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the heat	9-2-9-1156	1.169.8	- Jun	5
<u>anaida</u>		997 S. 14	1990 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	uninerwy

Authorization For Expenditure

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Company Entity 🤐 👘 👘 👘 🧌	(* 4. 21 5.4) .			Date Preparëd 💒 🕷 Septe	mber 2, 2010
Region	Well No.*	Prospect or Field Name	ု Property Number ဒီ	Carles Drill	ing AFE No. 🛣 🗠 🗧
Permian Lynch 23 Fed	2Н				1. 1 (. 1997) - 1 (. 1997) - 2 (. 1 (. 1997) - 2 (. 1 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (. 1997) - 2 (.
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stimate Type and the second	0	Start Date 👍 🤹 🤷 👻 🕹 set Est	. Comp Date 🦕 👾 🦗	Bone Spring	Ttl'Measured Depti 15,750' Ttl Vertical Depth
opplemental Estimate					11,150
			······································		
tangibles		Dry Hole Cost \$1,633,550	After Casing Po	oint C	s1,633,550
impletion Costs			\$1,355,750		\$1,355,750
tal Intangible Costs		\$1,633,550	\$1,355,750		\$2,989,300
ngibłes			······		
ell Equipment ase Equipment	un and a second s	\$232,000	\$986,656 \$148,750		\$1,218,656 \$148,750
tal Tangible Well Cost		\$232,000	\$1,135,406	1	\$1,367,406
ig and Abandon Cost		\$150,000	-\$150,000		\$0
lug and Abandon Cost otal Well Cost omments on Well Costs All tubulars, well or lease equipment is p		\$2,015,550	\$2,341,156		\$4,356,706
ell Control Insurance of the control insurance	priced by COPAS and CE a non-operating working ereunder and to pay you f such insurance accepta stions. You agree that fa ce policy. for, providus, among oth spense covering drilling (S2,015,550 PS guidelines using the Historic f guidelines using the Historic f ginterest owner, agree to be co r prorated share of the premiur able to Operator, as to form and nifure to provide the certificate of the terms, for \$20,000,000 (100%) (through completion) with a \$1,0	52,341,156 Price Multiplier. Price Multiplier. Vered by Operator's w ms therefore. If you el limits, at the time this of insurance, as provid w.l.) of Combined Sin 200,000 (100% W.l.) do	ell control insurance lect to purchase you s AFE is returned, if a ed herein, will result ngle Limit Coverage	\$4,356,706 \$2,356,706 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000 \$2,000
ell Control Insurance equipment is related to the provide a certificate of the commencement of drilling operations are procured by Operator.	priced by COPAS and CE a non-operating working ereunder and to pay you f such insurance accepta otions. You agree that fa ce policy. for, provides, among oth spense covering drilling (ticipate trouble free ope enditure herein granted osts under term of the ju	S2,015,550 PS guidelines using the Historic I guidelines using the Historic I sinterest owner, agree to be co ar prorated share of the premiur able to Operator, as to form and illure to provide the certificate of lithrough completion) with a \$1.0 (through completion) with a \$1.0 rations without any foreseeable . By approval of this AFE, the wo oint operating agreement, regul	52,341,156 Price Mültiplier. Price Mültiplier. Vered by Operator's wins therefore. If you el limits, at the time this of insurance, as provid w.l.) of Combined Sil 200,000 (100% W.l.) do w.l.) of Combined Sil	ell control insurance lect to purchase you s AFE is returned, if a ed herein, will result ngle Limit coverage eductible.	\$4,356,706 \$4,356,706 \$2 procured by Operator Ir own well control available, but in no even t in your being covered for well control and for well control and ceed the estimated cost portionate share of
ell Control Insurance of definition of the control insurance of the con	priced by COPAS and CE a non-operating working ereunder and to pay you f such insurance accept titions. You agree that fe ce policy. for, provides, among oth spense covering drilling (ticipate trouble free ope enditure herein granted osts under term of the)	\$2,015,550 PS guidelines using the Historic I ginterest owner, agree to be co- ar prorated share of the premiur able to Operator, as to form and infure to provide the certificate of the terms, for \$20,000,000 (100% (through completion) with a \$1,0 erations without any foreseeable . By approval of this AFE, the wi	52,341,156 Price Mültiplier. Price Mültiplier. Vered by Operator's wins therefore. If you el limits, at the time this of insurance, as provid w.l.) of Combined Sil 200,000 (100% W.l.) do w.l.) of Combined Sil	ell control insurance lect to purchase you s AFE is returned, if a ed herein, will result ngle Limit coverage eductible. actual costs may ex agrees to pay its pro pplicable agreement	\$4,356,706 \$4,356,706 \$2 procured by Operator Ir own well control available, but in no ever t in your being covered for well control and for well control and ceed the estimated cost portionate share of
otal Well Cost	priced by COPAS and CE a non-operating working ereunder and to pay you f such insurance accept titions. You agree that fe ce policy. for, provides, among oth spense covering drilling (ticipate trouble free ope enditure herein granted osts under term of the)	S2,015,550 PS guidelines using the Historic I guidelines using the completion if the operator, as to form and allow the provide the certificate of the terms, for \$20,000,000 (100% (through completion) with a \$1,0 through completion) with a \$1,0 through completion) with a \$1,0 through completion) with a \$1,0 through completion with a \$	52,341,156 Price Mültiplier. Price Mültiplier. Vered by Operator's wins therefore. If you el limits, at the time this of insurance, as provid w.l.) of Combined Sil 200,000 (100% W.l.) do change in plans. The orking interest owner atory order or other a	ell control insurance lect to purchase you s AFE is returned, if a ed herein, will result ngle Limit Coverage eductible. actual costs may ex agrees to pay its pro pplicable agreemen	\$4,356,706 \$4,356,706 \$2 procured by Operator Ir own well control available, but in no even t in your being covered for well control and for well control and ceed the estimated cost portionate share of
epared by	priced by COPAS and CE a non-operating working ereunder and to pay you f such insurance accepta ations. You agree that fa ce policy. (or, provides, among oth spense covering drilling (ticipate trouble free ope enditure herein granted osts under term of the p Drilling and Cor	S2,015,550 PS guidelines using the Historic I guidelines using the completion if the operator, as to form and allow the provide the certificate of the terms, for \$20,000,000 (100% (through completion) with a \$1,0 through completion) with a \$1,0 through completion) with a \$1,0 through completion) with a \$1,0 through completion with a \$	52,341,156 Price Mültiplier. Price Price P	ell control insurance lect to purchase you s AFE is returned, if a ed herein, will result ngle Limit Coverage eductible. actual costs may ex agrees to pay its pro pplicable agreemen	\$4,356,706 \$4,356,706 \$2 procured by Operator Ir own well control available, but in no even t in your being covered for well control and for well control and ceed the estimated cost portionate share of

