



**Marathon  
Oil Company**

P.O. Box 552  
Midland, Texas 79702  
Telephone 915/682-1626

June 23, 1986

Harvey E. Yates Company  
P. O. Box 1933  
Roswell, New Mexico 88201-1933

<b>BEFORE THE</b>	
<b>OIL CONSERVATION COMMISSION</b>	
<b>Santa Fe, New Mexico</b>	
Case No. <u>8960</u>	Exhibit No. <u>14</u>
Submitted by <u>Marathon</u>	
Hearing Date <u>10-23-86</u>	

Attention: Rosemary T. Avery

Re: East Garrett Prospect - "Benson" #1  
Section 14, T-16-S, R-28-E,  
Lea County, New Mexico

Dear Ms. Avery:

In reference to your letter dated June 4, 1986, concerning Marathon's submitted AFE for the drilling of a 13,500' Silurian test, please be informed that Marathon has revised the original anticipated drilling cost downward to reflect the current depressed drilling market.

Enclosed is our revised (1) AFE, (2) a drilling cost comparison sheet listing Marathon's and HEYCO's expenditures, and (3) a drilling cost explanation summary.

Marathon's revised cost is \$295,000.00 higher than HEYCO's submitted AFE for a comparable test in Lea County. The higher cost reflects additional contingency funds which we feel are justifiable in order to prudently evaluate a 13,500' wildcat.

Anticipated completion costs by both Marathon and HEYCO are more compatible.

Please review the three (3) attachments, decide whether to join or farmout your interest, and respond as soon as possible.

Yours very truly,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads "Steve Daniels".

Steve Daniels  
Landman  
xc: Working Interest Owners

LMB/THH;mmc'  
Attachments

ARCO Oil & Gas Company  
P. O. Box 1610  
Midland, Texas 79702-1610  
Attention: Ms. Rita Buress

Mrs. June D. Speight  
P. O. Drawer 1687  
Lovington, New Mexico 88260-1687

Mr. and Mrs. W. V. Lawrence  
P. O. Box 2309  
Hobbs, New Mexico 88240-2309

Mr. James A. Davidson  
P. O. Box 494  
Midland, Texas 79702-0494

**Marathon Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DETAIL OF WELL COSTS**  
 (Attachment No. 1)

*Revised  
 6-11-86  
 TJA*

AFE NO. \_\_\_\_\_  
 DATE \_\_\_\_\_

SHEET \_\_\_\_\_ OF \_\_\_\_\_ SHEETS

Lease or Facility Benson #1  
 Field or Prospect EAST GARRETT DEEP  
 Location: SEC 14, T-16-S, R-38-E  
LEA Co., N. M.

Wildcat  Development  Development Exploratory  Recompletion  Workover   
 Est. Total Depth 13,500' Est. Drilling Days 72 Est. Completion Days 20

SOURCE	QUANTITY	DESCRIPTION	FEATURE NO.	COND	COST
<b>DRILLING COSTS - TANGIBLE</b>					
		Drive Pipe	1		-
		Conductor	2		-
	<u>200'</u>	<u>1 3/8"</u> Surface	3		<u>6,000</u>
	<u>5000'</u>	<u>2 5/8"</u> Intermediate Casing, Liner, or Tieback	4		<u>20,000</u>
		Liner Hanger and Tieback Equipment	5		-
		Casinghead	6		<u>20,000</u>
		Miscellaneous	7		<u>2,000</u>
<b>TOTAL DRILLING COSTS - TANGIBLE</b>					<b>108,000</b>
<b>DRILLING COSTS - INTANGIBLE</b>					
		Location and Access	9		<u>48,000</u>
	<u>12</u>	Daywork Drilling	10		<u>50,000</u>
	<u>13,500'</u>	Footage Basis Drilling	11		<u>324,000</u>
		Direct Supervision	14		<u>50,000</u>
		Bits, Hole Openers, Stabilizers, etc.	15		-
		Mud and Mud Services	16		<u>60,000</u>
		Rig Power	17		-
		Water	18		<u>35,000</u>
		Rental Equipment and Tools	19		<u>45,000</u>
		Casing/Drive Pipe Tools, Services and Accessories	20		<u>12,000</u>
		Cement and Cementing Service	21		<u>32,000</u>
		Well Logging and Services	22		<u>35,000</u>
		Mud Logging	23		<u>24,000</u>
		Pipe Inspection	24		<u>8,000</u>
		Directional Services	25		-
		Coring	26		<u>10,000</u>
		Formation Testing <u>5 LST</u>	27		<u>30,000</u>
		Diving Services	28		-
		Mobilization/Demobilization	29		-
		Air Transportation	30		-
		Marine Transportation	31		-
		Land Transportation	32		<u>25,000</u>
		Shore Base Services	33		-
		Communications	34		-
		Fishing Tools and Services	35		-
		Abandoning Tools and Services	36		-
		Miscellaneous Material and Services	37		<u>40,000</u>
		Dry Hole Contributions	38		-
		Overhead	39		-
		Indirect Expense	40		<u>10,000</u>
<b>TOTAL DRILLING COSTS - INTANGIBLE</b>					<b>816,000</b>
<b>TOTAL DRILLING COSTS</b>					<b>\$ 924,000</b>
<b>COMPLETION COSTS - TANGIBLE</b>					
		Production Casing	42		<u>115,000</u>
		Liners	43		-
	<u>13,500'</u>	Tubing	44		<u>70,000</u>
		Liner Hanger and Tieback Equipment	45		-
		Christmas Tree	46		<u>25,000</u>
		Subsurface Safety Shut-In Devices	47		-
		Packers	48		<u>4,000</u>
		Subsurface Artificial Lift Equipment	49		-
<b>TOTAL COMPLETION COSTS - TANGIBLE</b>					<b>214,000</b>

