

AUTHORITY FOR EXPENDITURE

LEASE: Ewing Prospect WELL #: 1 PROPOSED TOTAL DEPTH: 8,650'
LOCATION: Section 16, T-18-S, R-25-E, Eddy County, New Mexico
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow Sand gas producer.

DATE PREPARED: 09/13/90 EST. SPUD DATE: 09/28/90 EST. COMPLETION DATE: 11/05/90
AFE NUMBER: EP.1

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage - 8650' @ \$14.50 /Ft	701	125,425	751		125,425
Drilling Daywork - 4 Days @ \$3800/Day	702	11,700	752	3,900	15,600
Drilling Turnkey	703		753		0
Blts,Stablizers,Reamers Etc.	704		754		0
Directional Services	705		755		0
Mud & Chemicals	706	7,500	756		7,500
Fresh Water	707	2,000	757	1,500	3,500
Brine	708	10,000	758		10,000
Fuel & Oil	709		759		0
Cement Surface Casing	710	5,000	760		5,000
Cement Intermediate Casing	711	10,000	761		10,000
Cement Production Casing	712		762	20,000	20,000
Cement - Other	713		763		0
Plug and Abandon	714	7,000	764	(7,000)	0
Road & Locatlon	715	11,000	765	1,500	12,500
Survey	716	750	766		750
Damages	717	5,000	767		5,000
Open Hole Logging	718	25,000	768		25,000
Testing	719	10,000	769		10,000
Coring & Analysis	720		770		0
Pulling and/or Swabbing Unit	721		771	11,000	11,000
Case Hole Perforate & Wireline	722		772	12,000	12,000
Acidizing and Fracturing	723		773	15,000	15,000
Field Supervision	724	6,750	774	4,500	11,250
Mudlogging Unit	725	4,000	775		4,000
Geologist	726	1,500	776	1,000	2,500
Engineering	727	1,500	777	2,500	4,000
Equipment Rental	728	3,000	778	1,500	4,500
Misc Labor	729	1,500	779	1,500	3,000
Tubular Inspection and Testing	730	500	780	6,000	6,500
Roustabout Labor	731		781		0
Supplies	732	250	782	250	500
Insurance	733	2,200	783	750	2,950
Overhead	734	3,300	784	1,500	4,800
Title Opinion	735	2,000	785	500	2,500
Legal and Professional	736	1,000	786	1,000	2,000
Telephone	737	100	787	50	150
Hauling and Trucking	738	2,000	788	2,500	4,500
Fishing Tools	739		789		0
Mud Engineer	740	4,500	790		4,500
Csg Crew and LD Mach.	741		791	6,000	6,000
Mudlogger	742	4,000	792		4,000
Reverse Unit and Tools	743		793	2,000	2,000
SUBTOTAL		268,475		89,450	357,925
Contingencies (10 %)		26,848		8,945	35,793
ESTIMATED TOTAL INTANGIBLES		295,323		98,395	393,718

SEAL OF THE OIL FIELD EXPLORATION DIVISION

NEARBURG EXHIBIT NO. 3

CASE NO. 10178

