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

AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: POLOKOFF BLANCETT NO. 1 (COAL WELL RECOMPLETION)

LOCATION: Section 24, T30N, R12W

COUNTY: San Juan   **STATE:** NM

PURPOSE: Recomplete Existing Well to Fruitland Coals

INTANGIBLE   WORKOVER   COSTS

Service Unit	10 days @ $1500/ day		15,000.00
Location	Dirt Work and labor	$2500	
	Pits (Plastic Lined)	1800	
	Reclamation of reserve pit	1200	5,500.00
Squeeze Cementing	Cement and Services	0	0.00
Logging & Tests	Open-hole Logging	0	
	Desorption Analysis	0	
	Cased-hole Logging	1800	
	BHP Build-up Test	0	
	Slug Test & other Tests	1600	3,400.00
Perforating	30 feet @ 4 shots per foot	2800	2,800.00
Stimulation	Fracture Treatment	60000	60,000.00
Rental Equipment	Tanks, BOP's, etc.	2200	2,200.00
Water & Hauling	For Completion Only	6000	6,000.00
Labor	Roustabout work, etc.	4400	4,400.00
Supervision	Engineering & field work	4000	4,000.00
Overhead	Land, Legal, Insurance, etc.	3000	3,000.00
Miscellaneous	Contingency (12%)		12,756.00
	TOTAL INTANGIBLE DRILLING COSTS		$119,056.00

MARALEX RESOURCES, INC

AUTHORITY FOR EXPENDITURE

TANGIBLE	DRILLING COSTS	
Tubulars	0' of 8-5/8, 24#, J55 csg	$0.00
	0' of 5-1/2, 17#, J55 csg	0.00
	1950' of 2-3/8, 4.7#, J55 tbg	4,100.00
Rods	1900' of 3/4 Grade D rods	2,300.00
Pumping Equip.	114-175-64 Pumping Unit (used)	9,800.00
	Downhole pump 2"x1.50"x12'RHBC	2,500.00
Prime Mover	30 Hp Electric Motor w/accessories (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	1,600.00
Float Equip.	Guide Shoes, Floats, etc.	0.00
Miscellaneous	Polish rod, pumping tee, gas scrubber, radigan, etc.	3,500.00
Title Opinion	Provided by Miller Law Firm	8,000.00
	TOTAL TANGIBLE DRILLING COSTS	$53,100.00
	TOTAL INTANGIBLE DRILLING COSTS	$119,056.00
	AFE GRAND TOTAL COSTS	$172,156.00

MARALEX AUTHORIZATION: _A. M. O'Hare_ by _____

A. M. O'HARE, P.E.
PRESIDENT

Partner Approval
(Company Name): _____

By: _____

Title: _____

Date: _____