. CHAPELL	.046237	13,871.10	7,767.82	21,638.92
	1.000000	$300,000.00	$168,000.00	$468,000.00