

PENWELL ENERGY, INC.
AUTHORITY FOR EXPENDITURE

WELL NAME: Cochiti "32" St. Com. # 1
LOCATION: 1,650' FWL & 660' FNL
Section 32 - T23S - R29E

PROSPECT NAME: Cochiti
COUNTY & STATE: Eddy, New Mexico
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	3,000
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	233,000	0	233,000
DRILLING - DAYWORK	148,000	0	148,000
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
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
MUD LOGGING	20,000	0	20,000
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	100,000
WIRELINE SERVICES	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
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		0	0
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
TOTAL DRY HOLE	1,445,000

Penwell Energy, Inc.

By: 

Bill Pierce, Engineer

Date Prepared: February 10, 1997

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

We approve:

25% W.I.

Texaco Exploration & Production Inc.

Case No. 11783 Exhibit No. 2

By: _____

Printed Name: _____

Title: _____

Submitted by: Penwell Energy, Inc.

PENWELL ENERGY, INC.
AUTHORITY FOR EXPENDITURE

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PLUGGING COST	14,662
TOTAL DRY HOLE	1,445,000

Penwell Energy, Inc.

By: 
Bill Pierce, Engineer

Date Prepared: February 10, 1997

We approve:

63.7500% Before Tanks / 54.1875% After Tanks

CoEnergy Central Exploration, Inc.

By: 
Thomas H. Neel
Vice President

3/31/97

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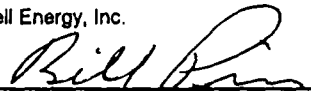
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Bill Pierce, Engineer

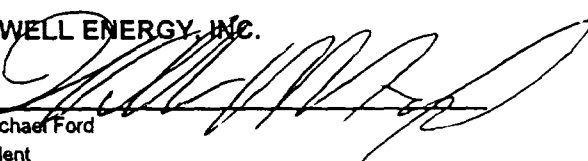
Date Prepared: February 10, 1997

We approve:

11.2500% Before Tanks / 20.8125% After Tanks

PENWELL ENERGY, INC.

By:


W. Michael Ford
President

February 14, 1997