

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Operation's Exhibit No. 3 ~ AFE

Case No. 11939 Exhibit No. 3

Submitted by: Manzano Oil Corporation

OIL CORPORATION
BOX 2107
MEXICO 88202-2107

Hearing Date: March 5, 1998

STATEMENT FOR EXPENDITURE

Date: December 15, 1997

Lease/Well "SV" Grand Slam #1 Location SE/SW Sec 25, T17S, R37E
County Lea State NM Prospect Humble City Proposed TD 12,200'
Objective Zones Strawn Type Well Oil/Explor Est Start Date 3/1/98

| Intangible Costs: | Dry Hole | Completion | Total |
|--|------------------|------------------|------------------|
| Surveying..... | \$ 700 | \$ | \$ 700 |
| Lease Restoration..... | 5,000 | | 5,000 |
| Location, Roads & Pit Liner..... | 15,000 | | 15,000 |
| Drilg-Footage:Depth <u>12,200'</u> @ \$26.00/ft... | 317,200 | | 317,200 |
| Drilling-Daywork: <u>8 days</u> @ \$6500/day... | 52,000 | | 52,000 |
| Completion Rig: <u>15 days</u> @ \$1500/day... | | 22,500 | 22,500 |
| Mud Logging: <u>24 days</u> @ \$ 525/day... | 12,600 | | 12,600 |
| Drill Stem Tests: No <u>3</u> | 10,000 | | 10,000 |
| Roustabouts & Trucking..... | 4,500 | 6,000 | 10,500 |
| Mud Chemicals..... | 18,000 | | 18,000 |
| Cement & Services - Surface..... | 4,200 | | 4,200 |
| Intermediate..... | 12,000 | | 12,000 |
| Production..... | | 14,000 | 14,000 |
| Open Hole Logging & Sidewall Cores..... | 25,000 | | 25,000 |
| Tie In Logging & Perforation..... | | 7,000 | 7,000 |
| Acidizing & Fracturing..... | | 15,000 | 15,000 |
| Tk Batty Install & Electrification..... | | 12,000 | 12,000 |
| Engineering & Geological Services..... | 3,000 | 1,000 | 4,000 |
| Well Supervision..... | 5,000 | 5,000 | 10,000 |
| Administrative Overhead..... | 5,000 | 2,500 | 7,500 |
| Rental Tools & Equipment..... | 2,000 | 5,000 | 7,000 |
| Permits, Title & Damages..... | 10,000 | | 10,000 |
| Water..... | 10,000 | 3,000 | 13,000 |
| Miscellaneous Contingencies..... | 35,000 | 10,000 | 45,000 |
| Gross Receipts Tax..... | 34,000 | 6,100 | 40,100 |
| Total Intangible Costs: | <u>\$580,200</u> | <u>\$109,100</u> | <u>\$689,300</u> |

Tangible Costs:

| | | | |
|---|------------------|------------------|------------------|
| Casing: | | | |
| Surf - <u>400'</u> of 13-3/8" @ \$18.50/ft... | \$ 7,400 | \$ | \$ 7,400 |
| Inter- <u>4,500'</u> of 8-5/8" @ \$12.75/ft... | 57,400 | | 57,400 |
| Prod - <u>12,200'</u> of 5-1/2" @ \$ 7.00/ft... | | 85,400 | 85,400 |
| Tubing - <u>12,000'</u> of 2-7/8" @ \$ 3.50/ft... | | 42,000 | 42,000 |
| Wellhead Equipment..... | 7,000 | 3,000 | 10,000 |
| Sucker Rods..... | | | |
| Packer & Sleeves..... | | 4,500 | 4,500 |
| Down Hole Pump..... | | | |
| Pumping Unit & Prime Mover..... | | | |
| Float & Other Equipment..... | 2,200 | 2,200 | 4,400 |
| Tanks, Flow Lines & Fittings..... | | 25,000 | 25,000 |
| Separator/Heater-Treater..... | | 7,500 | 7,500 |
| Gas Lines & Meters..... | | 2,000 | 2,000 |
| Miscellaneous..... | 3,000 | 5,000 | 8,000 |
| Gross Receipts Tax..... | 5,000 | 11,500 | 16,500 |
| Total Tangible Costs: | <u>\$ 82,000</u> | <u>\$188,100</u> | <u>\$270,100</u> |

Total Well Costs: \$662,200 \$297,200 \$959,400

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

APPROVED

BY:

Donnie E. Brown

TITLE: VP Engineering

DATE: December 15, 1997

COMPANY

APPROVED

BY:

TITLE:

DATE: