

RSC REROURCES, L.P.  
 AUTHORITY FOR EXPENDITURE  
 DRILLING & COMPLETION

1-3-07

Well Name: Red Bull 3 Fed Com No.1H Depth & Objective: 12,200' Bone Spring  
Surf: 330' FNL & 330' FEL, Sec. 3-T26S-R33E, Lea County, New Mexico  
BHL: 990 FNL & 330' FWL, Sec. 3-T26S-R33E, Lea County, New Mexico

**EXHIBIT 4**

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<u>Survey, Staking, ROW, Permits</u>	<u>5,000</u>	<u>2,000</u>	<u>7,000</u>
<u>Roads &amp; Location, Pits</u>	<u>60,000</u>	<u>2,000</u>	<u>62,000</u>
<u>Rig - \$17000/day, 60 :3</u>	<u>1,020,000</u>	<u>51,000</u>	<u>1,071,000</u>
<u>Completion Unit-\$4500/d</u>	<u>0,000</u>	<u>60,000</u>	<u>60,000</u>
<u>Fuel &amp; Power</u>	<u>120,000</u>	<u>7,000</u>	<u>127,000</u>
<u>Mud, Water, Chemicals</u>	<u>120,000</u>	<u>25,000</u>	<u>145,000</u>
<u>Bits, Tools</u>	<u>90,000</u>	<u>10,000</u>	<u>100,000</u>
<u>Cement, Casing Crews, Testing</u>	<u>40,000</u>	<u>45,000</u>	<u>85,000</u>
<u>Float Equipment, Centralizers</u>	<u>0,000</u>	<u>3,000</u>	<u>3,000</u>
<u>Logging, Perforating, Wireline</u>	<u>40,000</u>	<u>40,000</u>	<u>80,000</u>
<u>DSTs, Testing, Coring</u>	<u>0,000</u>	<u>3,000</u>	<u>3,000</u>
<u>Mud Logging Unit</u>	<u>44,000</u>	<u>0,000</u>	<u>44,000</u>
<u>Directional Drilling</u>	<u>260,000</u>	<u>0,000</u>	<u>260,000</u>
<u>Stimulation, Treating</u>	<u>0,000</u>	<u>800,000</u>	<u>800,000</u>
<u>Rentals</u>	<u>70,000</u>	<u>20,000</u>	<u>90,000</u>
<u>Trucking, Rig Mobilization</u>	<u>70,000</u>	<u>5,000</u>	<u>75,000</u>
<u>Welding, Roustabout Crews</u>	<u>20,000</u>	<u>8,000</u>	<u>28,000</u>
<u>Water Disposal, Clean-up</u>	<u>12,000</u>	<u>20,000</u>	<u>32,000</u>
<u>Contract Labor, Supervision</u>	<u>60,000</u>	<u>10,000</u>	<u>70,000</u>
<u>Company Supervision</u>	<u>10,000</u>	<u>5,000</u>	<u>15,000</u>
<u>Miscellaneous, Other</u>	<u>50,000</u>	<u>25,000</u>	<u>75,000</u>
<u>Contingency</u>	<u>100,000</u>	<u>50,000</u>	<u>150,000</u>
<b><u>TOTAL INTANGIBLES</u></b>	<b><u>2,191,000</u></b>	<b><u>1,183,000</u></b>	<b><u>3,374,000</u></b>

<u>TANGIBLE COSTS</u>			
<u>Surface Casing, 1000' 13.375"</u>	<u>35,000</u>		<u>35,000</u>
<u>Intermediate Casing, 5000' 9.625"</u>	<u>170,000</u>		<u>170,000</u>
<u>Production Casing, 17,800' 5.5"</u>		<u>280,000</u>	<u>280,000</u>
<u>Tubing, 12,000' 2.875"</u>		<u>80,000</u>	<u>80,000</u>
<u>Wellhead Equipment</u>	<u>15,000</u>	<u>6,000</u>	<u>21,000</u>
<u>Pumping Unit, Engine</u>		<u>120,000</u>	<u>120,000</u>
<u>Rods, Pump</u>		<u>60,000</u>	<u>60,000</u>
<u>Gas Compressor</u>		<u>0,000</u>	<u>0,000</u>
<u>Tanks</u>		<u>35,000</u>	<u>35,000</u>
<u>Heater Treater, Separator, Dehy</u>		<u>25,000</u>	<u>25,000</u>
<u>Packers, Anchors, Hangers</u>		<u>35,000</u>	<u>35,000</u>
<u>Flow lines, Fittings, Valves</u>		<u>20,000</u>	<u>20,000</u>
<u>Meters, Electrical</u>		<u>8,500</u>	<u>8,500</u>
<u>Miscellaneous, Other</u>	<u>5,000</u>	<u>10,500</u>	<u>15,500</u>
<u>Contingency</u>	<u>2,000</u>	<u>20,000</u>	<u>22,000</u>
<b><u>TOTAL TANGIBLES</u></b>	<b><u>227,000</u></b>	<b><u>664,000</u></b>	<b><u>686,000</u></b>

**TOTAL WELL COSTS**                      **2,418,000**                      **1,847,000**                      **4,265,000**

Prepared By: Randall Cate

This AFE is an estimate. Actual costs will vary and may be significantly higher. By signing you agree to pay your share of the actual costs.

Company : \_\_\_\_\_  
 BY: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date \_\_\_\_\_