Oil Conservation Division Case No._____ Exhibit No._____



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Project Cost Estimate

Lease Name: Lynch 23 Fed						w	ell No.:	2H
Intangibles			新生产的		Dry Hole Cost	wiCodes	After Casing	Completed Well
Rouds & Location Preparation / Restorati		is no service de la construction de la construction d	An the state of th	0900,100	\$50,000		\$3,000	\$53,000
Damages				Land Inter-	\$5,000			\$5,000
Mad / Fhilds Disposal Charges				140.255	\$50,000	An entrancial and a second	\$46,875	\$96,875
Day Rate 39 DH Days	5 ACP Da	w @	PerDay	1983-115	\$538,000	÷	\$69,000	\$607,000
Misc Preporation Cost (mouse hole, rat h			terrane a second de la contra de	MENT D	the second process of the second	aana	the second second second at the se	\$5,000
Bus	ore, proof, price cross			1000	\$65,000		\$1,000	\$66,000
The second s	er Gallon	1	Gallons Per Day	1040 PT	\$95,000		\$1,000	\$96,000
Water / Completion Fluids	17 00/0/		UPer Day		\$33,250		\$76,875	\$110,125
Mud & Additives			1	1991 (A)	ga na an an inna Canna	ann	mam	\$61,500
Surfar e Rentals			Per Day	ALC: NAUK (PAC)	\$41,000		\$111,000	\$152,000
Downhole Rentals			Las carries of all the second of the second	· • • • • • • • • • • • • • • • • • • •	\$113,000	C. LA MARKANNA CONTRACTOR	\$11,000	\$124,000
Formation Evaluation (DST, Coring includ	ing evaluation CS	G Services)			1	mann	CHANNER P	\$0
Mod Logging	. E	850 Days @	30 Per Day	die 19	\$ 30,000	sin a	in her start we have a start w	\$30,000
Open Hole Logging	·····	550] Entri @	5010 80	- <u>-</u>			MAAAAAA	\$18,000
Cementing & Float Equipment		,		THE HE	\$40,000		\$25,000	\$65,000
Lubukar Inspections		er angen 1986 - Practicae da			\$5,000	the subsection	\$3,000	\$8,000
A state of the process of the state of th				de la seconomia	\$26,000	fer an an an anna an an an an an an an an a	\$16,000	and the terms of the
Casing Crews				1.000.00	ka sa sa karana kar	for an and a second	provide a ferral sector a se	\$42,000
1.stra Labor, Welding, Etc				1969 - 85 Anna - Anna -	\$12,000	for the statement of th	\$5,000	\$17,000
Land Transporation (Trucking)			yaana ah ah ay ah yaa ah	a the star	\$23,000	the second s	\$4,000	\$27,000
Supervision			Per Day	3914 (193) 	\$50,000	da	\$19,000	\$69,000
Duiler House / Camp / Catering			400 Per Day	106 - 202	\$20,000	Second Se	\$4,000	\$24,000
Other Mise Expenses				. 1 and and an	\$2,000	 Signa as a second constraint. 	\$7,000	\$9,000
Overhaut			300 Per Dav	1999 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 -	\$12,000		\$3,000	\$15,000
Remedial Comenting				012 9.		l 1916 / 19 Separate or and		\$0
MOR/DEMOR				11NH 5475	\$25,000		alaala	\$25,000
Directional Drilling Services		14 Days @	8,600 Per Day	Dation (et	\$134,000	uuuuu	aaannsi	\$134,000
Dock. Dispatcher, Crane				1415 (20)		1005, 236		\$0
Marine & Air Transportation				(90), 275		014 (1256) 1997 - 1996) 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1	an an Sirion an	\$0
Solids Control			Per Day	1905, 550	\$50,800	Mana an	aaaaaa	\$50,800
Well Control Equip (Snubbing Svcs.)				180.765	\$32,000	196, €. 140	\$11,000	\$43,000
Fishing & Sidetrack Operations	11.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1			1886.370	\$0	(40), 2415		\$0
Completion Rig		7 Days @	3,400 Per Day	Maaaa	aaaaa	DIGCERS	\$36,000	\$36,000
Coil Tubing		1 Days @	Per Day	1111111		063.770	\$36,000	\$36,000
Completion Logging, Perforating, WL Uni	ts, WL Surveys			<i>Millill</i>		(867, 589	\$8,000	\$8,000
Stimulation				<i>uuuu</i>		065.249	\$690,000	\$690,000
Legal / Regulatory / Curative				015,300	\$13,000	DEC. 580		\$13,000
Weli Control Insurance	\$0.35 Per Foo	t		Difactions.	\$6,000	()))))))	7//////////////////////////////////////	\$6,000
Contingency 5% a	f Drilling Intangibl	where we do not the second sec		(a00,43).	\$78,000	0630230	\$59,000	\$137,000
Construction For Well Equipment				Mann	amanna	DW66.110	\$10,000	\$10,000
Construction For Lease Equipment				Millin .	amma	0055340	\$100,000	\$100,000
Construction For Sales P/L				- Millinnin	the second s	PRC.365		\$0
Total Intangible Cost				20222222222	\$1,633,550		\$1,355,750	\$2,989,300
Total intergrote cost					31,033,330		75,55,14	32,383,300

