

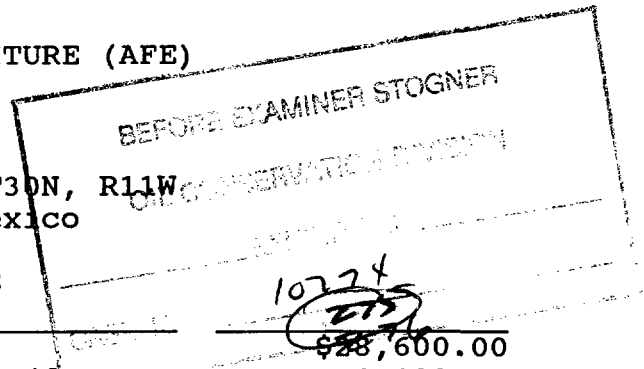
M A R A L E X R E S O U R C E S , I N C .

AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: CECIL CAST NO. 1

LOCATION: Northeast Section 19, T30N, R11W
San Juan County, New Mexico

INTANGIBLE	DRILLING	COSTS	
Drilling Rig	2100 ft. @ \$13.62/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	\$3500 per well		3,500.00
Casing & Cmtng	Casing Crew	Surface ----	
		Production 1200	
	Cementing	Surface 2800	
		Production 6800	10,800.00
Logging & Tests	Open-hole Logging	5500	
	Desorption Analysis	3500	
	Cased-hole Logging	1800	
	BHP Build-up Test	3500	
	Slug Test & other Tests	1600	15,900.00
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	Including Disposal	6000	6,000.00
Labor	Roustabout work, etc.	4400	4,400.00
Supervision	Engineering & field work	4800	
	Geological (Cuttings work)	700	5,500.00
Overhead	Land, Legal, Insurance, etc.	3000	3,000.00
Miscellaneous	Contingency (10%)		16,180.00
	TOTAL INTANGIBLE DRILLING COSTS		<u>\$177,980.00</u>



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

AUTHORITY FOR EXPENDITURE

TANGIBLE	DRILLING	COSTS
Tubulars	250' of 8-5/8, 24#, J55 csg	\$2,250.00
	2200' of 5-1/2, 17#, J55 csg	11,000.00
	2100' of 2-3/8, 4.7#, J55 tbg	4,400.00
Rods	2100' of 3/4 Grade D rods	2,050.00
Pumping Equip.	114-135-64 Pumping Unit (used)	11,000.00
	Downhole pump 2"x1.25"x12'RHBC	2,400.00
Prime Mover	20 Hp Gas Engine w/accessories	3,500.00
Production Unit	Vertical Coal gas separator	7,700.00
Water Storage	400 Barrel Fiberglass tank	5,600.00
Wellhead	Larkin or Hinderlighter head	2,800.00
Float Equip.	Guide Shoes, Floats, etc.	2,000.00
Miscellaneous	Polish rod, pumping tee, fuel gas scrubber, radigan, etc.	3,500.00
TOTAL TANGIBLE DRILLING COSTS		\$58,200.00
TOTAL INTANGIBLE DRILLING COSTS		\$177,980.00
AFE GRAND TOTAL COSTS		\$236,180.00

MARALEX AUTHORIZATION: A. M. O'Hare
A. M. O'HARE, P.E.
PRESIDENT

Partner Approval _____
(Company Name): _____

By: _____

Title: _____

Date: _____