\$ 945  
17' N  
15.5  
475

**Marathon Oil Company**  
**AUTHORITY FOR EXPENDITURE**

AFE NO. \_\_\_\_\_  
 DATE \_\_\_\_\_

SHEET \_\_\_\_\_ OF \_\_\_\_\_ SHEETS

**DETAIL OF WELL COSTS**  
 (Attachment No. 1 cont.)

Lease or Facility \_\_\_\_\_

SOURCE	QUANTITY	DESCRIPTION	FEATURE NO.	COND	COST
		<b>COMPLETION COSTS - INTANGIBLE</b>			
		Location and Access	51		
		Completion Rig	62		24,000
		Contract Service Units	63		
		Direct Supervision	54		6,000
		Company Labor	55		
		Contract Labor	56		
		Rig Fuel	57		
		Completion and Packer Fluids	58		6,000
		Rental Equipment and Tools	59		20,000
		Casing Tools, Services and Accessories	60		8,000
		Cement and Cementing Service	61		18,000
		Logging Services	62		5,000
		Perforating	63		5,000
		Wireline Services	64		
		Formation Treating	65		25,000
		Sand Control Equipment and Services	66		
		Formation Testing	67		
		Tubular Testing and Cleaning	68		
		Mobilization and Demobilization of Completion Rig	69		
		Air Transportation	70		
		Marine Transportation	71		
		Land Transportation	72		6,000
		Shore Base Services	73		
		Communications	74		
		Fishing Tools and Services	75		
		Wireline Cased-hole Plugbacks	76		
		Miscellaneous Material and Services	77		10,000
		Sidetrack or Milling Sections	78		
		Overhead	79		
		Indirect Expense	80		
		<b>TOTAL COMPLETION COSTS - INTANGIBLE</b>			<b>182,000</b>

**TOTAL COMPLETION COSTS | 3 347,000**

<b>SURFACE EQUIPMENT - TANGIBLE</b>					
		Pumping Equipment	83		
		Tanks and Related Equipment	84		10,000
		Company Labor and Non-Hauling Units	85		
		Contract Labor and Non-Hauling Units	86		
		Water Injection Equipment	87		
		Heater-Treater	88		10,000
		Miscellaneous Supplies	89		5,000
		Dehydrating Equipment	90		
		Separator-Trap	91		10,000
		Transportation	92		3,000
		Metering Equipment	93		2,000
		Line Pipe	94		
		Electrical Equipment	95		
		Compressors	96		

**TOTAL SURFACE EQUIPMENT - TANGIBLE \$ 40,000**

<b>SUMMARY OF ESTIMATED DRILLING WELL COSTS</b>		TOTAL COST	MARATHON'S SHARE
Total Drilling Cost		\$ 924,000	\$
Total Completion Cost		347,000	
Total Surface Equipment		40,000	
<b>Grand Total Cost</b>	<b>- 405</b>	<b>\$ 1,311,000</b>	<b>\$</b>
Marathon's Share of Grand Total Cost to be Booked This Year			
If Wildcat Well, Give Marathon's Share of Dry Hole Cost			

