

RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES

Well Name: Navajo 14 #2 well SECTION 14 PC NE4, FC E/2
Location: T29N R14W
Proposed Depth: 850' Fruitland Coal
1050' Pictured Cliffs

Date: 11/16/2001
Objective Formation: Commingled Pictured Cliffs
and Fruitland Coal

I. Drilling Costs (Included Run Casing)

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits - - - - -		5,000		2,500	2,500
Title Opinion - - - - -		4,000		2,000	2,000
Damages- - - - -		6,000		3,000	3,000
* Drilling (incl. water and mud) 1050' @ 15.00/ft.- - -		15,750		6,375	9,375
BOP Rental- - - - -		750		375	375
Dirt Work- - - - -		3,000		1,500	1,500
Pit Lining- - - - -		2,000		1,000	1,000
Surface Casing 200' @ 7.65/ft.- - - - -	1,530			765	765
Casing Head- - - - -	1,000			500	500
Cement Surface- - - - -		1,500		750	750
Power Tongs- - - - -		1,000		500	500
Casing 1050' @ 5.00/ft.- - - - -	5,250			2,125	3,125
Trucking- - - - -		2,000		1,000	1,000
Logs- - - - -		5,000		2,500	2,500
Engineering- - - - -		5,000		2,500	2,500
Cement Longstring- - - - -		4,000		1,619	2,381
Total Cost to Run Casing- - - - -	7,780	55,000	62,780	29,009	33,771
6.0625% Farmington, NM Tax			3,806	1,759	2,047
10% Contingency- - - - -			6,278	2,901	3,377
Grand Total to Run Casing- - - - -			72,864	33,669	39,195

II. Completion Costs

Rig Anchors- - - - -		750		375	375
Logs- - - - -		2,500		1,250	1,250
Perf- - - - -		3,000		1,500	1,500
Wellhead & Fittings- - - - -	3,000			1,500	1,500
Tubing 1050' @ 2.10/ft.- - - - -	2,205			893	1,313
Stimulation- - - - -		50,000		25,000	25,000
Tool Rental- - - - -		2,000		1,000	1,000
Trucking- - - - -		2,000		1,000	1,000
Battery Installation- - - - -		4,000		2,000	2,000
Restore Location- - - - -		2,000		1,000	1,000
Engineering- - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline- - - - -	3,000			1,500	1,500
Tank & Fittings- - - - -	5,000			2,500	2,500
Gravel- - - - -	2,000			1,000	1,000
Workover Rig- - - - -		12,000		6,000	6,000
Completion Fluids- - - - -		2,000		1,000	1,000
Pipeline Hookup- - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		1,000		500	500
Frac Tank Rental- - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location- - - - -	5,000			2,500	2,500
Total Completion Costs- - - - -	26,205	103,250	129,455	64,518	64,938
6.0625% Farmington, NM Tax			7,848	3,911	3,937
10% Contingency- - - - -			12,946	6,452	6,494
Drilling Costs- - - - -			72,864	33,669	39,195
Grand Total Well Costs			223,113	108,549	114,564

WI Share of Costs

FRUITLAND COAL				
5.4385% Mary Fischer f/k/a DOME INCORPORATED	DATE _____	APPROVED _____		\$5,903
94.5615% RICHARDSON OPERATING COMPANY	DATE _____	APPROVED _____		\$102,646
			TOTAL	\$108,549
PICTURED CLIFFS				
10.6656% Mary Fischer f/k/a DOME INCORPORATED	DATE _____	APPROVED _____		\$12,219
89.3344% RICHARDSON OPERATING COMPANY	DATE _____	APPROVED _____		\$102,345
			TOTAL	\$114,564
			Fischer	\$18,122
			Richardson	\$204,990

BEFORE THE
OIL CONSERVATION DIVISION
Case No.12910 Exhibit No. **12**
Submitted By:
Richardson Production
Hearing Date: August 22, 2002