

Nearburg Producing Company

Exploration and Production

Dallas, Texas

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AUTHORITY FOR EXPENDITURE

Well: Fairchild 18D

WELL NUMBER: 1

PROPOSED TOTAL DEPTH: 9,500'

LOCATION: 660' FWL, 660' FNL, Section 18, T19S, R25E, Eddy County, New Mexico

FIELD: Cemetery Morrow

PROSPECT:

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas producer

DATE PREPARED: 5/12/94


EST. SPUD DATE: 10/14/94

EST. COMPLETION DATE: 11/24/94

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 9,500 Ft @ 16.00 \$/Ft	1514.101	152,000	NA		152,000
Drilling Daywork D/C\$/day 3 2 4400	1514.105	13,200	1515.105	8,800	22,000
Drilling Turnkey	1514.110		1515.110		0
Rig Mobilization and Demobilization	1514.115		1515.115		0
Road & Location Expense	1514.120	15,000	1515.120	1,000	16,000
Damages	1514.125	5,000	1515.125		5,000
Directional Drilling - Tools and Service	1514.130		1515.130		0
Drilling Fluids	1514.135	20,000	NA		20,000
Fuel, Power, and Water	1514.140	10,000	1515.140	1,500	11,500
Supplies - Bits	1514.145		1515.145	750	750
Supplies - Casing Equipment	1514.150	3,000	1515.150	3,000	6,000
Supplies - Liner Equipment	1514.155		1515.155		0
Supplies - Miscellaneous	1514.160	500	1515.160	500	1,000
Cement and Cmt. Services - Surface Csg	1514.165	8,000	NA		8,000
Cement and Cmt. Services - Int. Csg	1514.170	17,500	NA		17,500
Cement and Cmt. Services - Prod. Csg	NA		1515.172	25,000	25,000
Cement and Cmt. Services - Other	1514.175		1515.175		0
Rental - Drilling Tools and Equipment	1514.180	7,500	1515.180		7,500
Rental - Miscellaneous	1514.185	1,500	1515.185	2,000	3,500
Testing - Drill Stem / Production	1514.195	9,000	1515.195	3,000	12,000
Open Hole Logging	1514.200	25,000	NA		25,000
Mudlogging Services	1514.210	9,000	NA		9,000
Special Services	1514.190		1515.190		0
Plug and Abandon	1514.215	12,000	1515.215	(12,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	7,500	7,500
Reverse Equipment	NA		1515.219		0
Wireline Services	1514.205		1515.205	15,000	15,000
Stimulation	NA		1515.221	10,000	10,000
Pump / Vacuum Truck Services	1514.220	1,500	1515.220	1,500	3,000
Transportation	1514.225	2,500	1515.225	3,500	6,000
Tubular Goods - Inspection & Testing	1514.230	1,000	1515.230	7,000	8,000
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	450	1515.240	200	650
Engineer / Geologist	1514.250	3,000	1515.250	1,800	4,800
Company Labor - Field Supervision	1514.255	10,000	1515.255	5,400	15,400
Contract Labor / Roustabout	1514.265	750	1515.265	3,000	3,750
Legal and Professional Services	1514.270	3,000	1515.270	1,500	4,500
Insurance	1514.275	10,000	1515.275		10,000
Overhead	1514.280	6,000	1515.280	1,500	7,500
SUBTOTAL		346,400		91,450	437,850
Contingencies (10%)		34,640		9,145	43,785
ESTIMATED TOTAL INTANGIBLES		381,040		100,595	481,635

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11012 Exhibit No. 
Submitted By:
Nearburg Exploration Company
Hearing Date: June 23, 1994

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

Well: Fairchild 18D WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 9,500'
LOCATION: 660' FWL, 660' FNL, Section 18, T19S, R25E, Eddy County, New Mexico
FIELD: Cemetary Morrow PROSPECT: EXPLORATORY,DEVELOPMENT,WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Morrow gas producer

DATE PREPARED: 5/12/94 EST. SPUD DATE: 10/14/94 EST. COMPLETION DATE: 11/24/94
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1520.305		NA		0
Surface Csg 300 Ft @ 22.00 \$/Ft	1520.310	6,600	NA		6,600
Intermediate Csg 2000 Ft @ 14.00 \$/Ft	1520.315	28,000	NA		28,000
Protection Csg	1520.320	0	NA		0
Production Csg 9500 Ft @ 10.00 \$/Ft	NA		1522.325	95,000	95,000
Protection Liner	1520.330		NA		0
Production Liner	NA		1522.335		0
Tubing 9400 Ft @ 3.15 \$/Ft	NA		1522.340	29,610	29,610
Rods Ft @ \$/Ft	NA		1522.345	0	0
Artificial Lift Equipment	NA		1522.350		0
Tank Battery	NA		1522.355	3,000	3,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522.360	10,000	10,000
Well Head Equipment & Christmas Tree	1520.365	2,500	1522.365	10,000	12,500
Subsurface Well Equipment	NA		1522.370	4,500	4,500
Flow Lines	NA		1522.375	2,500	2,500
Saltwater Disposal Pump	NA		1522.381		0
Gas Meter	NA		1522.385	2,500	2,500
Lact Unit	NA		1522.387		0
Vapor Recovery Unit	NA		1522.390		0
Other Well Equipment	NA		1522.390		0
ROW and Damages	NA		1522.393	500	500
Surface Equipment Installation Costs	NA		1522.395	7,000	7,000
Elect. Installation	NA		1522.397		0
ESTIMATED TOTAL TANGIBLES		37,100		164,610	201,710
ESTIMATED TOTAL WELL COSTS		418,140		265,205	683,345

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPO APPROVAL	DATE
PREPARED BY: TRM	5/12/94
REVIEWED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY
BY
TITLE
DATE