PENWELL ENERGY, INC. AUTHORITY FOR EXPENDITURE

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WELL NAME: Cochiti "32" St. Com. # 1 LOCATION: 1,650' FWL & 660' FNL	PROSPECT NAME: Cochiti COUNTY & STATE: Eddy, New Mexico			
Section 32 - T23S - R29E	OBJECTIVE: 14,000' Morrow Gas Well			
INTANGIBLE COSTS	BCP	ACP	TOTAL	
APD & ARCHAEOLOGICAL	1,500	1,000	2,500	
TITLE OPINION & CURATIVE	3,000	0	3,00	
SURVEYING / STAKE LOCATION	750	1,500	2,250	
DAMAGES & R-O-W'S	350	500	850	
ROADS, LOCATION, PITS, LINERS, ETC.	65,000	1,500	66,500	
DRILLING - FOOTAGE DRILLING - DAYWORK	233,000	<u>0</u>	233,000	
DRILLING MUD & CHEMICALS	40,000	1,500	148,000	
WATER	30,000	3,000	33,000	
BITS, REAMERS, ETC.	30,000	650	30,650	
FUEL	65,000	0	65,000	
CEMENTING SURFACE	12,000	0	12,000	
	65,000	0	65,000	
CEMENTING PRODUCTION TUBULAR SERVICES AND TOOLS	0	42,000	42,000	
CASING CREWS / PU LD MACHINE	18,000	6,000	24,000	
FLOAT EQUIPMENT	8,000	2,500	10,500	
TESTING; DST & COMPLETION	8,000	6,000	14,000	
OPEN HOLE LOGGING / CORES	58,000	0	58,000	
MUD LOGGING WELDING & HOURLY LABOR	20,000	0	20,000	
EQUIPMENT RENTAL	1,500	8,000	9,500	
TRUCKING, TRANSPORTATION, FORKLIFT	27,000	3,000	30,000	
COMPLETION UNIT	0	15,000	15,000	
FORMATION STIMULATION	0	100,000	100,000	
WIRELINE SERVICES	1,500	9,000	10,500	
GEOLOGIC / ENGINEERING CONTRACT LABOR	<u> </u>	4,000	10,000	
DRILLING WELL RATE (A/O)	12,000	0	12,000	
INSURANCE	7,000	0	7,000	
MISCELLANEOUS	1,000	1,000	2,000	
CONTINGENCY (5%)	47,080	11,858	58,938	
TOTAL INTANGIBLES	988,680	249,008	1,237,688	
TANGIBLE COSTS				
CONDUCTOR CASING	4,000	0	4,000	
SURFACE CASING		0	0	
20", 94#, X-56, @ 350'+/-	17,150	0	17,150	
INTERMEDIATE CASING 13 3/8", 72#, L-80, @ 2,950'+/-	121,000	<u>0</u>	121,000	
DEEP INTERMEDIATE CASING	121,000			
9 5/8", 53.50#, P-110 @ 10,100'+/-	262,000	0	262,000	
PRODUCTION CASING / LINER		0	(
7", 29#,P-110 & 4 1/2", 13.5#,P-110	0	46,000	46,000	
TUBING: 2 3/8", 4.70#, 8rd EUE, AB Mod. WELLHEAD EQUIPMENT	0	47,000	47,000	
SURFACE LIFT & ELECTRICITY	0	0	(
RODS AND PUMP	0	0	(
PACKERS, BP'S, DOWNHOLE EQUIPMENT	0	18,000	18,000	
GAS PRODUCTION EQUIPMENT	0	30,000	30,000	
SEPARATOR, TREATER FLOWLINES, VALVES, CONNECTIONS	<u>0</u>	2,000	2,000	
TANKS (Water and Production)	0	50,000	50,000	
MISCELLANEOUS	500	500	1,000	
CONTINGENCY (5%)	21,008	11,750	32,758	
TOTAL TANGIBLES	441,658	247,250	688,908	
TOTAL WELL COSTS	1,430,338	496,258	1,926,595	
PLUGGING COST TOTAL DRY HOLE	14,662			

Date Prepared: February 10, 1997

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Texaco Exploration & Production Inc.

