

AFE

EXAMINER CATANACH
EXAMINATION CATANACH
_____ NO. 7
CASE NO. _____

## STRATA ENERGY RESOURCES CORPORATION

## AUTHORIZATION FOR EXPENDITURE

DATE: 2-05-91

Operator: LBO New Mexico, Inc. Well No.: O.G. State #2  
 Location: Sec. 9, T11S, R33E County: Lea  
 Field: Bagley Formation: Mississippian

Prospect: O. G. State  
 State: New Mexico  
 Depth: 11,200'

DESCRIPTION	TANGIBLE	INTANGIBLE	TOTAL COST
<b>DRILLING COSTS</b>			
Survey, Location, Road, Surface Damage		15,000	15,000
Land/Lease Acquisition Costs		10,000	10,000
Drilling Rig - Day Rate: \$5500 Footage Rate: \$20.00		240,800	240,800
Drilling Bond/Insurance		7,500	7,500
Surface Casing - 13-3/8" X 360' @ \$ 25.00 Per Foot	9,000		9,000
Cement/Accessories/Services - Surface Casing		8,700	8,700
Truck/transportation		9,000	9,000
Protective Casing - 8-5/8" X 4000' @ \$ 12.00 Per Foot	48,000		48,000
Cement/Accessories/Services - Protective Casing		12,300	12,300
Protective Liner - " X @ \$ Per Foot			0
Cement/Accessories/Hanger & Service			0
Casing Heads, valves & fittings	8,500		8,500
Mud, water, oil & chemicals		45,300	45,300
Logging		14,000	14,000
Formation Testing		12,000	12,000
Special tools, bits & rentals		5,000	5,000
Supervision, engineering & geological		8,750	8,750
Miscellaneous services, supplies & labor		13,000	13,000
Contingency (5%)	3,275	22,068	25,343
<b>TOTAL DRILLING COST</b>	<b>68,775</b>	<b>423,418</b>	<b>492,193</b>
<b>ABANDONMENT COSTS</b>			
Cost to Abandon		19,000	19,000
<b>TOTAL DRY HOLE COSTS</b>		<b>19,000</b>	<b>19,000</b>
<b>COMPLETION COSTS</b>			
Production Casing/Liner - 5-1/2" X 10,400' @ \$10.50 Per Ft.	109,200		109,200
Cement/Accessories/Service		16,000	16,000
Casing Heads, valves & fittings	7,000		7,000
Packers, accessories & service	4,500	6,000	10,500
Production Tubing - 2-7/8" X 10,200' @ \$ 2.25 Per Foot	22,950		22,950
Perforating Service/Logs		6,500	6,500
Treating services/supplies		12,000	12,000
Fracing/Swabbing		7,500	7,500
Completion Rig		11,200	11,200
Artificial lift equipment	37,000		37,000
Supervision, engineering, geological		5,250	5,250
Misc. services, supplies & labor		8,000	8,000
Contingency (5%)	9,032	3,622	12,654
<b>TOTAL COMPLETION COSTS</b>	<b>189,682</b>	<b>76,072</b>	<b>265,754</b>
<b>LEASE FACILITIES COSTS</b>			
Build site & road			0
Production tanks/accessories	23,000		23,000
Heaters/Treaters/Accessories	5,000		5,000
Line/Flow Pipe & other	500		500
Valves & fittings	2,000		2,000
Misc. services, supplies & other		5,000	5,000
Contingency (5%)	1,525	500	2,025
<b>TOTAL LEASE FACILITIES COST</b>	<b>32,025</b>	<b>5,500</b>	<b>37,525</b>
<b>SUMMARY OF COSTS</b>			
DRILLING COST	68,775	423,418	492,193
COMPLETION COST	189,682	76,072	265,754
LEASE FACILITIES COST	32,025	5,500	37,525
<b>TOTAL WELL COST</b>	<b>290,482</b>	<b>504,990</b>	<b>795,472</b>