


CAPATAZ OPERATING, INC. Authority for Expenditure						
LEASE NAME AND WELL NO.: White Owl #1		PROSPECT:	S. Nadine	TOTAL DEPTH:	7800	
COUNTY:	Lea	STATE:	NM	WELL TYPE:	O&G	
LOCATION:	SE NW Se 2-T20S-R38E			OBJECTIVE:	Abo	
<b>INTANGIBLE DRILLING COST</b>				<b>DRY HOLE</b>	<b>COMPLETE</b>	<b>TOTAL</b>
Title Opinion				3000		3000
Land & Legal Fees						
Survey, Permits & Bonds				1000		1000
Surface Damages				3500		3500
Road & Location Dirtwork				12500		12500
Drilling Footage	7800 ft. @ \$		per ft.			
Drilling Daywork	18 day @ \$	9,800.00	per day	176400		176400
Rig Mobilization				22500		22500
Pulling Unit	21 day @ \$	2,000.00	per day		42000	42000
Reverse Unit			per day			
Fuel & Lubricants				12000		12000
Mud, Wash Oil & Chemicals				8900		8900
Directional Service						
Casing Crews & Equipment				1850	3700	5550
Equipment Rental					4800	4800
Packer/Service/Rental					5200	5200
Waterwell, Pump & Line						
Water Transport				9500		9500
Cement Service				12500	15750	28250
Drill Stem Testing	@ \$		per test			
Coring/Core Analysis	ft. @ \$		per ft.			
Geological Services				6300		6300
Mud Logging	14 day @ \$	675	per day	9450		9450
Open Hole Log Service				18250		18250
Log & Perforate					5200	5200
Acid Stimulation					38000	38000
Frac Stimulation					63100	63100
Pump Truck & Nitrogen Service						
Air Drilling Services						
Transportation, Trucking				1200	3800	5000
Contract Labor & Welding				450	450	900
Roustabout Labor					4500	4500
Tubular Inspection						
Engineering & Wellsite Supervision				4200	5850	10050
Abandonment				10000		10000
Environmental, Disposal & Restoration					5000	5000
Administrative Overhead				3250	3100	6350
Insurance				2750		2750
Contingencies @ 5%				16800	10000	26800
Bits & Reamers				16000		16000
<b>SUBTOTAL:</b>				<b>352300</b>	<b>210450</b>	<b>562750</b>

**LEASE & WELL EQUIPMENT**

Tubulars:	Size/Wt/Gt	Footage	Price			
Conductor Pipe		ft @ \$	per ft			
Surface Casing		1600 ft @ \$	9.11 per ft	14576		14576
Intermediate Casing		ft @ \$	per ft			
Protection Liner		ft @ \$	per ft			
Production Casing		7800 ft @ \$	6.25 per ft	48750		48750
Production Tubing		7800 ft @ \$	2.18 per ft	16848		16848
Wellhead Equipment				2350	2100	4450
Flowing Tree						
Pumping Hookup					2200	2200
Liner Hanger, Packer & Tubing Anchor					880	880
Pumping Unit w/ Base & Prime Mover					28000	28000
Electrical Installation					7800	7800
Rods, Subsurface Pump & Accessories					15570	15570
Compressor & Accessories						
SWD Equipment						
Oil Storage Tanks					8500	8500
SW Fiberglass Tanks					1400	1400
Separator					2200	2200
Heater-Treater					3000	3000
Dehydrator/Line Heater						
Meters, Valves & Connections					7500	7500
Flowline & Connections					3000	3000
Gas Pipeline, Meter & Installation						
Other Non-Controllable Equipment					600	600
Other Controllable Equipment						
<b>SUBTOTAL:</b>				<b>16926</b>	<b>148348</b>	<b>165274</b>
<b>GRAND TOTAL:</b>				<b>369226</b>	<b>358798</b>	<b>728024</b>

CAPATAZ OPERATING, INC.		WORKING INTEREST PARTNER	
Prepared By: 		agrees to participate: _____ %WI	
Title: _____		Approved By: _____	
Date: 7/26/01		Title: _____	Date: _____

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out.

OIL CONSERVATION DIVISION

CASE NUMBER 4  
EXHIBIT