AUTHORITY FOR EXPENDITURE

OPERATOR: Texakoma Oil and Gas Corporation
LEASE: Texakoma - LaPlata 18 No. 2
LOCATION: NW/4 SE/4 (1568' FSL & 1640' FEL) of Section 18, Township 31 North, Range 13 West
COUNTY, STATE: San Juan County, New Mexico
COMMENTS: Estimated Costs To Drill And Complete
Fruitland Coal Gas Well

Total days: 12
Csg. PT.:
TD: 6
Comp.: 6

PTD: 2,000 ft
ZONE: Fruitland Coal Intervals

INTANGIBLE	Days	$/day		TD	P&A	COMPL	Total
Location, Road, Damages				$10,000		$5,000	$15,000
Permits, Survey	Bond, Unit, Archeo--			$2,000		$0	$2,000
Rig Move				$600		$0	$600
Drilling							
Day Work w/ DP:	1	$3,600		$3,600		$0	$3,600
Day Work w/out DP:	0	$3,600	0	$0		$0	$0
Footage:	2000	$14.00	0	$28,000		$0	$28,000
Turnkey:				$0		$0	$0
W/O Rig:	6	$2,500		$0		$15,000	$15,000
Bits & Stabilizers				$0		$500	$500
Mud & Chemicals				$1,600		$0	$1,600
Fresh Water				$1,000		$5,000	$6,000
Brine Water:				$500		$2,500	$3,000
Rental SE:	0	$300	0	$1,800		$3,000	$4,800
Rental Services:				$1,000		$4,000	$5,000
Rental Downhole:				$0		$1,500	$1,500
Casing Crew & Tool				$0		$2,000	$2,000
Cement, Surface				$3,000		$0	$3,000
Cement, Production				$0		$8,500	$8,500
Cement Plug, BP or Sqz.				$0		$0	$0
DST or Form. Testing				$0		$0	$0
Mud Logger:	6	$500		$3,000		$0	$3,000
Open Hole Log				$8,000		$0	$8,000
Coring & DST				$0		$0	$0
Fuel				$0		$500	$500
Trucking				$1,000		$7,500	$8,500
Contract Labor				$500		$2,500	$3,000
Welding				$0		$500	$500
Engineering:	6	$300	6	$1,800		$1,800	$3,600
Geological:	0	$600	0	$0		$0	$0
Insurance				$100		$0	$100
Wireline services				$0		$10,000	$10,000
Miscellaneous				$0		$1,000	$1,000
P&A Costs				$0		$0	$0
Internal Professional Origination Fee				$0		$0	$0
Fixed Well Rate Overhead	0	$187	0	$0		$0	$0
Stimulation						$80,000	$80,000
Equip. Inspec. & Testing				$0		$0	$0
Contingency & Tax @	5.00%	5.00%		$13,600		$15,460	$29,060
TOTAL:				$81,100	$0	$166,260	$247,360

OIL CONSERVATION DIVISION
CASE NUMBER 12741
EXHIBIT 3

AUTHORITY FOR EXPENDITURE

LEASE: Texakoma - LaPlata 18 No. 2

TANGIBLE				TD	P&A	Compl	Total
CASING	in. OD	feet	@ $/ft				
Conductor:	13-3/8"	0	$0.00	$0			$0
Surface:	8 5/8"	175	$10.00	$1,750			$1,750
Intermediate:							$0
Production:	5-1/2"	2,000	$6.00			$12,000	$12,000
Liner:						$0	$0
Tubing:	2 7/8"	2,000	$3.00			$6,000	$6,000
Packer, Lnr. Hanger, etc.						$0	$0
Casinghead				$1,000		$2,000	$3,000
Float Equip. & DV Tool				$500		$1,000	$1,500
Contingency & Tax @	5.00%	5.00%		$330		$2,150	$2,480
Total Tangible:				$3,580		$23,150	$26,730
Total Drill & Complete:				$84,680		$189,410	$274,090
ARTIFICIAL LIFT							
Pmpng Unit, Bse, Primvr						$15,000	$15,000
Rods:		2,000	$1.50			$3,000	$3,000
Pump, SN & TA, Etc.						$2,500	$2,500
Installation						$4,000	$4,000
Electrical						$0	$0
Contingency & Tax @	5.00%	5.00%				$2,510	$2,510
Total Artificial Lift:						$27,010	$27,010
TANK BATTERY							
Flow Line, Meter						$25,000	$25,000
Valves & Connection						$10,000	$10,000
SEP/HT/Etc.						$7,500	$7,500
Oil Tank						$0	$0
SW Tank						$6,000	$6,000
Labor						$7,500	$7,500
Miscellaneous						$2,000	$2,000
Contingency & Tax @	5.00%	5.00%				$5,800	$5,800
Total Tank Battery:						$63,800	$63,800
Total D&C, Art Lift & SE:				$84,680		$280,220	$364,900
WI = 100 % Drilling & Completion				$84,680		$280,220	$364,900

This AFE is based on present day prices. Final costs could be higher or lower than those shown in this AFE, due to fluctuations in prices during the time of drilling and completion or unanticipated problems.