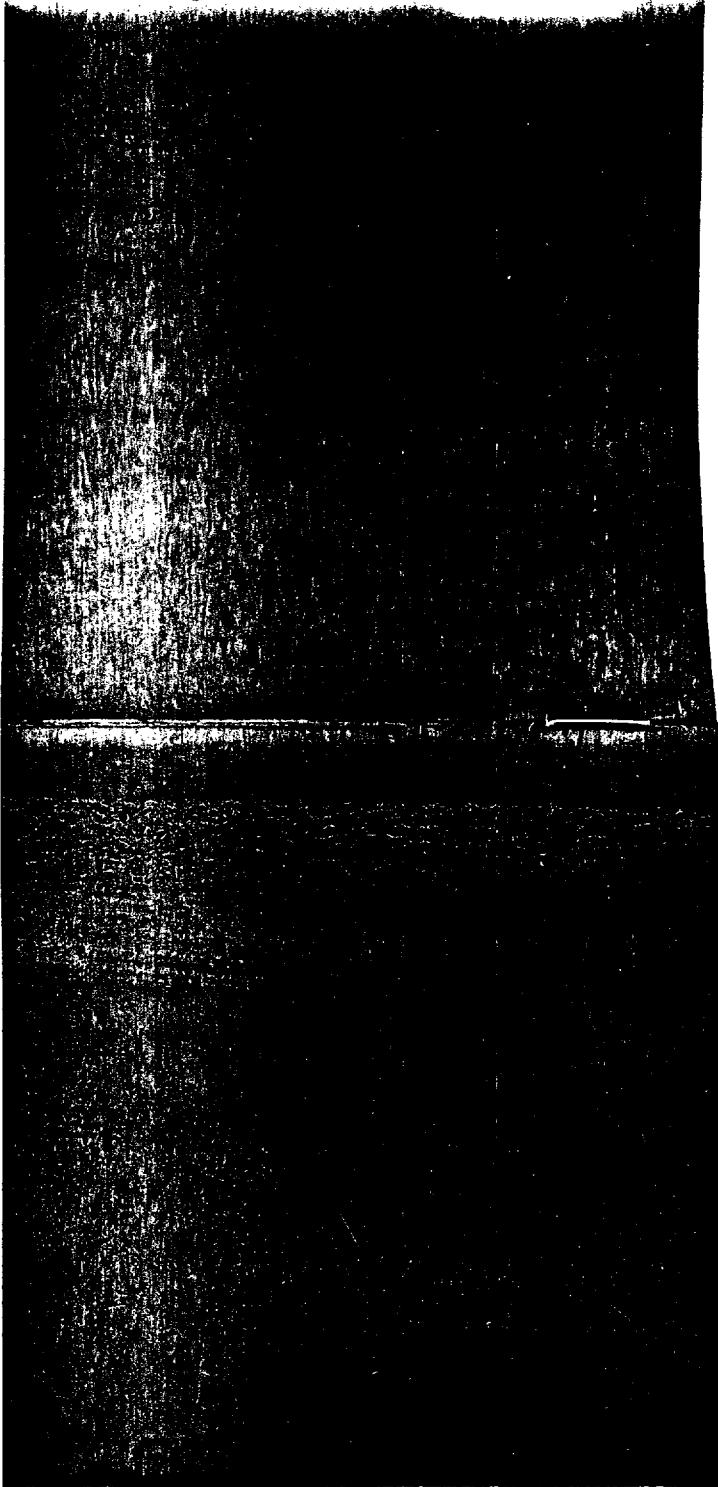


# 1986 Survey of Combined Fixed-Rate Overhead Charges for Oil and Gas Producers



**E&W Ernst & Whinney**  
And results. They go together.

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## Survey Results — 1986

Region: West Texas and Eastern New Mexico-5

### Oil Wells

| Responses |      | Depth in Feet  |              | Monthly Drilling Well Rates |          |                 |          | Monthly Producing Well Rates |        |                 |        |
|-----------|------|----------------|--------------|-----------------------------|----------|-----------------|----------|------------------------------|--------|-----------------|--------|
|           |      |                |              | 1986                        |          | 1985            |          | 1986                         |        | 1985            |        |
| 1986      | 1985 | Over           | But Not Over | Average or Mean             | Median   | Average or Mean | Median   | Average or Mean              | Median | Average or Mean | Median |
| 155       | 145  | 0-             | 5,000        | \$ 2,827                    | \$ 3,000 | \$ 3,142        | \$ 3,080 | \$ 292                       | \$ 300 | \$ 317          | \$ 330 |
| 140       | 130  | 5,000-         | 10,000       | 3,632                       | 3,586    | 3,753           | 3,850    | 362                          | 350    | 392             | 404    |
| 50        | 65   | 10,000-        | 15,000       | 4,583                       | 4,500    | 4,748           | 4,901    | 459                          | 450    | 488             | 510    |
| 13        | 27   | 15,000-        | 20,000       | 5,037                       | 4,500    | 5,925           | 5,550    | 488                          | 450    | 614             | 630    |
| 8         | 13   | 20,000         |              | 5,027                       | 4,392    | 6,890           | 6,270    | 532                          | 578    | 618             | 630    |
| 37        | 34   | No Depth Limit |              | 4,374                       | 4,000    | 4,183           | 4,000    | 422                          | 400    | 422             | 450    |

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## COST ESTIMATE AND AUTHORIZATION FOR EXPENDITURE

Operator Marshall & Winston, Inc. Lease McNeill Well# 1  
 Field Wantz (Abo) County Lea State: New Mexico  
 Location 660' FEL & 3350' FSL, Sec. 6, T21S, R38E Depth 7800'

## INTANGIBLE DRILLING COSTS

|  |                            | Cost      |
|--|----------------------------|-----------|
| Footage  | 7800 Feet@ \$11.00         | \$ 85,800 |
| Daywork  | Days@                      | 8,000     |
| Daywork (Other)  | Days@                      | -         |
| Bits (Daywork)   |                            | -         |
| Water  |                            | 14,000    |
| Mud, Chemicals, Oil, Brine                                   |                            | 12,000    |
