## MCKAY MAYHEW ELPAMCO

## AUTHORITY FOR EXPENDITURE Production and Exploration

Area Farmingto	n, NM Field	Basin Fruitland Coal	AFE No. 030606
Type: (X) 1. D&E 2. Repair	3. Other	Well Name	
Group: (X) I, Dev. 2. Maint.	3. Expl. 4. Inv. 5. Other	County and	State San Juan, New Mexic
	the sale has swell to devel	op TD and Obj.	2380' - Basin Fruitland Coal
	uitland Coal reserves.	Land Lease	No.
		AFE Date	5-24-06
Operator MCKAY o.L	GAS, LLC	Commencen	
M KNY BIE		Completion	
		Comprision	
1) Location, (2) Divis	sion of Int. (3) Justification	•	
1) Proposed Location:	NW/4 of Section 1, T30N	•	
Dedicated Acreage:	San Juan County, New Mo 310 ACRES	exico	
Division of Interest:		%WI	
,			
3) Justification:			•
	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
aterial Purchased	34,770		Gross Recovery
sel, Water, Lubs., Elec. oc. Duronges, Roads-Bridges		1,400 9,450	Discount Factor%
livage & Dismuntling Costs		9,430	Discounted Profit \$
illing Contract-Footage	PER OFFI ELLER MESTERONS	41,650	Rate of Return %
illing Contract-Daywork		28,000	Payout
illing Bits & Reamers			
thing Tool Expense		'	1
rectional Drilling Costs	rote Classic special and constant		f
rectional Drilling Costs		250	
id Mat'ls, Chems. & Services		. 250 10.193	
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nd Mat'is, Chems. & Services ment & Cementing Service ncontrollable Materials ntals			
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs		10,193	
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs Il Stem Tests		10,193 3,400	Cook and Washing Outlan
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs Il Stem Tests forazing		10,193 3,400 2,393	Cash and Warehouse Outlay
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs Il Stem Tests		10,193 3,400	·
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs Ill Stem Tests forating dizing, Fracturing Il Services, ElecMud Log. nsperiation		10,193 3,400 2,393 104,000	Cash and Warehouse Outlay  Gross Cost \$ 332,217.60
nd Mat'ls, Cheins. & Services ment & Cementing Service ncontrollable Materials ntals ring Costs Ill Stem Tests forating dizing, Fracturing Ill Services, ElecMud Log. nsportation whend-Partner Op'd.		10,193 3,400 2,393 104,000	·
ud Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ning Costs Il Stem Tests forating dizing, Fracturing Il Spermione, ElecMud Log. Insportation whend-Partner Op'd. a Expense		10,193 3,400 2,393 104,000 4,010 2,000	Gross Cost \$ 332,217.60  Net \$ -
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ning Costs Il Stem Tests forating dizing, Fracturing Il Services, ElecMud Log. nsportation whend-Partner Op'd. a Expense Labor & Supervision		10,193 3,400 2,393 104,000 4,010 2,000	Gross Cost \$ 332,217.60  Net \$
ud Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ning Costs Il Stem Tests forating dizing, Fracturing Il Spermione, ElecMud Log. Insportation whend-Partner Op'd. a Expense		10,193 3,400 2,393 104,000 4,010 2,000	Gross Cost \$ 332,217.60  Net \$  Approvals: Date   MG(A) alt Max    5-24-00
ud Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ining Costs Il Stem Tests forating dizing, Fracturing Il Services, ElecMud Log. nsportation whend-Partner Op'd. a Expense Labor & Supervision tract Labor		10,193 3,400 2,393 104,000 4,010 2,000 8,750 750 23,000	Approvals:  Mc(A) alt Mas 5-24-00  Note 5 Date  Mc(A) alt Mas 5-24-00
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals intals intals ill Stem Tests forating dizing, Fracturing ill Services, ElecMud Log. nsportation whend-Partner Op'd. a Expense Labor & Supervision tract Labor rication & Installation		10,193 3,400 2,393 104,000 4,010 2,000	Approvals:  Mc(A) alt Mas 5-24-00  Note 5 Date  Mc(A) alt Mas 5-24-00
nd Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ntals ntals its Services It Stem Tests forating dizing, Fracturing It Services, ElecMud Log, nsportation whend-Partner Op'd, a ack-Partner Op'd, a Labor & Supervision tract Labor rication & Installation c. Costs (Pumping Unit and Engine)		10,193 3,400 2,393 104,000 4,010 2,000 8,750 750 23,000	Approvals:  Mc(A) alt Mas 5-24-00  Note 5 Date  Mc(A) alt Mas 5-24-00
ud Mat'ls, Chems. & Services ment & Cementing Service ncontrollable Materials ming Costs Il Stem Tests forating dizing, Fracturing flispe, Fracturing flispe, Fracturing flispe, Fracturing flispervices, ElecMud Log. Insportation arbend-Partner Op'd. a Expense Labor & Supervision tract Labor friction & Installation c. Costs (Pumping Unit and Engine) cellianeous Costs (Meter) fubtotal Cash & Wrhs. Outlay		10,193 3,400 2,393 104,000 4,010 2,000 8,750 750 23,000 28,000 \$ 267,246	Approvals:  Mc(A) althor 5-24-00  Met Linited Whesh
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OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER

Kelly No. 1 BFC

		Estimate	;
Survey		3,00	Ō
Archaeological			
Location Construction		5,000	Ō
Drilling (\$17.50/ft x 2380')		41,650	•
Surface Casing (\$13.23/ft x 120')	7	1,588	
Trucking of Surface Casing	-	250	
Cementing of Surface Casing		2,430	
Cementing Equipment	┪	-	-
Casinghead	1	510	ī
Cased Hole Logging	T	4,010	
Production Casing (\$7.29/ft x 2380	1	17,350	
Trucking of Production Casing	7	250	•
Drilling Overhead	+	2,000	
Cementing of Production Casing	†	7,463	-
Cementing Equipment	+		-
Tubinghead	+	700	_
Welding	†	750	1
Pressure Testing	T	300	1
Cased Hole Wireline	T	2,393	1
Frac Tanks and Trucking	Τ	1,400	Ì
Water	Ι	1,400	1
Stimulation	Ι	104,000	l
Trash Cage Rental	Ι	250	i
Anchors	Γ	650	l
Contract Labor	Ι	8,000	ļ
Daywork	L	28,000	
Meter	L	28,000	
Tubing (\$3.72/ ft x 2190')	_	8,147	
Trucking of Tubing	L	250	ı
Bailer Rental	L	1,200	
Valves and Fittings	_	750	
Separator			
Line Pipe (500' at \$3.50/ft)	L	875	
Domages	L		
Pit Liner	١.	550	
Anchor		00.000	
Pumping Unit w/ Engine		23,000	
Tank		2,600	
Rods and Pump		1,500	
Compressor			
Mud		250	
BOP Rental		800	
Casing Crew		750	
Production Pit		207.016	
TOTAL		302,016	
Contingency (10%)		30,202	

TOTAL