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

AUTHORIZATION - FOR - EXPENDITURE

Lease/Well: Golden Lane 29	State No. 1		_	Field/Prospect:	Golden Lane		Date: 3/2/2005
Location: NENE Section 2			-		Strawn, Morrow		
Eddy County, NI	M Soction	00 TODE D	5005	Proposed TD:			
Surface 1130' FWL & 25 Bottom Hole 1260' FEL & 710	520' FNL Section 2			AFE No:	2508		
	LING-EXPL		LING-DEV		RECOMPLETION	WO-EXPENSE	OTHER INVEST
(Circle one)							
Project Description:	AFE scope is to	drill and co	molete a di	rectional 13,000' MD	Strawn/Morrow Wel	I.	
riojest services	F. S 333F.	J C. II.					
INTANGIBLE COSTS					DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages					15,500	2.000	15,500
Location & Road: Bldg./Resto	r	——————————————————————————————————————	@ C	44.000	30,000	3,000	33,000
Con. DrillDaywork Con. DrillTurnkey, Footage,	Other	47	_days @ \$ to	11,000	517,000	33,000	550,000
Con. Drill1 urnkey, Footage, Completion Rig:	Otriei	15	ຼີປays@ \$	2.500	h	37,500	37,500
MI/RU/RD			_galo @ +	E,000	70,000	01,000	70,000
Mud & Chemical					80,000		80,000
Fuel Power, and Water					105,000	3,500	108,500
Bits					85,000	1,600	86,600
Cement & Cement Services					80,000	44,000	124,000
Casing Crew, Tongs & Tools					17,000	6,500	23,500
Mud Logging/MWD		36	days @ \$	750	27,000		27,000
Electric Logging/Perforating/V	Vireline				50,000	24,000	74,000
Swab/Coiled Tubing Units	•••••		days @ \$				
Directional Services					140,000		140,000
Fracture/ Acid Stimulation						135,000	135,000
Fishing Services							-
Rental Tools & Equipment					200,000	20,000	220,000
Contract Supervision		57	days @ \$	750	42,750	14,000	56,750
Co. Labor (Time, Exp. & Bene	efits)						-
Welding, Trucking, Contract L	•				25,000	17,500	42,500
DST & FT/Coring & Analysis					6,500		6,500
Consulting Services						2,500	2,500
Overhead					14,000	7,000	21,000
Transportation					20,000	3,500	23,500
Tubing inspection and testing					3,500	2,000	5,500
							-1
Other					5,000	5,000	10,000
	T	Subtotal In	ntangible			5,000 359,600	10,000 1,892,850
	Contingencies	Subtotal In		%	5,000		
		Subtotal In	5	%	5,000 1,533,250	359,600	1,892,850
Other			5	%	5,000 1,533,250 76,663 1,609,913	359,600 17,980 377,580	1,892,850 94,643 1,987,493
Other TANGIBLE COSTS		ANGIBLE C	COSTS		5,000 1,533,250 76,663 1,609,913	359,600 17,980	1,892,850 94,643
TANGIBLE COSTS Conductor Pipe		Size	COSTS Footage	\$/foot	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500	359,600 17,980 377,580	1,892,850 94,643 1,987,493 TOTAL 8,500
TANGIBLE COSTS Conductor Pipe Surf. Casing		Size 20	Footage 450	\$/foot 47.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150	359,600 17,980 377,580	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg		Size 20 13 3/8"	Footage 450 1600	\$/foot 47.00 34.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400	359,600 17,980 377,580	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg		Size 20 13 3/8" 9 5/8"	Footage 450 1600 3980	\$/foot 47.00 34.00 23.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150	359,600 17,980 377,580 COMPLETION	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Production		Size 20 13 3/8" 9 5/8" 5 1/2"	Footage 450 1600 3980 13000	\$/foot 47.00 34.00 23.00 13.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400	359,600 17,980 377,580 COMPLETION	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Production Tubing		Size 20 13 3/8" 9 5/8"	Footage 450 1600 3980	\$/foot 47.00 34.00 23.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400	359,600 17,980 377,580 COMPLETION	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger		Size 20 13 3/8" 9 5/8" 5 1/2"	Footage 450 1600 3980 13000	\$/foot 47.00 34.00 23.00 13.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400	359,600 17,980 377,580 COMPLETION 169,000 77,100 3,000	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8"	Footage 450 1600 3980 13000 12850	\$/foot 47.00 34.00 23.00 13.00 6.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540	359,600 17,980 377,680 COMPLETION 169,000 77,100 3,000 10,000	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000