By: Printed Name: Title:

Penwell Energy, Inc

We approve: <u>25% W.I.</u>

Bill Pierce, Engineer

By:

Case No. <u>11783</u> Exhibit No. <u>2</u>

Submitted by: <u>Penwell Energy, Inc.</u>

PENWELL ENERGY, INC. AUTHORITY FOR EXPENDITURE

VELL NAME: Cochiti "32" St. Com. # 1 PROSPECT NAME: Cochiti			
LOCATION: 1,650' FWL & 660' FNL	COUNTY & STATE: Eddy, New Mexico		
Section 32 - T23S - R29E	OBJECTIVE: 1	4,000' Morrow Gas Well	
INTANGIBLE COSTS	BCP	ACP	TOTAL
APD & ARCHAEOLOGICAL	1,500	1,000	2,500
TITLE OPINION & CURATIVE	3,000	0	3,000
SURVEYING / STAKE LOCATION	750	1,500	2,250
DAMAGES & R-O-W'S	350	500	850
ROADS, LOCATION, PITS, LINERS, ETC. DRILLING - FOOTAGE	65,000 233,000	1,500	66,500
DRILLING - DAYWORK	148,000	<u>0</u>	233,000
DRILLING MUD & CHEMICALS	40,000	1,500	41,500
WATER	30,000	3,000	33,000
BITS, REAMERS, ETC.	30,000	650	30,650
FUEL	65,000	0	65,000
CEMENTING SURFACE	12,000	0	12,000
	<u> </u>	42,000	<u> </u>
TUBULAR SERVICES AND TOOLS	25,000	8,000	33,000
CASING CREWS / PU LD MACHINE	18,000	6,000	24,000
FLOAT EQUIPMENT	8,000	2,500	10,500
TESTING, DST & COMPLETION	8,000	6,000	14,000
OPEN HOLE LOGGING / CORES	58,000	<u> </u>	58,000
WELDING & HOURLY LABOR	1,500	8,000	9,500
EQUIPMENT RENTAL	30,000	15,000	45,000
TRUCKING, TRANSPORTATION, FORKLIFT	27,000	3,000	30,000
COMPLETION UNIT	0	15,000	15,000
FORMATION STIMULATION	0		100,000
GEOLOGIC / ENGINEERING	1,500	9,000	10,500
CONTRACT LABOR	25,000	8,000	33,000
DRILLING WELL RATE (A/O)	12,000	0	12,000
INSURANCE	7,000	0	7,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY (5%) TOTAL INTANGIBLES	47,080	<u> </u>	58,938
TANGIBLE COSTS		249,000	1,237,000
CONDUCTOR CASING	4,000	0	4,000
SURFACE CASING		0	0
20", 94#, X-56, @ 350'+/-	17,150	0	17,150
		0	0
13 3/8", 72#, L-80, @ 2,950'+/-	121,000	<u>0</u>	121,000
DEEP INTERMEDIATE CASING 9 5/8", 53.50#, P-110 @ 10,100'+/-	262,000	0	262,000
PRODUCTION CASING / LINER		0	0
7", 29#,P-110 & 4 1/2", 13.5#,P-110	0	46,000	46,000
TUBING: 2 3/8", 4.70#, 8rd EUE, AB Mod.	0	47,000	47,000
	16,000		46,000
SURFACE LIFT & ELECTRICITY RODS AND PUMP	<u>0</u> 0	0	<u>0</u> 0
PACKERS, BP'S, DOWNHOLE EQUIPMENT	0	18,000	18,000
GAS PRODUCTION EQUIPMENT	0	30,000	30,000
SEPARATOR, TREATER	0	2,000	2,000
FLOWLINES, VALVES, CONNECTIONS	0	50,000	50,000
TANKS (Water and Production)	0	12,000	12,000
MISCELLANEOUS CONTINGENCY (5%)	21,008	11,750	1,000
TOTAL TANGIBLES	441,658	247,250	688,908
TOTAL WELL COSTS	1,430,338	496,258	1,926,595
PLUGGING COST	14,662		
TOTAL DRY HOLE	1,445,000		
Penwell Energy, Inc.			
BY Bill F-	Date Prepared: February 10	0, 1997	

