

SANTA FE EXPLORATION COMPANY  
P. O. Box 1136  
Roswell, New Mexico 88202

AUTHORIZATION FOR EXPENDITURE

INDIAN BASIN PROSPECT  
660' FEL & 660' FSL  
Sec. 8, T-21-S, R-23-E  
Eddy County, New Mexico

DRILL AND COMPLETE A 9,000' MORROW TEST WELL:

DRILLING COSTS:

|  |                  |
|--|------------------|
| Abstracts, Damages, Legal and Surveying        | \$ 15,000.00     |
| Road, Location, Pits and Liner                 | 22,000.00        |
| Drilling: 9,000' X \$16.50/ft                  | 148,500.00       |
| Daywork: 6 Days @ \$4,000/Day                  | 24,000.00        |
| Water, Mud, and Chemicals                      | 30,000.00        |
| Casing: Surface - 225' of 13-3/8" @ \$19.30/ft | 4,400.00         |
| Intermediate - 1650' of 9-5/8" @ \$15.56/ft    | 25,700.00        |
| Cement: Surface                                | 2,700.00         |
| Intermediate                                   | 6,300.00         |
| Wellheads                                      | 7,600.00         |
| Logs   | 25,000.00        |
| Drill Stem Tests: 4 @ \$3,500                  | 14,000.00        |
| Mud Logging: 30 Days @ \$340.00                | 7,200.00         |
| Cleanup and Plugging                           | 15,000.00        |
| Supervision                                    | 10,000.00        |
| Administrative Overhead                        | 5,000.00         |
| Contingency                                    | 10,000.00        |
| Gross Receipts Tax @ 5.875%                    | <u>21,879.00</u> |
| <br>Sub-Total                                  | <br>\$394,279.00 |

COMPLETION COSTS:

|   |                  |
|---|------------------|
| Production Casing: 9,000' of 4-1/2" @ \$5.25/ft | \$ 47,250.00     |
| Cement  | 15,000.00        |
| Tubing: 9,000' of 2-7/8" @ \$2.86/ft            | 25,740.00        |
| Wellheads                                       | 17,000.00        |
| Completion Unit: 10 Days @ \$1,100/Day          | 11,000.00        |
| Acid, Water and Frac                            | 30,000.00        |
| Engineering Consultant: 7 Days @ \$300/Day      | 2,100.00         |
| Rentals (BOP, Packer, Frac Tank)                | 5,000.00         |
| Contingency                                     | 5,000.00         |
| Gross Receipts Tax @ 5.875%                     | <u>9,288.00</u>  |
| <br>Sub-Total                                   | <br>\$167,378.00 |

SURFACE EQUIPMENT:

|                             |                  |
|-----------------------------|------------------|
| Tank Battery                | \$ 30,000.00     |
| Gross Receipts Tax @ 5.875% | <u>1,763.00</u>  |
| <br>Sub-Total               | <br>\$ 31,763.00 |
| <br>GRAND TOTAL             | <br>\$593,420.00 |

|                           |                      |
|---------------------------|----------------------|
| BEFORE EXAMINER CATANACH  |                      |
| OIL CONSERVATION DIVISION |                      |
| SFE                       | EXHIBIT NO. <u>4</u> |
| CASE NO. <u>9619</u>      |                      |

Cisco or Upper Penn only deduct \$25,000 from total.  
Dual completion of Cisco and Morrow add \$110,000 to total.

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER MORE OR LESS THAN THAT SET OUT HEREIN. THE ABOVE ESTIMATES ARE BASED UPON A FLOWING WELL.

SANTA FE EXPLORATION COMPANY

COMPANY: \_\_\_\_\_

BY William A. McAlpine, Jr

APPROVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Date: \_\_\_\_\_

SS# or TAX ID# \_\_\_\_\_



**SANTA FE**  
EXPLORATION COMPANY

(505) 823-2  
P. O. Box 1  
ROSWELL, NEW MEXICO 88

February 7, 1989

J. Hiram Moore, Trust  
201 Wall Building, Suite 519  
Midland, Texas 79701

Re: 9,000' Morrow Test  
660' FEL & 660' FSL  
Section 8, T21S, R23E  
Eddy County, New Mexico

Gentleman:

Santa Fe Exploration Company is requesting you to join in the drilling of a Morrow Test to approximately 9,000 feet, at an unorthodox location 660 feet from the east line and 660 feet from the south line in the above captioned location. This well would include all of section eight as the proration unit as to the Morrow and Cisco or Upper Penn. An AFE is enclosed for your consideration.

If you do not care to participate in the drilling of this test, we request that you farmout your interest in the section on a 75% NRI basis proportionately reduced.