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Other TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8"	Footage 450 1600 3980 13000 12850	\$/foot 47.00 34.00 23.00 13.00 6.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540	359,600 17,980 377,680 COMPLETION 169,000 77,100 3,000 10,000 16,000 9,000	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 - 9,000 8,500 25,000
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TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections Tanks Heater & Dehyd./Compressor Separator/Heater-Treater Installation Costs Pipeline/ROW & Sales Connections	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8"	Footage 450 1600 3980 13000 12850	\$/foot 47.00 34.00 23.00 13.00 6.00	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540 10,000 18,000	359,600 17,980 377,680 COMPLETION 169,000 77,100 3,000 10,000 16,000 9,000 25,000 15,000 15,000	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 8,500 25,000 15,000 - 10,000 15,000 561,190
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TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections Tanks Heater & Dehyd./Compressor Separator/Heater-Treater Installation Costs Pipeline/ROW & Sales Copke Other TOTAL TAN EDGE APPROVAL: Prepared by: Jim Keisling	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8" 1	Footage 450 1600 3980 13000 12850	\$/foot	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540 10,000 18,000 203,590 10,180 213,770	359,600 17,980 377,580 COMPLETION 169,000 77,100 3,000 16,000 9,000 15,000 15,000 15,000 15,000 17,880 375,480	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 8,500 25,000 15,000 10,000 15,000
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections Tanks Heater & Dehyd./Compressor Separator/Heater-Treater Installation Costs Pipeline/ROW & Sales Connections Total Tan EDGE APPROVAL: Prepared by: Jim Keisling Date: 3/2/2005	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8" 1	Footage 450 1600 3980 13000 12850	\$/foot	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540 10,000 18,000 203,590 10,180 213,770	359,600 17,980 377,580 COMPLETION 169,000 77,100 3,000 16,000 9,000 15,000 15,000 15,000 15,000 17,880 375,480	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 8,500 25,000 15,000 - 10,000 15,000 561,190 28,060 589,250
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Intermediate Csg Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections Tanks Heater & Dehyd./Compressor Separator/Heater-Treater Installation Costs Pipeline/ROW & Sales Coppe Other TOTAL TAN EDGE APPROVAL: Prepared by: Jim Keisling Date: 3/2/2005 Approved by:	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8" 1	Footage 450 1600 3980 13000 12850	\$/foot	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540 10,000 18,000 203,590 10,180 213,770 1,823,682 PPROVAL:	359,600 17,980 377,680 COMPLETION 169,000 77,100 3,000 10,000 16,000 9,000 15,000 15,000 15,000 357,600 17,880 375,480	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 8,500 25,000 15,000 - 10,000 15,000 561,190 28,060 589,250
TANGIBLE COSTS Conductor Pipe Surf. Casing Intermediate Csg Intermediate Csg Intermediate Csg Production Tubing Float Equip. & Liner Hanger Valves & Fittings Wellhead Equipment Misc. Equipment Packer & Downhole Equipment Rods & Pump Pumping Unit & Prime Mover Meter & Meter Run Flowlines & Connections Tanks Heater & Dehyd./Compressor Separator/Heater-Treater Installation Costs Pipeline/ROW & Sales Connections Total Tan EDGE APPROVAL: Prepared by: Jim Keisling Date: 3/2/2005	TOTAL INT	Size 20 13 3/8" 9 5/8" 5 1/2" 2 7/8" 1	Footage 450 1600 3980 13000 12850	\$/foot 47.00 34.00 23.00 13.00 6.00 **COWWIN COWWIN **NONOPERATOR A Company: Appr'd by: Title: () Desire to be cove	5,000 1,533,250 76,663 1,609,913 DRILLING 8,500 21,150 54,400 91,540 10,000 18,000 203,590 10,180 213,770 1,823,682 PPROVAL:	359,600 17,980 377,680 COMPLETION 169,000 77,100 3,000 10,000 16,000 9,000 15,000 15,000 15,000 17,880 375,480 753,060	1,892,850 94,643 1,987,493 TOTAL 8,500 21,150 54,400 91,540 169,000 77,100 13,000 10,000 34,000 8,500 25,000 15,000 15,000 561,190 28,060 589,250 2,576,742

