

INTERCOAST OIL AND GAS COMPANY

AUTHORIZATION FOR EXPENDITURES

Description of Work: Footage Drill, Log, DST, complete and equip a single zone Morrow Sand gas well

Prospect	Angell Ranch	Date	1/23/97		
Lease	State of New Mexico	Well No.	20-1		
Location	990' FNL-990' FEL	Section	20		
Field	Atoka Morrow	County	Eddy		
Well TD	11,500	Prim. Obj.	Morrow		
		Sec. Obj.			

	Before	After		Before	After	
	Csg Point	Csg Point	Total	Csg Point	Csg Point	Total
INTANGIBLE COSTS	BCP-820	ACP-840		TANGIBLE COSTS	BCP-830	ACP-850
01 Location/Damage Payment	4,500		4,500	01 Cattle Guards & Fencing	0	0
02 Location Construction	17,500	1,500	19,000	02 Csg: Cond.	0	X
03 Contracted Equipment	0	0	0	03 Csg: Surface	8,125	X
04 Rotary Rig: MI, RU, RD, MO	0	0	0	500' 13-3/8" 48# H-40		
05 Rotary Rig: Daywork	11,000	11,000	22,000	04 Csg: Intermediate	37,400	X
06 Rotary Rig: Footage	247,250	0	247,250	3000' 9-5/8" 36#		
07 Fuel	2,000	0	2,000	05 Csg: Production	X	56,900
08 Drilling Bits	0	0	0	4-1/2" @ 11250'		
09 Drilling Fluid	37,500	1,000	38,500	06 Float Equip Cylinders, etc.		2,000
10 Mud Disposal	3,000	X	3,000	07 Well Head	8,800	11,500
11 Drill Stem Tests	4,000	X	4,000	08 Tubing	X	26,700
12 Cement and Cementing Service	18,000	12,000	30,000	2-3/8", 4.7#, N-80		
13 Casing Crew, Equipment	3,500	3,500	7,000	09 Pump Unit	X	0
14 Logging: Open Hole	9,500	X	9,500	10 Motor/Engine	X	0
15 Completion Rig	X	15,000	15,000	11 Rods & Pump	X	0
16 Stimulation	X	75,000	75,000	12 Pkr & Sub-surface Equip.	X	10,000
17 Misc. Pumping Services	0	3,500	3,500	13 Tanks	X	6,000
18 Log & Perf Cased Hole	X	8,000	8,000	14 Separator/Production Unit	X	8,000
19 Rentals	5,000	5,000	10,000	15 Heater Treater/Dehydrator	X	8,000
20 Water/Water Hauling	10,500	6,000	16,500	16 Fittings & Small Pipe	X	12,500
21 Hauling/Freight	0	1,000	1,000	17 Other Equipment	0	0
22 Tubular Inspection	1,500	2,500	4,000	18 Installation Costs	X	12,500
23 Well Testing	1,500	1,000	2,500	19 Miscellaneous		
24 Labor: Contract	2,500	2,500	5,000	20 Contingency		
25 Company Geologist/Engineer	2,500	0	2,500	Subtotal	\$54,325	\$154,100
26 Overhead	3,700	1,000	4,700			
27 Professional Services	17,500	6,000	23,500	Pipeline		PL-880
28 Insurance	1,700	0	1,700	01 Line Pipe	X	25,000
29 Miscellaneous tax	14,000	7,550	21,550	02 Metering Equipment	X	0
30 Contingency	500	0	500	03 Meter Sta. Valves, Fittings	X	0
31 Coiled Tubing Work	0	3,500	3,500	Subtotal		\$25,000
32 Packer Redress	X			0 TOTAL TANGIBLE COSTS	\$54,325	\$179,100
Subtotal	\$418,650	\$166,550	\$585,200			\$233,425
Pipeline		PL-880		TOTAL WELL COSTS	\$472,975	\$345,650
01 Tapping Fee	X					\$818,625
02 Purchased Right of Way	X			Total Well Cost to Casing Point		\$472,975
03 Damage Payments	X			Plugging Cost		\$15,000
04 Right of Way Acquisition	X			Total Dry & Abandonment Cost		\$487,975
05 Permits	X			Total Cost Through Evaluation of Zone of Interest		\$736,625
06 Freight	X			Prepared By:	LCF/TLR	
07 PL & Meter Sta. Construction	X			Estimated Spud Date		
08 Surveying and Drafting	X					
09 Field Construction Sup.	X			InterCoast WIO %		
10 Misc. and Contingency	X			InterCoast Net Expenditure		\$0
Subtotal				Supplement No.		
TOTAL INTANGIBLE COSTS	\$418,650	\$166,550	\$585,200	Original AFE Amount		
				Amount This Supplement		
				Revised AFE Amount		

INTERCOAST OIL AND GAS COMPANY APPROVED

By: LCF Date: _____
 By: _____ Date: _____
 By: _____ Date: _____

WORKING INTEREST OWNER APPROVED

Company Name: _____
 By: _____
 Name: _____

BEFORE THE
OIL CONSERVATION COMMISSION
 Case No. 11677 Exhibit No. **12**
 Submitted By:
Yates Petroleum Company
 Hearing Date: February 13, 1997