Santa Fe proposes to file for an unorthodox location request, together with communization, and spud the subject well prior to the expiration of the lease in the SE/4 of the SE/4 on May 1, 1989.

We appreciate your timely consideration of our proposal.

Sincerely,

  
William A. McAlpine, Jr.

WAM/ckm

Encl



Bill TO: SANTA FE EXPLORATION  
3200 M HESCALE RD  
ROSSELL, NM 88201

SENDER ACTIVITY SUMMARY

INVOICE NO. 6-706-96417 ACCOUNT NO. 1210-1046-1

PAGE 1 OF 3  
DATE 02/27/89

| TRACKING NOS<br>REFERENCE | SENDER'S NAME AND<br>ACCOUNT ADDRESS  | RECIPIENT INFORMATION AND<br>PROOF OF DELIVERY  | PACKAGES<br>& WEIGHT | SERVICES                                  | CHARGES                | NET<br>CHARGES |
|---------------------------|---|---|----------------------|---|------------------------|----------------|
| 2351071240                | MR WILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>3200 M HESCALE RD<br>ROSSELL, NM 88201<br>ST ATTEMPT 02/08/89 09:54 03<br>DROP OFF 02/07/89 | J HIRSH MOORE TRUST<br>201 WALL BUILDING SUITE 519<br>MIDLAND, TX 79701 AA<br>DELIVERED 02/08/89 10:51<br>SIGNED: A. ROBBINS                              | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 3453006 1                 | MILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>3200 M HESCALE RD<br>ROSSELL, NM 88201<br>ST ATTEMPT 02/08/89 09:54 03<br>DROP OFF 02/07/89    | SHIRLEY HLOYD U.S.A.<br>EXXON COMPANY HWY STE 400<br>1051 ANDREWS HWY STE 400<br>MIDLAND, TX 79702 PO<br>DELIVERED 02/13/89 09:29<br>SIGNED: C. M. KENSON | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 2351071306                | MILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>3200 M HESCALE RD<br>ROSSELL, NM 88201<br>ST ATTEMPT 02/13/89 09:29 03<br>DROP OFF 02/10/89    | LARRY SALTER<br>EXXON COMPANY-PRODUCTION DIST<br>MO 25 DESIA DRIVE TX 79705 AA<br>MIDLAND, TX 79705 AA<br>DELIVERED 02/13/89 14:24<br>SIGNED: B. MORRIS   | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 3921691 1                 |   |   |                      |   |                        |                |

CONTINUED NEXT PAGE

FEC-04-16 804



**EXPRESS**

BILL TO: SANTA FE EXPLORATION  
2200 M HESCALERO  
ROSSELL, NM 88201

SENDER ACTIVITY SUMMARY

PAGE 1 OF 3  
DATE 02/27/89  
INVOICE NO. 6-706-96417 ACCOUNT NO. 1210-1046-1

| TRACKING NOS<br>REFERENCE | SENDER'S NAME AND<br>ACCOUNT ADDRESS   | RECIPIENT INFORMATION AND<br>PROOF OF DELIVERY   | PACKAGES<br>& WEIGHT | SERVICES                                  | CHARGES                | NET<br>CHARGES |
|---------------------------|--|--|----------------------|---|------------------------|----------------|
| 2351071240                | MR WILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>2200 M HESCALERO<br>ROSSELL, NM 88201<br>DROP OFF 02/07/89 | J HIRSH MOORE TRUST<br>201 MAIL BUILDING SUITE 519<br>KIDLAND TX 79701 AA<br>DELIVERED 02/08/89 10:51<br>SIGNED: A. ROBBINS          | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 3453006                   | 1  | 1  | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 2351071295                | MR WILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>2200 M HESCALERO<br>ROSSELL, NM 88201<br>DROP OFF 02/10/89 | SURLEY LLOYD U S A<br>EXXON COMPANY WMT SLS 400<br>1031 ANDREWS HWY STE 79702 PO<br>DELIVERED 02/23/89 09:29<br>SIGNED: C. M. KENSON | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 3921732                   | 1  | 1  | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 2351071306                | MR WILLIAM A MCALPINE JR<br>SANTA FE EXPLORATION<br>2200 M HESCALERO<br>ROSSELL, NM 88201<br>DROP OFF 02/10/89 | LARRY SALLER<br>EXXON COMPANY-PRODUCTION DIST<br>PO 25 DESHA DRIVE TX 79705 AA<br>DELIVERED 02/23/89 14:24<br>SIGNED: B. MORRIS      | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |
| 3921891                   | 1  | 1  | 1/ NA                | OVERNIGHT LTR<br>DISCOUNT<br>ADDRESS CORR | 14.00<br>-3.00<br>5.00 | 16.00          |

CONTINUED NEXT PAGE

FORM 1-85 804