



## INSTRUCTIONS

### Present Rate of Production

Production must be from the well under application only. Data from monthly production reports as sent to the Board of Oil and Gas is satisfactory. If production reports are on a lease basis including other wells, individual well test data may be required.

### Current Posted Field Price of Gas

The current posted field price of gas is defined as the price paid per MCF by the first purchaser.

### Present Operating Cost

Present operating cost is the total direct cost of prudently operating the well over a 30-day period, whether paid or accrued. These direct costs are limited to labor, general supervision, water disposal, fuel, power, lubricants, chemicals, trucking, transportation, taxes, depreciation of equipment, license and permit fees, treating gas to make it marketable, maintenance and repair of the well, equipment, roads, entrance and gates, office maintenance, bookkeeping and accounting. Items not allowable under this part are drilling costs, lease acquisition fees and rentals, equipment purchases, seismic and other data acquisition.

### Proven Reserves

Proven reserves is defined as the amount of gas in known deposits which is estimated to be recoverable under current economic and operating conditions. For the purposes of this application, the applicant must submit two estimates of the gas recoverable by means of equipment currently in use at the wellhead; one estimate of gas recoverable at current posted field prices and another estimate should the purchase price be equal to \$3.00 per MCF.