

MANZANO OIL CORPORATION
P.O. BOX 2107
ROSWELL, NEW MEXICO 88202-2107

AUTHORIZATION FOR EXPENDITURE

Date: January 17, 1997

Lease/Well "SV" Killer Bee #1 Location 487'FSL & 1270'FEL Sec 2, T16S, R36E
 County Lea State NM Prospect Turtle Proposed TD 11,800'
 Objective Zones Strawn Type Well Explor/Oil Est Start Date Feb 15, 1997

<u>Intangible Costs:</u>	Dry Hole	Completion	Total
Surveying.....	\$ 800	\$	\$ 800
Rezoning Requirements.....	15,000		15,000
Lease Restoration.....	2,000		2,000
Location, Roads & Pit Liner.....	14,000		14,000
Drlg-Footage: Depth <u>11,800' @ \$18.75/ft..</u>	221,300		221,300
Drilling-Daywork: <u>5 days @ \$4650 /day..</u>	23,200		23,200
Completion Rig: <u>10 days @ \$1500 /day..</u>		15,000	15,000
Mud Logging: <u>19 days @ \$400 /day..</u>	7,600		7,600
Drill Stem Tests: <u>No 2</u>	7,000		7,000
Roustabouts, Trucking.....	3,500	5,000	8,500
Mud Chemicals.....	19,000		19,000
Cement & Services - Surface.....	3,300		3,300
- Intermediate.....	13,500		13,500
- Production.....		16,200	16,200
Open Hole Logging & Sidewall Cores.....	10,000		10,000
Tie In Logging & Perforation.....		6,000	6,000
Acidizing & Fracturing.....		8,000	8,000
Tk Batty Install & Electrification.....		12,000	12,000
Engineering & Geological Services.....	4,000	1,000	5,000
Well Supervision.....	3,000	4,500	7,500
Administrative Overhead.....	5,200	2,200	7,400
Rental Tools & Equipment.....	4,900	5,000	9,900
Permits, Title & Damages.....	17,000		17,000
Water.....	3,000	1,000	4,000
Miscellaneous Contingencies.....	15,000	10,000	25,000
Gross Receipts Tax.....	22,800	4,700	27,500
Total Intangible Costs:	<u>\$415,100</u>	<u>\$ 90,600</u>	<u>\$505,700</u>

Tangible Costs:

<u>Casing:</u>			
Surf - <u>400' of 13-3/8" @ \$19.00/ft..</u>	\$ 7,600	\$	\$ 7,600
Inter - <u>4,500' of 8-5/8" @ \$10.00/ft..</u>	45,000		45,000
Prod - <u>11,800' of 5-1/2" @ \$ 6.50/ft..</u>		76,700	76,700
Tubing - <u>11,700' of 2-7/8" @ \$ 2.70/ft..</u>		31,600	31,600
Wellhead Equipment.....	5,000	2,500	7,500
Sucker Rods.....			
Packer & Sleeves.....		4,000	4,000
Down Hole Pump.....			
Pumping Unit & Prime Mover.....			
Float & Other Equipment.....	2,000	2,000	4,000
Tanks, Flow Lines & Fittings.....		25,000	25,000
Separator/Heater-Treater.....		7,000	7,000
Gas Lines & Meters.....			
Miscellaneous.....	3,000	5,000	8,000
Gross Receipts Tax.....	3,800	9,200	13,000
Total Tangible Costs:	<u>\$ 66,400</u>	<u>\$163,000</u>	<u>\$229,400</u>
Total Well Costs:	<u>\$481,500</u>	<u>\$253,600</u>	<u>\$735,100</u>

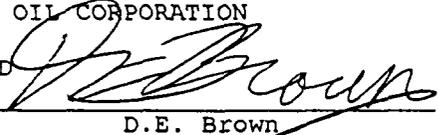
IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN THAT SET OUT HEREIN.

MANZANO OIL CORPORATION

COMPANY _____

APPROVED

APPROVED

BY: 

BY: _____

D.E. Brown

TITLE: Vice President, Engineering

BEFORE THE

OIL CONSERVATION DIVISION

Santa Fe, New Mexico

DATE: January 17, 1997

Case No. 11725 Exhibit No. 3

Submitted by: Manzano Oil Corporation

Hearing Date: February 20, 1997