

ESTIMATED WELL AND PRODUCTION
FACILITIES VALUE

HARTMAN - STATE "A" NO. 4
PROPOSED STATE "A" COM NO. 4
660' FNL & 660' FEL
SECTION 8, T-21-S, R-36-E
LEA COUNTY, NEW MEXICO

| | |
|--|---------------------|
| *Cost to drill, complete and equip Eumont producer with 5-1/2" production casing and all associated facilities (See attached AFE and Detail Well Estimate) | \$389,382.00 |
| *Less cost of block squeeze job and drill out to bring cement behind 5-1/2" casing to surface | < 15,500.00> |
| *Less cost of fracturing stimulation | <135,000.00> |
| *Less cost of pumping connections | < 5,600.00> |
| *Less cost of pumping unit | < 15,000.00> |
| *Less cost of motor controller & power system | < 7,800.00> |
| *Less cost of sucker rods | < 4,000.00> |
| *less cost of pump | < 1,800.00> |
| *Less cost of tank battery | < 3,500.00> |
| *Less cost of separator | < 3,300.00> |
| *Less cost of flow lines | < <u>2,100.00</u> > |
| Net Value of Existing State "A" No. 4 Well & Facilities | \$195,782.00 |

BEFORE EXAMINER CATANACH

Oil Conservation Division

Exhibit No. 17

Case No. 9994

DOYLE HARTMAN
OIL OPERATOR
500 N. MAIN STREET
MIDLAND, TEXAS

AUTHORIZATION FOR EXPENDITURE AND DETAIL WELL ESTIMATE

LEASE NAME Eumont Infill Well WELL NO. _____ W.I. 100%
(5-1/2" production casing)
COUNTY Lea STATE New Mexico FIELD Eumont
LOCATION: SE/4 Section 5 & NE/4 Section 8, T-21-S, R-36-E (320 Ac. PU)

| DRILLING INTANGIBLES: | | | | PRODUCER | DRY HOLE |
|-----------------------|--|---------------------|------------------------------------|----------|----------|
| 1. | Drilling Cost | 3850 | Feet @ 10.50 Per Foot | 40425 | 40425 |
| 2. | Day Work | 2 days @ \$3500/day | | | |
| 3. | Coring Service | | Well Surveys OH | 7000 | 7000 |
| 4. | Bits and Reamers | | | 10200 | 10200 |
| 5. | Testing | | | | |
| 6. | Directional Drilling | | | | |
| 7. | Fuel | | Water | 8000 | 5500 |
| 8. | Mud | 4700 | Mud Logging 1800 | 6500 | 6500 |
| 9. | Cementing Service | | Cement Floats | 12000 | 3200 |
| 10. | Company Labor | | Contract Labor | 1500 | 1500 |
| 11. | Surface Damages and Right-of-Way | | | 2500 | 2500 |
| 12. | Digging Pits | | Filling Pits | 500 | 500 |
| 13. | Pit Lining | | | 800 | 800 |
| 14. | Roads & Bridges | 1500 | Dredging & Grading 7500 | 9000 | 7500 |
| 15. | Acidizing | 6500 | Fracturing 135000 Perforating 2000 | 143500 | - |
| 16. | Plugging | | | | 4500 |
| 17. | Trucking Cost | | | 3000 | 1500 |
| 18. | Development Superintendence | | 12/7 days @ \$ 500 /day | 6000 | 3500 |
| 19. | Rental Equipment | | BOF, frac tanks | 5300 | 1300 |
| 20. | Swabbing and Testing | | | 6500 | - |
| 21. | Legal and Professional Expenses: | | | | |
| | Product Price Determination | | NGPA File | 750 | - |
| | Regulatory Hearings | | State file Other Location stake | 1200 | 1200 |
| 22. | Abstracts and Title Opinions | | | 7500 | 7500 |
| 23. | Geological, Geophysical and Land Support | | | 2200 | 2200 |
| 24. | Other Costs | | | | |
| 25. | Contingency @ 10 % | | | 27438 | 10733 |
| | | | Total Intangibles | 301813 | 118058 |
| WELL EQUIPMENT: | | | | (Used) | (Used) |
| 26. | Casing | 475 | 8-5/8" @ 8.90 Per Ft. | | |
| | | 3850 | 5-1/2" @ 5.40 Per Ft. | | |
| | | | | 25018 | 4228 |
| 27. | Tubing | 3800 | 2-3/8" @ 2.30 Per Ft. | 8740 | |
| 28. | Casing Head | | | 1350 | 1350 |
| 29. | Xmas Tree or Pumping Connections | | | 5600 | |
| 30. | Pumping Unit | | | 15000 | |
| 31. | Engine/Motor Controller and Power System | | | 7800 | |
| 32. | Sucker Rods | | | 4000 | |
| 33. | Pump | | | 1800 | |
| 34. | Tank Battery | | | 3500 | |
| 35. | Separator or Dehydration Equip. | | | 3300 | |
| 36. | Metering Equipment | | | | |
| 37. | Flow Lines | | | 2100 | |
| 38. | Guards and Fences | | | 800 | |
| 39. | Other Costs | | Anchors | 600 | |
| 40. | Contingency @ 10 % | | | 7961 | 558 |
| | | | Total Tangibles | 87569 | 6136 |
| | | | TOTAL COST OF WELL | 389382 | 124194 |

Share at _____ %

REMARKS: Estimated cost to drill, complete and equip a Eumont producer with 5-1/2" production casing.

Originated by Michael Stewart Title Engineer Date 06-06-90
Approved _____ Title _____ Date _____