

McELVAIN OIL & GAS PROPERTIES, INC.

AUTHORITY for EXPENDITURE

August 27, 2007

CATEGORY NUMBER	Ruby #1 NWSW Sec. 3 T29N R13W TD: 1,672' Pictured Cliffs	DRY HOLE	COMPLETED WELL
Drilling Intangibles			
3010	Landman Costs	3,000	3,000
3012	Abstract/Title	200,000	200,000
4004	Staking, Permitting, Title Work & Survey	15,000	15,000
4015	Location	4,000	4,000
4116	Rig MOB & DEMOB	3,000	3,000
4104	Drilling Footage (250' of 12 1/4" Hole @ \$26/ft)	6,500	6,500
4225	Cement for Surface Casing	12,000	12,000
4104	Drilling Footage (1422' of 6 1/4" Hole @ \$21.00/ft)	26,860	26,860
4111	Drilling Rig..Daywork..3.0 days @ \$7500	22,500	22,500
4118	Rig fuel	1,000	1,000
4120	Drilling Water	8,000	8,000
4125	Drilling Mud	3,600	3,600
4126	Fluid Disposal	40,000	40,000
4204	Mud logger/Geologist	0	0
4220	Open Hole Logs	9,500	9,500
4480	Transportation	6,000	6,000
4250	Rental Equipment	10,000	10,000
4408	Casing Crew for Surface Casing	0	0
4515	Roustabouts & Contract Labor [pit claning]	45,000	45,000
4615	Field Supervision - 7 days @ \$950/day	6,650	6,650
4620	Drilling Overhead - 6 days @ \$550/day	3,300	3,300
4603	P&A Costs	12,000	
4715	Contingency	1,500	1,500
Total Intangible Drilling		439,410	427,410

Completion Intangibles			
5225	Cement & Cementing Tools		17,000
5112	Completion Unit 12 days @ \$3,800/day		45,600
5135	Bits		500
5220	Cased Hole Logging & Perforating		15,000
5520	Stimulation		150,000
5250	Tool & Equip Rental		12,000
5615	Field Supervision (12 days @ \$850/day)		10,200
5121	Completion Water		7,500
5480	Trucking & Transportation		5,500
5408	Casing Crew		2,500
5515	Roustabouts & Contract Labor		3,500
5015	Location & Road		2,500
5550	Slickline Services..BHP Survey		2,500
5126	Fluid Disposal		10,000
5620	Completion Overhead (12 days @ \$550/day)		6,600
5715	Contingency		10,000
Total Intangible Completion		0	300,900

Total Intangibles 439,410 728,310

Tangibles			
8005	Surface Casing (250' 8 5/8" 24# @ \$16.00/ft)	4,000	4,000
8015	Production Casing 1672' 5.5", 15.5# @ \$9.80/ft		16,390
8025	Tubing 1672' 2 3/8" J-55 @ \$4.00/ft		6,700
8205	Wellhead	3,000	11,500
8303	Engines		15,000
8305	Pumping unit		25,000
8310	Rods & Pump		15,000
8225	Pit tank/retaining		10,500
8230	Tanks (2-400 bbl)		26,000
8220	Separator		25,000
8250	Line Pipe & Fittings		12,000
8505	Labor for Equipment Install		25,000
8231	Structural Enclosures		25,000
8506	Trucking		8,500
8705	Non Controllabe Equipment		5,000
Total Tangibles		7,000	230,590

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14009 Exhibit No. 6
Submitted by:
McElvain Oil & Gas Properties, Inc.
Hearing Date: October 18, 2007

Total Well Cost \$446,410 \$958,900

APPROVALS:

McElvain Oil & Gas Properties, Inc.

John D. Teubke

Date: 8-27-07