



InterCoast Oil and Gas Company
7130 South Lewis Avenue
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M.C.

June 18, 1996

Writers Direct Number (918) 491-4105

VIA FAX 491-4387 and CERTIFIED MAIL

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Tweedy No. 1 Well
South Half (S/2) of Section 9-20S-25E
Eddy County, New Mexico

Case No. 11411

Gentlemen:

Puursuant to State of New Mexico, Oil Conservation Division [redacted] issued November 9, 1995, in [redacted] attached please find InterCoast Oil and Gas Company's, formerly named Medallion Production Company, AFE dated June 18, 1996, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

[redacted]

If there are any questions, you may reach me at the above number.

Sincerely,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL
Landman

DRD/nb
cemkfoe4.ltr

[redacted]

INTERCOAST OIL AND GAS COMPANY

AUTHORIZATION FOR EXPENDITURES

Description of Work: Recap of actual cost to Drill, Complete and Equip. well

Prospect	Cemetery			Date	6/18/96
Lease	Tweedy	Well No.	1	AFE No.	421
Location	NW/4 SE/4	Section	9	Twp	20S
Field	Atoka Morrow	County	Eddy	State	New Mexico
Well TD	9,625'	Prim. Obj.	Morrow	Sec. Obj.	

	Before	After	Total	Before	After	Total
	Csg Point	Csg Point		Csg Point	Csg Point	
INTANGIBLE COSTS	BCP-820	ACP-840		TANGIBLE COSTS	BCP-830	ACP-850
.01 Location/Damage Payment	2,920		2,920	.01 Cattle Guards & Fencing	0	0
.02 Location Construction	18,341	1,500	19,841	.02 Csg: Cond.	5,725	X \$ 5,725
.03 Contracted Equipment	1,171	0	1,171	.03 Csg: Surface	6,974	X 6,974
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	400' 13-3/8" 48# H-40		
.05 Rotary Rig: Daywork	36,637	0	36,637	.04 Csg: Intermediate	14,194	X 14,194
.06 Rotary Rig: Footage	160,752	0	160,752	2700' 9-5/8" 36#		
.07 Fuel	0	0	0	.05 Csg: Production	X	46,076 46,076
.08 Drilling Bits	0	0	0	4-1/2" @ 11100'		
.09 Drilling Fluid	21,287	1,000	22,287	.06 Float Equip, Centrizers, etc.		2,000 2,000
.10 Mud Disposal	2,586	X	2,586	.07 Well Head	1,523	7,815 9,338
.11 Drill Stem Tests	0	X	0	.08 Tubing	X	26,208 26,208
.12 Cement and Cementing Service	18,651	7,731	26,382	2-3/8", 4.7#, N-80		
.13 Casing Crew, Equipment	1,659	3,500	5,159	.09 Pump Unit	X	0 0
.14 Logging: Open Hole	13,443	X	13,443	.10 Motor/Engine	X	0 0
.15 Completion Rig	X	5,741	5,741	.11 Rods & Pump	X	0 0
.16 Stimulation	X	44,407	44,407	.12 Pkr & Sub-surface Equip.	X	7,000 7,000
.17 Misc. Pumping Services	0	0	0	.13 Tanks	X	4,000 4,000
.18 Log & Perf Cased Hole	X	3,925	3,925	.14 Separator/Production Unit	X	9,490 9,490
.19 Rentals	10,335	7,364	17,699	.15 Heater Treater/Dehydrator	X	0 0
.20 Water/Water Hauling	7,166	2,840	10,006	.16 Fittings & Small Pipe	X	6,015 6,015
.21 Hauling/Freight	0	2,000	2,000	.17 Other Equipment	0	2,103 \$ 2,103
.22 Tubular Inspection	1,291	0	1,291	.18 Installation Costs	X	4,801 4,801
.23 Well Testing	4,558	4,581	9,139	.19 Miscellaneous		1,564 1,564
.24 Labor: Contract	3,315	11,989	15,304	.20 Contingency		
.25 Company Geologist/Engineer	11,468	0	11,468	Subtotal	\$28,416	\$117,072
.26 Overhead	3,421	5,645	9,066			\$145,488
.27 Professional Services	13,320	9,930	23,250	Pipeline		PL-880
.28 Insurance	1,700	0	1,700	.01 Line Pipe	X	
.29 Miscellaneous tax	2,912	1,564	4,476	.02 Metering Equipment	X	0
.30 Contingency	0	0	0	.03 Meter Sta. Valves, Fittings	X	0
.31 Coiled Tubing Work	0	3,500	3,500	Subtotal	\$0	\$0
.32 Packer Redress	X	0	0	TOTAL TANGIBLE COSTS	\$28,416	\$117,072
Subtotal	\$336,933	\$117,217	\$454,150			\$145,488

	Pipeline	PL-880		TOTAL WELL COSTS	\$365,349	\$234,289	\$599,638
.01 Tapping Fee	X			Total Well Cost to Casing Point			\$365,349
.02 Purchased Right of Way	X			Plugging Cost			\$15,000
.03 Damage Payments	X			Total Dry & Abandonment Cost			\$380,349
.04 Right of Way Acquisition	X			Total Cost Through Evaluation of Zone of Interest			\$566,229
.05 Permits	X			Prepared By:	LCF/TLR		
.06 Freight	X			Estimated Spud Date			
.07 PL & Meter Sta. Construction	X			InterCoast WIO %			
.08 Surveying and Drafting	X			InterCoast Net Expenditure			\$0
.09 Field Construction Sup.	X			Supplement No.			
.10 Misc. and Contingency	X			Original AFE Amount			
Subtotal				Amount This Supplement			
TOTAL INTANGIBLE COSTS	\$336,933	\$117,217	\$454,150	Revised AFE Amount			

INTERCOAST OIL AND GAS COMPANY APPROVED

By: Lu C. Francis Date: 6/18/96
 By: _____ Date: _____
 By: _____ Date: _____

WORKING INTEREST OWNER APPROVED

Company Name: _____
 By: _____ Date: _____
 Name: _____