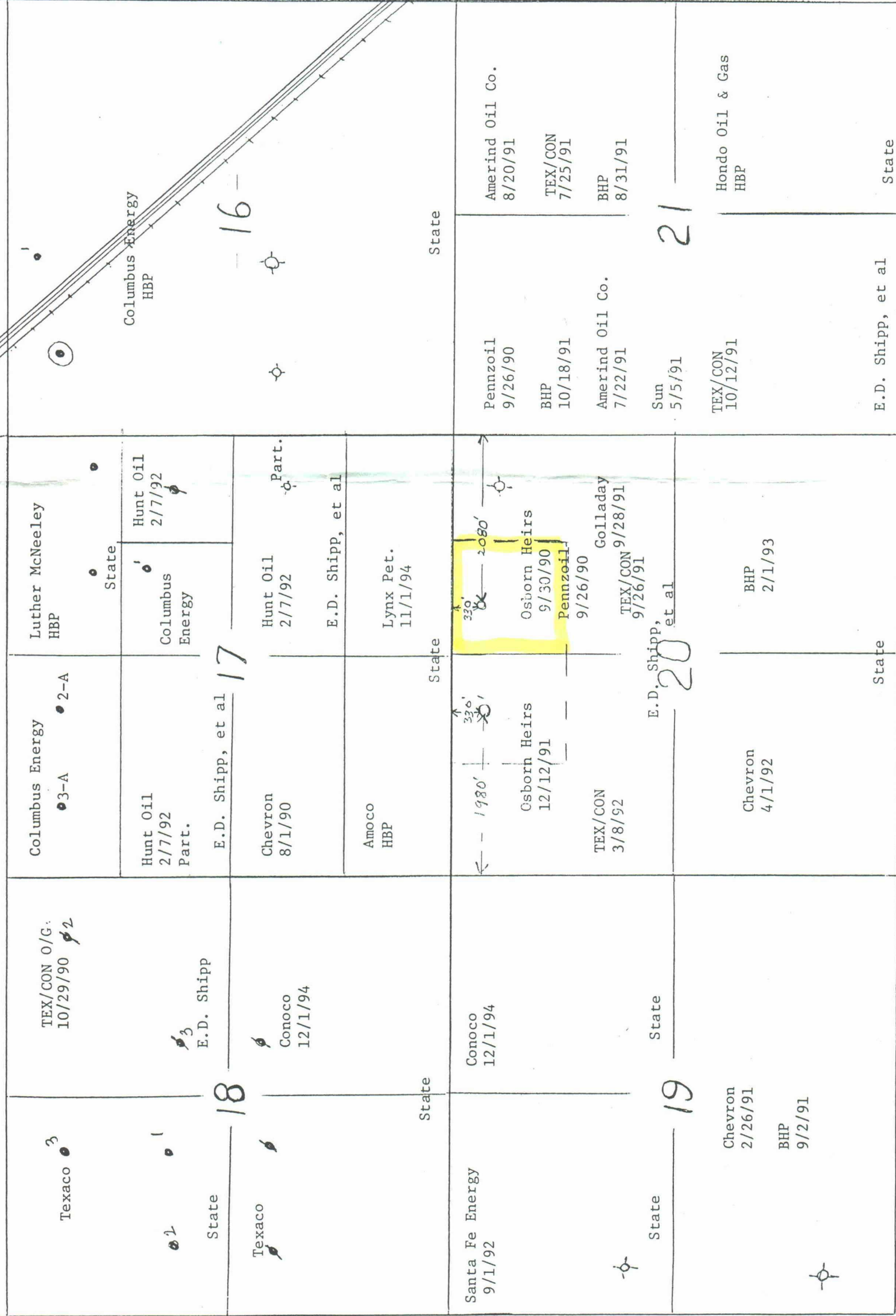


T175

T-17-S, R-37-E
 Land Plat
 Lea County, New Mexico
 Osborn Heirs Company



R 37 E

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
 OSBORN EXHIBIT NO. 1
 CASE NO. 9940

OSBORN HEIRS COMPANY
 AUTHORITY FOR EXPENDITURE

AFE # 20-931-3856

Prospect: East Spencer
 Location: NW/4 NE/4
 County: Lea
 Total Depth: 5500 feet

Lease: E. D. Shipp #4
 Section: Sec 20-T17S-R37E
 State: New Mexico
 Objective: San Andres

INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
Survey	800		800
Roads, Location, and Pits	10,000		10,000
Surface Damages and Restoration	4,000		4,000
Rig Mobilization			
Drilling;Footage: 5,500'@ \$10.00/ft	55,000		55,000
Drilling;Daywork: 3 days @ \$3700/day	3,700	7,400	11,100
Drilling;Turnkey			
Rig Fuel			
Water and Water Hauling	9,000		9,000
Drilling and Completion Fluids	8,000	1,000	9,000
Drilling Bits and Tools			
Cement: Surface Casing	2,000		2,000
Cement: Intermediate Casing			
Cement: Production Casing		5,000	5,000
Equipment Rental	1,500	1,400	2,900
Contract Services	1,000	3,000	4,000
Transportation and Vacuum Trucks	1,000	1,000	2,000
Formation Testing and Coring	2,000		2,000
Open Hole Logging	8,200		8,200
Completion Rig: 5 days @ \$1200/day		6,000	6,000
Cased Hole Logging, Perforating		5,500	5,500
Formation Stimulation		3,000	3,000
Geologist and Mud Logging	4,500		4,500
Engineering and Supervision	1,300	1,200	2,500
Professional Fees:Title Exam,etc	1,000		1,000
Operating Overhead	1,500	1,500	3,000
Insurance	3,500		3,500
Miscellaneous			
Contingencies: 10%	12,000	4,000	16,000
Plug and Abandon	9,000		9,000
TOTAL INTANGIBLE EXPENSES	139,000	40,000	179,000
TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
Csq-Cond:			
Csq-Surf: 400' 8-5/8" @ \$11.75 /ft	4,700		4,700
Csq-Inter:			
Csq-Prod: 5500' 5-1/2" @ \$ 6.00 /ft		33,000	33,000
Float Equipment and hardware	1,000	2,500	3,500
Tubing: 5500' 2-3/8" @ \$ 2.60 /ft		14,300	14,300
Packer and Downhole Equipment			
Rods and Pump		6,200	6,200
Pumping Unit and Prime Mover			
Wellhead Equipment	1,300	2,000	3,300
Treater		5,500	5,500
Separator			
Tanks		8,500	8,500
Flowlines		4,000	4,000
Valves and Fittings		2,000	2,000
Installation of Lease Equipment		5,000	5,000
Miscellaneous Equipment		1,000	1,000
TOTAL TANGIBLE EXPENSES	7,000	84,000	91,000
TOTAL WELL COST	146,000	124,000	270,000

OSBORN HEIRS COMPANY
 APPROVED: *[Signature]*
 TITLE: Vice President-Production
 DATE APPROVED: April 6, 1990

OWNER: _____
 APPROVED: _____
 INTEREST: _____
 DATE APPROVED: _____

Amounts herein contained are reasonable estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less.

REPORT FROM THE
CALIFORNIA AIR QUALITY BOARD
OSCEWA COUNTY NO. 3
9740