By: Bill Pierce, Engineer

gr 3/31/97

We approve: <u>63.7500</u>% Before Tanks / <u>54.1875</u>% After Tanks CoEnergy Central Exploration, Inc.

thom B L 2 Thomas H. Neel

Vice President

PENWELL ENERGY, INC. AUTHORITY FOR EXPENDITURE

WELL NAME: Cochiti "32" St. Com. # 1	PROSPECT NAME: Cochiti			
LOCATION: 1,650' FWL & 660' FNL	COUNTY & STA	COUNTY & STATE: Eddy, New Mexico		
Section 32 - T23S - R29E	OBJECTIVE: 14	,000' Morrow Gas Well	·	
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DRILLING - FOOTAGE	233,000	0	233,000	
DRILLING - DAYWORK	148,000	0	148,000	
DRILLING MUD & CHEMICALS	40,000	1,500	41,500	
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BITS, REAMERS, ETC.	30,000	650	30,650	
FUEL	65,000	0	65,000	
CEMENTING SURFACE	12,000	0	12,000	
CEMENTING INTERMEDIATE	65,000	0	65,000	
CEMENTING PRODUCTION	0	42,000	42,000	
TUBULAR SERVICES AND TOOLS	25,000	8,000	33,000	
CASING CREWS / PU LD MACHINE	18,000	6,000	24,000	
FLOAT EQUIPMENT	8,000	2,500	10,500	
TESTING; DST & COMPLETION	8,000	6,000	14,000	
OPEN HOLE LOGGING / CORES	58,000	0	58,000	
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EQUIPMENT RENTAL	30,000	15,000	45,000	
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COMPLETION UNIT	0	15,000	15,000	
FORMATION STIMULATION	0	100,000	100,000	
	1,500	9,000	10,500	
GEOLOGIC / ENGINEERING	6,000	4,000	10,000	
CONTRACT LABOR	25,000	8,000	33,000	
DRILLING WELL RATE (A/O)	12,000	0	12,000	
	7,000	0	7,000	
MISCELLANEOUS	1,000	1,000	2,000	
CONTINGENCY (5%)	47,080	11,858	58,938	
TOTAL INTANGIBLES	988,680	249,008	1,237,688	
TANGIBLE COSTS				
	4,000	0	4,000	
SURFACE CASING		0	0	
20", 94#, X-56, @ 350'+/-	17,150	0	17,150	

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13 3/8", 72#, L-80, @ 2,950'+/-	121,000	0	121,000
DEEP INTERMEDIATE CASING		0	0
9 5/8", 53.50#, P-110 @ 10,100'+/-	262,000	0	262,000
PRODUCTION CASING / LINER		0	0
7", 29#,P-110 & 4 1/2", 13.5#,P-110	0	46,000	46,000
TUBING: 2 3/8", 4.70#, 8rd EUE, AB Mod.	0	47,000	47,000
WELLHEAD EQUIPMENT	16,000	30,000	46,000
SURFACE LIFT & ELECTRICITY	0	0	0
RODS AND PUMP	0	0	0
PACKERS, BP'S, DOWNHOLE EQUIPMENT	0	18,000	18,000
GAS PRODUCTION EQUIPMENT	0	30,000	30,000
SEPARATOR, TREATER	0	2,000	2,000
FLOWLINES, VALVES, CONNECTIONS	0	50,000	50,000
TANKS (Water and Production)	0	12,000	12,000
MISCELLANEOUS	500	500	1,000
CONTINGENCY (5%)	21,008	11,750	32,758
TOTAL TANGIBLES	441,658	247,250	688,908
TOTAL WELL COSTS	1,430,338	496,258	1,926,595
PLUGGING COST	14,662		

PLUGGING COST TOTAL DRY HOLE

Penwell Energy, Inc. ļ . l 5 By: Bill Pierce, Engineer

Date Prepared: February 10, 1997

1,445,000

We approve: <u>11.2500</u>% Before Tanks / <u>20.8125</u>% After Tanks

