

# **AUTHORITY FOR EXPENDITURE**

AFE NO.	2005-045	LEASE	Francotte Federal	WELL NO.	1
DESCRIPTION	660' FNL & 660' FWL Sec. 12, T17S-R31E	COUNTY	Eddy		
STATE	NM	AREA		OPERATOR	Hudson Oil Company of Texas
FORMATION	Morrow	PREPARED BY	Sheryl Baker		
TOTAL DEPTH	12500'	DATE	September 6, 2005		

## **DRILLING INTANGIBLES**

STAKING PERMITS LEGAL FEES ROW  
 SITE PREPARATION ROADS & LOC  
 DRILLING FOOTAGE CONTRACT  
 DRILLING DAYWORK/MOBILIZATION  
 EQUIP RNTL MACHINERY/MAN HIRE  
 DRILLING WATER, HAULING FUEL  
 DRILING MUD & CHEMICALS  
 CEMENT SURFACE CASING  
 FISHING TOOL SERVICES  
 OTHER DRILLING COSTS/MATERIALS  
 CORING & FORMATION TESTING  
 MUD LOGGING & GEOLOGICAL SVCS  
 ELEC LOGGING, WIRELINE, PERF  
 DRILLING OVERHEAD CHARGE  
 DRILLING WELLSITE SUPERVISION  
 CONTINGENCY 5%  
**TOTAL DRILLING**

SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
100	10,000			
110	45,000	3,500		
200				
210	580,000			
220	45,000			
250	37,500			
260	37,500			
280	38,000			
295				
299	85,000			
300	9,500			
310	24,000	22,500		
350	22,500			
950	5,000			
955	28,000			
	48,350	1,300		
	1,015,350	27,300		

## **COMPLETION INTANGIBLES**

CEMENT PRODUCTION CASING  
 FORMATION FRACTURING  
 FORMATION ACIDIZING  
 COMPLETION UNIT  
 CONTRACT LABOR/PROFESSIONAL SVCS  
 COMPLETION WATER, POWER, FUEL  
 BATTERY CONST/SER/MATERIALS  
 COMPLETION EQUIP RNTS/SERVICES  
 DRIL/COM OVERHEAD CHARGE  
 DRIL/COM OVERHEAD CHARGE  
 MISCELLANEOUS IDC EXPENSES  
 CONTINGENCY 5%  
**TOTAL COMPLETION**

400		60,000		
410		125,000		
420		18,000		
450		18,000		
500		20,000		
905		4,500		
910		20,000		
915		35,000		
950		5,000		
955		5,000		
900		3,500		
		15,700		
	0	329,700		
	1,015,350	357,000		

## **TOTAL INTANGIBLES**

## **DRILLING AND COMPLETION TANGIBLES**

SURFACE & INTERMEDIATE CASING  
 PRODUCTION CASING  
 TUBING & ATTACHMENTS  
 PUMPING WELL HOOK UP  
 WELLHEAD EQUIPMENT  
 PUMP JACKS & PUMPS  
 TREATER, SEPAR, EQ, METER/ELEC  
 TANKS & STORAGE FACILITIES  
 MISCELLANEOUS L&W EQUIPMENT  
 CONTINGENCY 5%  
**TOTAL EQUIPMENT COST**

200	125,000			
250		203,000		
300		83,000		
350				
400	18,000	18,000		
500				
600		22,500		
700		22,500		
900		7,500		
	7,150	17,825		
	150,150	374,325		
	1,165,500	731,325		
		1,896,825		


## **TOTAL WELL COST**

LEASE ACRES @ PER ACRE

## **TOTAL WELL COST**

## **APPROVALS:**

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

OPERATOR	Hudson Oil Company of Texas	BY		WI	DATE
COMPANY		BY		WI	DATE
PRINT NAME		TITLE			

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case Nos. 13598 Exhibit No. 4  
 Submitted by:  
 HUDSON OIL COMPANY OF TEXAS  
 Hearing Date: June 8, 2006