

# Authorization for Expenditure

Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200

Denver, CO 80202-1955

(303) 452-5603

Business Unit/District: San Juan Psuedo API # 29132211aPCc30  
 Well Name & Number: F-RPC 22 #2 AFE No. 607443  
 Location: SEC. 22 Township 29 N Range: 13 W Property #: \_\_\_\_\_  
 Footage 1320 FNL 1320 FWL \_\_\_\_\_ QuarterQuarter NWNW API #: 30-045-33160  
 County: San Juan State: New Mexico Date: 06/14/05  
 Field/Unit/Area: Basin FC / West Kutz PC Budget Year: 2005  
 Proposed Total Depth: 1150' Target Reservoir: FC / PC Project Type: DRILL  
 Anticipated Spud Date: 08/01/05 Est. Completion Date: 08/15/05 Cost Center: 14100.00  
 Project Description: Drill, complete, equip and install flowline es on a FC/PC well  
 Special Lease Considerations: \_\_\_\_\_

## SUMMARY OF ESTIMATED COSTS

Dry Hole Complete

### INTANGIBLE COSTS

#### Permitting and Site Work

	Sub Acct.#	Acct.# 2660	Acct.# 2665	TOTAL
Land Surface Use	0043	\$0	\$0	\$0
Surveying & Staking	0001	\$1,500	\$0	\$1,500
Permits	0036	\$1,500	\$0	\$1,500
Surface Damages & Restoration	0003	\$9,500	\$0	\$9,500
Title	0042	\$5,000	\$0	\$5,000
Site Prep, Roads, Pits	0002	\$7,200	\$0	\$7,200

#### Rig Costs

Drilling Contract	0004	\$23,775	\$17,500	\$41,275
Rig Trans, Erection, Removal	0007	\$2,500	\$500	\$3,000
Fuel, Power, Water	0010	\$3,500	\$0	\$3,500
Water Purchase	0048	\$0	\$0	\$0
Bits, Reamers, Tools	0008	\$0	\$5,200	\$5,200
Mud & Chemicals	0011	\$4,000	\$1,500	\$5,500
Drilling Supplies	0009	\$0	\$0	\$0

#### Equipment and Services

Cementing	0012	\$3,100	\$8,200	\$11,300
Plugging Expense	0025	\$0	\$0	\$0
Casing Crews	0021	\$0	\$2,500	\$2,500
Rental Equipment	0023	\$1,400	\$2,000	\$3,400
Trucking & Hauling	0024	\$3,000	\$2,500	\$5,500
Welding	0039	\$700	\$0	\$700
Other Contract Labor	0026	\$3,000	\$800	\$3,800
Environmental & Safety	0040	\$0	\$0	\$0
Fishing Tools & Service	0041	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$120,000	\$120,000

#### Evaluation

Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500	\$4,500	\$10,000
Drill Stem Test, Mud Logging, Core work	0013	\$0	\$0	\$0

#### Supervision

Geological & Engineering	0027	\$3,300	\$0	\$3,300
Labor, Company	0029	\$0	\$0	\$0

#### Overhead, Allocated Costs, and Contingency

Overhead	0032	\$4,500	\$0	\$4,500
Road Infrastructure Allocated	0050		\$0	\$0
Electrical Infrastructure Allocated	0049		\$0	\$0
Water Management Infra Allocated	0046		\$0	\$0
Miscellaneous and Contingency	0038	\$4,149	\$8,260	\$12,409
FRUITLAND COAL INTANGIBLE		\$83,124	\$86,730	\$169,854
PICTURED CLIFFS INTANGIBLE		\$4,000	\$86,730	\$90,730
<b>TOTAL INTANGIBLE</b>		<b>\$87,124</b>	<b>\$173,460</b>	<b>\$260,584</b>

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13537 Exhibit No. 8

Submitted by:

LANCE OIL &amp; GAS CO., INC.

