

Authorization for Expenditure

Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
Denver, CO 80202-1955
(303) 452-5603

Business Unit/District: San Juan Psuedo API # _____
Well Name & Number: Ropco 7 #3 AFE No. _____
Location: SEC. 7 Township 29 N Range: 14 W Property #: _____
Footage 835 FSL 1175 FWL QuarterQuarter SWSW API #: _____
County: San Juan State: New Mexico Date: 11/03/05
Field/Unit/Area: Basin Fruitland Coal Budget Year: 2005
Proposed Total Depth: 760' Target Reservoir: Fruitland Coal Project Type: DRILL
Anticipated Spud Date: 12/01/05 Est. Completion Date: 01/01/06 Cost Center: 14100
Project Description: Drill, complete, equip and install flowlines on a FC gas well at the above location. Est. TD 760'.
Special Lease Considerations: _____

SUMMARY OF ESTIMATED COSTS		Dry Hole		Complete	
		Sub Acct.#	Acct.# 2660	Acct.# 2665	TOTAL
INTANGIBLE COSTS					
Permitting and Site Work					
Land Surface Use	0043	\$0	\$0	\$0	\$0
Surveying & Staking	0001	\$1,500	\$0	\$1,500	\$1,500
Permits	0036	\$1,500	\$0	\$1,500	\$1,500
Surface Damages & Restoration	0003	\$9,500	\$0	\$9,500	\$9,500
Title	0042	\$5,000	\$0	\$5,000	\$5,000
Site Prep, Roads, Pits	0002	\$7,200	\$0	\$7,200	\$7,200
Rig Costs					
Drilling Contract	0004	\$13,380	\$17,500	\$30,880	\$30,880
Rig Trans, Erection, Removal	0007	\$2,500	\$500	\$3,000	\$3,000
Fuel, Power, Water	0010	\$3,500	\$0	\$3,500	\$3,500
Water Purchase	0048	\$0	\$0	\$0	\$0
Bits, Reamers, Tools	0008	\$0	\$5,200	\$5,200	\$5,200
Mud & Chemicals	0011	\$4,000	\$1,500	\$5,500	\$5,500
Drilling Supplies	0009	\$0	\$0	\$0	\$0
Equipment and Services					
Cementing	0012	\$3,100	\$8,200	\$11,300	\$11,300
Plugging Expense	0025	\$0	\$0	\$0	\$0
Casing Crews	0021	\$0	\$2,500	\$2,500	\$2,500
Rental Equipment	0023	\$1,400	\$2,000	\$3,400	\$3,400
Trucking & Hauling	0024	\$3,000	\$2,500	\$5,500	\$5,500
Welding	0039	\$700	\$0	\$700	\$700
Other Contract Labor	0026	\$3,000	\$800	\$3,800	\$3,800
Environmental & Safety	0040	\$0	\$0	\$0	\$0
Fishing Tools & Service	0041	\$0	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$120,000	\$120,000	\$120,000
Evaluation					
Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500	\$4,500	\$10,000	\$10,000
Drill Stem Test, Mud Logging, Core work	0013	\$0	\$0	\$0	\$0
Supervision					
Geological & Engineering	0027	\$3,300	\$0	\$3,300	\$3,300
Labor, Company	0029	\$0	\$0	\$0	\$0
Overhead, Allocated Costs, and Contingency					
Overhead	0032	\$4,500	\$0	\$4,500	\$4,500
Road Infrastructure Allocated	0050	\$0	\$0	\$0	\$0
Electrical Infrastructure Allocated	0049	\$0	\$0	\$0	\$0
Water Management Infra Allocated	0046	\$0	\$0	\$0	\$0
Miscellaneous and Contingency	0038	\$3,629	\$8,260	\$11,889	\$11,889
TOTAL INTANGIBLE			\$76,209	\$173,460	\$249,669

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13627 Exhibit No. 14
Submitted By:
Lance Oil & Gas, Inc
Hearing Date: January 19, 2006

Authorization for Expenditure Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
 Denver, CO 80202-1955
 (303) 452-5603

Business Unit/District: San Juan

Pseudo API # _____

Well Name & Number: Ropco 7 #3

AFE No. _____

Location: SEC. 7 Township 29 N Range: 14 W

Property #: _____

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
TANGIBLE COSTS	Sub Acc.#	Acct. 2670	Acct. 2675	Total:
Conductor & Surface Casing	0002	\$1,985		\$ 1,985
Wellhead & Subsurface Equip	0007	\$300	\$1,300	\$ 1,600
Intermediate Casing	0003	\$0		\$ -
Production Casing/ Liners	0004		\$7,980	\$ 7,980
Tubing	0006		\$2,555	\$ 2,555
Pumping Unit & Equipment	0008		\$14,000	\$ 14,000
Engines and Power Equip	0028		\$8,000	\$ 8,000
Electrical	0026		\$0	\$ -
Sucker Rods and Downhole pump	0009		\$2,980	\$ 2,980
Install Costs Surface Equip	0020		\$2,000	\$ 2,000
Tanks	0011		\$0	\$ -
Valves & Fittings	0014		\$2,000	\$ 2,000
Pipe	0001		\$0	\$ -
Trunkline Costs	0024		\$0	\$ -
Flow Lines & Connections	0015		\$45,000	\$ 45,000
Meter Building and Meter	0025		\$3,000	\$ 3,000
Automation Equipment	0029		\$2,000	\$ 2,000
Miscellaneous Equipment	0038		\$0	\$ -
Software and Communications Equip	0030		\$0	\$ -
Separators, Heater, Treater	0012		\$4,000	\$ 4,000
Emission Control Combustors	0021		\$0	\$ -
Buildings	0016		\$0	\$ -
Fences & Cattle Guards	0017		\$0	\$ -
Water Management	0031		\$0	\$ -
TOTAL TANGIBLE		\$ 2,285	\$ 94,815	\$ 97,100
TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$ 78,494	\$ 268,275	\$ 346,769

Working Interest Owners:		Drilling	Completion	TOTAL
Lance Oil and Gas Company	#####	\$ 78,494	\$ 268,275	\$ 346,769
0.00	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
TOTAL	100.0000%	\$ 78,494	\$ 268,275	\$ 346,769

Lance Oil and Gas Company APPROVALS

	NAME	Title	Signature	Date
AFE Originator:	Justin Sandifer	SJBU Engineer		
AFE Project Manager	Doug Barone	SJBU Field Superintendent		
AFE Project Manager	David Gomendi	SJBU Manager		
Land Approved by:	Mark Petry	Land Manager		
Recommended By:	Bill Lyons	Senior Geoscientist		
Recommended By:				
Approved By:	Jeffery E. Jones	Vice President, Production		

THE ABOVE COSTS ARE UNDERSTOOD TO BE FOR ESTIMATING PURPOSES ONLY

PARTNER APPROVAL

☐ Approved☐ Disapproved☐ Article 6.g.Company Name: 0.00

Name: _____

Title: _____

Date: _____