

AUTHORITY FOR EXPENDITURE
DRILLING WELL — TXO AND OUTSIDE OPERATED

Date 12-12-85

DISTRICT West Texas WELL NAME Taylor "N" WELL NO. 1
 OPERATED BY TXO LOCATION 660' FNL & 1980' FEL, Sec 14, T-18-S, R-38-E DEPTH 4200'
 FIELD Bishop Canyon (Queen) COUNTY Lea STATE NM
 PREPARED BY Randy Cate SUBMITTED BY Randy Cate DALLAS DISTRICT

EXPENDITURE DESCRIPTION	QUANTITY	DESCRIPTION	EST. COST
DRILLING			
Surface & Intermediate Casing		350' 8 5/8"	4,200
Casinghead			4,000
Location Work		dirt work, damages, staking	15,000
Footage/Turnkey Drilling		4200' @ \$9.50/ft	39,900
Daywork Drilling		1 day @ \$4200/day	4,200
Rig Support			
Bits			
Supervision	10 days	\$250/day	2,500
Drilling Overhead			
Mud & Chemicals & wtr			6,500
Cementing Services & Supplies			5,000
Testing & Logging			8,000
Rentals			5,000
Other IDC		csg crew, trucking, etc.	6,000
Other Equipment			5,000
Legal			1,000
Non-Operated Intangible Drilling			
TOTAL DRILLING			106,300
COMPLETION			
Production Casing	4200'	4 1/2" 10.5# ST&C	19,600
Tubing	4200'	2 3/8" J-55	9,900
Wellhead Equipment			3,000
Subsurface Equipment			4,000
Supervision	10 days	\$250/day	2,500
Mud & Chemicals & wtr			2,000
Testing, Logging & Perforating		correlation log, temp svy, perf	6,500
Stimulation		acid & sand frac	26,000
Completion Overhead			
Rentals			5,000
Service Rig	10 days	\$1400/day	14,000
Cementing Services & Supplies			8,000
Other Completion IDC		csg crew, trucking, etc	5,000
Non-Operated Intangible Completion			
TOTAL COMPLETION			105,500
PRODUCTION EQUIPMENT			
Pumping Unit/Submersible Pump		160 pmp unit	21,000
Engine & Motor		gas engine	6,000
Rods			6,200
Flow Lines			2,000
Meters			5,000
Installation/Overhead			3,000
Storage		2-210 oil, 1-210 wtr	7,500
Separation & Treating		separator & HT	8,000
Other Equipment			5,000
TOTAL PRODUCTION EQUIPMENT			63,700
TOTAL			275,500

OWNER'S NAME AND ADDRESS (New Addresses Only)	BILLING INTEREST (7 Decimals)	DATE APPROVED	APPROVED: (this space for approval only)
Cities Service Oil & Gas Corporation	.1666667		CITIES SERVICE OIL & GAS CORPORATION
			By: _____
			Title: _____

TXO PRODUCTION CORP.
Case No. 8784
2/5/86 Examiner Hearing
Exhibit No. 3

Company No. _____ AFE Type No. _____
 AFE No. _____ Property No. _____
 Acq. Name/Code: _____