Hearing Date: August 25, 2005

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Business Unit/District: San JuanPsuedo API # 29132211aPCc30Well Name & Number: F-RPC 22 #2AFE No. 607443Location: SEC. 22 Township 29 N Range: 13 W

Property #: \_\_\_\_\_

## SUMMARY OF ESTIMATED COSTS

	Sub Acc.#	Dry Hole Acct. 2670	Complete Acct. 2675	TOTAL Total:
<b>TANGIBLE COSTS</b>				
Conductor & Surface Casing	0002	\$1,985		\$ 1,985
Wellhead & Subsurface Equip	0007	\$300	\$1,300	\$ 1,600
Intermediate Casing	0003	\$0		\$ -
Production Casing/ Liners	0004		\$12,075	\$ 12,075
Tubing	0006		\$3,833	\$ 3,833
Pumping Unit & Equipment	0008		\$18,500	\$ 18,500
Engines and Power Equip	0028		\$8,000	\$ 8,000
Electrical	0026		\$0	\$ -
Sucker Rods and Downhole pump	0009		\$3,540	\$ 3,540
Install Costs Surface Equip	0020		\$2,000	\$ 2,000
Tanks	0011		\$16,000	\$ 16,000
Valves & Fittings	0014		\$2,000	\$ 2,000
Pipe	0001		\$0	\$ -
Trunkline Costs	0024		\$0	\$ -
Flow Lines & Connections	0015		\$65,000	\$ 65,000
Meter Building and Meter	0025		\$3,000	\$ 3,000
Automation Equipment	0029		\$2,000	\$ 2,000
Miscellaneous Equipment	0038		\$0	\$ -
Software and Communications Equip	0030		\$0	\$ -
Separators, Heater, Treater	0012		\$4,000	\$ 4,000
Emission Control Combustors	0021		\$0	\$ -
Buildings	0016		\$0	\$ -
Fences & Cattle Guards	0017		\$5,000	\$ 5,000
Water Management	0031		\$0	\$ -
FRUITLAND COAL TANGIBLE		\$1,285	\$ 73,124	\$ 74,409
PICTURED CLIFFS TANGIBLE		\$1,000	\$73,124	\$ 74,124
<b>TOTAL TANGIBLE</b>		<b>\$ 2,285</b>	<b>\$ 146,248</b>	<b>\$ 148,532</b>
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS FRUITLAND COAL</b>		<b>\$ 84,409</b>	<b>\$ 159,854</b>	<b>\$ 244,262</b>
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS PICTURED CLIFFS</b>		<b>\$ 5,000</b>	<b>\$ 159,854</b>	<b>\$ 164,854</b>
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS</b>		<b>\$ 89,409</b>	<b>\$ 319,708</b>	<b>\$ 409,116</b>

<b>Working Interest Owners:</b>		WI %	Drilling	Completion	TOTAL
Lance Oil and Gas Company -- FC	0.00	0.00000%	\$ 84,409	\$ 159,854	\$ 244,262
Lance Oil & Gas Company, Inc. -- PC	0.000000%	0.00000%	\$ 5,000	\$ 159,854	\$ 164,854
<b>TOTAL</b>			<b>\$ 89,409</b>	<b>\$ 319,708</b>	<b>\$ 409,116</b>

## Lance Oil and Gas Company APPROVALS

	NAME	Title	Signature	Date
AFE Originator:	Justin Sandifer	SJBU Engineer		
AFE Project Manager:	Doug Barone	SJBU Field Superintendent		
AFE Project Manager:	David Gomendi	SJBU Manager		
Land Approved by:	Mark Petry	Land Manager		
Recommended By:	Bill Lyons	Senior Geoscientist		
Recommended By:				
Approved By:	Jeffery E. Jones	Vice President, Production		

THE ABOVE COSTS ARE UNDERSTOOD TO BE FOR ESTIMATING PURPOSES ONLY

PARTNER APPROVAL

☐ Approved☐ Disapproved☐ Article 6.g.Company Name Synergy Operating, LLC

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_