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Mr. Joe D. Ramey, Director
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Case 8278

Stopper

Re: Application of Mesa Grande Resources, Inc.
for Compulsory Pooling, Rio Arriba County,
Set for the July 25, 1984 Examiner hearing.

Dear Mr. Ramey:

Please continue the above matter to the August 8, 1984
Examiner hearing.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

James Bruce
James Bruce

JGB:jr

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
 GOVERNOR

August 20, 1984

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Mr. James Bruce
Single, Cox, Eaton,
Colfield & Mensley
Attorneys at Law
Post Office Box 2369
Santa Fe, New Mexico

Re: CASE NO. 2273
ORDER NO. R-7543

Applicant:
Mesa Grande Resources, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

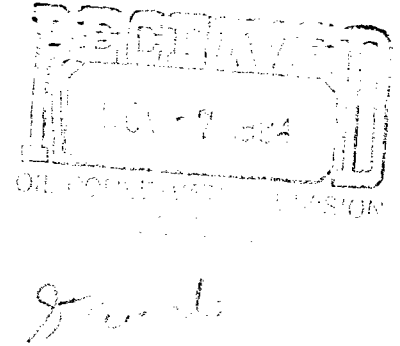
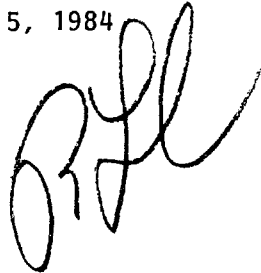
Hobbs OCD	37
Artesia OCD	42
Aztec OCD	38

Other _____

MESA GRANDE RESOURCES, INC.
1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494

November 5, 1984

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
Santa Fe, New Mexico 87501



Re: Case No. 8278
Order No. R-7643

Gentlemen:

In compliance with the above referenced order, I have included a copy of our original AFE for the Gavilan-Howard #1 and a breakdown of the actual costs involved with this well.

An AFE was supplied to all known working interest owners prior to the drilling of this well. Also, these same parties have been supplied with itemized schedules of well costs in the form of three previously sent joint interest billing statements, all of which have been paid, and another joint interest billing statement that will be sent concurrently with this submission.

If there is more information required, please contact me.

Sincerely,


Gregory R. Phillips

GRP:dw
Enclosures

Certified Mail #P493-760-148

ACTUAL WELL COSTS
GALLUP/DAKOTA DUAL COMPLETION

WELL NAME: Gavilan-Howard #1 OPERATOR: Mesa Grande Resources, Inc.
LOCATION: SE NW Sec. 23-25N-2W DEPTH: 8020'
Rio Arriba County, New Mexico DATED: November 5, 1984

Drill/Test Complete/Equip. Note:

INTANGIBLE COSTS:

Title Opinion	\$ 1,310.00	\$	
Survey Location	1,139.06		
Build Roads & Pad	9,734.60	2,219.00	
Water Purchase	13,260.18	4,631.14	
Mud & Chemicals	57,201.40		
Mud Logger	8,426.65		
Trucking & Hauling	1,446.01	6,165.94	
Cement Casing - Surface	5,166.30		
Cement Casing - Prod.		36,422.73	
Equipment Rentals & Serv.		16,034.31	
Drilling	150,329.24		
Electric Logs	21,428.98		
Welding	250.20		
Cement Bond Logs		4,246.38	
Complete Workover Rig		40,959.78	
Wireline Services		11,724.47	
Geological Services			
Engineering Services	1,549.61	11,321.76	
Labor-Welding/Casing Crews			
Labor-General		2,649.80	
Location Restoration	3,463.23		
Surface Damages	5,000.00		
Initial Well Testing			
Other Prof. Services			
Acid Treatment		8,549.90	
Frac Treatment		126,282.75	
Travel & Supervision	5,757.82	5,980.03	
Insurance	75.00		
Subtotal:	285,538.28	277,187.99	
(Contingencies -10%)			
Plug & Abandonment			
Total Intangible:	\$285,538.28	\$277,187.99	

TANGIBLE COSTS:

Casing-Surface	\$ 1,874.14	\$	
Casing-Production		50,634.69	
Casing-Equipment			
Christmas Tree	2,492.18	10,582.31	
Tubing		67,164.30	
Packer		11,272.20	
Valves & Fittings		8,229.02	
Tanks-Storage		18,987.86	
Tank Connections		3,204.13	
Line Pipe & Labor		10,589.08	
Separator-Heat-Treat.		21,106.25	
Water Tank			
Gates/Cattle Guards	2,975.37		
Pumping Unit			
Sucker Rod String			
Pumping Connections			
Total Tangible:	7,341.69	201,769.84	
Combined Total:	\$292,879.97	\$478,957.83	

Total Actual Well Cost: \$771,837.80

PREPARED BY: Christopher L. Hally TITLE: Manager of Field Operations
APPROVED (COMPANY): _____ BY: _____
DATE: _____

