

AUTHORITY FOR EXPENDITURE

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12886/12887 Exhibit No. 6
Submitted by:
PETROCAP, INC.
Hearing Date: June 27, 2002

WELL: ALTERNATIVE WELL
PROSPECT: ELIDA
DEPTH: 7,250'
LOCATION: SECTION 22 OR 34 T45S R31E
SURVEY:
ABSTRACT:
COUNTY: ROOSEVELT
STATE: NEW MEXICO
AFE NO.
DATE: 4-11-02
DESCRIPTION: DRILL & COMPLETE GRANITE WASH GAS WELL

<u>INTANGIBLE COSTS</u>	<u>DRILLING</u>	<u>COMPLETION</u>	<u>TOTAL</u>
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT	500		500
MI-RU-RD-MO	35,000		35,000
FOOTAGE			0
DAYWORK @ \$7,000/DAY	112,000	14,000	126,000
FUEL \$600/DAY	9,000	1,200	10,200
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	12,000		12,000
DRILL BITS	19,500	750	20,250
CEMENTING SERVICES	21,500	14,500	36,000
CASING CREWS	2,000	3,500	5,500
CASING INSPECTION			0
TUBULAR TESTING			0
EQUIPMENT RENTAL & SERVICES	5,000	3,500	8,500
DIRECTIONAL DRILLING SERVICES			0
HAULING & FREIGHT			0
LABOR			0
PLUGGING COST	20,000		20,000
EVALUATION:			
OPEN HOLE LOGGING	21,000		21,000
MUD LOGGING	9,500		9,500
CORE EVALUATION			0
DRILL STEM TESTING			0
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
STIMULATION		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	16,000	8,500	24,500
SUPERVISION-GEOLOGICAL	2,000		2,000
LIABILITY INSURANCE	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	31,000	19,000	50,000
TOTAL INTANGIBLES	341,750	212,450	554,200

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WELL: ELIDA PROSPECT
AFE NO.

<u>TANGIBLE COSTS</u>	<u>DRILLING</u>	<u>COMPLETION</u>	<u>TOTAL</u>
WELLHEAD EQUIPMENT:			
CASING HEAD	3,500		3,500
CHRISTMAS TREE		1,750	1,750
TUBULARS:			
CONDUCTOR	1,500		1,500
SURFACE 13 3/8" @ 300'	6,000		6,000
INTERMEDIATE 8 5/8" @ 3,000'	29,000		29,000
LINER			0
PRODUCTION 4 1/2" @ 7,250'		25,000	25,000
TUBING 2 3/8" J-55 @ 7,250'		16,000	16,000
DOWNHOLE EQUIPMENT:			
LINER HANGER			0
PACKER		1,500	1,500
SURFACE PRODUCTION EQUIPMENT:			
TANKS 2 X 210 BBL		4,000	4,000
SALT WATER TANK 1 X 210 BBL		3,800	3,800
SEPARATOR		3,500	3,500
HEATER TREATER		4,500	4,500
DEHYDRATOR		9,500	9,500
GAS METER		2,000	2,000
FLOW LINE		1,500	1,500
MISC. VALVES & FITTINGS		3,500	3,500
FENCE			0
INSTALLATION COST		7,500	7,500
ARTIFICIAL LIFT:			
PUMPING UNIT			0
ELECTRIC MOTOR & CONTROLLER			0
RODS			0
PUMP			0
INSTALL ELECTRICITY			0
CONTINGENCIES-10%	4,000	7,400	11,400
TOTAL TANGIBLE COSTS	44,000	91,450	135,450
GRAND TOTAL	385,750	303,900	689,650

APPROVAL

COMPANY:

NAME:

SIGNATURE:

DATE:

FEDERAL TAX ID NO.:

NOTE:

THIS AFE IS AN ESTIMATE OF COSTS ONLY. APPROVAL OF THE AFE IS A COMMITMENT TO PAY YOUR PROPORTIONATE SHARE OF THE ACTUAL COSTS IN DRILLING TO THE OBJECTIVE DEPTH OR COMPLETE THE WORK SPECIFIED.

AUTHORITY FOR EXPENDITURE

WELL: H. C. MCCOWEN NO. 1
PROSPECT: ELIDA
DEPTH: 7,358'
LOCATION: 1980' FNL 660' FWL SEC 34 T45S R31E
SURVEY:
ABSTRACT:
COUNTY: ROOSEVELT
STATE: NEW MEXICO
AFE NO.
DATE: 4-11-02
DESCRIPTION: RE-ENTER & COMPLETE GRANITE WASH WELL

<u>INTANGIBLE COSTS</u>	<u>DRILLING</u>	<u>COMPLETION</u>	<u>TOTAL</u>
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT & BONDING	3,500		3,500
MI-RU-RD-MO	35,000		35,000
FOOTAGE			0
DAYWORK @ \$7,000/DAY	49,000	14,000	63,000
FUEL \$600/DAY	4,200	1,200	5,400
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	7,500		7,500
DRILL BITS	2,500	750	3,250
CEMENTING SERVICES		8,500	8,500
CASING CREWS		3,000	3,000
CASING INSPECTION			0
TUBULAR TESTING			0
EQUIPMENT RENTAL & SERVICES	2,500	2,500	5,000
DIRECTIONAL DRILLING SERVICES			0
HAULING & FREIGHT			0
LABOR (DIG OUT SURF CSG, WELDER)	5,000		5,000
PLUGGING COST	20,000		20,000
EVALUATION:			
OPEN HOLE LOGGING			0
MUD LOGGING			0
CORE EVALUATION			0
DRILL STEM TESTING			0
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
STIMULATION		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	9,500	8,500	18,000
SUPERVISION-GEOLOGICAL			0
LIABILITY INSURANCE	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	16,000	19,000	35,000
TOTAL INTANGIBLES	180,450	204,950	385,400

AUTHORITY FOR EXPENDITURE

WELL: H. C. MCCOWEN NO. 1
AFE NO.

<u>TANGIBLE COSTS</u>	<u>DRILLING</u>	<u>COMPLETION</u>	<u>TOTAL</u>
WELLHEAD EQUIPMENT:			
CASING HEAD	3,500		3,500
CHRISTMAS TREE		7,000	7,000
TUBULARS:			
CONDUCTOR			0
SURFACE			0
INTERMEDIATE			0
LINER			0
PRODUCTION 4 1/2" @ 7,358'		26,000	26,000
TUBING 2 3/8" J-55 @ 7,358'		16,500	16,500
DOWNHOLE EQUIPMENT:			
LINER HANGER			0
PACKER		1,500	1,500
SURFACE PRODUCTION EQUIPMENT:			
TANKS 2 X 210 BBL		4,000	4,000
SALT WATER TANK 1 X 210 BBL		3,800	3,800
SEPARATOR		3,500	3,500
HEATER TREATER		4,000	4,000
DEHYDRATOR		9,500	9,500
GAS METER		2,000	2,000
FLOW LINE		1,500	1,500
MISC. VALVES & FITTINGS		5,000	5,000
FENCE			0
INSTALLATION COST		7,500	7,500
ARTIFICIAL LIFT:			
PUMPING UNIT			0
ELECTRIC MOTOR & CONTROLLER			0
RODS			0
PUMP			0
INSTALL ELECTRICITY			0
CONTINGENCIES-10%	400	9,000	9,400
TOTAL TANGIBLE COSTS	3,900	100,800	104,700
GRAND TOTAL	184,350	305,750	490,100

APPROVAL

COMPANY:

NAME:

SIGNATURE:

DATE:

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