

Kachina Well Cost Estimate Comparison
Section 8,T18S,R33E,Lea County, New Mexico
Drill and Complete a 11,500' Wolfcamp Well

SANTA FE ENERGY RESOURCES,INC.

By: Darrell Roberts

January 14,1991

HANLEY	SANTA FE	VARIANCE	HANLEY	SANTA FE	VARIANCE
DRY HOLE	DRY HOLE		PRODUCER	PRODUCER	

TANGIBLE WELL COSTS:						
CONDUCTOR CSG		3,000	3,000		3,000	3,000
SURFACE CSG	9,800	9,200	(600)	9,800	9,200	(600)
PROTECTION CSG	30,820	36,804	5,984	30,820	36,804	5,984
PROD CSG			0	90,885	95,763	4,878
TUBING			0	46,750	52,000	5,250
WELLHEAD		2,000	2,000	14,500	12,000	(2,500)
OTHER DWN HOLE EQUIP			0		3,500	3,500
CSG EQUIP		640	640		940	940
MISC TANG	2,500		(2,500)	2,500	1,000	(1,500)
TBG EQUIP			0		2,000	2,000
TOTAL	43,120	51,644	8,524	195,255	216,207	20,952
LEASE FACILITY COSTS:						
FLOW LINES				2,000	3,000	1,000
LABOR					15,000	15,000
OTHER PROD EQUIP				13,000	15,000	2,000
TANK FACILITIES				15,000	25,000	10,000
TOTAL	0	0	0	30,000	58,000	28,000
INTANGIBLE WELL COSTS:						
LOCATION	16,000	16,000	0	16,000	16,000	0
FENCING		1,000	1,000		4,200	4,200
WATER		10,000	10,000		10,000	10,000
CONTR FOOTAGE	207,000	193,200	(13,800)	207,000	193,200	(13,800)
CONTR DAYWORK	14,400	13,500	(900)	14,400	13,500	(900)
DRLG FLUID ADDITIVES	18,000	10,000	(8,000)	18,000	10,000	(8,000)
CEMENT	23,500	21,000	(2,500)	47,500	43,000	(4,500)
INSPECTION OF INTAN		1,000	1,000		5,000	5,000
DRILLING EQUIP RENTAL		3,000	3,000		3,000	3,000
OPEN HOLE LOGGING	33,500	33,500	0	33,500	33,500	0
DRILL STEM TESTS	22,000	22,000	0	22,000	22,000	0
MUD LOGGING	8,750	11,000	2,250	8,750	11,000	2,250
TRANSPORTATION	2,500	3,000	500	2,500	7,000	4,500
COMPLETION UNIT			0	10,000	15,000	5,000
COMPLETION TOOL RENTAL			0		4,000	4,000
CASED HOLE LOGS & PERF			0	7,800	6,000	(1,800)
STIMULATION			0	5,000	10,000	5,000
RIG SITE SUPERVISION	11,200	12,250	1,050	11,200	18,250	7,050
ADMIN OVERHEAD		4,600	4,600		9,200	9,200
TESTING			0		5,000	5,000
ABANDONMENT COST		10,000	10,000			0
CONTINGENCY (10%)	38,877	36,505	(2,372)	38,877	43,885	5,008
TOTAL	395,727	401,555	5,828	442,527	482,735	40,208
CUMULATIVE COST TOTAL	438,847	453,199	14,352	667,782	756,942	89,160

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United States Department of the Interior

3100 (912)

BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
 Post Office and Federal Building
 P.O. Box 1449
 Santa Fe, New Mexico 87504-1449

APR 27 1990

Mr. Tommy Folsom
 Santa Fe Energy Resources
 P.O. Box 2327
 Carlsbad, NM 88220

Dear Mr. Folsom:

The Bureau of Land Management (BLM) New Mexico is happy to recognize Santa Fe Energy Resources, as the recipient of the Annual Environmental Initiatives Award for southeastern New Mexico.

Santa Fe Energy Resources operates 31 producing leases and communitization agreements in Lea and Eddy Counties. Your locations are clean, neat and almost always in full compliance with BLM regulations, orders, and NTL's. A typical production facility is fenced, painted, signed, and free of trash and oil spills, but compliance to the regulations goes much further than appearances. All of the drilling operations, pipelines, roads, production facilities, etc., are designed, built, and operated with an air of professionalism and land ethic. All of your field personnel really do want to do a better job. They choose to do what is best for Santa Fe Energy.

Instances of noncompliance are issued to Santa Fe Energy just like every other operator, but they are few in number and almost always minor in nature. Santa Fe takes a positive attitude in actually wanting to know the regulations so they can comply . . . this single point is probably most responsible for your being honored as the best operator in the Roswell District for 1990.

