

AUTHORITY FOR EXPENDITURE

LEASE: Poca Mes: "26" State Com WELL NUMBER: 1 PBTD: 8,700'
LOCATION: 1,980' FSL & 2,400' FWL, Section 26, T18S, R24E, Eddy County, New Mexico
FIELD: Morrow Gas EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas well.

DATE PREPARED: 3/6/01 EST. START DATE: 5/1/01 EST. COMPLETION DATE: 6/15/01
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage 8,700 Ft @ 0.00 \$/Ft	1514101	0	0	0
Drilling Daywork 25 2 9,500 \$/day	1514105	251,750	20,140	271,890
Drilling Turnkey	1514110	0	0	0
Rig Mobilization and Demobilization	1514115	31,800	0	31,800
Road & Location Expense	1514120	28,355	2,120	30,475
Damages	1514125	5,000	0	5,000
Directional Drilling - Tools and Service	1514130	0	0	0
Drilling Fluids	1514135	21,200	0	21,200
Fuel, Power, and Water	1514140	42,400	0	42,400
Supplies - Bits	1514145	29,945	1,060	31,005
Supplies - Casing Equipment	1514150	2,120	4,770	6,890
Supplies - Liner Equipment	1514155	0	0	0
Supplies - Miscellaneous	1514160	0	0	0
Cement and Cmt. Services - Surface Csg	1514165	5,300	0	5,300
Cement and Cmt. Services - Int. Csg	1514170	12,720	0	12,720
Cement and Cmt. Services - Prod. Csg	NA	0	21,200	21,200
Cement and Cmt. Services - Other	1514175	0	0	0
Rental - Drilling Tools and Equipment	1514180	11,130	0	11,130
Rental - Misc.	1514185	24,751	3,180	27,931
Testing - Drill Stem / Production	1514190	4,770	2,650	7,420
Open Hole Logging	1514200	29,680	0	29,680
Mudlogging Services	1514210	13,250	0	13,250
Special Services	1514205	0	0	0
Plug and Abandon	1514215	12,000	(12,000)	0
Pulling and/or Swabbing Unit	NA	0	23,850	23,850
Reverse Equipment	NA	0	5,300	5,300
Wireline Services	1514205	0	19,080	19,080
Stimulation	NA	0	12,720	12,720
Pump / Vacuum Truck Services	1514220	0	6,646	6,646
Transportation	1514225	3,710	2,650	6,360
Tubular Goods - Inspection & Testing	1514230	1,590	5,300	6,890
Unclassified	1514235	530	0	530
Telephone and Radio Expense	1514240	954	318	1,272
Engineer / Geologist / Landman	1514250	15,000	3,000	18,000
Company Labor - Field Supervision	1514255	15,900	6,500	22,400
Contract Labor / Roustabout	1514265	4,770	10,335	15,105
Legal and Professional Service	1514270	5,000	0	5,000
Insurance	1514275	5,533	0	5,533
Overhead	1514280	7,000	3,500	10,500
SUBTOTAL		586,158	142,319	728,476
Contingencies (10%)		58,616	14,232	72,848
ESTIMATED TOTAL INTANGIBLES		644,774	156,551	801,324

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TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1320305	0	NA	0	0
Surface Csg	350 Ft @	24.00 \$/Ft	1320310	8,400	NA	0	8,400
Intermediate Csg	1,200 Ft @	14.00 \$/Ft	1320315	16,800	NA	0	16,800
Protection Csg	0 Ft @	0.00 \$/Ft	1320320	0	NA	0	0
Production Csg	8,700 Ft @	8.00 \$/Ft	NA	0	1322305	69,600	69,600
Protection Liner	0 Ft @	0.00 \$/Ft	1320330	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1322335	0	0
Tubing	8,500 Ft @	3.38 \$/Ft	NA	0	1322370	28,730	28,730
Rods	0 Ft @	0.00 \$/Ft	NA	0	1322390	0	0
Artificial Lift Equipment			NA	0	1322350	0	0
Tank Battery			NA	0	1322375	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			NA	0	1322390	12,720	12,720
* Well Head Equipment & Christmas Tree			1320355	5,500	1322355	11,500	17,000
Subsurface Well Equipment			NA	0	1322370	6,148	6,148
Flow Lines			NA	0	1322375	13,250	13,250
Saltwater Disposal Pump			NA	0	1322390	0	0
Gas Meter			NA	0	1322395	1,484	1,484
Lact Unit			NA	0	1322397	0	0
Vapor Recovery Unit			NA	0	1322399	0	0
Other Well Equipment			NA	0	1322399	0	0
ROW and Damages			NA	0	1322399	0	0
Surface Equipment Installation Costs			NA	0	1322399	9,540	9,540
Elect. Installation			NA	0	1322399	0	0
ESTIMATED TOTAL TANGIBLES				30,700		163,572	194,272
ESTIMATED TOTAL WELL COSTS				675,474		320,123	995,596

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/12/01
REVIEWED BY:	
APPROVED BY: <i>[Signature]</i>	
APPROVED BY: <i>[Signature]</i>	3/12/01

WI APPROVAL: COMPANY Chevron USA, Inc.
 BY _____
 TITLE _____
 DATE _____