THIS A.F.E. IS ONLY AN ESTIMATE. BY RETURNING ONE SIGNED COPY, YOU AGREE TO
PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

AUTHORITY FOR EXPENDITURE

E. Alex Phillips Gavilan #1 8200' Gallup-Dakota Development Well
NW¼ Section 23, Township 25 North-Range 2 West
Rio Arriba County, New Mexico

A. DRILLING COSTS:

1. Location Survey, Elevation, Archaeological, Legal	\$ 2,500.00
2. Surface Damages and Right-of-Way	3,750.00
3. Roads, Location, Mud Pits	6,000.00
4. 300 Feet 8-5/8" K 24 lb. Surface Casing @\$9.00 p/ft.location	2,700.00
5. Casing Crew	300.00
6. Cement Surface Casing	5,000.00
7. Contract Drilling: 8200 Ft. @ \$18.50 p/ft. Contract includes: Insurance, trucking in out, two days rigtime-WDP,bits, lubricants, power \$40,000.00 mud water, 5° deviation, 1200 PSI Max Mud Pump PSI thru Gallup,Dakota formations	151,700.00
8. Mud-water, in addition to Turnkey Contract Amts (\$40,000.00)	35,000.00
9. 24 Hr. manned Mud Logging Unit: 20 days @ \$375.00 Unit move \$350.00	7,850.00
10. Electric Logging Service	22,500.00
11. Reamers	2,000.00
12. Trucking	1,500.00
13. Rentals	2,000.00
14. Geological 20 days @ \$250.00 p/day	5,000.00
15. Engineering	2,500.00
16. Company supervision	2,000.00
17. Welding	750.00
80. Contract Labor- fence,mud pit- etc. - clean up location	2,000.00
Estimated Costs to Casing Point:	\$ 255,050.00
5% contingency to above	12,752.50
Total estimated Drilling Costs:	\$ 267,802.50

B. COMPLETION COSTS: Flowing Well

1. 7535' 5½" 15.5 lb. K Mann API Casing	\$ 43,410.00
2. 586' 5½" 17.5 lb. K Mann API Casing	3,537.00
3. Three Stage Cement Job Casing Includes: DJ Tool, Float Equipment,Centralizers,Scratchers	36,500.00
4. Bond Log	3,200.00
5. Perforations - Three Stage	11,000.00
6. Three Stage Foam Fracing:	
a) Lower Dakota	29,000.00
b) Upper Dakota,Graneros,Greenhorn, Lower Mancos	43,000.00
c) Niobrara, Gallup	43,000.00
7. 8100' 2-3/8" 4.7 lb. J-55 SMLS Tubing @ \$2.28 p/ft.	18,468.00
8. Casing-Well Head Fittings	2,500.00
9. Tubing- Well Head Fittings	2,750.00
10. Two Bridge Plugs @ \$ 1,550.00 ea	2,100.00
11. Packer	3,500.00
12. Locator Assembly, Sliding Sleeve, Accessories	2,500.00

AFE

E.Alex Phillips Gavilan #1
SE $\frac{1}{4}$, NW $\frac{1}{4}$ Sec. 23, T25N-R2W
Rio Arriba County, N.M.

B. Completion Costs - continued:

13. Heater Treater/Separator	\$ 9,000.00
14. Four Three Hundred BBC Tanks w/Walkway	12,500.00
15. Completion Unit @ \$ 1,800 p/day- 10 days	18,000.00
16. Trucking Equipment and Accessories	3,500.00
17. Engineering Supervision @ \$350.00 p/day -12 days	4,200.00
18. Contract Labor	1,500.00
19. Miscellaneous and Contingencies	<u>3,500.00</u>

Total Estimated Completion Costs:
(All cost estimates include shipping costs
to well site location)

\$ 296,665.00

C. PUMPING EQUIPMENT COSTS:

1. Pumping Unit: CMI 228-246-86	\$ 31,140.00
2. AJAX Engine - E 43-40 HP	27,032.00
3. Downhole Pump	2,600.00
4. 5900' 3/4" #78 Norris Rods @ \$0.88 p/ft.	5,192.00
5. 2200' 7/8" #78 Norris Rods @ \$1.22 p/ft.	<u>2,464.00</u>
6. Accessories and Miscellaneous Contingencies	<u>2,500.00</u>

Total Estimated Pumping Equipment Costs:
(Pumping Equipment may not be used
immediately but will be necessary within
one year after well completion)

\$ 70,928.00

D. UNIT OWNERSHIP:

West Half Section 23

E. Alex Phillips	NW $\frac{1}{4}$	160 Acres	50%
Northwest Pipeline	E $\frac{1}{2}$ SW $\frac{1}{4}$	80 Acres	25%
A.G. Hill	W $\frac{1}{2}$ SW $\frac{1}{4}$	80 Acres	25%

Approved By: _____ Title: _____

Approved: _____ By: _____
Company Name

This AFE is only an estimate. By returning one signed copy, you agree
to pay your share of the actual costs incurred.