

D.J. SIMMONS, INC.

RECEIVED

SEP 17 2001

September 13th, 2001

McELVAIN OIL & GAS
PROPERTIES INC.

FAX/CERTIFIED MAIL

Forcenergy Onshore, Inc.
C/O Forest Oil Corporation
1600 Broadway, Suite 2200
Denver, Colorado 80202

T. H. McElvain Oil & Gas Limited Partnership
1050 17th Street, Suite 1800
Denver, Colorado 80265

Dugan Production Corporation
709 East Murray Drive
Farmington, New Mexico 87499

RE: AFE for Bishop Federal #25-1 Well
Township 25 North – Range 3 West, NMPM
Section 25: NE/4
Rio Arriba County, New Mexico

Before the Oil Conservation Commission
Santa Fe, New Mexico
Case Nos. 12635 *de novo*, 12705 Exhibit No. 13
McElvain Oil & Gas Properties, Inc.
Hearing Date: November 6, 2001

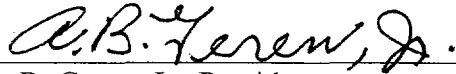
Ladies/Gentlemen:

Enclosed herewith is an allocated Authorization for Expenditure for the drilling and completion of the Bishop #25-1, as to the Mesaverde formation only. This Authorization for Expenditure is furnished for informational purposes only. This letter is a follow up to my letter of August 6th, 2001.

Interest of parties:

D. J. Simmons, Inc.	75.000%
Forcenergy Onshore, Inc.	12.500%
T. H. McElvain Oil & Gas Limited Partnership	9.375%
Dugan Production Corporation	<u>3.125%</u>
	100.000%

D. J. Simmons, Inc.


A. B. Geren, Jr., President

D.J. Simmons, Inc.

P.O. Box 1469
1009 Ridgeway Place, Suite 200

Farmington, New Mexico 87499

(505) 326-3753

87401

FAX (505) 327-4659

Bishop Federal 25-1 Drilling and Completion AFE Allocation for Mesa Verde Completion				page 1	
Description: 8768' md (8263' tvd) directionally drilled Gallup/Dakota test. Assumes standard drilling rig is utilized.					
AFE assumes completion in both the Gallup and Dakota formations with a two stage frac.					
				Prepared by: R. Griffe	
				09/12/2001	
Dry Hole Cost					
Cost Item Code	Description	Intangible	Tangible	Total	
Preparation					
101 Permitting	permitting, survey, and archaeology	\$5,000.00		\$5,000.00	
102 Dirtwork	blading, location preparation, anchors	\$2,750.00		\$2,750.00	
103 Reclamation	dirtwork, water disposal	\$750.00		\$750.00	
Drilling Rig Costs					
110 Rig Mobilization		\$12,500.00		\$12,500.00	
111 Daywork Drilling Cost	8 days @ \$7500 per day to 100' below MV	\$30,000.00		\$30,000.00	
112 Footage Drilling Cost					
113 Turnkey Drilling Cost					
Drilling Equipment					
120 Drilling Bits		\$12,500.00		\$12,500.00	
121 Drilling Tools	reamers, stabilizers, rental drill pipe, etc.				
122 Rental Equipment		\$1,120.00		\$1,120.00	
Services					
133 Trucking	hauling pipe & materials, hot shot services	\$5,000.00		\$5,000.00	
134 Water	water cost and hauling charges	\$7,500.00		\$7,500.00	
135 Fuel	drilling contractor to provide				
136 Mud	mud, chemicals, soap, etc.	\$3,250.00		\$3,250.00	
137 Air Drilling Services					
138 Directional Services	not required for MV			\$0.00	
139 Fishing Services					
140 Safety Services	H2S monitoring, etc.				
141 Wireline Services					
142 Contract Labor	roustabout services, casing crews, welders, etc.	\$2,500.00		\$2,500.00	
143 Inspection Services					
144 Down-hole Tools					
148 Other Services					
Cementing					
150 Primary Cementing	surface casing	\$1,750.00		\$1,750.00	
151 P&A Cementing		\$2,550.00		\$2,550.00	
152 Remedial Cementing					
Design and Supervision					
160 Engineering/Geology Design					
161 Field Supervision		\$5,600.00		\$5,600.00	
162 Operator Overhead					
163 Outside Operated Overhead					
Formation Evaluation					
170 Open Hole Logging		\$15,000.00		\$15,000.00	
171 Drill Stem Testing					
172 Coring	coring, and core analysis				
173 Mud Logging					
174 Field Geologist					
175 Flow Testing					
176 Laboratory Services					
Tangible Items					
180 Conductor Casing					
181 Surface Casing	600', 9 5/8", 32 ppf, J55 @ \$8.71/ft		\$3,840.00	\$3,840.00	
182 Intermediate Casing					
183 Intermediate Casing					
184 Float Equipment	shoe, DV collar, centralizers, etc.		\$575.00	\$575.00	
185 Casing Tools	liner hanger, etc.				
186 Pipe Inspection	casing and tubing strings				
187 Well Head Equipment			\$750.00	\$750.00	
Miscellaneous					
190					
Total Dry Hole Cost		\$107,770.00	\$5,165.00	\$112,935.00	

