

Drilling

Producing

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MARCH 4th, 1988

AFE COVERING
COOK #1
SECTION 34, T2S, R29E
ROOSEVELT COUNTY, NEW MEXICO

APPROXIMATE COST TO CASING POINT:

EQUIPMENT:

325' 13-3/8" Casing, NEW delivered to location:	@ \$ 13.50	\$ 4,387.50
2100' 8-5/8" Casing, NEW	@ \$ 9.25	19,425.00
		<u>\$ 23,812.50</u>

DEVELOPMENT:

Stake Location	397.03
Location, and pits	5,000.00
Fresh Water, total bbls. hauled @ \$ 1.00 per bbl.	13,000.00
Halliburton, cementing 13-3/8"	3,500.00
Halliburton, cementing 8-5/8"	6,100.00
Three Drill Stem Tests	4,800.00
Plug and Abandon (if dry hole)	3,000.00
Calculations, one drill stem test	325.00
Welding	2,000.00
Plastic Line Reserve Pit	2,200.00
Fence Reserve Pit	500.00
Drilling 7250' @ \$ 13.50 per foot	97,875.00
Daywork, three drill stem tests, circulate samples and plug if a dry hole, 128 hours @ \$ 150.00 per hour	19,200.00
Casing Crew - Run 13-3/8"	1,500.00
Casing Crew - Run 8-5/8"	1,500.00
Help lay down drill pipe	600.00
Mud chemicals, starch, etc.	17,000.00
Oil for Mud	3,000.00
Logs, CNLD, DLM-SFL, & Sonic	10,000.00
Mud Logger	8,000.00
Geological Services	7,000.00
Sample Sacks	300.00
Operator, drilling well, as per Operating Agreement	5,010.00
Graham Abstract	1,561.14
ROAD: Land Easement, Building road to location, East side of 21, West side of 22, into West side 27 - to get to 34, Location - come from West to East	12,000.00
	<u>\$ 225,368.17</u>

EQUIPMENT:	23,812.50
DEVELOPMENT:	<u>225,368.17</u>
TOTAL (Approx.)	<u>\$ 249,180.67</u>

MARSHALL PIPE & SUPPLY CO.
Case Nos. 9309 and 9321
3/16/88 Examiner Hearing
Exhibit No. 4

AFE

APPROXIMATE COMPLETION COST OF SPEIGHT #1:

S/2 SECTION 22, T2S, R29E, ROOSEVELT CTY. NEW MEXICO:

EQUIPMENT: (APPROXIMATE)

7329.50' 5-1/2" 17# K Used Casing,	
Drifted & Tested 4000# @ \$ 4.35 =	\$ 31,883.32
7300' 2" EUE 4.70# N80 Seamless Tubing @ \$ 1.50 =	10,950.00
5-1/2" X 2" Larkin Tubinghead, with stripper rubber	1,100.00
Extra Stripper rubber	186.00
2" Hi-pressure connections, chokes, 2" Orbit valves, tubing subs, misc. for dual completion	6,700.00
5-1/2" weld on nipple	93.75
4 anchors for well service machine	250.00
	<u>\$ 51,163.07</u>

INTANGIBLE COMPLETION COST:

Rent on 5-1/2" Orbit Valve	300.00
Casing crew lay down 4-1/2" casing, running 5-1/2" casing, rent on Y.C. Elevators & slips	3,000.00
Well service to test 2 to 3 zones, Montoya & Penn.	14,000.00
Halliburton Services and cement 5-1/2" casing, centralizers, scratchers and floating equipment, additive, etc.,	5,800.00
Halliburton RTTS tool (3 zones)	3,000.00
" acidize three zones	10,000.00
Hauling fresh water for KCL	1,500.00
Welding and fence reserves	1,000.00
Dirt work bury anchors	200.00
Forklift unload 2" EUE tubing	200.00
Main Trailer Co. (trailer for completion)	400.00
Run Gammaray/cement bond log & perforate 3 zones	10,000.00
Otis Eng. Co., Permanent packer with expendable plug, "N" nipple, sidedoor sleeve, blast joint, seal assembly, wire line services, etc.,	11,000.00
John West Eng. Co., 4 point & packer Leakage test 2 zones.	3,500.00

Exhibit "C" of Operating Agreement dated August 14th,
1986, Accounting Procedure (iii overhead) Page #4

1. iii technical personnel for Supervision for testing,
logging, running casing, cementing of casing and
completion supervision, with expense:

Airfare from Dallas to Lubbock, Texas & return 239.42

Car Rental, October 31st, 1987 - November 5th, 87 358.96

10-31-87 and 11-1-87: Supervise drilling Penn. Section
picking packer seat and Drill Stem Test #1, 6776 to
6798': 12 hours

11-2-87 No charge -

11-3-87 Supervise Running Logs to T.D. 14 hours

11-4-87 Supervise Drill Stem Test from
7048 to 7200' 6 hours

Lay Down Drill Pipe & await confirmation to
run casing No charge -

11-5-87: Supervise running 7208.67' 5-1/2" 17#

Casing and set @ 7199', scratch formation, cement
and displace with KCL water 16 hours

48 hours

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SPEIGHT #1

Page #2

INTANGIBLE COMPLETION COSTS - CONTINUED:

Supervision: 48 hours @ \$ 60.00 per hour \$ 2,880.00

Supervision for Completion:

Testing three zones, 7084 to 7096, 6984 to 6992, and
6780-82, 6784 - 6790 (8') for possible dual completion
and Four Point Tests, approximately 10 days,
80 hours @ \$ 60.00 per hour =

4,800.00

Plus airfare and car rental: to be billed:

TOTAL APPROXIMATE INTANGIBLE COMPLETION COSTS:

\$ 72,178.38

SUMMARY:

APPROXIMATE COMPLETION COSTS: SPEIGHT #1:

APPROXIMATE EQUIPMENT: 51,163.07

APPROXIMATE INTANGIBLE: 72,178.38

APPROXIMATE TOTAL: \$ 123,341.45