

AUTHORITY FOR EXPENDITURE

NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

Date: 8/21/2006
 Prepared By: Joel Martin
 Prospect Name: Big Chief
 County, State Eddy, New Mexico
 Projected Total Depth: 12,800'

Lease / Well Number: Big Chief #10
 Location: NW/4 Sec. 22-22s-28e
 Field: Dublin Ranch
 Primary Objectives: Morrow

NOTES

Daywork Contract - Straight Well - Lined Reserve Pit
 Single Sand Completion (One Frac)
 Assumes regulatory agent approves CSG program and allows reserve pit
 Note all pipe prices are subject to increase due to market fluctuation partners will be billed for actual cost

Intan. Drilling Costs BCP 4-				COSTS
1 Legal, Permits & Fees				4000
2 Abandonment & Cleanup				0
3 Bits				55000
4 Well Control & Testing				0
5 Casing Crews				17000
6 Cement and Cement Services				42000
8 Contract Labor / Roustabout				9500
12 Corrosion Control & Chem.				4500
14 Mobilization / Demobilization				100000
15 IDC Daywork				
	DRLG	\$ Day		
	41	18800		770800
16 Directional Drilling Expense				0
21 Drill Stem - Formation Tests				0
22 Fishing Tools & Service				0
23 Float Equipment & Centralizers				8000
24 IDC Footage				0
31 Inspection - Drill String				0
36 Location & Road Expense				45000
39 Logging & Wireline				40000
45 Miscellaneous				0
51 Mud				75000
52 Mud Logging				
	DRLG	\$ Day		
	20	925		18500
60 Pumping Services				2700
61 Rentals Surface				15600
62 Rentals Sub-Surface				21500
Drill Pipe / Motors				
	DRLG	\$ Day		
	0	0		0
66 Rig Fuel				
	DRLG	\$ Day		
	41	1350		55350
67 Staking Location & Surveys				1200
72 Supervision				
	DRLG	\$ Day		
	41	1100		45100
78 Transportation				9000
81 IDC Turnkey				0
84 Water				27000
85 Water / Mud Disposal				9500
Insurance				
	DRLG	\$ Foot		
	12800	1.75		22400
ROW				10000
Squeeze CMT				18000
Administrative Services				9800
Contingency 10%				140865
TOTAL				1577345
Lease & Well Equipment 6-				COSTS
4 Conductor Casing			Included in Location Cost	
72 Surface Casing	13 3/8"	\$ Foot	Depth	
		34.5	400	13800
32 Intermediate Casing	9 5/8"	\$ Foot	Depth	
		36.75	6250	229687.5
84 Wellhead				10000
Cattle guards				0
Contingency 10%				25348.75
TOTAL EQUIPMENT				278636.25
ADDITIONAL COST				COSTS
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Contingency 10%				0
TOTAL ADDITIONAL COST				0

TOTAL DRILLING 1856151
TOTAL INTANGIBLE 2041140

TOTAL WELL COST

Joint Interest Approval

Company:

By: _____ Date: _____

Intan. Comp. Costs ACP 5-				COSTS
2 Abandonment & Cleanup				7500
4 Bits & Reamers				1500
5 Casing Crews				15000
8 Cement & Services				55000
9 Completion / Swab Unit				
	Days	\$ Day		
	18	2000		36000
11 Couplings & Fittings				9800
12 IDC Daywork				
	COMP	\$ Day		
	3	18800		56400
21 Testing				13500
22 Fishing				0
28 Location & Road Expense				5000
31 Pipe Inspection & Recondition				9500
32 Logging, Perforations & Wireline				27500
40 Miscellaneous IDC				13500
48 Mud & Chemicals				2500
53 Nitrogen Service & Coiled Tubing				0
61 Rentals Surface				5600
62 Rentals Subsurface				7850
66 Water Hauling				9500
68 Pumping Services				5600
77 Contract Labor & Roustabout				9500
80 Stimulation				100000
84 Supervision				
	COMP	\$ Day		
	23	650		14950
92 Transportation				15000
Float Equipment & Centralizers				2500
Rig Fuel				
	COMP	\$ Day		
	3	1350		4050
Squeeze CMT				-18000
Insurance				
	COMP	\$ Day		
	23	350		8050
Administrative Services				5600
Contingency 10%				40925
TOTAL				463825
Lease & Well Equipment 6-				COSTS
12 Controllable Valves				9000
16 Gas Processing & Dehy				17500
24 Heaters, Treaters & Separators				25000
40 Pipeline				9000
42 Flowline				10000
44 Misc. Controllable Equipment				6000
56 Subsurface Equipment				12500
64 Pumping Units & Engines				0
68 Rods & Pump				0
60 Production Casing / Liners	5 1/2"	\$ Foot	Depth	
		19	12800	243200
76 Tanks & Accessory Equipment				15600
80 Tubing	2 7/8"	\$ Foot	Depth	
		5.75	12800	73600
84 Wellhead				7000
Contingency 10%				42840
TOTAL EQUIPMENT				471240
ADDITIONAL COST				COSTS
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Contingency 10%				0
TOTAL ADDITIONAL COST				0

Oil Conservation Division
 Case No. _____
 Exhibit No. **5**

TOTAL COMPLETION 935065
TOTAL TANGIBLE 750076

2791216

Company: Nadel and Gussman

By: *Joel Martin* Date: 2/22/07