

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

☒ Original
☐ Supplemental

AFE #: _____ Date: 04/25/01

Lease: Double Hackle Peacock Well #: 1 Well Type: Exploratory/Gas

Location: 2400' FSL & 1350' FWL Sec 31 County: Lea State: New Mexico
T16S-R36E

Prospect: South Payday Deep Objective: Mississippian Proposed TD: 12,700'

Purpose of Expenditure: Drill and Test Atoka "Brunson" Morrow, Austin, Carlisle & Mississippian Intervals

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800	0	800
	Staking & Permitting	200	0	200
	Location, Roads & Damages	30,000	2,000	32,000
	Lease Restoration	6,000	0	6,000
	Mobilization/Demobilization	40,000	0	40,000
	Drilling - Footage @ /Ft	0	0	0
	Drilling - Daywork 40 @ \$12,500 /Day	500,000	0	500,000
	Drilling - Directional @	0	0	0
	Completion Rlg 12 @ \$1,800 /Day	0	21,600	21,600
	Fuel, Power & Lubricants	40,000	0	40,000
	Bits, Reamers & Stabilizers	80,000	0	80,000
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	18,000	2,000	20,000
	Mud Logging 25 @ \$650 /Day	16,250	0	16,250
	Drill Stem Tests (3 tests)	15,000	0	15,000
	Coring Services	0	0	0
	Logging - Open Hole & Sidewall Cores	55,000	0	55,000
	Cement & Services - Surface	5,000	0	5,000
	Cement & Services - Intermediate	15,000	0	15,000
	Cement & Services - Production	0	15,000	15,000
	Casing Crews/Laydown Machine	3,000	4,000	7,000
	Perforating & Cased Hole Logs	0	12,000	12,000
	Acidizing, Fracturing & Stimulation	0	100,000	100,000
	Rental Equipment	14,500	3,500	18,000
	Installation - Production Facilities/Electrical	0	15,000	15,000
	Inspection & Testing	5,000	1,000	6,000
	Transportation	5,000	3,500	8,500
	Miscellaneous Labor	2,000	3,000	5,000
	Engineering & Geological Services	4,400	2,000	6,400
	Overhead	8,885	2,000	10,885
	Supervision	24,000	7,200	31,200
	Sand Blast & Coat Casing	0	5,000	5,000
	Contingencies	62,000	13,900	75,900
	Gross Receipts Tax	53,300	12,000	65,300
	TOTAL INTANGIBLE EXPENSE	1,038,335	226,700	1,265,035


CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft		0	0
	Casing - Surface 470 of 13 3/8" @ \$18.30 /Ft	8,601	0	8,601
	Casing - Intermediate 1000 of 8 5/8" @ \$13.50 /Ft	13,500	0	13,500
	Casing - Intermediate 4,000 of 8 5/8" @ \$11.50 /Ft	46,000	0	46,000
	Casing - Production 9,000 of 5 1/2" @ \$7.80 /Ft	0	70,200	70,200
	Casing - Production 3,700 of 5 1/2" @ \$8.00 /Ft	0	29,600	29,600
	Tubing 12,900 of 2 7/8" @ \$3.80 /Ft	0	49,020	49,020
	Float & Other Equipment	2,700	1,500	4,200
	Wellhead Equipment, Tree	5,000	15,000	20,000
	Sucker Rods	0		0
	Down Hole Pump	0		0
	Packer/TAC/Misc Downhole	0	12,000	12,000
	Pumping Unit & Prime Mover	0		0
	Tank Battery & Storage Facilities	0	17,000	17,000
	Separator/Heater Treater/Dehydrator	0	22,000	22,000
	Meters & Flowlines	0	8,000	8,000
	Miscellaneous Valves & Fittings	0	20,000	20,000
	Contingencies	5,000	16,300	21,300
	TOTAL TANGIBLE EXPENSE	80,801	260,620	341,421
	TOTAL WELL COST	1,119,136	487,320	1,606,456

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: _____ Partner Approval: _____

Prepared By: _____ Company: _____

Approved By: Chuck Sledge, Petroleum Engineer Approved By: _____

By:  By: _____

Title: David H. Arrington, President Title: _____

Date: _____ Date: _____

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12675 Exhibit No. 3
Submitted by:
David H. Arrington Oil & Gas, Inc.
Hearing Date: May 31, 2001