Sincerely,

Larry L. Woodard
 Larry L. Woodard
 State Director

10211

**Eddy County
Board of Commissioners**

BILL H. KIRKES
FRED T. ALVAREZ
JAY MOBLEY, Chairman
NANCY BRANTLEY
BILL ALSOP



**Eddy County
Manager**

BOB STOCKWELL
(505) 887-9511

Eddy County

Fax (505) 887-1039
Post Office Box 1139
CARLSBAD, NEW MEXICO 88221-1139

June 13, 1990

Mr. Tommy Folsom
Santa Fe Energy Company

Dear Tommy:

Congratulations upon being the recipient of a well deserved award and recognition from the Bureau of Land Management.

Your land use practices and high standards of professionalism are exemplary.

Eddy County is extremely proud to have you and Santa Fe Energy Company in our county. As an Eddy County Commissioner, I too, am concerned about our land; in protecting it and keeping it beautiful, and at the same time using its many resources. You have proven that both are possible simultaneously.

As a life long member of an agriculture family, I know it is possible for two of New Mexico's and Eddy County's most valuable resources, agriculture and oil & gas to practice effective conservation together. I deeply appreciate your concerns, cooperation and ethics.

My very best wishes for continued success.

Sincerely,

Nancy Brantley
Vice-Chairperson, Eddy County Commissioners

NB/lp



CITY OF

Mayor
BOB FORREST

City Administrator
DON R. PATTERSON

A great place to visit...a wonderful place to live.

June 21, 1990

Mr. Tommy Folsom
Senior Production Foreman
Santa Fe Energy Resources, Inc.
P. O. Box 2327
Carlsbad, NM 88221

Dear Tommy:

On behalf of the City of Carlsbad, I want to congratulate you on your recent recognition as recipient of the Annual Environmental Initiatives Award for southeastern New Mexico from the Bureau of Land Management.

I believe we all feel that the environment is very important today, and you and Santa Fe Energy Resources, Inc. are to be congratulated for the work you are doing to help make this country a better place to live. Our world would be better off if we had more dedicated companies like Santa Fe Energy Resources who are committed to improving the environment.

Small businesses in our community are our biggest assets, and we are very proud to have your company in Carlsbad.

Congratulations again on your fine award.

Yours truly,

Bob Forrest
Mayor

BF:gg

This Special Recognition

Pays Tribute To

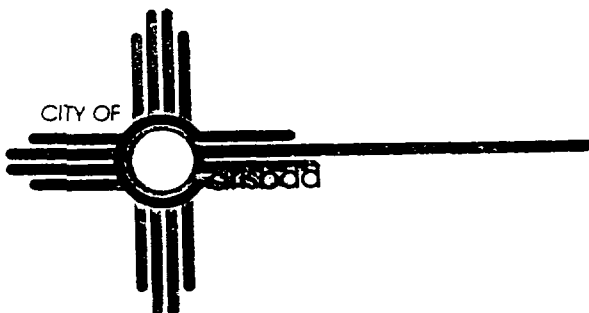
SANTA FE ENERGY RESOURCES, INC.

For Community Service

and is an Expression of Sincere

and Grateful Appreciation from

The City of Carlsbad



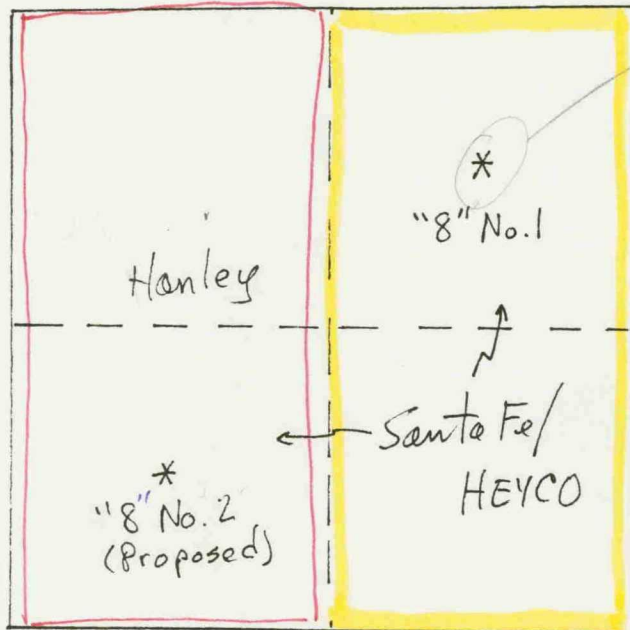
Bob Forest

Mayor

Don R. Patterson

City Administrator

NW/4 § 8



Spd 9/29 July
R's Released 10/30/90
Santa Fe
Wolfcamp well (Syring)
Ours proposed 1/2 = Hanley
objected and Santa Fe
found El 2 prove the unit

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. _____ Exhibit No. 1
Submitted by Santa Fe
Hearing Date _____

