

EDGE PETROLEUM OPERATING COMPANY, INC.
1301 TRAVIS STREET, SUITE 2000, HOUSTON, TX, 77002
Tel: (713) 654-8960, Fax: (713) 654-7722

AUTHORIZATION - FOR - EXPENDITURE

Lease/Well: Golden Lane 29 State No. 1 Field/Prospect: Golden Lane Date: 3/2/2005
 Location: NENE Section 29 T20S R30E Objective: Strawn, Morrow
Eddy County, NM Proposed TD: 13,000' MD
 Surface 1130' FWL & 2520' FNL Section 28, T20S R30E AFE No: 25DR
 Bottom Hole 1260' FEL & 710' FNL Section 29, T20S R30E
 Project Type: DRILLING-EXPL DRILLING-DEV RECOMPLETION WO-EXPENSE OTHER INVEST
 (Circle one)

Project Description: AFE scope is to drill and complete a directional 13,000' MD Strawn/Morrow Well.

INTANGIBLE COSTS		DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages		15,500		15,500
Location & Road: Bldg./Restor		30,000	3,000	33,000
Con. Drill.-Daywork	47 days @ \$ 11,000	517,000	33,000	550,000
Con. Drill.-Turnkey, Footage, Other	to			
Completion Rig:	15 days @ \$ 2,500		37,500	37,500
M/IRU/RD		70,000		70,000
Mud & Chemical		80,000		80,000
Fuel, Power, and Water		105,000	3,500	108,500
Bits		85,000	1,600	86,600
Cement & Cement Services		80,000	44,000	124,000
Casing Crew, Tongs & Tools		17,000	6,500	23,500
Mud Logging/MWD	36 days @ \$ 750	27,000		27,000
Electric Logging/Perforating/Wireline		50,000	24,000	74,000
Swab/Coiled Tubing Units	days @ \$			
Directional Services		140,000		140,000
Fracture/ Acid Stimulation			135,000	135,000
Fishing Services				
Rental Tools & Equipment		200,000	20,000	220,000
Contract Supervision	57 days @ \$ 750	42,750	14,000	56,750
Co. Labor (Time, Exp. & Benefits)				
Welding, Trucking, Contract Labor		25,000	17,500	42,500
DST & FT/Coring & Analysis		6,500		6,500
Consulting Services			2,500	2,500
Overhead		14,000	7,000	21,000
Transportation		20,000	3,500	23,500
Tubing inspection and testing		3,500	2,000	5,500
Other		5,000	5,000	10,000
Subtotal Intangible		1,533,250	359,600	1,892,850
Contingencies	5 %	76,663	17,980	94,643
TOTAL INTANGIBLE COSTS		1,609,913	377,580	1,987,493

TANGIBLE COSTS	Size	Footage	\$/foot	DRILLING	COMPLETION	TOTAL
Conductor Pipe				8,500		8,500
Surf. Casing	20	450	47.00	21,150		21,150
Intermediate Csg	13 3/8"	1600	34.00	54,400		54,400
Intermediate Csg	9 5/8"	3980	23.00	91,540		91,540
Production	5 1/2"	13000	13.00		169,000	169,000
Tubing	2 7/8"	12850	6.00		77,100	77,100
Float Equip. & Liner Hanger				10,000	3,000	13,000
Valves & Fittings					10,000	10,000
Wellhead Equipment				18,000	16,000	34,000
Misc. Equipment						
Packer & Downhole Equipment					9,000	9,000
Rods & Pump						
Pumping Unit & Prime Mover						
Meter & Meter Run					8,500	8,500
Flowlines & Connections					25,000	25,000
Tanks					15,000	15,000
Heater & Dehyd./Compressor						
Separator/Heater-Treater					10,000	10,000
Installation Costs					15,000	15,000
Pipeline/ROW & Sales Connection						
Other						
Subtotal Tangible				203,590	357,600	561,190
Contingencies	5 %			10,180	17,880	28,060
TOTAL TANGIBLE COSTS				213,770	375,480	589,250

TOTAL TANGIBLE & INTANGIBLE COST **1,823,682** **753,060** **2,576,742**

EDGE APPROVAL:	Edge WI (%) <u>75.00</u>	NONOPERATOR APPROVAL:	
Prepared by: <u>Jim Keisling</u>		Company: _____	WI (%) _____
Date: <u>3/2/2005</u>		Appr'd by: _____	Date: _____
Approved by: _____		Title: _____	
Date: _____		() Desire to be covered by Edge Petroleum's Insurance	
		() Decline to be covered by Edge Petroleum's Insurance	

Note: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.

