

AUTHORITY FOR EXPENDITURE

DATE: 28 OCT 1985
LEASE NAME CONTINENTAL DIVIDE
LOCATION: NW NE SEC 12 T25N R2W
OPERATOR: JEROME P. McHUGH AND ASSOC.
DESCRIPTION: 8200' DAKOTA TEST

WELL NO.: 0410010
WELL NO.: 1
COUNTY: RIO ARRIBA
STATE: NEW MEX.

ACCOUNTING EXPENDITURE TANGIBLE INTANGIBLE
CODE DESCRIPTION COST COST

LEGAL COSTS/SURFACE DAMAGES	XXXXXXXXXX	6,000
SURVEYOR/ARCHEOLOGIST/ROADS/LOCATION	XXXXXXXXXX	54,000
CONTRACT DRILLING	XXXXXXXXXX	175,500
MUD/CHEMICALS/ADDITIVES	XXXXXXXXXX	INCL
WATER/PURCHASE/TRANSPORTATION	XXXXXXXXXX	INCL
OPEN HOLE LOGGING	XXXXXXXXXX	11,250
MUD LOGGING	XXXXXXXXXX	2,500
DST/FORMATION TESTING	XXXXXXXXXX	0
CORING/CORE ANALYSIS	XXXXXXXXXX	0
TRUCKING/HAULING/CATWORK	XXXXXXXXXX	5,000
CEMENTING SERVICES	XXXXXXXXXX	2,500
RENTAL TOOLS AND EQUIPMENT	XXXXXXXXXX	2,500
PROFFESIONAL SERVICES AND EXPENSES	XXXXXXXXXX	5,000
SUPERVISION/OVERHEAD	XXXXXXXXXX	4,500
CONTRACT SERVICES/SUPPLIES	XXXXXXXXXX	5,000
PLUG/ABANDON/CLEANUP	XXXXXXXXXX	6,500
MISCELLANEOUS/CONTINGENCIES	XXXXXXXXXX	18,500
CASING, SURFACE &/OR CONDUCTOR	INCL XXXXXXXXXX	
CASING, INTERMEDIATE	0 XXXXXXXXXX	
FLOAT EQUIPMENT & CENTRALIZERS	INCL XXXXXXXXXX	
CASING HEAD/ DRILLING FLANGE	1,200 XXXXXXXXXX	
NON-CONTROLLABLE EQUIPMENT	500 XXXXXXXXXX	

DRY HOLE COST: TOTAL \$300,450 <<< 1,700 298,750

CEMENTING SERVICES	XXXXXXXXXX	22,000
COMPLETION UNIT/POWER SWIVEL/PUMP/PITS	XXXXXXXXXX	20,000
PERFORATING AND CASSED HOLE LOGGING	XXXXXXXXXX	5,000
FORMATION TREATING/FRAC/ACID	XXXXXXXXXX	25,000
RENTAL TOOLS & EQUIPMENT	XXXXXXXXXX	3,500
DIRT WORK/CONSTRUCTION	XXXXXXXXXX	3,500
CONTRACT SERVICES/SUPPLIES	XXXXXXXXXX	13,000
SUPERVISION/OVERHEAD	XXXXXXXXXX	3,000
PROFESSIONAL SERVICES & EXPENSES	XXXXXXXXXX	4,000
MISCELLANEOUS/CONTINGENCIES	XXXXXXXXXX	9,000
CASING, PRODUCTION &/OR LINER	45,000 XXXXXXXXXX	
FLOAT EQUIPMENT & CENTRALIZERS	6,500 XXXXXXXXXX	
TUBING/PACKER/SPECIAL SUBSURFACE EQUIP	27,000 XXXXXXXXXX	
RODS/PUMP/AUXILLARY EQUIP	14,000 XXXXXXXXXX	
TUBING HEAD/CHRISTMAS TREE	5,300 XXXXXXXXXX	
PUMPING UNIT/PRIME MOVER	45,000 XXXXXXXXXX	
TANKS/STAIRWAY/WALKWAY	13,200 XXXXXXXXXX	
SEPARATOR/TREATOR/PRODUCTION UNIT	10,000 XXXXXXXXXX	
PIPELINE/POWERLINE	42,000 XXXXXXXXXX	
VALVES/FITTINGS/LINE PIPE	6,000 XXXXXXXXXX	
NON-CONTROLLABLE EQUIP/MISC EQUIP	2,000 XXXXXXXXXX	
TRUCKING/HAULING/TRANSPORTATION	5,000 XXXXXXXXXX	

COMPLETION COSTS: TOTAL \$329,000 <<< 221,000 108,000

TOTAL WELL COSTS: \$629,450 <<< 222,700 406,750

PARTNER APPROVALS:

WI %	COMPANY	BY	TITLE	DATE
43.750000	Jerome P. McHugh	<i>Jerome P. McHugh</i>	Land Mgr.	11/4/85
6.250000	Dugan Production Corp.			
12.500000	Reading & Bates O&G Co.			
5.853274	PC, Ltd.			
5.853273	IBEX Partnership			
12.500000	Hooper, Kimball & Williams			
.328063	Carolyn Clark Oatman			
.305176	Warren Clark Trust, by Mable Reed, Trustee			
.160214	Testamentary Trust under the Will of Warren Clark			
6.250000	Mountain States Natural Gas			
3.125000	Ralph Gilliland			
2.906250	Duer Wagner, Jr.			
.218750	Duer Wagner III			