

AFE

EXAMINER CATANACH
EXAMINATION
FILE NO. 7
CASE NO.

STRATA ENERGY RESOURCES CORPORATION

AUTHORIZATION FOR EXPENDITURE

DATE: 2-05-91

Operator: LBO New Mexico, Inc. Well No.: O.G. State #2
 Location: Sec. 9, T11S, R33E County: Lea
 Field: Bagley Formation: Mississippian

Prospect: O. G. State
 State: New Mexico
 Depth: 11,200'

DESCRIPTION	TANGIBLE	INTANGIBLE	TOTAL COST
DRILLING COSTS			
Survey, Location, Road, Surface Damage		15,000	15,000
Land/Lease Acquisition Costs		10,000	10,000
Drilling Rig - Day Rate: \$5500 Footage Rate: \$20.00		240,800	240,800
Drilling Bond/Insurance		7,500	7,500
Surface Casing - 13-3/8" X 360' @ \$ 25.00 Per Foot	9,000		9,000
Cement/Accessories/Services - Surface Casing		8,700	8,700
Truck/transportation		9,000	9,000
Protective Casing - 8-5/8" X 4000' @ \$ 12.00 Per Foot	48,000		48,000
Cement/Accessories/Services - Protective Casing		12,300	12,300
Protective Liner - " X @ \$ Per Foot			0
Cement/Accessories/Hanger & Service			0
Casing Heads, valves & fittings	8,500		8,500
Mud, water, oil & chemicals		45,300	45,300
Logging		14,000	14,000
Formation Testing		12,000	12,000
Special tools, bits & rentals		5,000	5,000
Supervision, engineering & geological		8,750	8,750
Miscellaneous services, supplies & labor		13,000	13,000
Contingency (5%)	3,275	22,068	25,343
TOTAL DRILLING COST	68,775	423,418	492,193
ABANDONMENT COSTS			
Cost to Abandon		19,000	19,000
TOTAL DRY HOLE COSTS		19,000	19,000
COMPLETION COSTS			
Production Casing/Liner - 5-1/2" X 10,400' @\$10.50 Per Ft.	109,200		109,200
Cement/Accessories/Service		16,000	16,000
Casing Heads, valves & fittings	7,000		7,000
Packers, accessories & service	4,500	6,000	10,500
Production Tubing - 2-7/8" X 10,200' @\$ 2.25 Per Foot	22,950		22,950
Perforating Service/Logs		6,500	6,500
Treating services/supplies		12,000	12,000
Fracing/Swabbing		7,500	7,500
Completion Rig		11,200	11,200
Artificial lift equipment	37,000		37,000
Supervision, engineering, geological		5,250	5,250
Misc. services, supplies & labor		8,000	8,000
Contingency (5%)	9,032	3,622	12,654
TOTAL COMPLETION COSTS	189,682	76,072	265,754
LEASE FACILITIES COSTS			
Build site & road			0
Production tanks/accessories	23,000		23,000
Heaters/Treaters/Accessories	5,000		5,000
Line/Flow Pipe & other	500		500
Valves & fittings	2,000		2,000
Misc. services, supplies & other		5,000	5,000
Contingency (5%)	1,525	500	2,025
TOTAL LEASE FACILITIES COST	32,025	5,500	37,525
SUMMARY OF COSTS			
DRILLING COST	68,775	423,418	492,193
COMPLETION COST	189,682	76,072	265,754
LEASE FACILITIES COST	32,025	5,500	37,525
TOTAL WELL COST	290,482	504,990	795,472