MARATHON OIL COMPANY  
Mid-Continent Region  
East Garrett Deep Prospect

DRILLING COST COMPARISON  
Attachment No. 2

	<u>MOC ORIGINAL</u>	<u>MOC REVISED</u>	<u>HEYCO</u>	<u>DIFFERENCE</u>
Surface Casing	9,000	6,000	10,000	(- 4,000)
Intermediate Casing	80,000	80,000 (9 5/8)	62,500 (8 5/8)	+ 17,500
Casinghead	<u>40,000</u>	<u>22,000</u>	<u>10,000</u>	<u>+ 12,000</u>
Total Intangibles	129,000	108,000	82,500	25,500
Location and Access	60,000	48,000	20,500	+ 27,500
Daywork Drilling	357,000	50,000	47,300	+ 2,700
Footage Basis Drilling	-	324,000	294,000	+ 30,000
Direct Supervision	34,000	30,000	12,000	+ 18,000
Bits and Stabilizers	80,000	-	1,500	(- 1,500)
Mud	120,000	60,000	30,000	+ 30,000
Water	40,000	35,000	10,000	+ 25,000
Rental Equipment	90,000	45,000	5,000	+ 40,000
Casing Tools and Services	20,000	12,000	2,000	+ 10,000
Cement	30,000	30,000	21,500	+ 8,500
Logging	50,000	35,000	14,000	+ 21,000
Mud Logging	24,000	24,000	17,500	+ 6,500
Pipe Inspection	10,000	8,000	-	+ 8,000
Coring	10,000	10,000	-	+ 10,000
Formation Testing	40,000	30,000	30,000	-
Mobilization	30,000	-	-	-
Trucking	30,000	25,000	-	+ 25,000
Miscellaneous Contingencies	40,000	40,000	30,965	+ 9,035
Indirect Expense	10,000	10,000	-	+ 10,000
P&A Expense	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>- 10,000</u>
Total Tangibles	1,075,000	816,000	546,265	269,735
TOTAL	1,204,000	924,000	628,765	295,235

MARATHON OIL COMPANY  
Mid-Continent Region  
East Garrett Deep Prospect

EXPLANATION - DRILLING COSTS  
Attachment 3

+ 17,500 Intermediate Casing

Marathon Oil Company believes 9 5/8" is necessary so that a 7" protection string can be run if severe lost circulation is encountered.

+ 12,000 Casinghead

Includes head, spool, slips, pack-off and landing base.

+ 27,500 Location

Includes damages, surveying, location with caliche, lining reserve pits, rat hole digger. (Lea Unit No. 13 - \$46,117)

+ 30,000 Footage

Marathon Oil Company \$24/ft. - Depends on rig move and rig count. (Lea Unit - \$25.65/ft.) Will bid out.

+ 18,000 Direct Supervision

Drilling Foreman and Geologist - \$416/day with auto  
HEYCO - \$180/day

+ 30,000 Mud

Costs were increased to cover contingencies of lost circulation and conditioning for 5 DST and coring. (Lea Unit No. 13 - \$41,355)

+ 25,000 Water

Asu sale water and fresh water. (Lea Unit No. 13 - \$36,000)

+ 40,000 Rental

Include mobile home, mud cleaner, PVT, flow snow, hydraulic choke, fas-line.  
Marathon Oil Company - \$625/day  
HEYCO - \$83/day

+ 21,000 Logging

Includes full suite of logs for intermediate and production holes.

+ 25,000 Trucking

Includes delivery of all rental equipment and casing.

TLR:lbp/W/043.3

**HEYCO**

**PETROLEUM PRODUCERS**



**HARVEY E. YATES COMPANY**

U.S. PATENT OFFICE

U.S. PATENT OFFICE

505 513-550

POSWELL, NEW MEXICO 8820

June 4, 1986

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702

Attention: Steve Daniels, Landman

Re: East Garrett Area  
Sec. 14, T-16S, R-28E, N.M.P.M.  
Lea County, New Mexico  
Marathon's Proposed Benson #1  
13,500' Silurian Well

Gentlemen:

Please refer to your letter of May 23, 1986, requesting that HEYCO participate in or farm out under the proposed Benson #1.

After reviewing Marathon's AFE, HEYCO's management feels that the costs are excessive for a well drilled under today's economic conditions. Following are two random examples:

- (1) Item 10: Daywork drilling, shown as \$4200/day (\$89/ft. for a dry hole and \$129/ft. for a completed well). HEYCO can drill a comparable well on a footage rate basis for \$39/ft. (dry hole) and \$71/ft. (completed well).
- (2) Item 22: Well logging and services, shown as \$50,000. HEYCO's logging expense for its proposed 14,000' Devonian well is \$14,000.

