

AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: BLANCETT NO. 3
LOCATION: Northeast Section 24, T30N, R11W
 San Juan County, New Mexico

INTANGIBLE	DRILLING	COSTS
Drilling Rig	2200 ft. @ \$13.00/ft	\$28,600.00
	1 day of daywork @ \$4400/day	4,400.00
Completion Rig	5 days @ \$1500/ day	7,500.00
Location	Dirt Work and labor \$2500	
	Pits (Plastic Lined) 1800	
	Reclamation of reserve pit 2200	6,500.00
Staking & Permit	\$700 per well	700.00
Damages & ROW	\$2500 per well	2,500.00
Casing & Cmtng	Casing Crew Surface ----	
	Production 1200	
	Cementing Surface 2500	
	Production 6800	10,500.00
Logging & Tests	Open-hole Logging 5500	
	Desorption Analysis 3500	
	Cased-hole Logging 2800	
	BHP Build-up Test 3500	
	Slug Test & other Tests 1100	16,400.00
Perforating	30 feet @ 4 shots per foot 4900	4,900.00
Stimulation	Fracture Treatment 55000	55,000.00
Rental Equipment	Tanks, BOP's, etc. 1200	1,200.00
Water & Hauling	For Completion Only 2800	2,800.00
Labor	Roustabout work, etc. 6400	6,400.00
Supervision	Engineering & field work 4800	
	Geological (Cuttings work) 700	5,500.00
Overhead	Land, Legal, Insurance, 1800	1,800.00
	etc.	
Miscellaneous	Contingency (10%)	15,500.00
	TOTAL INTANGIBLE DRILLING COSTS	<u>\$170,200.00</u>

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M A R A L E X R E S O U R C E S , I N C .

TANGIBLE	DRILLING	COSTS
Tubulars	250' of 8-5/8, 24#, J55 csg	\$2,350.00
	2200' of 5-1/2, 17#, J55 csg	11,000.00
	2100' of 2-3/8, 4.7#, J55 tbg	5,050.00
Rods	2100' of 3/4 Grade D rods	2,550.00
Pumping Equip.	228-175-86 Pumping Unit (used)	12,000.00
	Downhole pump 2"x1.25"x12' RHBC	2,800.00
Prime Mover	30 Hp Electric Motor w/acces- sories (i.e. Power, Controls, etc.)	4,500.00
Production Unit	Vertical Coal gas separator	12,000.00
Water Storage	400 Barrel Fiberglass tank	4,800.00
Wellhead	Larkin or Hinderlighter head	2,800.00
Float Equip.	Guide Shoes, Floats, etc.	2,200.00
Miscellaneous	Polish rod, pumping tee, fuel gas scrubber, radigan, etc.	3,500.00
TOTAL TANGIBLE DRILLING COSTS		\$65,550.00
TOTAL INTANGIBLE DRILLING COSTS		\$170,200.00
AFE GRAND TOTAL COSTS		\$235,750.00

MARALEX AUTHORIZATION:

A. M. O'Hare by jk
A. M. O'HARE, P.E.
PRESIDENT

Partner Approval _____
(Company Name):

By: _____

Title: _____

Date: _____