

AUTHORITY FOR EXPENDITURE

AFE NO. 2004-017	LEASE Knockabout Federal	WELL NO. 1
DESCRIPTION 1830' FSL & 1980' FWL, Section 12-T17S-R31E	COUNTY Eddy	
STATE NM AREA	OPERATOR Hudson Oil Company of Texas	
FORMATION Morrow	PREPARED BY Sheryl Baker	
TOTAL DEPTH 12,500'	DATE May 7, 2004	

DRILLING INTANGIBLES

STAKING PERMITS LEGAL FEES ROW
 SITE PREPARATION ROADS & LOC
 DRILLING FOOTAGE CONTRACT
 DRILLING DAYWORK/MOBILIZATION
 EQUIP RNTL MACHINERY/MAN HIRE
 DRILLING WATER, HAULING FUEL
 DRILING MUD & CHEMICALS
 CEMENT SURFACE CASING
 FISHING TOOL SERVICES
 OTHER DRILLING COSTS/MATERIALS
 CORING & FORMATION TESTING
 MUD LOGGING & GEOLOGICAL SVCS
 ELEC LOGGING, WIRELINE, PERF
 DRILLING OVERHEAD CHARGE
 DRILLING WELLSITE SUPERVISION
 CONTINGENCY 5%
TOTAL DRILLING

SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
100	10,000			
110	35,000	3,500		
200				
210	327,500			
220	35,000			
250	28,000			
260	30,000			
280	32,500			
295				
299	65,000			
300	9,500			
310	21,500			
350	22,500	22,500		
950	5,000			
955	22,750			
	32,213	1,300		
	676,463	27,300		

COMPLETION INTANGIBLES

CEMENT PRODUCTION CASING
 FORMATION FRACTURING
 FORMATION ACIDIZING
 COMPLETION UNIT
 CONTRACT LABOR/PROFESSIONAL SVCS
 COMPLETION WATER, POWER, FUEL
 BATTERY CONST/SER/MATERIALS
 COMPLETION EQUIP RNTS/SERVICES
 DRIL/COM OVERHEAD CHARGE
 DRIL/COM OVERHEAD CHARGE
 MISCELLANEOUS IDC EXPENSES
 CONTINGENCY 5%
TOTAL COMPLETION

400		45,000		
410		125,000		
420		15,000		
450		18,000		
500		20,000		
905		4,500		
910		20,000		
915		35,000		
950		5,000		
955		5,000		
900		3,500		
			296,000	
	676,463	323,300		

TOTAL INTANGIBLES

DRILLING AND COMPLETION TANGIBLES

SURFACE & INTERMEDIATE CASING
 PRODUCTION CASING
 TUBING & ATTACHMENTS
 PUMPING WELL HOOK UP
 WELLHEAD EQUIPMENT
 PUMP JACKS & PUMPS
 TREATER, SEPAR, EQ, METER/ELEC
 TANKS & STORAGE FACILITIES
 MISCELLANEOUS L&W EQUIPMENT
 CONTINGENCY 5%
TOTAL EQUIPMENT COST

200	82,000			
250		148,000		
300		83,000		
350				
400	17,500	17,500		
500				
600		22,500		
700		22,500		
900		7,500		
	4,975	15,050		
	104,475	316,050		
	780,938	639,350		
			1,420,288	

TOTAL WELL COST

LEASE ACRES @ PER ACRE

TOTAL WELL COST

APPROVALS:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

OPERATOR	Hudson Oil Company of Texas	BY	WI	DATE	05/07/04
COMPANY	Marbob Energy Corporation	BY	<i>Raye Miller</i> WI	DATE	10/8/2004
PRINT NAME	Raye Miller	TITLE	Attorney-in-Fact		
COMPANY		BY		Hearing Date:	November 18, 2004
PRINT NAME		TITLE			

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case Nos. 13348 Exhibit No. 4
 Submitted by:
 Marbob Energy Corporation