Enclosed for comparison purposes is a copy of the actual AFE (with name and location blanked out) showing drilling and completion costs for a 14,000' Devonian well HEYCO expects to drill this year in Lea County, New Mexico. It will be readily apparent that these anticipated costs are considerably lower than Marathon's AFE. HEYCO has found that in order to keep their people working, contractors are glad to submit bids sufficiently low to be competitive in today's market.

**RECEIVED**

JUN 05 1986

MARATHON OIL COMPANY  
LAND DEPARTMENT  
MIDLAND, TEXAS

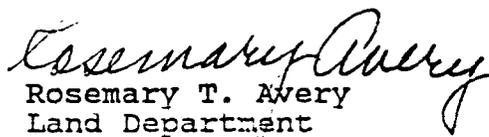
June 4, 1986  
Marathon Oil Company  
Marathon's Proposed Benson #1

Page 2

Marathon's well proposal is still being evaluated, and HEYCO's decision to join or farm out its interest will depend to some extent upon Marathon's revision of the AFE costs.

We will be interested in learning of Marathon's assessment of our recommendation. Please call us if you would like to discuss this matter further.

Very truly yours,

  
Rosemary T. Avery  
Land Department

RTA/dln

xc: Working Interest Owners (with AFE)

marabens

HARVEY E. YATES COMPANY

LEASE NAME & WELL NUMBER:

ACCT NO.

LEGAL LOCATION:

COUNTY: LEA

DEPTH: 14000

FORMATION: DEVONIAN

WELL TYPE: (1) DEV (2) EXP (3) WO /RE-ENTRY (4) OTHERS = 2

DRILLING & COMPLETION COSTS:

		DRY HOLE COSTS	PRODUCING WELL COSTS
9200	INTANGIBLE DRILLING COSTS:		
9200	INTANGIBLE DRILLING COSTS:		
9200	STAKING DAMAGES & LEGAL FEES-----	\$8,000	\$8,000
9201	LOCATION, RIGHT OF WAY-----	\$12,500	\$12,500
9202	FOOTAGE: FEET @ \$/FOOT 14000 \$21.00-----	\$294,000	\$294,000
9203	DAYWORK: DAYS & \$/DAY 11 \$4,300-----	\$47,300	\$47,300
9204	SURFACE CASING CEMENTING & SERVICE-----	\$5,000	\$5,000
9205	DRILLING MUD, ADDITIVES & WATER-----	\$40,000	\$40,000
9206	MUD LOGGING UNIT, SURVEYS ETC.-----	\$17,500	\$17,500
9207	INTERMEDIATE CASING CEMENTING & SERVICES-----	\$16,500	\$16,500
9208	GENERAL MISC. (OGP TEST, RATHOLE...ETC)-----	\$1,500	\$1,500
9209	RENTAL TOOLS & EQUIPMENT-----	\$5,000	\$5,000
9210	COMPANY SUPERVISION-----	\$12,000	\$12,000
9211	MISC. BITS, TOOLS & SUPPLIES-----	\$1,500	\$1,500
	TOTAL INTANGIBLE DRILLING COSTS-----	\$462,800	\$462,800

9230	INTANGIBLE FORMATION EVALUATION:		
9230	INTANGIBLE FORMATION EVALUATION:		
9231	CORING, TOOLS & SERVICE-----	\$0	\$0
9232	DST: # DST TO RUN/ \$ CHARGE 6 \$5,000-----	\$30,000	\$30,000
9233	ELECTRIC LOGS, SAMPLE SACKS...ETC-----	\$14,000	\$14,000
9234	MISC. FORMATION EVAL.-----	\$0	\$0
	TOTAL INTANGIBLE FORMATION EVALUATION-----	\$44,000	\$44,000

