

**PRAIRIE SUN, INC.**  
**AUTHORITY FOR EXPENDITURE**

**LAGUNA GRANDE FED. #1**

**1380' FSL & 990' FEL**

**SEC. 28-T23S-R29E**

**EDDY COUNTY, NEW MEXICO N.M.P.M.**

**Pool: Laguna Grande Morrow Proposed Depth: PBD--13,607' Date: 3-3-99**

**Administrative Order NSL-724 (9-22-75) for Non-Standard Location.**

**Objective: Well currently is shut in, non commercial in the Delaware. Workover will place well back in production, paying in commercial quantities from the Morrow or Wolfcamp formations.**

<b>INTANGIBLE EXPENSES:</b>	<b>Dry Hole</b>	<b>Producer</b>
Road Repairs, Dirt Work	10,500	12,500
Double Drum Pulling Unit (14 Days @ \$1500)	60,000	60,000
Reverse Unit & Rental Equipment	34,800	34,800
Bits	7,500	7,500
Water, KCL & Brine	4,000	4,000
Work String	11,000	11,000
Packers & Cement retainers	4,500	11,600
Perforating and Wireline	9,500	9,500
Cementing charges	22,000	22,000
Acid & Stimulation	25,000	25,000
Frac Tanks & Transportation	3,500	3,500
Forklift and Trucking	4,200	6,000
BHP Bombs & Testing		7,500
Roustabout Gang & installation charges	2,500	4,500
Supervision & Engineering	7,000	9,000
Total Intangibles	206,000	228,400
<b>TANGIBLE EXPENSES:</b>		
Remanufactured & tested 10K Tree		25,500
2 7/8" P-105 tbgs. 13,500' @ 4.50		60,750
Misc. Valves & fittings		4,500
Stack-Pack & connections		20,000
Tanks & flowlines		21,000
Packer & On/Off tool		6,500
Meter run, & connections		7,500
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Total Tangibles		145,750
<b>TOTAL WELL COSTS:</b>	<b><u>\$206,000</u></b>	<b><u>\$374,150</u></b>

**APPROVALS:**

**PRAIRIE SUN, INC.**

**50% WI**

By:  Date: 3-3-99  
Title: Agent

**EXXON, INC.**

By: \_\_\_\_\_ Date: \_\_\_\_\_

**50% WI**

Title: \_\_\_\_\_  
PRAIRIE SUN, INC.  
BEFORE EXAMINER ASHLEY  
NMOCD CASE NO. 12236  
DATE: 09/02/99  
EXHIBIT NO. 7