

AFE NUMBER SJ11-11		PROPERTY NUMBER 3121111A		DATE 4/6/2011		
WELL NAME AND NUMBER CARRACAS 8B #16			FIELD OR AREA Basin Fruitland Coal			
OPERATOR Energen Resources			COUNTY RIO ARRIBA		STATE NEW MEXICO	
PROJECT DESCRIPTION AND LOCATION New Development Well			SECTION: 8	TOWNSHIP 32N	RANGE 4W	
			PROPOSED FORMATION Fruitland Coal		PROPOSED DEPTH 7,655	
<input checked="" type="checkbox"/> SINGLE	<input type="checkbox"/> DUAL	<input type="checkbox"/> OIL	<input checked="" type="checkbox"/> GAS	<input type="checkbox"/> EXPL.	<input type="checkbox"/> STRAT.	
<input checked="" type="checkbox"/> LAND	<input type="checkbox"/> BAY	<input type="checkbox"/> MARSH	<input type="checkbox"/> GULF	<input type="checkbox"/> WORKOVER	<input checked="" type="checkbox"/> CAPITAL	
<input type="checkbox"/> DEV.	<input type="checkbox"/> STRAT.	<input checked="" type="checkbox"/> NEW	<input type="checkbox"/> EXPENSE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> YES <input type="checkbox"/> NO	
DATE TO START 6/1/2011			DAYS TO DRILL/COMPLETE 16 10		<input checked="" type="checkbox"/> ORIGINAL	
					<input type="checkbox"/> SUPPLEMENT	
TANGIBLES - 940			DRY HOLE COSTS	COMPLETION COSTS	TOTAL COSTS	
TUBULAR GOODS						
101	Conductor Pipe	In.	Ft.	\$/Ft.	\$0.00	
106	Surface Casing	9 5/8 In.	200 Ft.	20.42 \$/Ft.	\$4,084.00	
104	Production	In.	Ft.	\$/Ft.	\$0.00	
104	First Inter.	7 In.	3,715 Ft.	15.57 \$/Ft.	\$57,842.55	
104	Second Inter.	In.	Ft.	\$/Ft.	\$0.00	
104	Prod. Liner	4 1/2 In.	3,990 Ft.	12.44 \$/Ft.	\$49,635.60	
105	Rods	7/8 In.	3,550 Ft.	3.62 \$/Ft.	\$12,851.00	
107	Tubing	2 3/8 In.	3,550 Ft.	4.40 \$/Ft.	\$15,620.00	
107	Tubing	1/4 In.	3,550 Ft.	3.25 \$/Ft.	\$11,537.50	
EQUIPMENT						
201	Wellhead				\$6,499.00	
102,103	Tbg & Csg Acc, liner hgr, Prod Pkr.				\$17,499.00	
202,203	Production					
205,206	Equipment				\$138,000.00	
204	Other	Valves and fittings			\$10,000.00	
TOTAL TANGIBLES					\$307,948.65	
INTANGIBLES - 950						
DRILLING COSTS						
103	Turnkey				\$0.00	
103	Footage		Ft.	\$/Ft.	\$0.00	
103	Day Work		16 Da.	15,800.00 \$/Da.	\$252,800.00	
208	Comp Rig		120 Hr.	300.00 \$/Hr.	\$36,000.00	
208	Service unit				\$10,000.00	
105	Rental Tools, Services, Chokes, Etc.				\$128,000.00	
107,205	Rig Moving Cost				\$5,000.00	
105	Other	Directional Services			\$300,000.00	
CEMENTING (INCL. FLOAT EQUIP. ETC.)						
102	Surface				\$10,000.00	
102	Intermediates				\$28,000.00	
201	Production				\$0.00	
201	Production Liners				\$0.00	
102	Tieback String				\$0.00	
201	Squeeze Cemt. (incl. Ret. & Pkrs.)				\$0.00	
201	Other				\$0.00	
FORMATION TREATMENT						
207	Acidizing				\$5,000.00	
207	Fracturing Equipment & Materials				\$0.00	
204	Frac. Fluid	Gas			\$0.00	
203,205	Tank Rental & Hauling				\$0.00	
SPECIAL SERVICES						
206	Perforation (set B.P. & Pkrs., Wireline Etc.)				\$0.00	
150	Mud Logging Data Units				\$27,000.00	
150	Formation Logging				\$0.00	
160,250	Coras, DST=s, Well Testing, etc.				\$0.00	
150	Drilling Logs (CBL, Tracer, Inspection, W.L.)				\$0.00	
203	Packer & Retr. B.P.				\$0.00	
206	Whipstocking & Sidetracking				\$0.00	
206	Compressors				\$0.00	
DRILLING FLUIDS						
104	Mud & Chemicals				\$56,000.00	
108	Water & Brine				\$10,000.00	
108	Other (Gas & Air)				\$15,000.00	
MATERIALS & SERVICES OTHER						
101	Bits & Reamers				\$22,965.00	
106	Fuel				\$5,000.00	
107,205	Hauling				\$39,600.00	
201	Tubular Inspection				\$0.00	
105,203	Testing (Manifolds, BOP, Tbg Etc)				\$0.00	
105,203	Misc. Csg Exp (Run Csg, Sandblasting, Etc.)				\$18,000.00	
203	Tank Rentals				\$1,000.00	
203	Equipment Rental				\$10,000.00	
203	Misc. Exp.				\$64,000.00	
LOCATION, ACCESS, CLEANUP						
030	Road/Site/Construction				\$41,000.00	
080,080	Safety/Environmental				\$27,000.00	
SUPERVISION & LEGAL ETC.						
					\$20,800.00	
TOTAL INTANGIBLES				\$1,009,165.00	\$188,000.00	\$1,177,165.00
Plus 10 % Contingency				\$100,916.50	\$16,800.00	\$117,716.50
TOTAL INTANGIBLES WITH 10% CONTINGENCY				\$1,110,081.50	\$184,800.00	\$1,294,881.50
TOTAL TANGIBLES				\$135,560.15	\$188,008.50	\$307,948.65
GRAND TOTAL				\$1,245,641.65	\$372,808.50	\$1,602,830.15

Partner Name: _____

W.I. % for Dry Hole W.I. % for Completion

Date: April 6, 2011 Partner's Approval _____

Prepared by: Devin Mills Company Name: _____

Approved by: _____ Date: _____