

Sheet1

CAPATAZ OPERATING, INC. Authority for Expenditure				TOTAL DEPTH: 7800	
LEASE NAME AND WELL NO.: Round Up #1				WELL TYPE: O&G	
COUNTY: Lea				STATE: NM	
LOCATION: 1980' FNL & 660' FEL 35-T19S-R38E				PROSPECT:	
				OBJECTIVE: Abe	
INTANGIBLE DRILLING COST				DRY HOLE	COMPLETE
					TOTAL
Title Opinion				2000	4500
Land & Legal Fees					
Survey, Permits & Bonds				1000	1000
Surface Damages				4000	4000
Road & Location Dirtwork				15000	15000
Drilling Footage					0
Drilling Daywork				180000	180000
Rig Mobilization				24000	24000
Pulling Unit					50000
Reverse Unit					
Fuel & Lubricants				14400	14400
Mud, Wash Oil & Chemicals				9700	9700
Directional Service					
Casing Crews & Equipment				1850	6050
Equipment Rental					7800
Packer/Service/Rental					5200
Waterwell, Pump & Line					
Water Transport				9500	16000
Cement Service				12550	27525
Drill Stem Testing					
Coring/Core Analysis					
Geological Services				6300	6300
Mud Logging				9450	9450
Open Hole Log Service				21500	21500
Log & Perforate					12800
Acid Stimulation					14000
Frac Stimulation					107000
Pump Truck & Nitrogen Service					
Air Drilling Services					
Transportation, Trucking				1200	3000
Contract Labor & Welding				450	900
Roustabout Labor					4500
Tubular Inspection					
Engineering & Wellbore Supervision				5500	14000
Abandonment				10000	10000
Environmental, Disposal & Restoration					5000
Administrative Overhead				2700	6800
Insurance				3200	3200
Contingencies @ 5%				17000	27000
Bits & Reamers				16000	16000
SUBTOTAL:				367300	626625

LEASE & WELL EQUIPMENT					
Tubulars:	Size/WVG	Footage	Price		
Conductor Pipe	15"	40' R @ \$	32 per ft	1280	1280
Surface Casing	5 5/8"	1600' R @ \$	11.92 per ft	19072	19072
Intermediate Casing		R @ \$	per ft		
Protection Liner		R @ \$	per ft		
Production Casing	5 1/2"	7800' R @ \$	12.87 per ft	100386	100386
Production Tubing	2 7/8"	7700' R @ \$	5.48 per ft	42042	42042
Wellhead Equipment				4200	6550
Flowing Tree					
Pumping Hookup				2200	2200
Liner Hanger, Packer & Tubing Anchor				880	880
Pumping Unit w/ Base & Prime Mover				38000	38000
Electrical Installation				7800	7800
Rods, Subsurface Pump & Accessories				18750	18750
Compressor & Accessories					
SWD Equipment				8500	8500
Oil Storage Tanks				1400	1400
SW Fiberglass Tanks				2200	2200
Separator				4200	4200
Heater-Treater					
Dehydrator/Line Heater					
Meters, Valves & Connections				7500	7500
Flowline & Connections				3000	3000
Gas Pipeline, Meter & Installation				15000	15000
Other Non-Controllable Equipment					
Other Controllable Equipment					
SUBTOTAL:				22702	278750
GRAND TOTAL:				390002	905385

CAPATAZ OPERATING, INC.		WORKING INTEREST PARTNER	
Prepared By: _____		agrees to participate _____ %WI	
Title: President		Approved By: _____	
Date: 2/9/2005		Date: _____	

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out.

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 5