

NEARBURG PRODUCING COMPANY

AUTHORITY FOR EXPENDITURE

LEASE: Price Family WELL NO.: 1 PROPOSED TOTAL DEPTH: 12,100'
 LOCATION: Section 13-117S-R37E
 DESCRIPTION OF WORK: Drill and complete as a flowing Strawn oil producer.

DATE PREPARED: 7/11/89 EST. SPUD DATE: 7/20/89 EST. COMPLETION DATE: 9/1/89

	TO CASING POINT	COMPLETION	TOTAL WELL
INTANGIBLE COSTS:			
Drilling: Footage - 12,100' @ \$12.50/ft.	\$151,250	\$ ---	\$151,250
Daywork - 4 days @ \$3900/day	11,700	3,900	15,600
Other - Mud Cleaner	3,500	---	3,500
Mud & Chemicals	25,000	---	25,000
Brine & Water	15,000	2,500	17,500
Conductor	---	---	---
Cement: Surface	3,850	---	3,850
Intermediate	12,400	---	12,400
Oil String	---	8,500	8,500
Plug	8,000	(8,000)	---
Location: Road Pad & Cleanup + Pits	10,000	3,000	13,000
Survey	750	---	750
Damages	10,000	---	10,000
Services: Logging	35,000	---	35,000
Testing - DST	7,500	---	7,500
Coring & Analysis	---	---	---
Comp. Unit, Swabbing 5 days @ \$1150/day	---	5,750	5,750
Perforating	---	5,000	5,000
Treating, Acidizing, Fracturing	---	2,500	2,500
Supervision	7,500	5,000	12,500
Other - Mud Logger	7,500	---	7,500
Hauling: Equipment	5,000	2,000	7,000
Rental	5,000	3,000	8,000
Equipment: Test Tanks, Etc.	2,000	2,000	4,000
Csg Crew, Sandblast, Ruffcoat, Insp	200	10,445	10,645
Supplies - Labor	2,500	15,000	17,500
Insurance	1,500	500	2,000
Expense Reports & Overhead	7,500	3,000	10,500
Subtotal	332,650	64,095	396,745
Contingencies - 10%	33,265	6,410	39,675
ESTIMATED TOTAL INTANGIBLES	365,915	70,505	436,420
Casing: Conductor ---' of ---" @ \$ --- /ft	---	---	---
Surface 450' of 13-3/8" @ \$17.00/ft	7,650	---	7,650
Intermed. 4,750' of 8-5/8" @ \$11.50/ft	54,625	---	54,625
Production 12,100' of 5-1/2" @ \$ 8.22/ft	---	99,450	99,450
Tubing 11,700' of 2-3/8" @ \$ 3.00/ft	---	35,100	35,100
Rods ---' of ---" @ \$ --- /rod	---	---	---
Wellheads & Misc. Fittings	2,500	10,100	12,600
Pumping Unit, Motor & Subsurface Equip.	---	---	---
Tank Battery: Tanks	---	10,000	10,000
Treater or Separator	---	7,500	7,500
Fittings	---	5,000	5,000
Flowlines & Gas Meter	---	5,000	5,000
Electrical Hookup	---	5,000	5,000
Other	---	---	---

ESTIMATED TOTAL TANGIBLES (EQUIPMENT)	64,775	177,150	241,925
ESTIMATED TOTAL WELL COSTS	\$430,690	\$247,655	\$678,345

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

APPROVAL: COMPANY _____
 BY _____
 TITLE _____
 DATE _____

BEFORE EXAMINER STOGNER
 OIL CONSERVATION DIVISION
~~NEARJUA~~ EXHIBIT NO. 2
 CASE NO. 9693