AUTHORITY FOR EXPENDITURE
NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

Date:	05/21/2007	Lease / Well Number:	Cronos Fee #1
Prepared By:	Terry West	Location:	Sec. 20 T23S R28E
Prospect Name:	Delphi Prospect		1950' FNL and 660' FWL
County, State	Eddy, New Mexico	Field:	Loving Morrow
Projected Total Depth:	12,750'	Primary Objectives:	Morrow

NOTES

Daywork Contract - Straight Well - Lined Reserve Pit
Single Sand Completion (One Frac)
Assumes regulatory agent approves CSG program and allows reserve pit
Note all pipe prices are subject to increase due to market fluctuation partners will be billed for actual cost

Intan. Drilling Costs BCP 4-			COSTS
1 Legal, Permits & Fees			2500
2 Abandonment & Cleanup			5000
3 Bits			65500
4 Well Control & Testing			4000
5 Casing Crews			12000
6 Cement and Cement Services			62000
8 Contract Labor / Roustabout			5250
12 Corrosion Control & Chem.			8500
14 Mobilization / Demobilization			85000
15 IDC Daywork	DRLG	$ Day	
	40	16500	660000
16 Directional Drilling Expense			0
21 Drill Stem - Formation Tests			0
22 Fishing Tools & Service			0
23 Float Equipment & Centralizers			4500
24 IDC Footage			0
31 Inspection - Drill String			6000
36 Location & Road Expense			48000
39 Logging & Wireline			50000
45 Miscellaneous			9000
51 Mud			100000
52 Mud Logging	DRLG	$ Day	
	32	975	31200
60 Pumping Services			0
61 Rentals Surface			23000
62 Rentals Sub-Surface			15000
Drill Pipe / Motors	DRLG	$ Day	
	30	3360	100800
66 Rig Fuel	DRLG	$ Day	
	40	1250	50000
67 Staking Location & Surveys			1600
72 Supervision	DRLG	$ Day	
	40	1050	42000
78 Transportation			5000
81 IDC Turnkey			0
84 Water			32000
85 Water / Mud Disposal			9500
Insurance	DRLG	$ Foot	
	12750	1.75	22312.5
ROW			15000
Squeeze CMT			18000
Administrative Services			1500
Contingency 10%			147466
TOTAL			1641629

Lease & Well Equipment 6-				COSTS
4 Conductor Casing				Included in Location Cost
72 Surface Casing	13 3/8"	$ Foot	Depth	
		28.5	400	11400
32 Intermediate Casing	9 5/8"	$ Foot	Depth	
		32.5	6080	197600
84 Wellhead				12000
Cattle guards				1500
Contingency 10%				22250
TOTAL EQUIPMENT				244750

ADDITIONAL COST	COSTS
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
Contingency 10%	0
TOTAL ADDITIONAL COST	0

Intan. Comp. Costs ACP 5-			COSTS
2 Abandonment & Cleanup			10000
4 Bits & Reamers			2500
5 Casing Crews			15000
8 Cement & Services			42000
9 Completion / Swab Unit	Days	$ Day	
	18	2000	36000
11 Couplings & Fittings			9800
12 IDC Daywork	COMP	$ Day	
	3	16500	49500
21 Testing			12500
22 Fishing			0
28 Location & Road Expense			5000
31 Pipe Inspection & Recondition			9500
32 Logging, Perforations & Wireline			27500
40 Miscellaneous IDC			13500
48 Mud & Chemicals			2500
53 Nitrogen Service & Coiled Tubing			0
61 Rentals Surface			5600
62 Rentals Subsurface			7850
66 Water Hauling			9500
68 Pumping Services			5600
77 Contract Labor & Roustabout			9500
80 Stimulation			150000
84 Supervision	COMP	$ Day	
	23	650	14950
92 Transportation			15000
Float Equipment & Centralizers			2500
Rig Fuel	COMP	$ Day	
	3	1250	3750
Squeeze CMT			-18000
Insurance	COMP	$ Day	
	23	350	8050
Administrative Services			1500
Contingency 10%			44155
TOTAL			495255

Lease & Well Equipment 6-				COSTS
12 Controllable Valves				9000
16 Gas Processing & Dehy				17500
24 Heaters, Treaters & Separators				25000
40 Pipeline				9000
42 Flowline				10000
44 Misc. Controllable Equipment				6000
56 Subsurface Equipment				12500
64 Pumping Units & Engines				0
68 Rods & Pump				0
60 Production Casing / Liners	5 1/2"	$ Foot	Depth	
		17	12750	216750
76 Tanks & Accessory Equipment				10580
80 Tubing	2 7/8"	$ Foot	Depth	
		5.5	12750	70125
84 Wellhead				10000
Contingency 10%				39645.5
TOTAL EQUIPMENT				436100.5

ADDITIONAL COST	COSTS
	0
	0
	0
	0
	0
	0
	0
	0
	0
Contingency 10%	0
TOTAL ADDITIONAL COST	0

Oil Conservation Commission
Case No. _____
Exhibit No. 4

TOTAL DRILLING	1886379
TOTAL INTANGIBLE	2136884

TOTAL COMPLETION	931356
TOTAL TANGIBLE	680851

TOTAL WELL COST	2817734

Joint Interest Approval

Company:

By: _____ Date: _____

Company: Nadel and Gussman

By: Terry West Date: 5/21/07