9240	INTANGIBLE COMPLETION COSTS:		
9240	INTANGIBLE COMPLETION COSTS:		
9241	COMPLETION UNIT COST: DAYS & \$/DAY 15 \$1,500-----		\$22,500
9242	MUD, WATER & ADDITIVES-----		\$2,500
9243	CEMENT, TOOLS & SERVICES (PROD. STRING...ETC)-----		\$25,000
9244	ELECTRIC LOGS (CBL...ETC.), TESTING-----		\$6,000
9245	TOOL & EQUIPMENT RENTAL & TRUCKING-----		\$4,500
9246	STIMULATION & TREATING-----		\$20,000
9247	COMPANY SUPERVISION-----		\$3,000
9248	BITS, TOOLS & SUPPLIES-----		\$2,000
9249	PLUG BACK-----		\$5,000
9250	MISC. CONTINGENCIES-----		\$57,750
9251	PLUGGING EXPENSE-----	\$10,000	\$0
	TOTAL INTANGIBLE COMPLETION COSTS-----	\$10,000	\$150,250

9300	TANGIBLE DRILLING & COMPLETION COSTS:		
9300	TANGIBLE DRILLING & COMPLETION COSTS:		
9301	SURFACE CASING COSTS: (SIZE & FEET) 13 3/8 350-----	\$10,000	\$10,000
9302	INTERMEDIATE CASING: (SIZE & FEET) 8 5/8 4800-----	\$62,500	\$62,500
9303	PRODUCTION CASING: (SIZE & FEET) 5 1/2 14000-----		\$14,000
9304	PRODUCTION TUBING: (SIZE & FEET) 2 3/8 14000-----		\$55,000
9305	CASING HEAD-----		\$4,500
9306	CASING SPOOL-----		\$5,500
9307	TUBING HEAD-----		\$5,000
9308	CHRISTMAS TREE-----		\$1,500
9309	SUBSURFACE EQUIPMENT-----		\$2,000
9310	MISC PIPE CONNECTIONS-----		\$1,500
9311	PACKER & SPECIAL EQUIPMENT-----		\$4,000
9312	MISCELLANEOUS CONTINGENCIES-----	\$27,465	\$16,550
	TOTAL TANGIBLE DRILLING & COMPLETION COSTS-----	\$101,965	\$162,050

9400	GENERAL LEASE & BATTERY EQUIPMENT:		
9400	GENERAL LEASE & BATTERY EQUIPMENT:		
9401	PUMPING UNIT (PRIME MOVER)-----		\$60,000
9402	SEPARATORS, GAS PROD. UNITS, ...ETC.-----		\$10,000
9403	TANKS: KG. & SIZE 27400 BLS-----		\$9,000
9404	INSTALLATION COSTS-----		\$15,000
9405	FLOW LINES, VALVES...ETC-----		\$8,500
9406	MISCELLANEOUS LEASE EQUIPMENT-----		\$2,500
	TOTAL GENERAL LEASE & BATTERY EQUIPMENT COSTS-----	\$0	\$105,000

TOTAL INTANGIBLE COSTS:	\$516,800	\$657,050
TOTAL TANGIBLE COSTS:	\$101,965	\$162,050
TOTAL LEASE & BATTERY EQUIPMENT:	\$0	\$105,000

TOTAL COSTS: \$618,765 \$924,100

PREPARED BY: H.M. YOUNG

DATE: 5/12/66

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

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

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

\*IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY, AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER MORE OR LESS THAN HEREIN SET OUT\*

**Marathon Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DETAIL OF WELL COSTS**

AFE NO. \_\_\_\_\_  
 DATE 4/29/86

SHEET \_\_\_\_ OF \_\_\_\_ SHEETS

Lease or Facility Benson #1  
 Field or Prospect East Garrett Deep  
 Location: Sec. 14, T-16-S, R-38-E  
Lea County, New Mexico

Wildcat  Development  Development Exploratory  Recompletion  Workover   
 Est. Total Depth 13,500' Est. Drilling Days 85 Est. Completion Days 20

