

**CONCHO EXPLORATION INC.
AUTHORITY FOR EXPENDITURE**

WELL NAME Harris 3C No. 1	PROSPECT NAME: Enerstar South Prospect
LOCATION: S-3, T13S, R38E	COUNTY & STATE: Lea Co., NM
1980' FNL & 1650' FWL	OBJECTIVE: D&C 9,800' Abo/Wolfcamp Well

INTANGIBLE COSTS	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,500		1,500
LOCATION/PITS/ROAD EXPENSE	35,000	2,000	37,000
DRILLING/COMPLETION OVERHEAD RATE	5,000	1,000	6,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT \$19.50/ft	191,100		191,100
DAYWORK-CONTRACT 2 days @ \$7500/day	7,500	7,500	15,000
FUEL & POWER	18,900	700	19,600
WATER	20,000	2,500	22,500
BITS & REAMERS		600	600
MUD & CHEMICALS	17,000		17,000
DRILL STEM TEST			0
CORING & ANALYSIS			0
CEMENT SURFACE	6,900		6,900
CEMENT INTERMEDIATE	16,000		16,000
CEMENT PRODUCTION		16,000	16,000
CASING CREWS & EQUIPMENT	5,000	4,000	9,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	3,000	5,000	8,000
COMPANY SUPERVISION	1,000	2,000	3,000
CONTRACT SUPERVISION	16,200	5,100	21,300
TESTING CASING/TUBING	3,000	2,500	5,500
MUD LOGGING UNIT 22 @ \$650	15,000		15,000
LOGGING/WIRELINE SERVICES	17,500	2,000	19,500
PERFORATING		4,000	4,000
STIMULATION/TREATING		10,000	10,000
COMPLETION UNIT		13,500	13,500
RENTALS	8,000	7,500	15,500
TRUCKING/FORKLIFT/RIG MOBILIZATION	8,000	2,000	10,000
WELDING SERVICES	2,000	600	2,600
FLOAT EQUIPMENT & CENTRALIZERS	3,000	1,600	4,600
MISCELLANEOUS	3,000	3,000	6,000
CONTINGENCY	20,000	10,000	30,000
TOTAL INTANGIBLES	429,600	103,100	532,700

TANGIBLE COSTS

SURFACE CASING			
-430' 13 3/8" 48# H40 STC @ \$14.60/ft	6,300		6,300
INTERMEDIATE CASING			
4000' 8-5/8" 32# J55 STC @ \$9.60/ft	38,400		38,400
600' 8-5/8" 32# HCK55 STC @ \$12.20/ft	7,400		7,400
PRODUCTION CASING / LINER			
6,400' 5-1/2" 17# J55 LTC @ \$5.15/ft		33,000	33,000
3,400' 5-1/2" 17# N80 LTC @ \$6.50/ft		22,100	22,100
TUBING 9,500' 2 7/8" 6.5# N-80 EUE @ \$2.99/ft		28,500	28,500
WELLHEAD EQUIPMENT			
13-5/8" 3M x 13-3/8" SOW	2,300		2,300
11" 3M x 13-5/8" 3M spool	4,000		4,000
7-1/16" 3M x 11" 3M tbg hd & tee assembly		4,700	4,700
PUMPING UNIT		60,000	60,000
RODS		30,000	30,000
PUMPS		2,500	2,500
TANKS		15,000	15,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		9,500	9,500
ELECTRICAL SYSTEM		10,000	10,000
PACKERS/ANCHORS/HANGERS		800	800
COUPLINGS/FITTINGS/VALVES		4,000	4,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		3,000	3,000
CONTINGENCY	5,000	10,000	15,000
TOTAL TANGIBLES	63,400	237,100	300,500
TOTAL WELL COSTS	493,000	340,200	833,200

PLUGGING COST
TOTAL DRY HOLE

Concho Exploration Inc.

By: Mark E. Ellerbe *ESW 11/7/04*

Date Prepared: 01/07/2004

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 13247 Exhibit No. *5*
Submitted By:
Chesapeake Inc.
Hearing Date: April 15, 2004