

AFE: Chi Operating, Inc. - Drill Well

Date: 6/9/2006

Prospect/Well: Elkan #2

Legals: Sec. 11-T14S-R34E Lea County

Codes:	Description:	Daywork					
101	Survey & Permit						0.00
102	Damages						10,000.00
103	Road & Location						45,000.00
104	Rig Move						40,000.00
105	Drig-Footage Ft x \$	Fl.:		Rate:			
106	Drig-Daywork Day x \$	Days:	32	Rate:	18000		576,000.00
106	Directional						
113	Bits & Reamers						44,000.00
107	Cmt/Hardware-Surface	FL :	400	Size:	13 3/8		12,000.00
108	Cmt/Hardware-Intermediate	FL :	4500	Size:	8 5/8		18,000.00
127	Cmt/Hardware-Pres. String.	FL:		Size:			0.00
124	Casing Crews						8,500.00
109	Coring/core analysis						0.00
110	DST						6,500.00
111	Drig. Fluid						40,000.00
112	Water						40,000.00
114	Geological & Expenses.	Days:		Rate:			0.00
115	Engineering & Expenses	Days:		Rate:			0.00
115	Supervision	Days:	32	Rate:	1000		32,000.00
116	Mud Logging	Days:	26	Rate:	1100		28,600.00
117	Open Hole Logging						35,000.00
118	Equip. Rental						25,000.00
119	Trucking						5,000.00
120	Labor						8,000.00
121	Legal						8,000.00
122	Overhead	Days:	32	Rate:	197.24		6,311.68
123	Insurance & Bonds						2,500.00
125	P & A						18,000.00
128	Fuel	Days:	32	Rate:	2500		80,000.00
126	Misc./Contingencies		7%				76,188.82
	Sub-Intangibles Drig.						1,164,600.50
201	Casing - Surface	FL :	400	Size:	13 3/8	\$/FT 34.50	13,800.00
202	Casing - Intermediate	FL :	4500	Size:	8 5/8	\$/FT 23.00	103,500.00
204	Casing - Pres. String	FL:	0	Size:	0	\$/FT	0.00
203	Wellhead/Surface/Int.						6,500.00
216	Misc./Contingencies		7%				8,666.00
	Sub-Tangible Drig.						132,466.00
	Dry Hole						1,297,066.50
301	ROW & Permits						5,000.00
308	Cement/hardware-Production	FL:	10700	Size:	5 1/2		30,000.00
324	Casing Crews						7,500.00
302	Anchor						1,100.00
303	Location						3,000.00
305	Completion Unit	Days:	10	Rate:	3500		35,000.00
306	Logging/Perforating						15,000.00
307	Slickline/Wireline						3,500.00
309	Acidizing						20,000.00
310	Fracturing						0.00
311	Damages						5,000.00
312	Water						7,000.00
318	Equipment Rental						15,000.00
315	Engineering/Suprvision & Expenses	Days:	10	Rate:	1000		10,000.00
319	Trucking						2,500.00
320	Labor						25,000.00
321	Legal						8,000.00
322	Overhead	Days:	10	Rate:	197.24		1,972.40
326	Misc./Contingencies		7%				13,270.07
	Sub-Intangible Completion.						207,842.47
402	Casing-Production	FL	10700	Size	5.5	\$/FT 15.25	163,175.00
403	Casing/Tbg. Head						4,500.00
403	Wellhead						10,500.00
404	Tubing	FL	10700	Size	2 3/8	\$/FT 4.95	52,965.00
405	Rods	FL		Size		\$/Ft	0.00
405	Pmp						0.00
406	Pumpg Unit/Motor						0.00
407	Heater						0.00
408	Separator						0.00
409	Tanks - Production						15,000.00
410	Valve & Fittings						20,000.00
411	Flowlines						40,000.00
412	Down hole tools: Plr,TAC, Etc.,Etc.						5,000.00
413	Dehy Unit						0.00
414	Meter						4,200.00
415	Meter Run						3,500.00
417	Stack						25,000.00
416	Misc./Contingencies		7%				24,068.80
	Sub-Tangible Completion.						367,908.80

Total AFE

1,872,817.77

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13815 Exhibit No. 5

Submitted by:

CHI OPERATING INC.

Hearing Date: November 9, 2006