

**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 29 T20S R30E Objective: Strawn, Morrow  
Eddy County, NM Proposed TD: 13,000' MD  
 Surface 1130' FWL & 2520' FNL Section 28, T20S R30E AFE No: 25DR  
 Bottom Hole 1260' FEL & 710' FNL Section 29, T20S R30E  
 Project Type: DRILLING-EXPL DRILLING-DEV RECOMPLETION WO-EXPENSE OTHER INVEST  
 (Circle one)

Project Description: AFE scope is to drill and complete a directional 13,000' MD Strawn/Morrow Well.

INTANGIBLE COSTS				DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages				15,500		15,500
Location & Road: Bldg./Restor				30,000	3,000	33,000
Con. Drill.-Daywork	47	days @ \$	11,000	517,000	33,000	550,000
Con. Drill.-Turnkey, Footage, Other		to				-
Completion Rig:	15	days @ \$	2,500		37,500	37,500
MI/RU/RD				70,000		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/Wireline				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. & Benefits)						-
Welding, Trucking, Contract Labor				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
Other				5,000	5,000	10,000
Subtotal Intangible				1,533,250	359,600	1,892,850
Contingencies		5 %		76,663	17,980	94,643
<b>TOTAL INTANGIBLE COSTS</b>				<b>1,609,913</b>	<b>377,580</b>	<b>1,987,493</b>

TANGIBLE COSTS				DRILLING	COMPLETION	TOTAL
Conductor Pipe	Size	Footage	\$/foot	8,500		8,500
Surf. Casing	20	450	47.00	21,150		21,150
Intermediate Csg	13 3/8"	1600	34.00	54,400		54,400
Intermediate Csg	9 5/8"	3980	23.00	91,540		91,540
Production	5 1/2"	13000	13.00		169,000	169,000
Tubing	2 7/8"	12850	6.00		77,100	77,100
Float Equip. & Liner Hanger				10,000	3,000	13,000
Valves & Fittings					10,000	10,000
Wellhead Equipment				18,000	16,000	34,000
Misc. Equipment						-
Packer & Downhole Equipment					9,000	9,000
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						-
Subtotal Tangible				203,590	357,600	561,190
Contingencies		5 %		10,180	17,880	28,060
<b>TOTAL TANGIBLE COSTS</b>				<b>213,770</b>	<b>375,480</b>	<b>589,250</b>

<b>TOTAL TANGIBLE &amp; INTANGIBLE COST</b>	<b>1,823,682</b>	<b>753,060</b>	<b>2,576,742</b>
---	------------------	----------------	------------------

<b>EDGE APPROVAL:</b> Prepared by: <u>Jim Keisling</u> Date: <u>3/2/2005</u> Approved by: _____ Date: _____	<b>NONOPERATOR APPROVAL:</b> Company: _____ WI (%) _____ Appr'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 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 29 T20S R30E Objective: Strawn, Morrow  
Eddy County, NM Proposed TD: 12,700' MD  
 Surface 1260' FEL & 710' FNL Section 29, T20S R30E AFE No: 25DR  
 Bottom Hole 1260' FEL & 710' FNL Section 29, T20S R30E  
 Project Type: DRILLING-EXPL DRILLING-DEV RECOMPLETION WO-EXPENSE OTHER INVEST  
 (Circle one)

Project Description: AFE scope is to drill and complete a 12,700' MD Vertical Strawn/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	41	days @ \$	11,000	451,000	33,000	484,000
Con. Drill.-Turnkey, Footage, Other		to				-
Completion Rig:	12	days @ \$	2,500		30,000	30,000
MI/RU/RD				70,000		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				6,300	6,000	12,300
Mud Logging/MWD	30	days @ \$	750	22,500		22,500
Electric Logging/Perforating/Wireline				50,000	20,000	70,000
Swab/Coiled Tubing Units		days @ \$			-	-
Directional Services					135,000	135,000
Fracture/ Acid Stimulation						-
Fishing Services				48,000	20,000	68,000
Rental Tools & Equipment				39,000	14,000	53,000
Contract Supervision	52	days @ \$	750			-
Co. Labor (Time, Exp. & Benefits)				12,500	17,500	30,000
Welding, Trucking, Contract Labor				6,500		6,500
DST & FT/Coring & Analysis					2,500	2,500
Consulting Services				14,000	7,000	21,000
Overhead				6,000	3,500	9,500
Transportation				1,500	2,000	3,500
Tubing inspection and testing				5,000	5,000	10,000
Other				979,300	343,600	1,322,900
Subtotal Intangible				48,965	17,180	66,145
Contingencies	5	%				
<b>TOTAL INTANGIBLE COSTS</b>				<b>1,028,265</b>	<b>360,780</b>	<b>1,389,045</b>

TANGIBLE COSTS				DRILLING	COMPLETION	TOTAL
Conductor Pipe	Size	Footage	\$/foot	7,000		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	2 7/8"	12550	6.00		75,300	75,300
Float Equip. & Liner Hanger				4,200	3,000	7,200
Valves & Fittings					10,000	10,000
Wellhead Equipment				13,000	16,000	29,000
Misc. Equipment						-
Packer & Downhole Equipment					9,000	9,000
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						-
Subtotal Tangible				145,300	351,900	497,200
Contingencies	5	%		7,265	17,595	24,860
<b>TOTAL TANGIBLE COSTS</b>				<b>152,565</b>	<b>369,495</b>	<b>522,060</b>

<b>TOTAL TANGIBLE &amp; INTANGIBLE COST</b>	<b>1,180,830</b>	<b>730,275</b>	<b>1,911,105</b>
---	------------------	----------------	------------------

<b>EDGE APPROVAL:</b> Edge WI (%) <u>100 BCP/50 ACP</u> Prepared by: <u>Jim Keistling</u> Date: <u>3/2/2005</u> Approved by: _____ Date: _____	<b>NONOPERATOR APPROVAL:</b> 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.