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AUTHORIZATION - FOR - EXPENDITURE

Lease/Well: Golden Lane 29 State No. 1 Field/Prospect: Golden Lane Date: 3/2/2005
 Location: NENE Section 29 T20S R30E Objective: Strawn, Morrow
Eddy County, NM Proposed TD: 12,700' MD
 Surface 1260' FEL & 710' FNL Section 29, T20S R30E AFE No: 25DR
 Bottom Hole 1260' FEL & 710' FNL Section 29, T20S R30E
 Project Type: DRILLING-EXPL DRILLING-DEV RECOMPLETION WO-EXPENSE OTHER INVEST
 (Circle one)

Project Description: AFE scope is to drill and complete a 12,700' MD Vertical Strawn/Morrow Well.

INTANGIBLE COSTS				DRILLING	COMPLETION	TOTAL
Permit/Survey/Damages				14,000		14,000
Location & Road: Bldg./Restor				25,000	3,000	28,000
Con. Drill.-Daywork	41	days @ \$	11,000	451,000	33,000	484,000
Con. Drill.-Turnkey, Footage, Other		to				
Completion Rig:	12	days @ \$	2,500		30,000	30,000
MI/RU/RD				70,000		70,000
Mud & Chemical				50,000		50,000
Fuel, Power, and Water				60,000	3,500	63,500
Bits				65,000	1,600	66,600
Cement & Cement Services				33,000	40,000	73,000
Casing Crew, Tongs & Tools				6,300	6,000	12,300
Mud Logging/MWD	30	days @ \$	750	22,500		22,500
Electric Logging/Perforating/Wireline				50,000	20,000	70,000
Swab/Coiled Tubing Units		days @ \$				
Directional Services					135,000	135,000
Fracture/ Acid Stimulation						
Fishing Services						
Rental Tools & Equipment				48,000	20,000	68,000
Contract Supervision	52	days @ \$	750	39,000	14,000	53,000
Co. Labor (Time, Exp. & Benefits)						
Welding, Trucking, Contract Labor				12,500	17,500	30,000
DST & FT/Coring & Analysis				6,500		6,500
Consulting Services					2,500	2,500
Overhead				14,000	7,000	21,000
Transportation				6,000	3,500	9,500
Tubing inspection and testing				1,500	2,000	3,500
Other				5,000	5,000	10,000
Subtotal Intangible				979,300	343,600	1,322,900
Contingencies		5 %		48,965	17,180	66,145
TOTAL INTANGIBLE COSTS				1,028,265	360,780	1,389,045

TANGIBLE COSTS				DRILLING	COMPLETION	TOTAL
Conductor Pipe	Size	Footage	\$/foot	7,000		7,000
Surf. Casing	13 3/8"	450	34.00	15,300		15,300
Intermediate Csg	9 5/8"	4600	23.00	105,800		105,800
Intermediate Csg						
Production	5 1/2"	12700	13.00		165,100	165,100
Tubing	2 7/8"	12550	6.00		75,300	75,300
Float Equip. & Liner Hanger				4,200	3,000	7,200
Valves & Fittings					10,000	10,000
Wellhead Equipment				13,000	16,000	29,000
Misc. Equipment						
Packer & Downhole Equipment					9,000	9,000
Rods & Pump						
Pumping Unit & Prime Mover						
Meter & Meter Run					8,500	8,500
Flowlines & Connections					25,000	25,000
Tanks					15,000	15,000
Heater & Dehyd./Compressor						
Separator/Heater-Treater					10,000	10,000
Installation Costs					15,000	15,000
Pipeline/ROW & Sales Connection						
Other						
Subtotal Tangible				145,300	351,900	497,200
Contingencies		5 %		7,265	17,595	24,860
TOTAL TANGIBLE COSTS				152,565	369,495	522,060

TOTAL TANGIBLE & INTANGIBLE COST	1,180,830	730,275	1,911,105
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EDGE APPROVAL:	Edge WI (%) <u>100 BCP/50 ACP</u>	NONOPERATOR APPROVAL:	
Prepared by: <u>Jim Keisling</u>		Company: _____	WI (%) _____
Date: <u>3/2/2005</u>		App'd by: _____	Date: _____
Approved by: _____		Title: _____	
Date: _____		<input type="checkbox"/> Desire to be covered by Edge Petroleum's insurance <input type="checkbox"/> Decline to be covered by Edge Petroleum's insurance	

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