

GAVILAN DAKOTA  
ECONOMICS DATA

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Initial Gas Price ..... \$4.00/mscf  
Initial Oil Price ..... \$29.00/stb  
Price and Cost Escalation ..... 7 %/year after 1/87  
Operating cost  
    Dakota well ..... \$500/well month  
    Dual Gallup/Dakota ..... \$1100/well month  
Working Interest ..... 100 %  
Revenue Interest ..... 85 %  
WPT Category ..... New Oil  
Completed Well Cost  
    Dakota well ..... \$618,000  
    Dual Gallup/Dakota ..... \$738,000

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>8286</u>	Exhibit No. <u>16</u>
Submitted by <u>Mesa Grande</u>	
Hearing Date <u>9-20-84</u>	

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AUTHORITY FOR EXPENDITURE  
DAKOTA COMPLETION

WELL NAME: \_\_\_\_\_ OPERATOR: \_\_\_\_\_  
 LOCATION: Rio Arriba County, New Mexico DEPTH: \_\_\_\_\_  
 DATED: \_\_\_\_\_

Drill/Test      Complete/Equip.      Note:

INTANGIBLE COSTS:

Title Opinion	\$ 3,500	\$ 3,000	
Survey Location	1,000		
Build Roads & Pad	5,210	1,480	
Water Purchase	2,500	4,745	
Mud & Chemicals	40,000		
Mud Logger	6,860		
Trucking & Hauling	1,500	910	
Cement Casing - Surface	3,000		
Cement Casing - Prod.		37,825	
Equipment Rentals	---0---	13,700	
Drilling	142,000		
Electric Logs	18,725		
Welding	350		
Cement Bond Logs		3,675	
Complete Workover Rig		40,360	
Wireline Services		3,815	
Geological Services	1,645		
Engineering Services	1,130	5,570	
Labor - Connect Tanks/Sep.		6,500	
Labor - General	---0---	4,225	
Location Restoration		2,500	
Surface Damages	5,000		
Initial Well Testing		975	
Other Prof. Services	4,500	1,460	
Acid Treatment		5,070	
Frac Treatment		62,020	
Travel & Supervision	800	550	
Subtotal:	237,720	198,380	
(Contingencies -10%)	23,770	19,840	
Plug & Abandonment	10,000		
Total Intangible:	\$271,490	\$218,220	

TANGIBLE COSTS:

Casing - Surface	\$ 1,905	\$	
Casing - Production		63,370	
Casing - Equipment	1,950		
Christmas Tree		1,340	
Tubing		22,990	
Packer		4,475	
Valves & Fittings		9,750	
Tanks - Storage		6,600	
Tank Connections		3,000	
Line Pipe & Labor		3,000	
Separator-Heat-Treat.		10,000	
Water Tank		---0---	
Gates/Cattle Guards		---0---	
Pumping Unit		---0---	
Sucker Rod String		---0---	
Pumping Connections		---0---	
Total Tangible:	3,855	124,525	
Combined Total:	\$275,345	\$342,745	

Total Estimated Well Cost:                    \$618,090

PREPARED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_  
 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.

WELL NAME: Gavilan #2 OPERATOR: E. Alex Phillips  
 LOCATION: S/2, Section 26-25N-2W DEPTH: 8200'  
Rio Arriba County, New Mexico DATED: September 10, 1984

AUTHORITY FOR EXPENDITURE  
 GALLUP/DAKOTA DUAL COMPLETION

	Drill/Test	Complete/Equip.	Note:
<b>INTANGIBLE COSTS:</b>			
Title Opinion	\$ 3,500	\$ 3,000	
Survey Location	1,140		
Build Roads & Pad	5,210	1,480	
Water Purchase	(2,500) #	4,745	# - These amounts
Mud & Chemicals	(40,000) #		were a part of a
Mud Logger	6,860		Turnkey Drilling
Trucking & Hauling (1)		910	Contract.
Cement Casing - Surface	2,395		
Cement Casing - Prod.		37,825	(1) - The majority
Equipment Rentals	---0---	21,090	are included within
Drilling	142,000		other figures.
Electric Logs	20,805		
Welding	350		
Cement Bond Logs		4,350	
Complete Workover Rig		40,360	
Wireline Services		8,670	
Geological Services	2,195		
Engineering Services	1,130	7,560	
Labor - Connect Tanks/Sep.		10,000*	
Labor - General	---0---	6,500*	
Location Restoration		2,500*	
Surface Damages	2,680		
Initial Well Testing		1,500*	
Other Prof. Services	4,500	2,250	
Acid Treatment		9,475	
Frac Treatment		104,265	
Travel & Supervision	800	550	
(Contingencies -20%)	NA	NA	
Plug & Abandonment	---0---		
<b>Total Intangible:</b>	<b>\$193,565</b>	<b>\$267,030</b>	
<b>TANGIBLE COSTS:</b>			
Casing - Surface	\$ 3,270	\$	
Casing - Production		89,625	
Casing - Equipment	3,005		
Christmas Tree		2,045	
Tubing		52,125	
Packer		4,475	
Valves & Fittings		15,000*	
Tanks - Storage		13,200*	
Tank Connections		6,000*	
Line Pipe & Labor		6,000*	
Separator-Heat-Treat.		20,000*	
Water Tank		---0---	
Gates/Cattle Guards		---0---	
Pumping Unit		52,500*	
Sucker Rod String		7,500*	
Pumping Connections		2,500*	
<b>Total Tangible:</b>	<b>6,275</b>	<b>270,970</b>	
<b>Combined Total:</b>	<b>\$199,840</b>	<b>\$538,000</b>	
<b>Total Estimated Well Cost:</b>	<b>\$737,840</b>		

\* - These figures include estimates for services not yet rendered or equipment not yet purchased but will be required. All other figures are the actual cost (to nearest \$5.00).