Bishop Federal 25-1 Drilling and Completion AFE Allocation for MesaVerde Completion			page 2	
Cost to run Production Casing and complete with two stage frac in MesaVerde			prepared by: R. Griffie 09/12/2001	
Completion Costs				
Cost Item Code	Description	Intangible	Tangible	Total
Preparation				
201 Permitting				
202 Dirtwork	blading, location preparation, anchors	\$1,500.00		\$1,500.00
203 Reclamation	dirtwork, water disposal			
Completion Rig Costs				
210 Rig Mobilization		\$2,800.00		\$2,800.00
211 Hourly or Daily Cost		\$48,150.00		\$48,150.00
212 Expendables	swab cups, line, etc.	\$1,800.00		\$1,800.00
213				
Workover Equipment				
220 Bits and Mills		\$650.00		\$650.00
221 Workover tools				
222 Rental Equipment		\$3,750.00		\$3,750.00
Services				
233 Trucking	hauling pipe & materials, hot shot services	\$10,000.00		\$10,000.00
234 Water	water cost and hauling charges	\$15,000.00		\$15,000.00
234 Fuel	for air drilling equipment			
236 Mud	mud, chemicals, soap, etc.			
237 Air Drilling Services				
238 Directional Services				
239 Fishing Services	fishing tools, etc. Mills			
240 Safety Services	H2S monitoring, etc.			\$0.00
241 Wireline Services	CBL, correlation, squeeze perforating, etc.	\$13,000.00		\$13,000.00
242 Contract Labor	roustabout services, casing crews, welders, etc.	\$3,000.00		\$3,000.00
243 Inspection Services				
244 Down-hole Tools	test packers, bridgeplugs, cement retainers	\$16,000.00		\$16,000.00
245 Stimulation Services	acidizing, frac, etc.	\$110,000.00		\$110,000.00
246 Misc Pumping Services	CO2, Nitrogen, etc.			
247 Hydrotesting Services				
248 Other Services				
Cementing				
250 Primary Cementing	cementing of new production string	\$22,500.00		\$22,500.00
251 P&A Cementing				
252 Remedial Cementing				
Design and Supervision				
260 Engineering/Geology Design				
261 Field Supervision		\$12,000.00		\$12,000.00
262 Operator Overhead				
263 Outside Operated Overhead				
Formation Evaluation				
270 Cased Hole Logging	for formation evaluation			
271 Drill Stem Testing				
272 Coring	coring, and core analysis			
273 Mud Logging				
274 Field Geologist				
275 Flow Testing	flow test, pressure build up, etc.			
276 Laboratory Services	gas, oil, & water analysis			
Tangible Items				
280 Production Casing	8715' of 5 1/2" 15.50 and 17 ppf casing		\$29,391.23	\$29,391.23
281 Tubing	8600' of 2 3/8" EUE		\$9,030.00	\$9,030.00
282 Tubing				
283 Tubing String equipment			\$550.00	\$550.00
284 Float Equipment	shoe, DV collar, centralizers, etc.		\$7,500.00	\$7,500.00
285 Casing Tools	liner hanger, etc.			
286 Pipe Inspection	casing and tubing strings			
287 Well Head Equipment			\$2,700.00	\$2,700.00
288 Permanent Packers	permanent production packers, bridgeplugs, etc.			
289 Miscellaneous Pipe and Fittings			\$750.00	\$750.00
Miscellaneous				
290				
Completion Cost Total		\$260,150.00	\$49,921.23	\$310,071.23

Bishop Federal 25-1 Drilling and Completion AFE Allocation for MesaVerde Completion			page 3	
Costs to set Production Tanks, Separator, and prep location. Does not include pipeline or pumping unit costs			prepared by: R. Griffie 09/12/2001	
Production Equipment				
Cost Item Code	Description	Intangible	Tangible	Total
Tangible Items				
501	Production Tanks		\$ 8,750.00	\$8,750.00
502	Flow Lines, Valves, and Fittings		\$ 2,500.00	\$2,500.00
503	Pumping Equipment - Surface pumping unit			
504	Pumping Equipment - Downhole rods, pump, etc			
505	Production Units heater treater / separator		\$ 17,500.00	\$17,500.00
506	Metering Equipment			
507	Wellsite Compression			
508	Buildings			
509	Miscellenous		\$ 2,500.00	\$2,500.00
Installation and Construction				
520	Contract Labor	\$ 10,000.00		\$10,000.00
Production Equipment Total		\$ 10,000.00	\$ 31,250.00	\$ 41,250.00

AFE Summary					
Cost Item Code	Description	Intangible	Tangible	Total	
	Dry Hole Cost	\$107,770.00	\$5,165.00	\$112,935.00	
	less P&A Cementing Cost	-\$2,550.00	\$0.00	-\$2,550.00	
	Completion Cost	\$260,150.00	\$49,921.23	\$310,071.23	
	Production Equipment Cost	\$ 10,000.00	\$ 31,250.00	\$ 41,250.00	
	Total Estimated Well Cost	\$375,370.00	\$86,336.23	\$461,706.23	
	excluding pipeline and pumping unit				