

AUTHORITY FOR EXPENDITURE

DATE 1/14/2000

AFE No. 2000-004 LEASE NAME GILES STATE COM WELL No. 1
 DESCRIPTION 1980' FSL 660' FEL COUNTY LEA
 STATE NEW MEXICO AREA MID-WAY UPPER PENN WEST OPERATOR MARBOB ENERGY CORPORATION
 PROJECT LOWER MORROW PREPARED BY D. CHANDLER
 EXPLORATION DEVELOPMENT RESULTS: OIL GAS DRY T.D. 12,650' DATE 1/14/2000

DRILLING INTANGIBLES:	DRY HOLE WITHOUT PIPE	COMPLETED WELL	ACTUAL COST	OVER (UNDER)
LOCATION, ROADS, PITS, DAMAGES	\$25,000	\$ 4,000		
FOOTAGE <u>21.75</u> FT. @ <u>12,650'</u> /FT.	311,137			
DAY WORK <u>6</u> DAYS WDP @ \$ <u>6000</u> /DAY				
<u>5</u> DAYS WODP @ \$ <u>5800</u> /DAY		29,000		
CEMENT AND CEMENTING	23,000	18,000		
TESTING AND CORING	10,000			
LOGGING	28,000			
PROFESSIONAL SERVICES (LEGAL, ENGINEERING, GEOLOGICAL, SURVEY)	18,500			
MUD MATERIALS, FUEL, WATER	65,500			
BITS, COREHEADS AND RENTALS	6,000			
MISCELLANEOUS SERVICES (INC. MARINE, RIGGING, WELDING ETC.)	4,500			
MISCELLANEOUS (INC. LABOR & TRANSPORTATION & BLOWOUT INS.)	4,000			
CONTINGENCY — <u> </u> %	24,782			
ADMINISTRATIVE, GENERAL EXPENSE		7,000		
TOTAL DRILLING	520,419	578,419		

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 12358 Exhibit No. 12
 Submitted by:
Marbob Energy Corporation
 Hearing Date: March 15, 2000

COMPLETION INTANGIBLES:	DRY HOLE WITHOUT PIPE	COMPLETED WELL	ACTUAL COST	OVER (UNDER)
COMPLETION UNIT <u>10</u> DAYS/HRS. @ \$ <u>1500</u>		\$ 15,000		
CEMENT AND CEMENTING		16,400		
PERFORATING AND LOGGING		22,000		
FRAC AND/OR ACID TREATMENT		6,700		
FUEL, WATER, POWER		4,000		
BATTERY CONSTRUCTION - DIRT WORK, ETC.		8,600		
COMPLETION TOOLS AND EQUIPMENT - RENTALS		4,500		
PROFESSIONAL SERVICES (LEGAL, ENGINEER., GEOLOGY, ETC.)		2,000		
MISCELLANEOUS SERVICES (INC. MARINE, WELDING, BACK FILL, ETC.)		11,000		
OTHER (INCLUDING LABOR & TRANSPORTATION)		4,510		
CONTINGENCY — <u>5</u> %				
TOTAL COMPLETION		94,710		
TOTAL INTANGIBLES	520,419	\$673,129		

DRILLING AND COMPLETION TANGIBLES	DRY HOLE WITHOUT PIPE	COMPLETED WELL	ACTUAL COST	OVER (UNDER)
CASING <u>450</u> FT. <u>13 3/8", 48#</u> @ \$ <u>16.75</u> /FT.	7,537	\$ 7,537		
<u>2100,600</u> FT. <u>8 5/8", 24# & 32#</u> @ \$ <u>7.90&13.65</u> /FT.	24,780	24,780		
<u>2300</u> FT. <u>8 5/8" J55 32#</u> @ \$ <u>10.25</u> /FT.	23,575	23,575		
<u>12650</u> FT. <u>5 1/2", 17#</u> @ \$ <u>6.70&7.11</u> /FT.		86,087		
TUBING <u>12650</u> FT. <u>2 7/8", N-80</u> @ \$ <u>3.38</u> /FT.		42,757		
WELLHEAD EQUIPMENT	3,800	12,300		
FLOATING EQUIPMENT, CENTRALIZERS, SCRATCHERS		6,000		
RODS _____ FT. _____ @ \$ _____ /FT.				
SUBSURFACES EQUIPMENT - BH PUMP, ETC.		10,000		
LINE PIPE _____ FT. _____ @ \$ _____ /FT.				
_____ FT. _____ @ \$ _____ /FT.				
TANKS, TREATERS, SEPARATORS, LINERS, WALKS, ETC.		35,000		
GAS PROCESSING UNIT				
MARINE - BARGES, PLATFORMS, ETC.				
PUMPING UNIT AND ENGINE				
OTHER MISCELLANEOUS EQUIPMENT (FENCES, CULVERT, TOOLS, ETC.)				
CONTINGENCY — <u>5</u> %	2,984	12,401		
TOTAL EQUIPMENT COST	62,676	\$260,437		
TOTAL WELL COST	\$583,095	\$933,566		

APPROVALS:

OPERATOR Marbob Energy Corporation By John R. Gray WI 75 % DATE 1/17/2000
 COMPANY _____ By _____ WI _____ % DATE _____
 COMPANY _____ By _____ WI _____ % DATE _____