



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 # \$ -
 Well Name & Number: F-RPC 16 #1 AFE No. 999999
 Location: SEC. 16 Township 29 North Range: 13 West Property #: 0
 Footage 1,320 FSL 1800 FWL QuarterQuarter SWSW API #: 29131914PCFC
 County: San Juan State: New Mexico Date: 09/06/05
 Field/Unit/Area: Picture Cliff/Fruitland Coe Budget Year: 2005
 Proposed Total Depth: 1,290' Target Reservoir: Fruitland Coal & PC Project Type: DRILL
 Anticipated Spud Date: 03/15/05 Est. Completion Date: 11/15/05 Cost Center: 14100.00
 Project Description: Drill, complete, equip and install flowlines on a Picture Cliff and Fruitland Coal gas well at the above location.
 Special Lease Considerations: Well is in City Limits of Farmington. See stipulations on permit and SUA.

SUMMARY OF ESTIMATED COSTS

	Sub Acct.#	Acct.# 2660	Acct.# 2665	TOTAL
INTANGIBLE COSTS				
Permitting and Site Work				
Land Surface Use	0043	\$25,000	\$0	\$25,000
Surveying & Staking	0001	\$4,000	\$0	\$4,000
Permits	0036	\$1,500	\$0	\$1,500
Surface Damages & Restoration	0003	\$9,500	\$0	\$9,500
Title	0042	\$8,000	\$0	\$8,000
Site Prep, Roads, Pits	0002	\$15,000	\$1,000	\$16,000
Rig Costs				
Drilling Contract	0004	\$39,180	\$17,500	\$56,680
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	\$3,000	\$7,000
Drilling Supplies	0009	\$0	\$0	\$0
Equipment and Services				
Cementing	0012	\$4,500	\$12,000	\$16,500
Plugging Expense	0025	\$0	\$0	\$0
Casing Crews	0021	\$1,200	\$4,000	\$5,200
Rental Equipment	0023	\$5,400	\$11,700	\$17,100
Trucking & Hauling	0024	\$3,000	\$8,000	\$11,000
Welding	0039	\$800	\$0	\$800
Other Contract Labor	0026	\$6,000	\$1,500	\$7,500
Environmental & Safety	0040	\$0	\$2,000	\$2,000
Fishing Tools & Service	0041	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$105,000	\$105,000
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	\$8,000	\$0	\$8,000
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	\$7,554	\$8,795	\$16,349
Fruitland Coal Intangibles		\$154,634	\$92,348	\$246,982
Pictured Cliffs Intangibles		\$4,000	\$92,347	\$96,347
TOTAL INTANGIBLE		\$158,634	\$184,695	\$343,329

Hearing Date: October 6, 2005

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 13573 Exhibit No. 4
 Submitted by:
LANCE OIL & GAS CO., INC.



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 Well Name & Number: F-RPC 16 #1
 Location: SEC. 16 Township 29 North Range: 13 West

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 AFE No. 999999
 Property #: 0

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
TANGIBLE COSTS	Sub Acc.#	Acct. 2670	Acct. 2675	Total:
Conductor & Surface Casing	0002	\$2,520		\$ 2,520
Wellhead & Subsurface Equip	0007	\$300	\$1,300	\$ 1,600
Intermediate Casing	0003	\$0		\$ -
Production Casing/ Liners	0004		\$13,571	\$ 13,571
Tubing	0006		\$4,900	\$ 4,900
Pumping Unit & Equipment	0008		\$14,000	\$ 14,000
Engines and Power Equip	0028		\$8,000	\$ 8,000
Electrical	0026		\$0	\$ -
Sucker Rods and Downhole pump	0009		\$3,680	\$ 3,680
Install Costs Surface Equip	0020		\$2,000	\$ 2,000
Tanks	0011		\$0	\$ -
Valves & Fittings	0014		\$5,000	\$ 5,000
Pipe	0001		\$0	\$ -
Trunkline Costs	0024		\$155,000	\$ 155,000
Flow Lines & Connections	0015		\$25,000	\$ 25,000
Meter Building and Meter	0025		\$4,500	\$ 4,500
Automation Equipment	0029		\$4,500	\$ 4,500
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		\$12,000	\$ 12,000
Fences & Cattle Guards	0017		\$0	\$ -
Water Management	0031		\$0	\$ -
Fruitland Coal Tangible		\$ 1,820	\$ 128,727	\$ 130,547
Pictured Cliffs Tangible		\$ 1,000	\$ 128,724	\$ 129,724
TOTAL TANGIBLE		\$ 2,820	\$ 257,451	\$ 260,271
FRUITLAND COAL TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$156,454	\$221,075	\$377,529
PICTURED CLIFFS TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$5,000	\$221,071	\$226,071
TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$ 161,454	\$ 442,146	\$ 603,600

Working Interest Owners:		WI %	Drilling	Completion	TOTAL
FC	Lance Oil and Gas Company	0.0000%	\$ 156,454	\$ 221,075	\$ 377,529
PC	Lance Oil and Gas Company	0.0000%	\$ 5,000	\$ 221,071	\$ 226,071
TOTAL FOR WI OWNER			\$ -	\$ -	\$ -
TOTAL			\$ 161,454	\$ 442,146	\$ 603,600

See page 3 for remaining WIO

Lance Oil and Gas Company APPROVALS

	NAME	Title	Signature	Date
AFE Originator:	David Gomendi	San Juan Business Unit Mgr.		
AFE Project Manager:	Doug Barone	San Juan Field Super.		
AFE Project Manager:	David Gomendi	San Juan Business Unit Mgr.		
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: _____
 Name: _____ Title: _____ Date: _____