



GRACE PETROLEUM CORPORATION

AUTHORIZATION FOR EXPENDITURE
SUMMARY OF ESTIMATED COST

PROJECT TYPE A	WELL TYPE OIL	AFE TYPE DEVELOP	SUPPLEMENT NO.	MAJOR/SUB	DATE 04/04/91
OPERATOR GRACE PETROLEUM CORP	WELL NAME OR PROPERTY NAME SMITH RANCH FED #1-3	WELL NO. 01-03	PROPERTY NO.	MASTER AFE NO. G-81-DIE-	
REGION E N	DISTRICT NO. 2	REGION NAME EASTERN	LAND PROSPECT NO.	PROSPECT NAME	WORK AFE NO. 56-032791-00
BASIN NO. 32	BASIN NAME PERMIAN	LEGAL DESCRIPTION 330'FSL 330'FEL S003-T020S-R033E			PARTNERSHIP AFE NO.
STATE NO. 30	STATE NAME NEW MEXICO	TARGET FORMATION BONE SPRING	WELL DEPTH 9,750		PARTNERSHIP AFE NO.
COUNTY NO. 13	COUNTY NAME LEA COUNTY	BCP BASE W.I. 75.00000	ACP BASE W.I. 75.00000		PARTNERSHIP AFE NO.
NO. FIELD NO. 718	ACCOUNTING FIELD NO.	FIELD NAME TEAS PENN	W.I. FORMULA NO. 01		PARTNERSHIP AFE NO.

PROJECT DESCRIPTION
DRILL AND COMPLETE BONE SPRING WELL.

	SUMMARY OF ESTIMATED COSTS	100% WORKING INTEREST			GRACE PETROLEUM INTEREST -			%
		ORIGINAL AFE	SUPPLEMENT	TOTAL	ORIGINAL AFE	SUPPLEMENT	TOTAL	
COMPLETED WELL COST	INTANGIBLE DRY-HOLE COST	\$ 500,650	\$	\$ 500,650	\$ 375,488	\$	\$ 375,488	
	INTANGIBLE COMPLETION COST	169,400		169,400	127,050		127,050	
	TANGIBLE DRY-HOLE COST	101,900		101,900	76,425		76,425	
	TANGIBLE COMPLETION COST	196,500		196,500	147,375		147,375	
	LEASE EQUIP. AND INSTALLATION	90,000		90,000	67,500		67,500	
	TOTAL COMPLETED COST	1,058,450		1,058,450	793,838		793,838	
DRY-HOLE COST	INTANGIBLE DRY-HOLE COST	500,650		500,650	375,488		375,488	
	TANGIBLE DRY-HOLE COST	101,900		101,900	76,425		76,425	
	TOTAL DRY-HOLE COST	602,550		602,550	451,913		451,913	
	GEOLOGICAL-LAND-LEGAL							

INTERNAL APPROVAL	APPROVED BY	DATE	APPROVED BY	DATE
	ORIGINATOR SCOTT, D. G.	04/04/91		

BY EXECUTION HEREOF THE UNDERSIGNED RECOGNIZES AND ACKNOWLEDGES THAT THE ABOVE COST FIGURES ARE ESTIMATES ONLY AND THAT THE UNDERSIGNED IS RESPONSIBLE FOR ITS OR HIS SHARE OF THE ACTUAL COSTS INCURRED EVEN IF SUCH ACTUAL COSTS EXCEED SAID ESTIMATES.

EXTERNAL APPROVAL	NON-OPERATOR INTEREST OWNER	% INTEREST	NET AMOUNT	APPROVED	DATE APPROVED
	Southern Union Exploration	6.389%			

BUDGET CALCULATIONS		\$
	AUTHORIZED BUDGET FOR THIS CATEGORY	\$
	PRIOR YEAR SURPLUS OR DEFICIT FOR THIS CATEGORY	\$
	APPROVED AFE'S WRITTEN FOR THIS CATEGORY	\$
	REMAINING AUTHORIZED BUDGET FOR THIS CATEGORY	\$
	WORKING AFE'S WRITTEN FOR THIS CATEGORY	\$
	THIS AFE	\$
	REMAINING AUTHORIZED BUDGET AFTER WORKING AFE'S	\$

BEFORE EXAMINED SIGNATURE

OIL CONCENTRATION DIVISION

C. M. C. 10336