Tangible - Well Equipment 🐨 🖉 🖉 🖓 🗐 🖓 👘 👘	1. 1 1		1. 30 0	NA 3. W.A.	3*4 #158 24 #5	545 M (S	State and	1. 19. 19. 1
Casing	Size	Feet	\$ / Foot					
Drive Pipe	20 "	40.00	\$0.00	OWER,150	\$0			\$0
Canductor Pipe		1		DWI.B.1 (0)	\$0			\$0
Water String				OM60.135	\$0			50
Sinface Casing	13-3/8"	450.00	\$34.00	08866,640	\$15,000			\$15,000
Intermediate Casing	9 5/8"	4850.00	\$42.00	DWF6.142	\$204,000			\$204,000
Drilling Liner				DM9.0.145	\$0			\$0
Dulling Liner				DWEB. NO.	\$0			\$0
Production Cusing or Liner	7"	10750.00	\$32.80			DWEA 100	\$356,000	\$356,000
Production Tie-Back	4 1/2"	4800.00	\$15.97			DWEA 900	\$76,656	\$76,656
Tabing	2 7/8"	10500.00	\$7.30	anan n		2008(A-39)N	\$77,000	\$77,000
N/C Well Equipment				aaaaa		DASA (D)	\$7,500	\$7,500
Wellbrud, Itee. Chokes				16766-685	\$13,000	952 - 129	\$13,000	\$26,000
Linei Hanger, Isolation Packer				3954 C 164	\$0	00033325	\$0	\$0
Focket, Nipple's				uuuuu	uuuuu k	QM6-4-1783	\$168,000	\$168,000
Pamping Unit, Engine				aaaaa ah	an a	UTEQ 140	\$220,000	\$220,000
Lift Equipment (BHP, Rods, Anchors)				and the second s		00193,005	\$68,500	\$68,500
Tangible - Lease Equipment & That the second second	1 . 7 ° h.	· • • • • • •	34 3 2.6	15 6 182 44	Sitting and	1. S.	012 10 Mar 201	2223 3 1 × 1 1
N/C Lease Equipment				uuua		00.5115	\$59,750	\$59,750
Tunks, Tanks Steps, Stairs				aaan in the second s		04777129	\$56,500	\$56,500
Buttery (Beater Treater, Separator, Gas Treating Equipment)				1111111		100.125	\$26,500	\$26,500
How Lines (Line Pipe from wellhead to central facility)				ti an		1011/01/201	\$6,000	\$6,000
Offshore Production Structure for Facilities					MAAAAA	DWD. C	50	\$0
Pipeline to Sales						1025 5,350		\$0
Total Tangibles					\$232,000		\$1,135,406	\$1,367,406
P&A Costs				1469-252	\$150,000	14 j. 7 "	\$150,000	\$0
Total Cost					\$2,015,550	· · · · · · · · · · · · · · · · · · ·	\$2,341,156	\$4,356,706

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