

**EDGE PETROLEUM OPERATING COMPANY**  
**1301 TRAVIS STREET, SUITE 2000, HOUSTON, TX, 77002**  
 Tel: (713) 654-8960, Fax: (713) 654-7722

**AUTHORIZATION - FOR - EXPENDITURE**

Lease/Well: Kemnitz "28" State #1  
 Location: 1980' FNL 660' FEL Section 28 T16S R34E  
Lea County, NM  
 X= \_\_\_\_\_ Y= \_\_\_\_\_

Field/Prospect: Kemnitz Date: 11/20/2003  
 Objective: Atoka, Morrow  
 Proposed TD: 13,400'  
 AFE No: 2402009

Project Type: DRILLING-EXPL DRILLING-DEV RECOMPLETION WO-EXPENSE OTHER INVEST  
 (Circle one)

Project Description: AFE scope is to drill and complete a 13,400' Atoka, Morrow Well.

INTANGIBLE COSTS		DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages		14,000		14,000
Location & Road: Bldg./Restor		25,000	3,000	28,000
Con. Drill.-Daywork	48 days @ \$ 8,200	393,600	24,600	418,200
Con. Drill.-Turnkey, Footage, Other	to			
Completion Rig:	12 days @ \$ 2,500		30,000	30,000
MI/RU/RD		60,000		60,000
Mud & Chemical		45,000		45,000
Fuel, Power, and Water		60,000	3,500	63,500
Bits		65,000	1,600	66,600
Cement & Cement Services		33,000	30,000	63,000
Casing Crew, Tongs & Tools		6,300	5,400	11,700
Mud Logging/MWD	38 days @ \$ 750	28,500		28,500
Electric Logging/Perforating/Wireline		25,000	18,000	43,000
Swab/Coiled Tubing Units	days @ \$			
Fracture/ Acid Stimulation			100,000	100,000
Fishing Services				
Rental Tools & Equipment		48,000	12,000	60,000
Contract Supervision	56 days @ \$ 750	42,000	14,000	56,000
Co. Labor (Time, Exp. & Benefits)				
Welding, Trucking, Contract Labor		12,500	17,500	30,000
DST & FT/Coring & Analysis		6,500		6,500
Consulting Services				
Overhead		14,000	7,000	21,000
Transportation		6,000	3,500	9,500
Tubing Inspection and testing		3,500	2,000	5,500
Other		5,000	5,000	10,000
<b>Subtotal Intangible</b>		<b>892,900</b>	<b>277,100</b>	<b>1,170,000</b>
Contingencies	5 %	44,645	13,855	58,500
<b>TOTAL INTANGIBLE COSTS</b>		<b>937,545</b>	<b>290,955</b>	<b>1,228,500</b>

TANGIBLE COSTS	Size	Footage	\$/foot	DRILLING	COMPLETION	TOTAL
Conductor Pipe				7,000		7,000
Surf. Casing	13 3/8"	450	18.00	8,100		8,100
Intermediate Csg	9 5/8"	4800	12.50	60,000		60,000
Intermediate Csg						
Production	5 1/2"	13400	7.00		93,800	93,800
Tubing	2 7/8"	13100	3.50		45,850	45,850
Float Equip. & Liner Hanger				4,200	3,000	7,200
Valves & Fittings					5,000	5,000
Wellhead Equipment				18,000	16,000	34,000
Misc. Equipment						
Packer & Downhole Equipment					8,000	8,000
Rods & Pump						
Pumping Unit & Prime Mover						
Meter & Meter Run					8,500	8,500
Flowlines & Connections					25,000	25,000
Tanks					15,000	15,000
Heater & Dehyd./Compressor						
Separator/Heater-Treater					10,000	10,000
Installation Costs					15,000	15,000
Pipeline/ROW & Sales Connection						
Other						
<b>Subtotal Tangible</b>				<b>97,300</b>	<b>245,150</b>	<b>342,450</b>
Contingencies			5 %	4,865	12,258	17,123
<b>TOTAL TANGIBLE COSTS</b>				<b>102,165</b>	<b>257,408</b>	<b>359,573</b>

BEFORE EXAMINER  
 OIL CONSERVATION DIVISION  
 EXHIBIT NO. 4

**TOTAL TANGIBLE & INTANGIBLE COST**      **1,039,710**      **548,363**      **1,588,073**

EDGE APPROVAL:      Edge WI (%) 25.00  
 Prepared by: Jim Keisling      dbk  
 Date: 11/20/2003  
 Approved by: [Signature]  
 Date: [Signature]

NONOPERATOR APPROVAL:  
 Company: \_\_\_\_\_ WI (%) \_\_\_\_\_  
 App'd by: \_\_\_\_\_  
 Title: \_\_\_\_\_ Date: \_\_\_\_\_  
 Desire to be covered by Edge Petroleum's Insurance  
 Decline to be covered by Edge Petroleum's Insurance

Note: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.

**EDGE PETROLEUM CORPORATION**  
WELL SUMMARY

LEASE: KEMNITZ 28 STATE  
WELL: No. 1  
AREA: LEA CO., NM  
FIELD: KEMNITZ

SURF LOC: SECTION 28, T16S, R34E  
BHL: STRAIGHT HOLE  
X:  
Y:

ENGR: JIM KEISLING  
RIG:  
ELEV. 4097'  
KB:

DIRECTIONAL	OPEN HOLE LOGGING	SANDS/MARKERS	DEPTH		CASING PROFILE	HOLE SIZE	CASING DETAILS	MUD WT. & TYPE	MAXIMUM DOGLEG SEVERITY
			TVD	MD					
			40'	40'		PRESET	20" Conductor		
			450'	450'		17-1/2"	13-3/8", 48 ppf H-40, STC	SPUD MUD 8.8 PPG	2°/100'
			2000'	2000'		12 1/4"	TOC	8.4-10.3 ppg native mud 400'-3000'	
		Yates	2891'	2891'					
		San Andres	4581'	4581'					
STRAIGHT HOLE	E-LOGS NONE		4800'	4800'			9 5/8", 36 ppf K-55, STC 0'-4800'	8.4-10.3 ppg native mud 400'-4800'	2°/100'
		Abo	8106'	8106'				8.4-8.9 ppg fresh gel 4800'-8500' CI - 1-8000	
		Wolfcamp	9946'	9946'			TOC @ 9500'		
		Townsend Lime	10751'	10751'					
		Kemnitz Lime	10881'	10881'					
		Strawn Lime	11961'	11961'				8.4-8.9 ppg fresh gel 8500'-10200' CI - 130-145K	
		Atoka	12256'	12256'		8-1/2"			
		Upper Morrow	12746'	12746'					
		Middle Morrow	13036'	13036'					
		Lower Morrow	13096'	13096'					
		Chester	13106'	13106'					
STRAIGHT HOLE	E-LOGS Triple Combo 4800' to 13400'	TD	13400'	13400'			5 1/2", 17#, N-80, LTC 0'-13400'	9.5-9.9 ppg brine, XCD starch 9800'-13400'	2°/100'