

# AUTHORITY FOR EXPENDITURE (AFE)

|                                                    |                            |                     |
|----------------------------------------------------|----------------------------|---------------------|
| WELL NO. 1                                         | WELL NAME: Cecil Cast      | DATE: May. 28, 1994 |
| FIELD: Basin Fruitland                             | COUNTY: San Juan           | STATE: New Mexico   |
| LOCATION: NE Qtr. 819-T30N-R11W                    | PROP. TD: 2100'            |                     |
| Purpose of Exp.: Drill Complete, & Equip Coal Well | FORMATION: Fruitland Coals |                     |

| CODE                     | INTANGIBLE EXPENSE                             | DRILLING COST | COMPLETION COST | TOTAL COST |
|--------------------------|------------------------------------------------|---------------|-----------------|------------|
| 220/101                  | Staking and Permitting                         | 2,500         | 500             | 3,000      |
| 220/102                  | Location, Roads, Pits, & Damages               | 14,000        | 2,500           | 16,500     |
| 220/103                  | Mobilization / Demobilization                  |               |                 |            |
| 220/104                  | Contract Drilling - Daywork. 12 Hr. 150 \$/Hr. | 1,800         |                 | 1,800      |
| 220/105                  | Contract Drilling - Footage 2100Ft. 11.5\$/Ft. | 23,575        |                 | 23,575     |
| 220/001                  | Contract Drilling - Turnkey                    |               |                 |            |
| 220/301                  | Completion Rig                                 |               | 9,500           | 9,500      |
| 840/110                  | Workover Rig                                   |               |                 |            |
| 220/106                  | Fuel, Power & Lubricants                       |               |                 |            |
| 220/107                  | Bits, Reamers & Stabilizers                    |               |                 |            |
| 220/108                  | Drilling & Completion Fluids                   | 1,000         | 2,800           | 3,800      |
| 220/302                  | Casing Crews, Tongs, Handling Tools            |               | 1,200           | 1,200      |
| 220/109                  | Misc. Labor, Contract Services                 | 1,000         | 2,200           | 3,200      |
| 220/110                  | Cement, Cmt Services, Mech Aids & Devices      | 2,500         | 6,800           | 9,300      |
| 220/111                  | Conventional Coring & Coring Services          |               |                 |            |
| 220/303                  | Water & Hauling                                | 1,200         | 3,600           | 4,800      |
| 220/112                  | Mud Logging                                    |               |                 |            |
| 220/113                  | Logging-Open Hole-SWC's & Dipmeter             | 6,800         |                 | 6,800      |
| 220/304                  | Cased Hole Logs, Perf. & Other Wiring Serv.    |               | 3,800           | 3,800      |
| 220/305                  | Inspection & Testing                           | 500           | 800             | 1,300      |
| 220/307                  | Acidization, Fracturing & Stimulating          |               | 50,000          | 50,000     |
| 220/114                  | Rental Tools & Equipments                      | 1,000         | 2,200           | 3,200      |
| 220/115                  | Directional Drilling Services                  |               |                 |            |
| 220/117                  | Communications                                 | 25            | 50              | 75         |
| 220/120                  | Overhead per Operating Agreement               | 1,000         | 3,000           | 4,000      |
| 220/119                  | Supervision                                    | 1,800         | 3,200           | 4,800      |
| 220/121                  | Contingencies (10%) & Misc.                    | 5,850         | 9,220           | 15,070     |
| TOTAL INTANGIBLE EXPENSE |                                                | 64,350        | 101,370         | 165,720    |

| CODE                   | TANGIBLE EXPENSE                                | DRILLING COST | COMPLETION COST | TOTAL COST |
|------------------------|-------------------------------------------------|---------------|-----------------|------------|
| 230/101                | Conductor Casing Ft. In. \$/Ft.                 |               |                 |            |
| 230/102                | Surface Casing 250Ft. 8-5/8 In. 8.60 \$/Ft.     | 2,150         |                 | 2,150      |
| 230/103                | Intermediate Casing Ft. In. \$/Ft.              |               |                 |            |
| 230/104                | Drilling Liner Ft. In. \$/Ft.                   |               |                 |            |
| 230/301                | Production Liner Ft. In. \$/Ft.                 |               |                 |            |
| 230/302                | Production Casing 2050Ft. 5-1/2 In. 5.15 \$/Ft. |               | 10,560          | 10,560     |
| 230/303                | Tubing 2000 Ft. 2-3/8 In. 2.20 \$/Ft.           |               | 4,400           | 4,400      |
| 230/304                | Wellhead Equip., Tree                           | 900           | 1,800           | 2,700      |
| 230/305                | Artificial Lift Eq, Pumping Unit                |               | 14,000          | 14,000     |
| 230/306                | Separator, Heater, Dehydrator                   |               | 8,500           | 8,500      |
| 230/307                | Meters & Flowlines                              |               | 13,800          | 13,800     |
| 230/308                | Tank Battery & Storage                          |               | 4,800           | 4,800      |
| 230/309                | Subsurface Production Equipment                 |               | 3,800           | 3,800      |
| 230/310                | Misc. Well Equipment                            |               | 2,800           | 2,800      |
| 230/311                | Installation-Production Facilities              |               | 4,900           | 4,900      |
| 230/312                | Compressor                                      |               | 37,500          | 37,500     |
| TOTAL TANGIBLE EXPENSE |                                                 | 3,050         | 106,460         | 109,510    |
| TOTAL WELL COST        |                                                 | 67,400        | 207,830         | 275,230    |

## OPERATOR APPROVAL

DATE: \_\_\_\_\_

BY: A. M. O'Hare  
A. M. O'Hare, President

## JOINT INT. APPROVAL

DATE: \_\_\_\_\_

WRK INT.: \_\_\_\_\_

Application of Maralex Resources, Inc.  
for Compulsory Pooling  
Case #11006 June 23, 1994  
Exhibit 5