



**Nearburg Producing Company**

Exploration and Production

*Nearburg* EXHIBIT NO. 2  
 CASE NO. 10166

**AUTHORITY FOR EXPENDITURE**

LEASE: Western 17-F State                      WELL #: 1                      PROPOSED TOTAL DEPTH: 11,900'  
 LOCATION: 2130' FNL & 2130' FWL, Sec. 17, T-16-S, R-37-E, Lea County, N. Mexico  
 DESCRIPTION OF WORK: Re-enter plugged well, sidetrack and drill to new T.D.

DATE PREPARED: 11-19-90                      EST. SPUD DATE: 2-12-91                      EST. COMPLETION DATE: 3-17-91  
 AFE NUMBER:

<b>INTANGIBLE COSTS:</b>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage - @ \$./Ft	701		751		0
Drilling Daywork - 12 days @ \$4700/day	702	56,400	752		56,400
Drilling Turnkey	703		753		0
Bits, Stabilizers, Reamers Etc.	704	30,000	754		30,000
Directional Services	705	30,000	755		30,000
Mud & Chemicals	706	10,000	756		10,000
Fresh Water	707	2,000	757	1,000	3,000
Brine	708	5,000	758		5,000
Fuel & Oil	709		759		0
Cement Surface Casing	710		760		0
Cement Intermediate Casing	711		761		0
Cement Production Casing	712		762	15,000	15,000
Cement - Other	713		763		0
Plug and Abandon	714	7,000	764	(7,000)	0
Road & Location	715		765		0
Survey	716	3,500	766		3,500
Damages	717		767		0
Open Hole Logging	718	25,000	768		25,000
Testing	719		769		0
Coring & Analysis	720		770		0
Pulling and/or Swabbing Unit	721		771	7,700	7,700
Case Hole Perforate & Wireline	722		772	5,000	5,000
Acidizing and Fracturing	723		773	7,500	7,500
Field Supervision	724	4,500	774	2,250	6,750
Mudlogging Unit	725	5,000	775		5,000
Geologist	726	1,500	776	500	2,000
Engineering	727	2,500	777	1,000	3,500
Equipment Rental	728	5,000	778	1,500	6,500
Misc Labor	729	1,500	779	1,500	3,000
Tubular Inspection and Testing	730	500	780	7,000	7,500
Roustabout Labor	731		781		0
Supplies	732	250	782	250	500
Insurance	733	1,500	783	500	2,000
Overhead	734	3,500	784	1,800	5,300
Title Opinion	735		785		0
Legal and Professional	736		786		0
Telephone	737	100	787	50	150
Hauling and Trucking	738	4,000	788	1,500	5,500
Fishing Tools	739		789		0
Mud Engineer	740		790		0
Cog Crew and LD Mach.	741		791	5,000	5,000
Mudlogger	742		792		0
Reverse Unit and Tools	743		793		0
<b>SUBTOTAL</b>		198,750		52,050	250,800
Contingencies		19,875		5,205	25,080
<b>ESTIMATED TOTAL INTANGIBLES</b>		218,625		57,255	275,880

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<u>TANGIBLE COSTS:</u>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	201		201		0
Surface Casing @ \$./Ft	202		202		0
Intermediate Casing @ \$./Ft	203		203		0
Production Casing 11,900' @ \$9.00/Ft	205		205	107,100	107,100
Tubing 11,800' @ \$3.00/Ft	206		206	35,400	35,400
Rods	207		207		0
Pumping Unit	208		208		0
Tanks	209		209	12,000	12,000
Separators & Heater Treat.	210		210	9,000	9,000
Well Head - Csg	211	1,500	211		1,500
Flow Lines	212		212	1,500	1,500
Valves, Fittings & Connections	213		213	2,500	2,500
Packer	214		214	3,500	3,500
Subsurface Pump	215		215		0
Gas Meter	216		216	2,000	2,000
Artificial Lift Equipment	217		217		0
Compressor	218		218		0
Production Unit	219		219		0
Installation Costs	225		225	7,500	7,500
Lact Unit	226		226	10,000	10,000
Vapor Recovery Unit	227		227		0
Well Head - Tbg	221		221	12,000	12,000
Elect. Installation	229		229	5,000	5,000
<b>ESTIMATED TOTAL TANGIBLES</b>		1,500		207,500	209,000
<b>ESTIMATED TOTAL WELL COSTS</b>		220,125		264,755	484,880

