

AUTHORITY FOR EXPENDITURE

DRILLING WELL

Date 8-12-85

Co. Co.

District West Texas Well Name Sprinkle Federal Well No. 2 (Re-entry)
Well Location 660' FNL & 1980' FWL, Sec 26, T-18-S, R-32-E Depth 8700'
Field Querecho Plains (Bone Springs) County Lea State New Mexico
Prepared By: Randy Cate *W.M.M.* Submitted By: _____ Dallas _____ District _____

CAT. NO.		NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
				CASH	MAT.L ON HAND	TOTAL
DRILLING						
01	Casing					
02	Casinghead			15 000		15 000
03	Location, Road & Dirt Work			20 000		20 000
04	Drilling - Footage/Turnkey					
05	Drilling - Daywork 15 days @ \$4500			67 500		67 500
06	Drilling - Rig Support MI & MORT			20 000		20 000
07	Bits 4-7 7/8"			22 000		22 000
08	Supervision 17 days @ \$250			4 250		4 250
09	Overhead					
10	Mud & Chemicals & water			30 000		30 000
11	Cementing Services & Supplies					
12	Testing & Logging			25 000		25 000
13	Rentals			12 000		12 000
14	Other IDC			10 000		10 000
15	Other Equipment			10 000		10 000
TOTAL DRILLING				235 750		235 750
COMPLETION						
17	Casing 4½" 8700'			96 000		96 000
18	Tubing 2 3/8" 8700'			34 000		34 000
19	Wellhead			10 000		10 000
20	Subsurface Equipment			10 000		10 000
21	Supervision 12 days @ \$250			3 000		3 000
22	Mud & Chemicals & KCL water			4 000		4 000
23	Testing, Logging & Perforating			12 000		12 000
24	Stimulation			45 000		45 000
25	Overhead					
26	Rentals			8 000		8 000
27	Service Rig 12 days @ \$1500			18 000		18 000
28	Cementing Services & Supplies & csg crew			20 000		20 000
29	Other IDC			10 000		10 000
TOTAL COMPLETION				270 000		270 000
PRODUCTION EQUIPMENT						
32	Pumping Unit			32 000		32 000
33	Engine & Motor			6 000		6 000
34	Rods			13 500		13 500
35	Flow Lines			2 000		2 000
36	Meters			6 000		6 000
37	Installation			10 000		10 000
38	Storage			20 000		20 000
39	Separation & Treating			15 000		15 000
40	Other Equipment			5 000		5 000
TOTAL PRODUCTION EQUIPMENT				109 500		109 500
TOTALS				615 250		615 250

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

TXO PRODUCTION CORP.
Case No. 8698
9/11/85 Examiner Hearing
Exhibit No. 3

AFE No. _____ Property No. _____