

OPERATOR: CHAPARRAL OIL & GAS CO.
 LEASE: SALLY #4
 LOCATION: F--SEC 24--T28N--R11W
 COUNTY, STATE: SAN JUAN NEW MEXICO
 COMMENTS: Estimated Costs To Drill And Complete
 FRUITLAND COAL

Total days: 10

Cag. PT.: 3

TD: 4

Comp.: 6

PTD: 2000 FT
 ZONE: FRUITLAND COAL

INTANGIBLE	Days	\$/day		TD	P&A	COMPL	Total
Location, Road, Damages				\$10,000		\$5,000	\$15,000
Permits, Survey			Bond, Unit, Archeo	\$12,000		\$0	\$12,000
Rig Move In/Out				\$2,500		\$0	\$2,500
Drilling							
Footage	2000	\$24		\$48,000		\$0	\$48,000
Day Work w/out DP:	1	\$5,000	0	\$5,000		\$0	\$5,000
RIG MOB/RU/DEMOB:	0	\$2,500	0	\$0		\$0	\$0
Drill RH & MH & Cond	0	\$4,500		\$0		\$0	\$0
W/O Rig:	0	\$3,500	6	\$0		\$21,000	\$21,000
Bits & Stabilizers				\$0		\$500	\$500
Mud & Chemicals				\$4,000		\$1,000	\$5,000
Fresh Water				\$4,000		\$4,500	\$8,500
Brine Water:				\$0		\$0	\$0
Rental SE: Camp	0	\$300	0	\$2,000		\$0	\$2,000
Rental Services:				\$1,000		\$1,000	\$2,000
Rental Downhole:				\$0		\$0	\$0
Casing Crew & Tool				\$0		\$2,000	\$2,000
Cement, Surface				\$3,800		\$0	\$3,800
Cement, Production				\$0		\$8,500	\$8,500
Cement Plug, BP or Sqz.				\$0		\$0	\$0
Surface Test Equipment				\$0		\$1,000	\$1,000
Mud Logger:	0	\$700		\$0		\$0	\$0
Open Hole Log				\$8,700		\$0	\$8,700
Coring & DST				\$0		\$0	\$0
Fuel				\$0		\$0	\$0
Trucking				\$5,800		\$2,400	\$8,200
Contract Labor				\$1,000		\$2,000	\$3,000
Welding				\$1,000		\$500	\$1,500
Engineering:	4	\$700	6	\$2,800		\$4,200	\$7,000
Geological:	0	\$500	0	\$0		\$0	\$0
Insurance				\$1,500		\$400	\$1,900
Wireline services				\$0		\$10,000	\$10,000
Miscellaneous				\$0		\$1,000	\$1,000
P&A Costs				\$5,000		(\$5,000)	\$0
Internal Professional Origination Fee				\$0		\$0	\$0
Fixed Well Rate Overhead	0	\$187	0	\$4,000		\$0	\$4,000
Stimulation						\$54,000	\$54,000
State/County/City Tax @			7.00%	\$0		\$7,840	\$7,840
Contingency @			8.00%	\$9,770		\$8,590	\$19,360
TOTAL:				\$131,870	\$0	\$129,430	\$261,300

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 4

AUTHORITY FOR EXPENDITURE

LEASE: SALLY #4							
TANGIBLE				TD	P&A	Compl	Total
CASING	In. OD	feet	@ \$/ft				
Conductor:			\$20.00	\$0			\$0
Surface: 7"		150	\$12.40	\$1,860			\$1,860
Intermediate:				\$0			\$0
Production: 4-1/2"		2,000	\$6.80			\$13,800	\$13,800
Liner:						\$0	\$0
Tubing: 2-3/8"		2,000	\$3.10			\$6,200	\$6,200
Packer, Lnr. Hanger, etc.						\$6,500	\$6,500
Casinghead				\$1,700		\$1,600	\$3,300
Float Equip. & DV Tool				\$1,000		\$0	\$1,000
State/County/City Tax @		7.00%		\$320		\$1,950	\$2,270
Contingency @		8.00%		\$390		\$2,990	\$2,780
Total Tangible:				\$5,270		\$32,240	\$37,510
Total Drill & Complete:				\$137,148		\$161,670	\$298,818

ARTIFICIAL LIFT

Pmpng Unit, pise, Primvr						\$22,000	\$22,000
Rods:		1,950	\$1.75			\$3,413	\$3,413
Pump, SN & TA, Etc.						\$3,000	\$3,000
Installation						\$2,000	\$2,000
Electrical						\$0	\$0
State/County/City Tax @		7.00%				\$2,130	\$2,130
Contingency @		8.00%				\$2,600	\$2,600
Total Artificial Lift:						\$35,143	\$35,143

TANK BATTERY

Gas/Water Lines, Meters						\$3,000	\$3,000
Valves & Connection						\$10,500	\$10,500
SEP/HT/Etc.						\$9,800	\$9,800
Oil Tank						\$0	\$0
SW Tank						\$6,000	\$6,000
Labor						\$10,000	\$10,000
Miscellaneous						\$1,500	\$1,500
State/County/City Tax @		7.00%				\$3,250	\$3,250
Contingency @		8.00%				\$3,510	\$3,510
Total Tank Battery:						\$47,360	\$47,360

Total D&C, Art Lift & SE:	\$137,140	\$244,173	\$381,313
WI = 100 % D&C & Completion	\$137,140	\$244,173	\$381,313
Leasehold Costs:		\$0	\$0
Total Well Cost	\$137,140	\$244,173	\$381,313

This AFE is based on present day prices. Final costs could be higher or lower than those shown in this AFE, due to fluctuations in prices during the time of drilling and completion or unanticipated problems.

Approved this _____ day of _____, 2006

Company or Owner Name:

Name: _____

Title: _____