



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

August 22, 1994

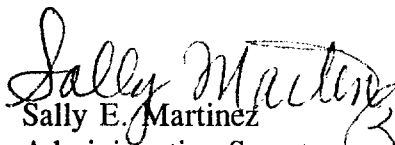
Edmund T. Anderson  
P. O. Box 8575  
Midland, Texas 79708

RE: CASE NO. 10955  
ORDER NO. R-9033-B

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

  
Sally E. Martinez  
Administrative Secretary

cc: BLM - Farmington  
OCD - Aztec  
Edmund Kendrick  
Tom Kellahin

# Consolidated Oil & Gas, Inc.

June 16, 1995

New Mexico Oil Conservation Division  
Attn: Mr. Michael Stogner  
2040 S. Pacheco  
Santa Fe, NM 87505

RE: Federal 32-6-9 #1  
(OCD Pooling Order R-9033-A)  
San Juan County, New Mexico

RECEIVED  
JUN 22

NEW MEXICO OIL CONSERVATION DIVISION

*Case No. 10955*

Dear Working Interest Owner:

The following is an itemized schedule of the completion costs incurred for the above-referenced well.

## COMPLETION COSTS:

• CAVITATION COMPLETION UNIT (INCLUDING 24 HR RIG, DAYLIGHT RIG, COMPRESSORS, MISC. EQUIPMENT & FUEL)	\$ 234,000
• EQUIPMENT (TBG, RODS, WELLHEAD, ETC.)	13,180
• FACILITIES	49,500
• FLOWLINE INSTALLATION (LABOR & EQUIPMENT)	59,660
• TESTING	310
• SITE RECLAMATION, ROAD WORK, GRAVELING	11,410
• MISC. (ROUSTABOUT, RENTALS, ETC.)	20,180
• CONTINGENCIES	9,400
• SUPERVISION	<u>16,240</u>

**TOTAL \$ 413,880**

We apologize for the delay in forwarding this information to you, however, we just recently reconciled several disputed charges with various vendors and had deferred some of the site reclamation and graveling costs until this spring.

Also, attached herewith is an AFE cost comparison schedule. You will note that attached to this schedule is an explanation for those items in which a significant cost overrun was incurred.

New Mexico Oil Conservation Division  
June 16, 1995  
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If you have any questions or require any additional information pertaining to this matter or to the operations of the well in general, please do not hesitate to contact me at 303/893-1225.

Thank you for your patience and attention in this matter.

Sincerely,

A handwritten signature in cursive script, reading "Alan C. Harrison".

Alan C. Harrison  
District Operations Manager

ACH/dg

Enclosures

FEDERAL 32-6-9 NO. 1  
COG AFE NO. 0694005  
NMOCD POOLING ORDER R-9033-A

**AFE COST ITEMIZATION & COMPARISON**

<u>COST ITEM</u>	<u>ORIGINAL AFE COST (\$'s)</u>	<u>ACTUAL COST (\$'s)</u>	<u>DIFFERENCE (\$'s)</u>
CAVITATION COMPLETION UNIT	75,000	234,000	159,000
EQUIPMENT	8,500	13,180	4,680
FACILITIES	34,000	49,500	15,500
FLOWLINE INSTALLATION	45,000	59,660	14,660
TESTING	2,500	310	(2,190)
SITE RECLAMATION, ROAD WORK, GRAVELING	15,000	11,410	(3,590)
MISC. (ROUSTABOUT, RENTALS, ETC.)	5,000	20,180	15,180
CONTINGENCIES	18,500	9,400	(9,100)
SUPERVISION	<u>6,000</u>	<u>16,240</u>	<u>10,240</u>
<b>TOTAL</b>	<b>209,500</b>	<b>413,880</b>	<b>204,380</b>

FEDERAL 32-6-11 NO. 1  
COG AFE NO. 0694005  
NMOCD POOLING ORDER R-9033-A

RE: AFE COST OVERRUNS

**CAVITATION COMPLETION UNIT:** The cost overrun of approximately \$159,000 was primarily the result of the workover rig being on the well for 28 days rather than the 10 days originally estimated. Two factors contributed to this: 1) difficulty early on during the workover in breaking down the coal, and 2) the amount of coal and shale filling the wellbore required more time to clean out.

**EQUIPMENT & FACILITIES:** The availability of used equipment in the Farmington/Durango area was limited; therefore, items such as the separator and tanks were purchased "new." All other equipment items were either purchased in "used" condition from suppliers in other states or a material transfer was made from one of COG's other districts. In the original AFE estimate, it was assumed all equipment would be purchased used and transportation costs would be minimal.

**FLOWLINE INSTALLATION:** In the AFE estimate it was assumed the gas flowline would be 2" pipe. After further analysis, it was decided to use 3" pipe to minimize the pressure drop through the pipe. The material and associated installation costs of this larger diameter pipe attributed to much of the cost overrun.

**MISC. (ROUSTABOUT, RENTALS, ETC.):** The amount of rental items and miscellaneous services required for a project of this duration were underestimated or unforeseen.

**SUPERVISION:** The additional costs incurred for supervision were a direct result of the project taking 28 days to complete instead of the 10 days projected in the AFE.

**EDMUND T. ANDERSON, IV**

**OIL AND GAS PROPERTIES**

**P.O. BOX 8575**

**MIDLAND, TEXAS 79708-8575**

**TELE: (915) 686-8898**

July 29, 1994

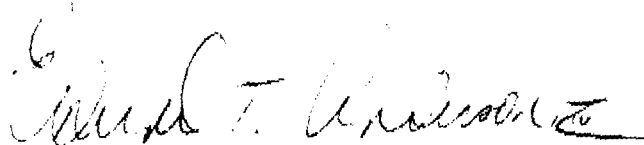
David R. Catanach  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

Re: NMOCD Cases 10955 and 10957,  
Application of Consolidated Oil  
& Gas, Inc., San Juan County,  
New Mexico; Rehearing

Dear Mr. Catanach,

Consolidated Oil & Gas, Inc., and I have entered into an agreement settling our differences in the above two cases; I therefore withdraw my request for a rehearing in these cases.

Sincerely,



Edmund T. Anderson, IV

Post-It™ brand fax transmittal memo 7671		# of pages > 1
To	DAVID CATANACH	
Co	Ed ANDERSON	
Dept.	Co.	
Fax #	Phone #	
	Fax #	