



**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 # 30-045-32140  
Well Name & Number: W F Ropco 17 #2 AFE No. 605981  
Location: SEC. 17 Township 29 N Range: 14 W Property #: 0  
Footage 1,975 FNL 575 FWL QuarterQuarter SWNW API #: 0  
County: San Juan State: New Mexico Date: 12/01/04  
Field/Unit/Area: Picture Cliff Budget Year: 2005  
Proposed Total Depth: 1,100' Target Reservoir Picture Cliff Sand Project Type: DRILL  
Anticipated Spud Date: \_\_\_\_\_ Est. Completion Date: \_\_\_\_\_ Cost Center: 14100.00  
Project Description: Drill and complete a Picture Cliff gas well at the above location and install flowlines.  
Special Lease Considerations: Near City limits of Farmington. Excess cost to lay flowlines and connect well.

**SUMMARY OF ESTIMATED COSTS**

	Sub Acct.#	Dry Hole Acct.# 2660	Complete Acct.# 2665	TOTAL
<b>INTANGIBLE COSTS</b>				
<i>Permitting and Site Work</i>				
Land Surface Use	0043	\$5,000	\$0	\$5,000
Surveying & Staking	0001	\$1,500	\$0	\$1,500
Permits	0036	\$1,500	\$0	\$1,500
Surface Damages & Restoration	0003	\$0	\$9,500	\$9,500
Title	0042	\$0	\$5,000	\$5,000
Site Prep, Roads, Pits	0002	\$7,000	\$600	\$7,600
<i>Rig Costs</i>				
Drilling Contract	0004	\$23,550	\$6,000	\$29,550
Rig Trans, Erection, Removal	0007	\$1,500	\$0	\$1,500
Fuel, Power, Water	0010	\$3,000	\$0	\$3,000
Water Purchase	0048	\$0	\$0	\$0
Bits, Reamers, Tools	0008	\$0	\$2,400	\$2,400
Mud & Chemicals	0011	\$0	\$0	\$0
Drilling Supplies	0009	\$0	\$0	\$0
<i>Equipment and Services</i>				
Cementing	0012	\$3,100	\$8,500	\$11,600
Plugging Expense	0025	\$0	\$0	\$0
Casing Crews	0021	\$0	\$1,500	\$1,500
Rental Equipment	0023	\$3,900	\$8,200	\$12,100
Trucking & Hauling	0024	\$3,000	\$5,500	\$8,500
Welding	0039	\$400	\$0	\$400
Other Contract Labor	0026	\$3,000	\$0	\$3,000
Environmental & Safety	0040	\$500	\$0	\$500
Fishing Tools & Service	0041	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$100,000	\$100,000

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13437 Exhibit No. **63**  
Submitted By:  
Lance Oil & Gas, Inc  
Hearing Date: April 7, 2005

<b>Evaluation</b>		
Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500
Drill Stem Test, Mud Logging, Core work	0013	\$0
<b>Supervision</b>		
Geological & Engineering	0027	\$4,125
Labor, Company	0029	\$0
<b>Overhead, Allocated Costs, and Contingency</b>		
Overhead	0032	\$4,500
Road Infrastructure Allocated	0050	
Electrical Infrastructure Allocated	0049	
Water Management Infra Allocated	0046	
Miscellaneous and Contingency	0038	\$3,554
<b>TOTAL INTANGIBLE</b>		<b>\$74,629</b>

\$4,500	\$10,000
\$0	\$0
\$0	\$4,125
\$0	\$0
\$0	\$4,500
\$0	\$0
\$0	\$0
\$0	\$0
\$7,585	\$11,139
<b>\$159,285</b>	<b>\$233,914</b>

<b>SUMMARY OF ESTIMATED COSTS</b>		<b>Dry Hole</b>
<b>TANGIBLE COSTS</b>	<b>Sub Acc.#</b>	<b>Acct. 2670</b>
Conductor & Surface Casing	0002	\$2,646
Wellhead & Subsurface Equip	0007	\$300
Intermediate Casing	0003	\$0
Production Casing/ Liners	0004	
Tubing	0006	
Pumping Unit & Equipment	0008	
Engines and Power Equip	0028	
Electrical	0026	
Sucker Rods and Downhole pump	0009	
Install Costs Surface Equip	0020	
Tanks	0011	
Valves & Fittings	0014	
Pipe	0001	
Trunkline Costs	0024	
Flow Lines & Connections	0015	
Meter Building and Meter	0025	
Automation Equipment	0029	
Miscellaneous Equipment	0038	
Software and Communications Equip	0030	
Separators, Heater, Treater	0012	
Emission Control Combustors	0021	
Buildings	0016	
Fences & Cattle Guards	0017	
Water Management	0031	
<b>TOTAL TANGIBLE</b>		<b>\$ 2,946</b>
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS</b>		<b>\$ 77,575</b>

<b>Complete</b>	<b>TOTAL</b>
<b>Acct. 2675</b>	<b>Total:</b>
	\$ 2,646
\$1,300	\$ 1,600
	\$ -
\$11,550	\$ 11,550
\$3,650	\$ 3,650
\$13,000	\$ 13,000
\$6,000	\$ 6,000
\$0	\$ -
\$3,000	\$ 3,000
\$2,000	\$ 2,000
\$0	\$ -
\$2,000	\$ 2,000
\$0	\$ -
\$8,000	\$ 8,000
\$164,200	\$ 164,200
\$3,000	\$ 3,000
\$2,000	\$ 2,000
\$6,000	\$ 6,000
\$0	\$ -
\$4,000	\$ 4,000
\$0	\$ -
\$0	\$ -
\$0	\$ -
\$0	\$ -
\$229,700	\$ 232,646
<b>\$ 388,985</b>	<b>\$ 466,560</b>

Working Interest Owners:	WI %		Drilling
Lance Oil and Gas Company	100.000%	\$	77,575
0.00	0.0000%	\$	-
	0.0000%	\$	-
	0.0000%	\$	-
	0.0000%	\$	-
	0.0000%	\$	-
TOTAL	100.0000%	\$	77,575

<b>Completion</b>	<b>TOTAL</b>
\$ 388,985	\$ 466,560
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ 388,985	\$ 466,560