

BURGUNDY OIL AND GAS, INC.
401 W. Texas, Suite 1003
Midland, Texas 79701

AUTHORITY FOR EXPENDITURE

AFE NO. 03-101

DATE: 3/01/12

LEASE/WELL NO.: Homestake #1 DEPTH: 6000'

LOCATION: UL "M"; Section 28, T-16-S, R-37-E COUNTY, ST.: Lea, NM

DESCRIPTION: Return Well to Production

INTANGIBLES Drilling	BCP	ACP	TOTAL
LOCATION, ROAD PITS, SURVEY, PERMIT, DAMAGES, PIT LINING			
DRILLING - FOOTAGE			
DRILLING - DAYWORK			
DRILLING - TURNKEY			
RIG MOBILIZATION			
CONDUCTOR PIPE, RAT & MOUSE HOLE			
CEMENT & FLOAT EQUIPMENT - SURFACE & INTERMEDIATE CASING			
TESTING, CORING			
LOGGING, OPENHOLE, MUDLOG			
DRILLING FLUIDS - MUD & CHEMICAL			
WATER			
FUEL			
BITS, REAMERS, STABILIZERS, ETC			
CASING CREWS, LAYDOWN MACHINE			
TRUCKING, TRANSPORTATION & FORKLIFT			
DIRECTIONAL SERVICES & EQUIPMENT			
ENGINEERING, SUPERVISION, GEOLOGIST			
OVERHEAD - DRILLING WELL RATE			
RENTALS			
PLUGGING COST - CEMENT, LOCATION & PITS CLEANUP			
MISC., WELDING, ETC.			
CONTINGENCIES			
TOTAL INTANGIBLES - DRILLING			
INTANGIBLES - Completion			
COMPLETION UNIT, COIL TUBING UNIT		10,000	10,000
CEMENT & FLOAT EQUIPMENT - PRODUCTION CASING			
PERFORATING, LOGGING, TESTING, BHP SURVEY			
STIMULATION - ACID, FRAC			
COMPLETION FLUIDS, WATER HAULING		3,000	3,000
ROUSTABOUT, WELDING, LABOR - Repair Tank Battery		5,000	5,000
RENTALS		1,000	1,000
ENGINEERING & SUPERVISION		3,000	3,000
TRUCKING, HAULING, TRANSPORTATION		1,000	1,000
EQUIPMENT, INSPECTION & REPAIR - Repair Ht'er		5,000	5,000
LOCATION CLEANUP - Rebuild Roads, berm tanks		12,000	12,000
MISC.			
CONTINGENCIES		4,000	4,000
TOTAL INTANGIBLES - COMPLETION		44,000	44,000
TANGIBLES Drilling & Completion			
CASING - SURFACE			
CASING - INTERMEDIATE			
WELLHEAD EQUIPMENT - TUBING HEAD			
CASING - PRODUCTION			
CASING - LINER			
TUBING			
RODS			
WELLHEAD EQUIPMENT - TUBING HEAD			
FLOWLINE			
TANK BATTERY - TANKS, TREATERS, SEPARATORS, LINE PIPE			
PUMPING UNIT, MOTOR, ELECTRIC CONTROL PANEL			
CONNECTIONS, GAUGES, VALVES, SURFACE EQUIPMENT			
PACKERS, PUMPS, DOWNHOLE EQUIPMENT			
GAS METERS, DEHYDRATOR, COMPRESSORS			
ELECTRICAL HOOKUP		5,000	5,000
MISC.			
CONTINGENCY			
TOTAL TANGIBLES		5,000	5,000
Dryhole cost			
Completion Cost		49,000	
Total Well Cost			49,000

BURGUNDY APPROVALS:

WI OWNER APPROVALS:

Prepared by: B. Taylor

WI Owner Name: _____

Approved by: B. Statton

WI Owner Signature: _____