

**MACK ENERGY CORPORATION**  
**AUTHORIZATION FOR EXPENDITURE**  
**Diamondbacks State Well #1**  
**11000**  
**1980FNL 1980FEL SEC 28 T17S R29E**  
**Eddy County, New Mexico**

Drilling Intangible	Dry Hole		Completed	Actual
	Without Pipe		Well	Cost
Location,Roads,Pits,Damages	\$78,000.00		\$0.00	\$78,000.00
Footage 0 \$18.00	\$0.00		\$0.00	\$0.00
Daywork--28 Hours 33 \$9,000.00	\$313,000.00		\$0.00	\$313,000.00
Cement and Services	\$9,000.00		\$0.00	\$9,000.00
Testing and Coring	\$0.00		\$0.00	\$0.00
Open Hole Logs/Wireline	\$110,000.00		\$0.00	\$110,000.00
Professional Services	\$0.00		\$0.00	\$0.00
Mud Materials,Fuel,Water	\$26,000.00		\$0.00	\$26,000.00
Turnkey, Directional, Full Core	\$0.00		\$0.00	\$0.00
Bits,Corehead and Rentals	\$34,000.00		\$0.00	\$34,000.00
Miscellaneous and Contingency	\$57,000.00		\$0.00	\$57,000.00
Administrative, General Expense	\$0.00		\$0.00	\$0.00

<b>Total Drilling Intangibles</b>	<b>\$627,000.00</b>	<b>\$0.00</b>	<b>\$627,000.00</b>
-----------------------------------	---------------------	---------------	---------------------

**Completion Intangibles**

Completion Unit	\$0.00	\$21,000.00	\$21,000.00
Cement and Cementing	\$0.00	\$69,000.00	\$69,000.00
Perforating and Logging	\$0.00	\$8,000.00	\$8,000.00
Frac and/or Acid Treatment	\$0.00	\$128,000.00	\$128,000.00
Fuel,Water,Power	\$0.00	\$1,000.00	\$1,000.00
Battery Construction-Dirt Work,Etc	\$0.00	\$7,000.00	\$7,000.00
Completion Tools And Equipment-Rental	\$0.00	\$80,000.00	\$80,000.00
Professional Services	\$0.00	\$18,000.00	\$18,000.00
Miscellaneous Services	\$0.00	\$1,000.00	\$1,000.00
Contingency	\$0.00	\$33,000.00	\$33,000.00

<b>Total Completion Intangibles</b>	<b>\$0.00</b>	<b>\$366,000.00</b>	<b>\$366,000.00</b>
<b>Total Intangibles</b>	<b>\$627,000.00</b>	<b>\$366,000.00</b>	<b>\$993,000.00</b>

**Drilling and Completion Tangibles**

Surface Casing 300 13 3/8	\$5,000.00	\$0.00	\$5,000.00
Intermediate Casing 900 8 5/8	\$11,000.00	\$0.00	\$11,000.00
Production Casing 11000 5 1/2	\$0.00	\$98,000.00	\$98,000.00
Production Tubing 11000 2 7/8	\$0.00	\$40,000.00	\$40,000.00
WellHead Equipment	\$5,000.00	\$4,000.00	\$9,000.00
Floating Equipment	\$3,500.00	\$5,000.00	\$8,500.00
Rods	\$0.00	\$0.00	\$0.00
Subsurfaces Equipment	\$0.00	\$16,000.00	\$16,000.00
Linepipe	\$0.00	\$6,000.00	\$6,000.00
Tanks,Treater,Separators	\$0.00	\$26,000.00	\$26,000.00
Pumping Unit And Engine	\$0.00	\$0.00	\$0.00
Other Miscellaneous Equipment	\$0.00	\$3,000.00	\$3,000.00
Contingency	\$2,000.00	\$19,000.00	\$21,000.00

<b>Total Tangible</b>	<b>\$26,500.00</b>	<b>\$217,000.00</b>	<b>\$243,500.00</b>
-----------------------	--------------------	---------------------	---------------------

<b>TOTAL WELL COSTS</b>	<b>\$653,500.00</b>	<b>\$583,000.00</b>	<b>\$1,236,500.00</b>
-------------------------	---------------------	---------------------	-----------------------

Approved By \_\_\_\_\_

Date \_\_\_\_\_