

Merrion Oil & Gas Corporation
Authority for Expenditure (AFE)
Drilling & Completion Well Cost Estimate

AFE No. 92060	AFE Type: 1	Lease: Serendipity	Well No: 1
Accounting Well No.		Project: Drill a Fruitland Test	Field: Basin Fruitland
Location:		Lease No: NM-33031	TD: 1,350 ft
		Spacing: 320 acres	Operator: Merrion Oil & Gas
County: San Juan	State: NM	Prospect: Serendipity	By: Steven Dunn, PE

Division of Interest:	Owner Share of		BPO Interest		APO Interest	
		Estimated Cost	WI	NRI	WI	NRI
1) Gross Working Interest		\$117,343	100.000000%	85.000000%	100.000000%	85.000000%
2) Overrides				2.500000%		2.500000%
3) United States of America				12.500000%		12.500000%
Total		\$117,343	100.000000%	100.000000%	100.000000%	100.000000%

I. SUNK WELLBORE COSTS	EST COST
Location Construction, anchors, pit liner, trash cage, etc.	2,000
Surveying and Archaeology	1,000
Title Opinion	500
Drilling Rig	
...Footage cost 1,350ft @	\$8.50 per foot..... 8,775
...Daywork 0.5 days @	\$2,750 per day..... 1,375
Cement & Cementing	
...Surface	2,000
...Production	3,750
Company Supervision	1,600
Onsite Geologist 4 days @	\$400 per day..... 1,600
Onsite Geologist 0.5 days @	\$500 per day..... 250
Open hole logs	4,500
Trucking:	
...Haul water	1,100
...Haul casing	1,000
...Haul mud	250
Drilling mud	1,350
Casing	
Surface 7", 23 lb/ft good used 240 feet @	\$6.50 per foot..... 1,560
Product 4 1/2", 10.5 lb/ft good 1,350 feet @	\$3.95 per foot..... 5,333
Fuel line 1" 100 feet @	\$0.60 per foot..... 60
Float equipment	750
Fittings, valves for wellsite hookup	2,000
Administrative & General Expense (includes engineering design, permitting, accounting, geology, etc.)	3,000
County tax 5.93%	1,740
TOTAL SUNK WELLBORE COSTS	\$43,893

II. EXISTING EQUIPMENT	EST COST
Wellhead equipment	1,500
Pumping Unit 114D w/ Waukesha engine	12,000
Separator, heated 3 phase	4,000
Tank, 300 bbl steel for water	1,800
Tubing 2 3/8" 4.7lb/ft EUE 1,300 feet @	\$1.95 per foot..... 2,535
Sucker Rods 1,325 feet @	\$0.97 per foot..... 1,285
Bottomhole pump	1,350
County tax 5.93%	1,450
TOTAL SURFACE EQUIPMENT	\$25,920

III. COMPLETION & TIE-IN COSTS	EST COST
Completion Rig 4 days @	\$1,400 per day..... 5,600
Water for Stimulation (includes trucking)	1,500
Stimulation	17,500
Perforating & Logging	1,500
Roustabouts & other services	1,200
Flow line construction 2,000 feet @	\$3.00 per foot..... 6,000
Company Supervision	
...Completion 4 days @	\$400 per day..... 1,600
...Flow Line 2 days @	\$400 per day..... 800
Location cleanup	500
Flowline 2 7/8" 6.5lb/ft 2,000 feet @	\$1.33 per foot..... 2,660
Gas Meter & Meter Run	3,800
Fittings, valves for flowline	500
Perf sub & misc subsurface equipment	250
Trucking, Rig Move	500
Frac Tank rentals	250
County tax 5.93%	2,620
Administrative & General Expense	750
TOTAL COMPLETION & TIE-IN COSTS	\$47,530

TOTAL ESTIMATED COST..... 117,343

NMOCD Examiner Hearing
August 26, 1993
Application of Merrion Oil & Gas
Case #: 10800 SD1PAFE.XLS
Exhibit # 5