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

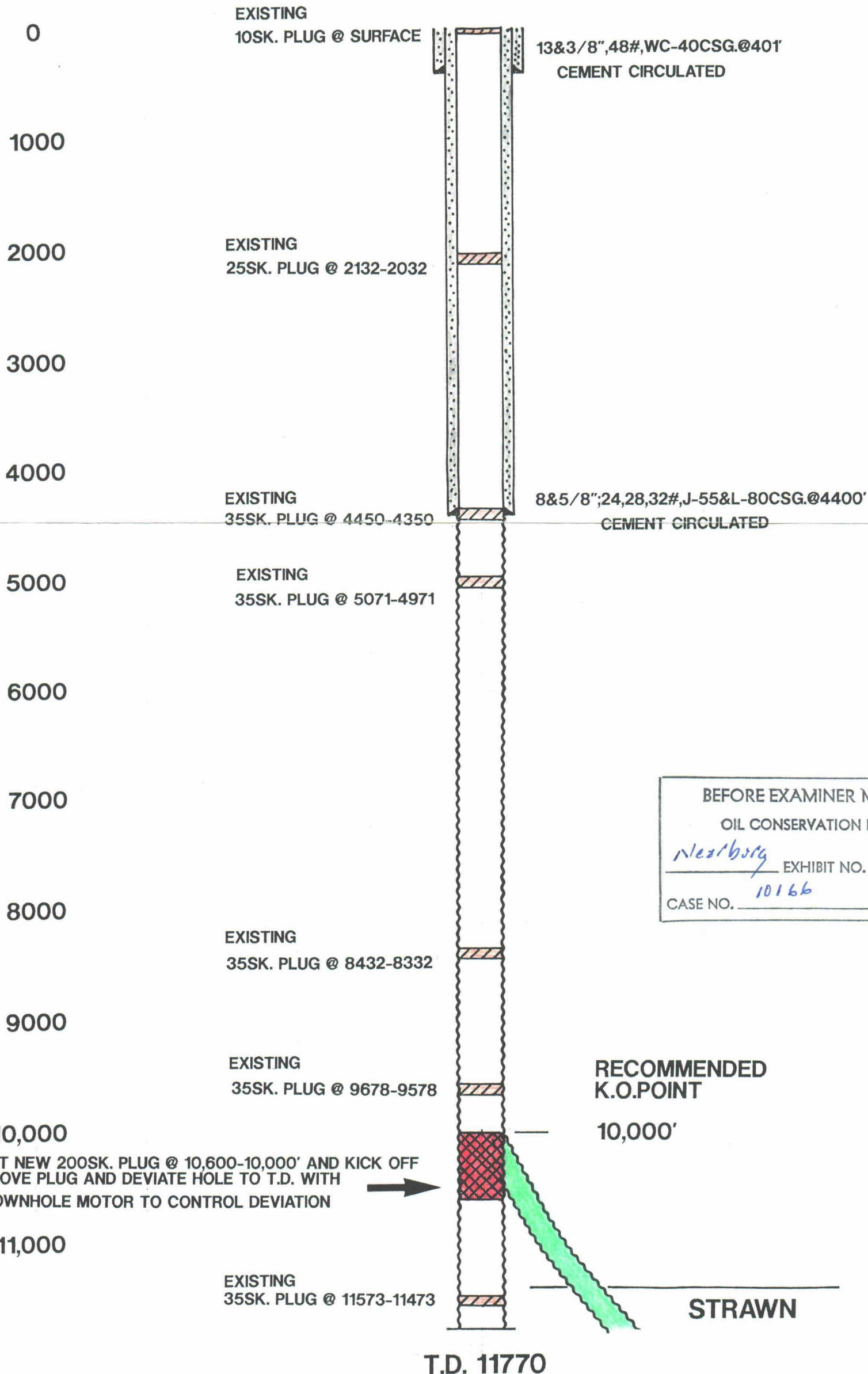
<u>NPC APPROVAL</u>	<u>BY</u>	<u>DATE</u>
LAND:		
DRLG / PROD:		
ENGINEERING:		
EXECUTIVE:		

WI APPROVAL:      COMPANY

NEARBURG PRODUCING COMPANY

WESTERN 17-F#1

LEA COUNTY, NEW MEXICO



BEFORE EXAMINER MORROW.  
OIL CONSERVATION DIVISION  
*Nearburg* EXHIBIT NO. 3  
CASE NO. 10166

No exhibit #4,

(Notice to  
BTA.)