

AUTHORIZATION FOR EXPENDITURE

LEASE/WELL NAME:	McGUFFIN "C" #1	DEPTH:	9,200 FT.
FIELD NAME:	SOUTH FLYING M	OBJECTIVE:	BOUGH "C"
LEGAL DESCRIPTION:	W/2 SECTION 30-T9S-R33E	COUNTY/STATE:	LEA, N.M.
DESCRIPTION OF WORK:	DRILL A 9,200' WELL TO TEST BOUGH "C" PRODUCTION		

ACCOUNT CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
INTANGIBLE DRILLING COSTS				
	SURVEYING	1,200		
	LOCATION, ROAD & DAMAGES	19,080		
	DRILLING - FOOTAGE RATE \$24.50/FT. 9,200 FT.	238,924		
	DRILLING- DAYWORK \$6900/DAY 2 DAYS	14,628		
	CEMENT & SERVICES- SURFACE & INTERMEDIATE CASING	16,960		
	SUPERVISION 25 DAYS @ \$550	13,750		
	GEOLOGIST	2,000		
	MUD MATERIALS & SPECIAL EQUIPMENT	17,348		
	WATER 20,000 BBLs F.W. & 3000 BBLs. BRINE	31,750		
	HAULING AND TRANSPORTATION	3,000		
	LOGGING	16,604		
	MUD LOGGING \$550/DAY 12 DAYS	6,996		
	PIT LINING AND FENCING	3,500		
	CASING CREW SURFACE & INTERMEDIATE CASING	4,500		
	ADMINISTRATIVE OVERHEAD	5,000		
	LEGAL	2,000		
	CONTRACT LABOR	1,500		
	MISCELLANEOUS	5,000		
INTANGIBLE COMPLETION COSTS				
	COMPLETION UNIT 10 DAYS @ \$130/HR.		16,536	
	WATER 1000 BBLs.		1,325	
	CEMENTING SERVICES PRODUCTION CASING		9,275	
	PERFORATING AND BOND LOG 1 ZONE - BOUGH "C"		11,130	
	STIMULATION: BREAKDOWN ACID TREATMENT, 3000 GALS		6,360	
	10,000 GALS 20% RETARDED ACID		30,000	
	WELDING		1,000	
	SUPERVISION 10 DAYS @ \$550/DAY		5,500	
	TRANSPORTATION, INSTALLATION & LABOR		2,000	
	EQUIPMENT RENTAL: 2- FRAC TANKS		780	
	5 1/2" PACKER & RBP		3,180	
	MISCELLANEOUS		2,000	
	LABOR, ROUSTABOUTS		7,950	
	CASING CREW PRODUCTION CASING		2,968	
	ADMINISTRATIVE OVERHEAD		1,500	
	MISCELLANEOUS		5,000	
	TOTAL INTANGIBLE COSTS	403,740	106,504	510,244
TANGIBLE COMPLETION COSTS				
	WELLHEAD RECONDITIONED	5,500	2,500	
	SURFACE CASING 13 3/8"- 48#/FT. - 442 FT.	8,363		
	INTERMEDIATE CASING 8 5/8" - 24#/FT- 2250'FT. & 32#/FT - 1650 FT.	41,571		
	PRODUCTION CASING 5 1/2" - 17#/FT - N-80 2300', J-55 6900'		64,729	
	TUBING 2 7/8" - N-80 - 9,200 FT.		36,570	
	RODS 1", 7/8" & 3/4"		12,415	
	PUMPING UNIT & PRIME MOVER 640 UNIT (USED)		38,000	
	DOWNHOLE EQUIPMENT PUMP & ANCHOR		5,500	
	ANCHORS		850	
	FLOWLINES VALVES & FITTINGS		7,950	
	TANK BATTERY 2-500 BBL. & 1- 300 F.G. WATER		15,500	
	HEATER TREATER 6'X20'		15,000	
	SPECIAL EQUIPMENT		2,500	
	TOTAL TANGIBLE COSTS	55,434	201,514	256,948
	TOTAL WELL COST	459,174	308,018	767,192
BOUGH "C" 9070-9200				
PREPARED BY:	BRUCE A. STUBBS	TITLE:	PETROLEUM ENGINEER	DATE: 12-8-2000
W.P. PROBANT				
APPROVED BY:		TITLE:		DATE: 12-8-2000
APPROVED BY:		TITLE:		DATE:
COMPANY:		%W.I.:		
IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS A.F.E. SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN THE OPERATION SPECIFIED ABOVE, WHETHER MORE OR LESS THAN SET OUT HEREIN.				

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12601 Exhibit No. 7
Submitted by:
Bettis, Boyle & Stovall
Hearing Date: April 19, 2001