SOURCE	QUANTITY	DESCRIPTION	FEATURE NO.	COND	COST
<b>DRILLING COSTS - TANGIBLE</b>					
		Drive Pipe	1		--
	40'	20" Conductor	2		2,000
	300'	13-3/8" Surface	3		7,000
	5,000'	9-5/8" Intermediate - Casing, Liner, or Tieback	4		80,000
		Liner Hanger and Tieback Equipment	5		--
		Casinghead	6		30,000
		Miscellaneous	7		10,000
<b>TOTAL DRILLING COSTS - TANGIBLE</b>					<b>129,000</b>
<b>DRILLING COSTS - INTANGIBLE</b>					
		Location and Access	9		60,000
	85	Daywork Drilling 4200/day with fuel	10		357,000
		Footage Basis Drilling	11		--
		Direct Supervision	14		34,000
		Bits, Hole Openers, Stabilizers, etc.	15		80,000
		Mud and Mud Services	16		120,000
		Rig Fuel	17		--
		Water	18		40,000
		Rental Equipment and Tools	19		90,000
		Casing/Drive Pipe Tools, Services and Accessories	20		20,000
		Cement and Cementing Service	21		30,000
		Well Logging and Services	22		50,000
		Mud Logging	23		24,000
		Pipe Inspection	24		10,000
		Directional Services	25		--
		Coring	26		10,000
		Formation Testing	27		40,000
		Diving Services	28		--
		Mobilization/Demobilization	29		30,000
		Air Transportation	30		--
		Marine Transportation	31		--
		Land Transportation	32		30,000
		Shore Base Services	33		--
		Communications	34		--
		Fishing Tools and Services	35		--
		Abandoning Tools and Services	36		--
		Miscellaneous Material and Services	37		40,000
		Dry Hole Contributions	38		--
		Overhead	39		--
		Indirect Expense	40		10,000
<b>TOTAL DRILLING COSTS - INTANGIBLE</b>					<b>1,075,000</b>
<b>TOTAL DRILLING COSTS</b>					<b>\$ 1,204,000</b>
<b>COMPLETION COSTS - TANGIBLE</b>					
	13,500'	5-1/2" Production Casing	42		150,000
		Liners	43		--
	13,000'	2-7/8" Tubing	44		90,000
		Liner Hanger and Tieback Equipment	45		--
		Christmas Tree	46		40,000
		Subsurface Safety Shut-In Devices	47		--
		Packers	48		10,000
		Subsurface Artificial Lift Equipment	49		--
<b>TOTAL COMPLETION COSTS - TANGIBLE</b>					<b>290,000</b>

**Marathon Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DETAIL OF WELL COSTS**

AFE NO. \_\_\_\_\_  
 DATE 4/29/36

SHEET \_\_\_\_\_ OF \_\_\_\_\_ SHEETS

Lease or Facility Benson #1

SOURCE	QUANTITY	DESCRIPTION	FEATURE NO.	C O N D	COST
<b>COMPLETION COSTS – INTANGIBLE</b>					
		Location and Access	51		--
	20	Completion Rig	62		24,000
		Contract Service Units	63		--
		Direct Supervision	54		6,000
		Company Labor	55		--
		Contract Labor	56		--
		Rig Fuel	57		--
		Completion and Packer Fluids	58		10,000
		Rental Equipment and Tools	59		20,000
		Casing Tools, Services and Accessories	60		10,000
		Cement and Cementing Service	61		25,000
		Logging Services	62		5,000
		Perforating	63		5,000
		Wireline Services	64		--
		Formation Treating	65		50,000
		Sand Control Equipment and Services	66		--
		Formation Testing	67		--
		Tubular Testing and Cleaning	68		--
		Mobilization and Demobilization of Completion Rig	69		--
		Air Transportation	70		--
		Marine Transportation	71		--
		Land Transportation	72		10,000
		Shore Base Services	73		--
		Communications	74		--
		Fishing Tools and Services	75		--
		Wireline Cased-hole Plugbacks	76		--
		Miscellaneous Material and Services	77		10,000
		Sidetrack or Milling Sections	78		--
		Overhead	79		--
		Indirect Expense	80		--

**TOTAL COMPLETION COSTS – INTANGIBLE** 175,000

**TOTAL COMPLETION COSTS** \$ 465,000

**SURFACE EQUIPMENT – TANGIBLE**

		Pumping Equipment	33		--
		Tanks and Related Equipment	34		10,000
		Company Labor and Non-Hauling Units	35		--
		Contract Labor and Non-Hauling Units	36		--
		Water Injection Equipment	37		--
		Heater-Treater	38		10,000
		Miscellaneous Supplies	39		10,000
		Dehydrating Equipment	40		--
		Separator-Trap	41		10,000
		Transportation	42		5,000
		Metering Equipment	43		5,000
		Line Pipe	44		--
		Electrical Equipment	45		--
		Compressors	46		--

**TOTAL SURFACE EQUIPMENT – TANGIBLE** \$ 50,000

**SUMMARY OF ESTIMATED DRILLING WELL COSTS**

Total Drilling Cost

\$ 1,204,000

MARATHON'S SHARE

Total Completion Cost

465,000

Total Surface Equipment

50,000

Grand Total Cost

\$ 1,719,000

Marathon's Share of Grand Total Cost to be Booked This Year

If Wildcat Well, Give Marathon's Share of Dry Hole Cost