| Roads, Location & Dirt work, including Surveying & Pit Liner |                            | 20,000    |
| Surface Damages  |                            | 5,000     |
| Cement, Services & Accessories (Except Oil String)           |                            | 6,000     |
| Mud Logging Unit   |                            | 5,500     |
| Drill Stem Tests   |                            | -         |
| Coring   |                            | -         |
| Logging  |                            | 9,000     |
| Trucking   |                            | -         |
| Tool Rentals   |                            | 2,000     |
| Overhead, Supervision, & Legal                               |                            | 8,472     |
| Special Services   |                            | -         |
| Other  | New Mexico State Tax 5.25% | 9,228     |

## TOTAL INTANGIBLE DRILLING COST

\$185,000

## TANGIBLE DRILLING COSTS

|          |   |           |
|----------|---|-----------|
| Casing   | 1700' - 8 5/8", 24#, J-55, STC @ \$8.00 | \$ 13,600 |
| Wellhead |   | 2,400     |

## TOTAL TANGIBLE DRILLING COST

\$ 16,000

## CONTINGENCIES

\$ 19,000

## TOTAL DRILLING COST

\$220,000

|                                  |          |
|----------------------------------|----------|
| Plugging Cost (If Dry)           | \$ 6,000 |
| Less: Equipment Salvage (If Any) | (1,000)  |

## TOTAL DRYHOLE COST

\$225,000

## INTANGIBLE COMPLETION COSTS

|   |                                  |        |
|---|----------------------------------|--------|
| Daywork                                     | Days@                            | \$     |
| Well Servicing Unit                         | 11 Days@ \$1200/day              | 13,200 |
| Cement, Services & Accessories (Oil String) |                                  | 15,000 |
| Logging & Perforating                       |                                  | 5,000  |
| Treating                                    |                                  | 40,000 |
| Trucking                                    |                                  | 3,000  |
| Tool Rentals                                |                                  | 4,000  |
| Special Services                            | Temp. & BHP Surveys, Supervision | 11,000 |
| Other                                       | New Mexico State Tax 5.25%       | 4,800  |

## TOTAL INTANGIBLE COMPLETION COST

\$ 96,000

## TANGIBLE COMPLETION COSTS

|                        |  |           |
|------------------------|--|-----------|
| Casing                 | 7800' - 5 1/2", 15.5# & 17#, J-55 @ \$4.15/ft. | \$ 32,370 |
| Tubing                 |  |           |
| Wellhead & Connections |  | 4,630     |

## TOTAL TANGIBLE COMPLETION COST

\$ 37,000

## TOTAL FLOWING WELL COST

\$353,000

|   |   |           |
|---|---|-----------|
| ARTIFICIAL LIFT EQUIPMENT COST          | Unit & Base, Motor, Rods, Pump, Electrification | \$ 50,000 |
| TANK BATTERY COST (INCLUDING FLOW LINE) |   | \$ 22,000 |

## TOTAL WELL COST

\$425,000