

**UMC Petroleum Corporation**  
**AUTHORIZATION FOR EXPENDITURE**



Prospect:	Townsend	AFE No.:	DEC803	AFE Date:	March 3, 1998
Well:	Townsend State Com. #2	Operator:	UMC Petroleum Corporation		
Location:	1400 FWL, 3250' FSL Sec. 2, T16S-35E	Projected Depth/Objective:			
County, State:	Lea, NM	Date to Commence:			
Description:	Completion cost 12,800' Mississippian test well				

INTANGIBLE Costs:	Drilling (BCP)		Completion (ACP)		Total Cost:
	Acct #	Cost Est.	Acct #	Cost Est.	
Footage Contract	152-101		--		\$0
Daywork Contract-\$7000 x 47 days	152-102	\$336,000	--		\$336,000
Turnkey Contract	152-132		--		\$0
Mobilization	152-130	\$40,000	--		\$40,000
De-Mobilization	152-131	\$20,000	--		\$20,000
Other Contract/Daywork Charges	152-103		--		\$0
Completion Rig-\$1500 x 10 days	--		152-201	\$15,000	\$15,000
Bonds, Insur.	152-118	\$1,800	--		\$1,800
Contract Labor	152-125	\$7,600	152-232	\$15,000	\$22,600
Transportation, Hauling	152-105	\$3,000	152-202	\$2,000	\$5,000
Legal Expense, Permits	152-121	\$7,500	--		\$7,500
Location, Roads, ROW	152-104	\$25,000	152-208		\$25,000
Power, Fuel, Water	152-106	\$50,000	152-203	\$1,000	\$51,000
Mud & Chemicals	152-107	\$40,000	152-212		\$40,000
Bits, Stabilizers-10 @\$5000	152-108	\$50,000	152-211		\$50,000
Logging	152-110	\$35,000	152-205	\$5,000	\$40,000
Coring & analysis	152-120	\$12,300	--		\$12,300
Formation Test, DST's-3 tests	152-112	\$9,000	--		\$9,000
Perforating	--		152-231	\$9,000	\$9,000
Stimulation-acid/Co2	--		152-210	\$30,000	\$30,000
Cementing	152-111	\$30,000	152-206	\$30,000	\$60,000
Abandonment	152-133		152-216		\$0
Supervision, Consult. (G&E)	152-115	\$20,000	152-209	\$5,000	\$25,000
Materials, Supplies	152-119	\$2,500	152-219	\$6,000	\$8,500
Administrative Overhead	152-129	\$5,000	152-229	\$2,300	\$7,300
Damages	152-114	\$8,500	152-230		\$8,500
Equipment Rentals	152-109	\$18,000	152-204	\$10,000	\$28,000
Special Well Services-BHPBV	152-113	\$2,000	152-207	\$15,000	\$17,000
Mud Logging	152-117	\$12,500	--		\$12,500
Gravel Pack	--		152-222		\$0
Other (Contingencies, etc.)	152-116	\$20,000	152-227	\$2,000	\$22,000
Pipeline ROW	--		153-401		\$0
Pipeline Construction	--		153-402		\$0
<b>Total INTANGIBLE Costs:</b>		<b>\$755,700</b>		<b>\$147,300</b>	<b>\$903,000</b>

TANGIBLE Costs:					
Surface Casing-450' x 13 3/8" x \$19.80	153-101	\$9,500	--		\$9,500
Production Casing-12,700' x 5 1/2" x \$8.20	--		153-203	\$108,000	\$108,000
Intermediate Casing (Liner)-4800' x 8 5/8" x \$13.00	153-102	\$67,400	153-201		\$67,400
Conductor Pipe	153-104		--		\$0
Tbg, Attachments-12,700' x 2 7/8" x \$3.80	--		153-205	\$48,300	\$48,300
Wellhead Equipment	153-103	\$6,000	153-207	\$14,000	\$20,000
Offshore Platform Facilities	--		153-218		\$0
Sucker Rods	--		153-208		\$0
Subsurface Pump	--		153-200		\$0
Packer & Subsurface Equip	--		153-206	\$7,000	\$7,000
Pmpng Unit, Engines, Motors	--		153-209		\$0
Compressor Station	--		153-210		\$0
Flow Lines	--		153-211	\$1,000	\$1,000
Tanks-4 x 500	--		153-215	\$24,000	\$24,000
Dehydrator	--		153-212		\$0
Oil/Gas Treatment Eqpt	--		153-213	\$12,000	\$12,000
Meters	--		153-216		\$0
Buildings	--		153-214		\$0
Pipeline	--		153-224		\$0
Gravel Pack	--		153-222		\$0
Other installation costs	153-100		153-217	\$5,000	\$5,000
Other (non-contr. equip., Cont., etc.)	153-119		153-221		\$0
Other (contr. equip.)	153-121	\$2,000	153-219	\$5,000	\$7,000
Pipeline/Gas Plant Facility	--		153-403		\$0
<b>Total TANGIBLE Costs:</b>		<b>\$84,900</b>		<b>\$224,300</b>	<b>\$309,200</b>

<b>Total Well Cost:</b>		<b>\$840,600</b>		<b>\$371,600</b>	<b>\$1,212,200</b>
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