

Authorization for Expenditure
Madrid 29-13-6#112

12/10/05
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Well ID: PH001
Legal: T29N R13W Sec. 6:N/2
County: San Juan
State: NM
Total Depth: 1350'

Drill & Complete Fruitland Coal & Test PC

	Est. Dry Hole Cost	Est. Drilling/Completion Cost
FACILITY COSTS		
Buildings/Noise Abatement		2,000.00
TOTAL FACILITY COSTS		2,000.00

INTANGIBLE COMPLETION		
Completion Rig		20,000.00
Stimulation Treatments		100,000.00
Completion Fluids		9,000.00
Trucking	7,000.00	7,000.00
Equipment Rentals	3,000.00	3,000.00
Logging & Perforating		7,000.00
Contract Services	17,000.00	17,000.00
Completion Supervision		2,000.00
Production Casing & Accessories	22,000.00	22,000.00
Air Package & Mobilization	8,000.00	8,000.00
Portable Toilet	500.00	500.00
TOTAL INTANGIBLE COMPLETION	57,500.00	195,500.00 195,500.00

INTANGIBLE DRILLING		
Site Access-Survey	1,500.00	1,500.00
Site Access-Preparation & Acquisition	15,000.00	15,000.00
Rig Mobilization	7,000.00	7,000.00
Drilling-Footage	45,000.00	45,000.00
Mud & Additives	6,000.00	6,000.00
Water to Rig Pit	6,000.00	6,000.00
Equipment Rental (Surface)	3,000.00	3,000.00
Openhole Logging	5,000.00	5,000.00
Drilling Supervision	3,000.00	3,000.00
Cementing-Drilling		12,000.00
BOP Rental	3,000.00	3,000.00
Safety Svc/BOP Testing	1,000.00	1,000.00
Anchor Sets & Test	1,000.00	1,000.00
Casing Crew	2,000.00	2,000.00
TOTAL INTANGIBLE DRILLING	98,500.00	110,500.00 110,500.00
TOTAL INTANGIBLES		306,000.00

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 4

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	Est. Dry Hole Cost	Est. Drilling/Completion Cost
TANGIBLE COMPLETION		
Wellhead		5,500.00
Tubing		7,000.00
TOTAL TANGIBLE COMPLETION		12,500.00
TANGIBLE DRILLING		
Surface Casing & Accessories	6,000.00	6,000.00
TOTAL TANGIBLE DRILLING	6,000.00	6,000.00
TANGIBLE EQUIPPING		
Sucker Rods & Accessories		3,000.00
Valves & Fittings		8,000.00
Downhole Pump		2,500.00
Pumpjack & Base		14,000.00
Flowline		10,000.00
Separators		11,000.00
Storage Tanks		10,000.00
Engines & Motors		6,000.00
Metering Equipment		9,000.00
TOTAL TANGIBLE EQUIPPING		73,500.00
SUB-TOTAL COST ESTIMATE	266,500.00	400,000.00
10% Contingency	26,650.00	40,000.00
TOTAL COST ESTIMATE	293,150.00	440,000.00

Accepted by:
Entity Name: Maxxam CorporationBy: _____
Date: _____