



**Authorization for Expenditure**  
**Lance Oil and Gas Company, Inc.**

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case No. 13574 Exhibit No. 4  
 Submitted by:  
**LANCE OIL & GAS CO., INC.**  
 Hearing Date: October 6, 2005

Business Unit/District: San Juan Psuedo API # \$ -  
 Well Name & Number: RPC 17 #1 AFE No. 999999  
 Location: SEC. 17 Township 29 North Range: 13 West Property #: 0  
 Footage 1,914 FNL 1449 FEL Quarter/Quarter NWSW API #: 29131914PCFC  
 County: San Juan State: New Mexico Date: 07/05/05  
 Field/Unit/Area: Picture Cliff/Fruitland Coal Budget Year: 2005  
 Proposed Total Depth: 1,150' Target Reservoir: PC / FC Project Type: DRILL  
 Anticipated Spud Date: 03/15/05 Est. Completion Date: 11/01/05 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 near Farmington City Limits. Observe stlps from State, City and Surface Owner.

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL	
<b>INTANGIBLE COSTS</b>		Sub Acct.#	Acct.# 2660	Acct.# 2665	TOTAL
<b>Permitting and Site Work</b>					
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	\$2,000	\$17,000	
<b>Rig Costs</b>					
Drilling Contract	0004	\$36,100	\$17,500	\$53,600	
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	
<b>Equipment and Services</b>					
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	\$2,000	\$0	\$2,000	
Fishing Tools & Service	0041	\$0	\$0	\$0	
Other Services, Stimulation, Treatments	0014	\$0	\$105,000	\$105,000	
<b>Evaluation</b>					
Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500	\$4,500	\$10,000	
Drill Stem Test, Mud Logging, Core work	0013	\$0	\$0	\$0	
<b>Supervision</b>					
Geological & Engineering	0027	\$8,000	\$0	\$8,000	
Labor, Company	0029	\$0	\$0	\$0	
<b>Overhead Allocated Costs and Contingency</b>					
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	\$7,500	\$8,745	\$16,245	
FRUITLAND COAL INTANGIBLES		\$153,500	\$91,823	\$245,323	
PICTURED CLIFFS INTANGIBLES		\$4,000	\$91,822	\$95,822	
<b>TOTAL INTANGIBLE</b>		<b>\$157,500</b>	<b>\$183,645</b>	<b>\$341,145</b>	

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL	
<b>TANGIBLE COSTS</b>		Sub Acc.#	Acct. 2670	Acct. 2675	Total:
Conductor & Surface Casing	0002	\$2,605			\$ 2,605
Wellhead & Subsurface Equip	0007	\$300	\$1,300		\$ 1,600
Intermediate Casing	0003	\$0			\$ -
Production Casing/ Liners	0004		\$12,098		\$ 12,098
Tubing	0006		\$4,116		\$ 4,116
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		\$3,470		\$ 3,470
Install Costs Surface Equip	0020		\$2,000		\$ 2,000
Tanks	0011		\$0		\$ -
Valves & Fittings	0014		\$5,000		\$ 5,000



**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  
 Well Name & Number: RPC 17 #1

Psuedo API # \$ -  
 AFE No. 999999  
 Property #: 0

Location: SEC. 17 Township 29 North Range: 13 West

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	\$ -
<b>FRUITLAND COAL TANGIBLE</b>			\$ 1,905	\$ 127,492
<b>PICTURED CLIFFS TANGIBLE</b>			\$ 1,000	\$ 128,492
<b>TOTAL TANGIBLE</b>			\$ 2,905	\$ 254,984

<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS FRUITLAND COAL</b>	\$ 155,405	\$ 219,315	\$ 374,720
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS PICTURED CLIFFS</b>	\$ 5,000	\$ 219,314	\$ 224,314
<b>TOTAL OF INTANGIBLE AND TANGIBLE COSTS</b>	<b>\$ 160,405</b>	<b>\$ 438,629</b>	<b>\$ 599,034</b>

Working Interest Owners:	WI %	Drilling	Completion	TOTAL
Lance Oil and Gas Company Fruitland Coal	#####	\$ 155,405	\$ 219,315	\$ 374,720
0.00	0.0000%	\$ -	\$ -	\$ -
Lance Oil and Gas Company Pictured Cliffs	#####	\$ 5,000	\$ 219,314	\$ 224,314
0.00	0.0000%	\$ -	\$ -	\$ -

TOTAL	LANCE OIL & GAS COMPANY, INC.	\$ 160,405	\$ 438,629	\$ 599,034
TOTAL	\$0.00	\$ -	\$ -	\$ -
See page 3 for remaining WIO	TOTAL	\$ 160,405	\$ 438,629	\$ 599,034

**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.  
 NAME 0  
 SIGNATURE \_\_\_\_\_ Date: \_\_\_\_\_

**Full Ownership Detail**

Working Interest Owners:	WI
Lance Oil and Gas Company Fruitland Coal	1.0000
0.0000	0.0000
<b>TOTAL FRUITLAND COAL</b>	<b>1.0000</b>
Lance Oil and Gas Company Pictured Cliffs	1.0000
0.0000	0.0000
<b>TOTAL PICTURED CLIFFS</b>	<b>1.0000</b>



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