

McELVAIN OIL & GAS PROPERTIES, INC.

AUTHORITY for EXPENDITURE

August 27, 2007

| CATEGORY NUMBER | Ruby #1 NWSW Sec. 3 T29N R13W TD: 1,672' Pictured Cliffs | DRY HOLE | COMPLETED WELL |
|----------------------------------|--|----------------|----------------|
| Drilling Intangibles | | | |
| 3010 | Landman Costs | 3,000 | 3,000 |
| 3012 | Abstract/Title | 200,000 | 200,000 |
| 4004 | Staking, Permitting, Title Work & Survey | 15,000 | 15,000 |
| 4015 | Location | 4,000 | 4,000 |
| 4116 | Rig MOB & DEMOB | 3,000 | 3,000 |
| 4104 | Drilling Footage (250' of 12 1/4" Hole @ \$26/ft) | 6,500 | 6,500 |
| 4225 | Cement for Surface Casing | 12,000 | 12,000 |
| 4104 | Drilling Footage (1422' of 6 1/4" Hole @ \$21.00/ft) | 26,860 | 26,860 |
| 4111 | Drilling Rig..Daywork..3.0 days @ \$7500 | 22,500 | 22,500 |
| 4118 | Rig fuel | 1,000 | 1,000 |
| 4120 | Drilling Water | 8,000 | 8,000 |
| 4125 | Drilling Mud | 3,600 | 3,600 |
| 4126 | Fluid Disposal | 40,000 | 40,000 |
| 4204 | Mud logger/Geologist | 0 | 0 |
| 4220 | Open Hole Logs | 9,500 | 9,500 |
| 4480 | Transportation | 6,000 | 6,000 |
| 4250 | Rental Equipment | 10,000 | 10,000 |
| 4408 | Casing Crew for Surface Casing | 0 | 0 |
| 4515 | Roustabouts & Contract Labor [pit claning] | 45,000 | 45,000 |
| 4615 | Field Supervision - 7 days @ \$950/day | 6,650 | 6,650 |
| 4620 | Drilling Overhead - 6 days @ \$550/day | 3,300 | 3,300 |
| 4603 | P&A Costs | 12,000 | |
| 4715 | Contingency | 1,500 | 1,500 |
| Total Intangible Drilling | | 439,410 | 427,410 |

| | | | |
|------------------------------------|---|----------|----------------|
| Completion Intangibles | | | |
| 5225 | Cement & Cementing Tools | | 17,000 |
| 5112 | Completion Unit 12 days @ \$3,800/day | | 45,600 |
| 5135 | Bits | | 500 |
| 5220 | Cased Hole Logging & Perforating | | 15,000 |
| 5520 | Stimulation | | 150,000 |
| 5250 | Tool & Equip Rental | | 12,000 |
| 5615 | Field Supervision (12 days @ \$850/day) | | 10,200 |
| 5121 | Completion Water | | 7,500 |
| 5480 | Trucking & Transportation | | 5,500 |
| 5408 | Casing Crew | | 2,500 |
| 5515 | Roustabouts & Contract Labor | | 3,500 |
| 5015 | Location & Road | | 2,500 |
| 5550 | Slickline Services..BHP Survey | | 2,500 |
| 5126 | Fluid Disposal | | 10,000 |
| 5620 | Completion Overhead (12 days @ \$550/day) | | 6,600 |
| 5715 | Contingency | | 10,000 |
| Total Intangible Completion | | 0 | 300,900 |

Total Intangibles 439,410 728,310

| | | | |
|------------------------|---|--------------|----------------|
| Tangibles | | | |
| 8005 | Surface Casing (250' 8 5/8" 24# @ \$16.00/ft) | 4,000 | 4,000 |
| 8015 | Production Casing 1672' 5.5", 15.5# @ \$9.80/ft | | 16,390 |
| 8025 | Tubing 1672' 2 3/8" J-55 @ \$4.00/ft | | 6,700 |
| 8205 | Wellhead | 3,000 | 11,500 |
| 8303 | Engines | | 15,000 |
| 8305 | Pumping unit | | 25,000 |
| 8310 | Rods & Pump | | 15,000 |
| 8225 | Pit tank/retaining | | 10,500 |
| 8230 | Tanks (2-400 bbl) | | 26,000 |
| 8220 | Separator | | 25,000 |
| 8250 | Line Pipe & Fittings | | 12,000 |
| 8505 | Labor for Equipment Install | | 25,000 |
| 8231 | Structural Enclosures | | 25,000 |
| 8506 | Trucking | | 8,500 |
| 8705 | Non Controllabe Equipment | | 5,000 |
| Total Tangibles | | 7,000 | 230,590 |

Total Well Cost \$446,410 \$958,900

APPROVALS:

McElvain Oil & Gas Properties, Inc.

John D. Steuble

Date: 8-27-07

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14009 Exhibit No. 6
Submitted by:
McElvain Oil & Gas Properties, Inc.
Hearing Date: October 18, 2007