

EXPLORATORY DRILLING / COMPLETION

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CONSERVATION DIVISION

DAT:

12567/1253

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EXHIBIT

UNIT OBJECTIVES: The Strawn, the Atoka and the
3. There are also possible open hole DST's planned
the Wolfcamp. The well location spots it out of the
OIL WYOMING, JR. Cal.

11

702206

TUBULARS

ILLEGIBLE

TOTAL TANGIBLES:

\$1,169,000

\$424,010

\$1,523,010

2 days

\$70,000 ← P&A time and cost included in DHC estimate above

5

\$27,186

\$90.27

2

60,572.86

332.74

APPROVAL



US ONSHORE OPERATIONS
Authorization for Expenditure

Date:	5/22/00	Est. Start Date	January-01
AFE Objective:	Drill & Complete	OBO Response Date	
	Carlisle/Mesa	AFE#	010246
		External AFE#	
Operator	Ocean Energy, Inc.	Cost Center	
Prospect/Field	Townsend	Originating Dept.	Exploration
Lease/Well	Townsend	Basin	Permian
Surface Location	620' E-W & 800' N-S Sec. 3-T14S-R35E	Well #	10
BHL		Work Type	Drilling
		County/State	Lea/NM

Description of Project & Reason for AFE: Drill a vertical well to 12,950' and complete in the Morrow (Carlisle/Mesa).

Working Interest Owners	Working Interest, %	NET Approved Amount \$		GROSS Amount Approved
Ocean Energy, Inc.	32.44%	\$503,713	Org.3	\$1,552,670
Fidelity	8.34%	\$129,493	Supl. 1	
Energex	9.22%	\$143,156	Supl. 2	
Other	50.00%	\$776,308	Supl. 3	
			Total AFE	\$1,552,670
TOTAL	100.00%	\$1,552,670		

Ocean Energy, Inc. ASSET TEAM APPROVAL:		Approved By: _____ Date: _____	JOHN SCHILLER PRESIDENT - US ONSHORE
Date: _____	RESERVOIR	Date: _____	JOHN CAMPBELL - VP EXPLOITATION
Date: _____	EXPLORATION	Date: _____	JERRY GROCOCK - VP EXPLORATION
Date: _____	PRODUCTION	Date: _____	BEN MARCHIVE - VP OPERATIONS
Date: _____	LAND	Date: _____	HANK WOOD - VP LAND
Date: _____	GEOLOGY	Date: _____	TEAM MANAGER

PROJECT ECONOMICS					
POS. %	60%	Oil Price, \$/bbl Flat	\$19.00	WI. %	32.44%
Sequence	9587	Gas Price, \$/mcf Flat	\$2.50	NRI. %	28.39%
Net Indicators		Risked	UnRisked		
(W) Total Capital, \$M		319	362		
Brax NPV @ 10%, \$M		638	1,228		
Brax ROR, %		86	100		
Brax DPI @ 10%, \$/S		2.06	3.50		
Net Reserves, mmcf		604	1,107		
Find & Dev Cost, \$/mcf		0.48	0.33		
(Undiscounted) Payout, yrs		1.8	1.4		
Project Life, yrs		15.9	15.9		