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

		AUTHO	RIZATION	N - FOR - EXPEN	DITURE		
Lease/Well: Golden Lane 29 State No. 1				Field/Prospect:	: Golden Lane		Date: 3/2/2005
Location: NENE Section 29 T20S R30E				Objective	Strawn, Morrow		
Eddy County, NM				• • •	Proposed TD: 12,700' MD		
Surface 1260' FEL & 710				_ AFE No:	: 25DR		
	LING-EXPL		LLING-DEV	- F	RECOMPLETION	WO-EXPENSE	OTHER INVEST
(Circle one)	AFE coops is t	to dell and or	omplete a 15	2,700' MD Vertical Str	rown/Morrow \A/all		
Project Description:	AFE scope is t	o dim and de	Ampiete a 12	.,100 MID Vertical St	IAWIDINOTION VVCII.		
INTANGIBLE COSTS					DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages					14,000		14,000
Location & Road: Bldg./Resto	r				25,000	3,000	28,000
Con. DrillDaywork		41	_days @ \$	11,000	451,000	33,000	484,000
Con. DrillTurnkey, Footage, Completion Rig:	Other	12	_ to days @ \$	2.500		30,000	30,000
MI/RU/RD			_uays @ #	2,300	70,000	30,000	70,000
Mud & Chemical					50,000		50,000
Fuel, Power, and Water					60,000	3,500	63,500
Bits					65,000	1,600	66,600
Cement & Cement Services					33,000	40,000	73,000
Casing Crew, Tongs & Tools		30	dave 🙈 🍙	750	6,300 22,500	6,000	12,300 22,500
Mud Logging/MWD Electric Logging/Perforating/V	Vireline		days @ \$	750	50,000	20,000	70,000
Swab/Coiled Tubing Units			days @ \$		50,000	20,000	- 7,000
Directional Services							-
Fracture/ Acid Stimulation						135,000	135,000
Fishing Services						ļĪ	
Rental Tools & Equipment				770	48,000	20,000	68,000
Contract Supervision Co. Labor (Time, Exp. & Bend	afite)	52	_days @ \$	750	39,000	14,000	53,000
Welding, Trucking, Contract L					12,500	17,500	30,000
DST & FT/Coring & Analysis					6,500	,505	6,500
Consulting Services						2,500	2,500
Overhead					14,000	7,000	21,000
Transportation					6,000	3,500	9,500
Tubing inspection and testing	i				1,500	2,000	3,500
Other	T	Subtotal Ir	ntangihle		5,000 979,300	5,000 343,600	10,000 1,322,900
	Contingencies			%	48,965	17,180	66,145
		TANGIBLE (COSTS		1,028,265	360,780	1,389,045
TANGIBLE COSTS			<u>. </u>		DRILLING	COMPLETION	TOTAL
Conductor Pipe		Size	Footage	\$/foot	7,000	COM LETION	7,000
Surf. Casing		13 3/8"	450	34.00	15,300		15,300
Intermediate Csg		9 5/8"	4600	23.00	105,800		105,800
Intermediate Csg					-		-
Production		5 1/2"	12700	13.00		165,100	165,100
Tubing Float Equip. & Liner Hanger		2 7/8"	12550	6.00	4,200	75,300 3,000	75,300
Valves & Fittings					4,200	10,000	7,200 10,000
Wellhead Equipment					13,000	16,000	29,000
Misc. Equipment							
Packer & Downhole Equipme	nt					9,000	9,000
Rods & Pump	-					ļ	
Pumping Unit & Prime Mover Meter & Meter Run						9.500	9.500
Flowlines & Connections						8,500 25,000	8,500 25,000
Tanks						15,000	15,000
Heater & Dehyd./Compressor	г						-
Separator/Heater-Treater						10,000	10,000
Installation Costs	action				 	15,000	15,000
Pipeline/ROW & Sales Conne Other	edon.					<u> </u>	
		Subtotal T	angible		145,300	351,900	497,200
	Contingencies			%	7,265	17,595	24,860
	TOTAL TA	NGIBLE CO	STS		152,565	369,495	522,060
TOTAL TAN	IGIBLE & INTAI	NGIBLE CO	ST		1,180,830	730,275	1,911,105
EDGE APPROVAL:	Edge \A/I (0/	6) 100 BCP/5	50 ACB	NONOBERATOR A			
Prepared by: Jim Keisling	Edde AAI (20	,, 100 BCP/S	-0 AOF	NONOPERATOR A Company:	IFFRUVAL:	1	WI (%)
Date: 3/2/2005			_	Appr'd by:			
Approved by:			_	Title:			Date:
Approved by:			- -	() Desire to be cove	ered by Edge Petroleur	n's insurance	Date:

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.