

MESA GRANDE RESOURCES, INC.

**1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494**

July 14, 1986

To All Working Interest Owners
(See Attached List)

Re: Intruder #1 Well
E/2, Section 20-25N-2W
Rio Arriba County, New Mexico

Gentlemen:

Please find enclosed a revised Authority for Expenditure (AFE)
for the above referenced well.

This revised AFE more accurately reflects the current costs with-
in the well area and also is the result of changes in our planned
completions.

If you have already signed our previously submitted AFE, you need
not sign this one; please retain it for your records. If you have
not approved our initial AFE, we respectfully request that you return
one executed copy of the enclosed as soon as possible so as to avoid
unnecessary delays and pooling action.

We appreciate your prompt response.

Very truly yours,

Christopher L. Phillips

Christopher L. Phillips
Manager of Field Operations

CLP:dw
Enclosures

DEFORE EXAMINER	STOGNER
CPL CONSERVATION DIVISION	
EXHIBIT NO.	3
CASE NO.	9035

WORKING INTEREST OWNERS

INTRUDER #1 WELL
E/2, Section 20-25N-2W
Rio Arriba County, New Mexico

Mesa Grande, Ltd.
1305 Philtower Building
Tulsa, Oklahoma 74103
Attention: L. Sweet

Arriba Company, Ltd.
Post Office Box 35304
Tulsa, Oklahoma 74153
Attention: G. L. Morris

ARCO Oil & Gas Company
Post Office Box 1610
Midland, Texas 79702
Attention: Glen Gee

Jerome P. McHugh
650 South Cherry, Suite 1225
Denver, Colorado 80222
Attention: Kent Craig

Dugan Production Corp.
Post Office Box 208
Farmington, New Mexico 87499
Attention: Robert Stovall

Kenai Oil & Gas Inc.
One Barclay Plaza
1675 Larimer Street, Suite 500
Denver, Colorado 80202
Attention: John H. McVeagh

REVISED

AUTHORITY FOR EXPENDITURE

Date: 7/14/86 Well Name INTRUDER #1 T.D. 8195' (Dakota)
 Location: NE/4 SE/4 Sec. 20-25N-2W, Rio Arriba County, New Mexico

Operator: MESA GRANDE RESOURCES, INC. Prepared by: David Blandford

<u>INTANGIBLE COSTS</u>	<u>Drill/Test</u>	<u>Complete/Equip.</u>	<u>Note:</u>
LOCATION:			
Survey Location	\$ 600	\$ 400	
Build Roads & Pad	3,500	3,000	
Surface Damages	5,000		
Restoration	5,000	-	
DRILLING: \$ 101,325			
Footage <u>8195</u> ft @ \$ 11.29 /ft	92,525		
Daywork <u>2</u> days WDP @ \$ 4400 /day	8,800		
Daywork <u>-</u> days WODP @ \$ 4300 /day	-		
WIRELINE SERVICES:			
Electric Logs	9,100		
Cement Bond Logs		3,500	
Perforating		5,000	
PROFESSIONAL SERVICES:			
Title Opinion	3,500	5,000	
Mud Logger	6,500		(1)
Geological	4,000	600	
Engineering	4,000	5,500	
Other	500	1,000	
SUPPORT SERVICES:			
Water Purchase	5,000	2,000	
Mud & Chemicals	28,000	3,000	
Trucking & Hauling	6,000	4,000	
Cement Casing - SURFACE	3,500		(2)
Cement Casing - PRODUCTION		23,350	(3)
Equipment - Rental/Serv.	1,500	5,000	
Welding	300	2,000	
Completion Workover Rig		16,200	(4)
Acid Treatment		8,000	
Frac Treatment		30,000	
Labor - Casing Crews		-	
Labor - Miscellaneous	1,500	3,000	
Initial Well Testing		2,000	
Administrative, General Expenses	3,350	4,500	
SUBTOTAL:	192,175	127,050	
Contingencies - 5%	9,609	6,353	
Plug and Abandonment			
TOTAL INTANGIBLE:	\$ 201,784	\$ 133,403	
<u>TANGIBLE COSTS</u>			
TUBULAR EQUIPMENT			
Surface Casing	\$ 4,500		(5)
Production Casing		\$ 33,825	(6)
Tubing		16,940	(7)
Casing Equipment		8,000	
SURFACE EQUIPMENT			
Storage Tanks		9,500	(8)
Tank Connections		7,000	
Line Pipe/Labor		7,000	
Gas Processing Unit		10,000	
Gas Hookup, Pipeline & Meter Run		25,000	
Water Tank		-	
Pumping Unit and Engine		40,000	(9)
Sucker Rod String		11,500	(10)
P.U. Connections		3,500	(11)
MISC. EQUIPMENT			
Christmas Tree	2,000	3,900	(12)
Packer, Tubing Anchor		1,000	(13)
Valves and Fittings	500	2,000	
Gates/Culverts/Cattle Guards		3,500	
TOTAL TANGIBLE:	\$ 7,000	\$ 182,665	
DRY HOLE TOTAL:	\$ 208,784		
COMPLETED TOTAL:		\$ 316,068	
TOTAL ESTIMATED WELL COST: \$ 524,852			

Approvals

✓ Company: Mesa Grande, Ltd. By: _____ W.I. 59.375000 % Date: _____

FD Company: ARCO By: _____ W.I. 12.500000 % Date: _____

Company: Kenai Oil & Gas By: _____ W.I. 12.500000 % Date: _____

Company: Jerome P. McHugh By: _____ W.I. 9.375000 % Date: _____

✓ Company: Dugan Production Corp. By: _____ W.I. 3.125000 % Date: _____

✓ Company: Arriba Company, Ltd. By: _____ W.I. 3.125000 % Date: _____

Company: _____ By: _____ W.I. _____ % Date: _____

Attachment to the Intruder #1
Authority for Expenditure
Operated by MESA GRANDE RESOURCES, INC.

NOTES

1. Mudlogger: Two Man unit for 15 days.
2. Cement Casing - SURFACE: cost listed includes tools.
3. Cement Casing - PRODUCTION: cost listed does not include tools.
4. Completion Workover Rig: 9 days @ \$1800.00 day
5. Surface Casing: 500' 8 5/8" 26# K-55; \$9.00 per foot.
6. Production Casing: 8250' 5 1/2" 17# J-55; \$4.10 per foot.
7. Tubing: 7700' 2 7/8" J-55, 8-Rnd; \$2.20 per foot.
8. Storage Tanks: Two 400 BBL Tanks
9. Pumping Unit and Engine: 320 PU and Gas Engine - Set
10. Sucker Rod String: 3000' 7/8" Dia. w/ Ryton Scrapers
4000' 3/4" Dia.; all costs \$1.65 per foot.
11. P.U. Connections: Includes 1 1/2" x 2 1/2" x 18' Top Hold Down Pump
with a Harbison-Fischer No-Lock Plunger.
12. Christmas Tree: McEvoy 3000#, Low Boy Head with valve fittings.
13. Packer: 5 1/2 X 2 7/8 Tubing Anchor