

**AUTHORITY FOR EXPENDITURE
DRUM ENERGY CORP.
HOUSE PROSPECT
FRANCIS EVELYN #1**

INTANGIBLE	PRODUCER	DRY HOLE
Abstract/Title opinion	\$ 6,000	\$ 6,000
Survey/Location/Damages	5,000	5,000
Drilling footage @ \$11.00	68,200	68,200
Rotary day work: 2 days @ \$4200	8,400	8,400
Pulling unit: 4 days @ \$1200	4,800	
Drilling fluid & trucking	8,000	8,000
Drilling mud and chemicals	4,000	4,000
Surface csg. cement & hardware	4,000	4,000
Production csg. cement & DV tool	22,900	
Pit lining	750	750
Mud logging	1,000	1,000
Open hole logging	5,600	5,600
Perforating	1,200	
Acidizing	2,200	
Frac	25,000	
Engineering/Supervision	4,500	3,600
Rental equipment	2,500	1,500
Trucking and forklift	4,000	2,500
Labor: surface installations	2,500	
Overhead	1,500	1,200
Plugging (cement, dry hole marker, site restoration)		4,000
Contingencies: 10%	<u>17,600</u>	<u>11,800</u>
TOTAL INTANGIBLE	\$ 193,650	\$ 129,550
TANGIBLE		
Surface csg.: 1600 feet 8 5/8 @ \$8.00	12,800	12,800
Production csg.: 6200 feet 5 1/2 @ \$3.75	23,250	
Tubing: 6200 feet 2 7/8 @ \$2.25	13,950	
Rods: 6200 feet @ .90	5,580	
Downhole pump	1,200	
Wellhead	1,750	750
Flowlines and connections	2,000	
Tankage: (2) 300 steel, (1) 500 fiberglass	8,000	
Pumping unit and base	15,000	
Motor and controls	2,500	
Heater treater	2,500	
Electrification	3,500	
Contingencies: 10%	<u>9,200</u>	<u>1,350</u>
TOTAL TANGIBLE	\$ 101,230	\$ 14,900
Cash plugging bond:	7,500	
TOTAL	\$ 302,380	\$ 144,450

It is recognized and understood that the amounts herein are estimates only and that approval of this authorization shall extend to the actual costs incurred in the conduct of the operation specified whether more or less than set out herein.

APPROVED BY WORKING INTEREST OWNER:

DRUM ENERGY CORP.

By: _____
Date

Drum Energy Corporation
Case No. 10776
Before Examiner Stogner
Exhibit No. 1