

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

WELL NUMBER	SJ08-28	PROPERTY NUMBER	20828A	DATE	4/11/2008
WELL NAME AND NUMBER			FIELD OR AREA		
San Juan 32-5 Unit Com #115			Basin Fruitland Coal		
OPERATOR			COUNTY	STATE	
Engeren Resources			Rio Arriba/San Juan	New Mexico	
PROJECT DESCRIPTION AND LOCATION			SECTION: SW 22	TOWNSHIP 32N	RANGE 6W
New Development Well			PROPOSED FORMATION		PROPOSED DEPTH
			Fruitland Coal		7,750
<input type="checkbox"/> SINGLE	<input type="checkbox"/> OIL	<input checked="" type="checkbox"/> GAS	<input type="checkbox"/> EXPL.	<input type="checkbox"/> WORKOVER	<input checked="" type="checkbox"/> CAPITAL
<input checked="" type="checkbox"/> DUAL	<input type="checkbox"/> BAY	<input type="checkbox"/> STRAT.	<input checked="" type="checkbox"/> DEV.	<input checked="" type="checkbox"/> NEW	<input type="checkbox"/> EXPENSE
<input checked="" type="checkbox"/> LAND	<input type="checkbox"/> MARSH	DATE TO START	DAYS TO DRILL/COMPLETE		<input checked="" type="checkbox"/> ORIGINAL
<input type="checkbox"/> MARSH	<input type="checkbox"/> GULF	6/15/2008	35	6	<input type="checkbox"/> SUPPLEMENT
TANGIBLES - 940			DRY HOLE COSTS	COMPLETION COSTS	TOTAL COSTS
TUBULAR GOODS					
101	Conductor Pipe	In. Ft.			\$0.00
106	Surface Casing	9 5/8 In. 200 Ft.	22.00	\$4,400.00	\$4,400.00
104	Production	In. Ft.			\$0.00
104	First Inter.	7 In. 4,600 Ft.	14.00	\$64,400.00	\$64,400.00
104	Second Inter.	In. Ft.			\$0.00
104	Prod. Liner	4 1/2 In. 9,610 Ft.	9.00	\$86,490.00	\$86,490.00
105	Rods	In. Ft.			\$0.00
107	Tubing	2 3/8 In. 4,550 Ft.	3.50	\$15,925.00	\$15,925.00
107	Tubing	In. Ft.			\$0.00
EQUIPMENT					
201	Wellhead			\$10,500.00	\$10,500.00
102,103	Tbg & Csg Acc,liner hgr, Prod Pkr.			\$31,000.00	\$31,000.00
202,203	Production				
205,206	Equipment			\$100,000.00	\$100,000.00
204	Other Valves and Fittings			\$15,000.00	\$15,000.00
TOTAL TANGIBLES			\$68,800.00	\$258,915.00	\$327,715.00
INTANGIBLES - 950					
DRILLING COSTS					
103	Turnkey				\$0.00
103	Footage	Ft.			\$0.00
103	Day Work	35 Da.	18,500.00	\$577,500.00	\$577,500.00
208	Comp Rig	90 Hr.	375.00	\$33,750.00	\$33,750.00
208	Service unit				\$0.00
105	Rental Tools, Services, Chokes, Etc.			\$250,000.00	\$550,000.00
107,205	Rig Moving Cost			\$30,000.00	\$30,000.00
105	Other Drill Pipe			\$15,000.00	\$30,000.00
CEMENTING (INCL. FLOAT EQUIP. ETC.)					
102	Surface			\$4,200.00	\$4,200.00
102	Intermediales			\$18,500.00	\$18,500.00
201	Production				\$0.00
201	Production Liners				\$0.00
102	Tieback String				\$0.00
201	Squeeze Cemt. (incl. Ret. & Pkrs.)				\$0.00
201	Other				\$0.00
FORMATION TREATMENT					
207	Acidizing				\$0.00
207	Fracturing Equipment & Materials				\$0.00
204	Frac. Fluid Gas				\$0.00
203,205	Tank Rental & Hauling				\$0.00
SPECIAL SERVICES					
206	Perforation (set B.P. & Pkrs., Wireline Etc.)				\$0.00
150	Mud Logging Data Units			\$5,000.00	\$20,000.00
150	Formation Logging				\$0.00
160,250	Cores, DST's, Well Testing, etc.				\$0.00
150	Drilling Logs (CBL, Tracer, Inspection, W.L.)				\$0.00
203	Packer & Retr. B.P.				\$0.00
206	Whipstocking & Sidetracking			\$50,000.00	\$90,000.00
206	Compressors				\$140,000.00
DRILLING FLUIDS					
104	Mud & Chemicals			\$30,000.00	\$45,000.00
108	Water & Brine			\$15,000.00	\$90,000.00
108	Other (Gas & Air)				\$0.00
MATERIALS & SERVICES OTHER					
101	Bits & Reamers			\$25,000.00	\$45,000.00
106	Fuel			\$75,000.00	\$90,000.00
107,205	Hauling			\$45,000.00	\$60,000.00
201	Tubular Inspection				\$0.00
105,203	Testing (Manifolds, BOP, Tbg Etc)				\$0.00
105,203	Misc. Csg Exp (Run Csg, Sandblasting, Etc.)			\$8,500.00	\$18,500.00
203	Tank Rentals				\$0.00
203	Equipment Rental			\$75,000.00	\$100,000.00
203	Misc. Exp.			\$7,500.00	\$12,500.00
LOCATION, ACCESS, CLEANUP					
030	Road/Site/Construction			\$30,000.00	\$30,000.00
060,080	Safety/Environmental			\$2,500.00	\$2,500.00
020	SUPERVISION & LEGAL ETC.			\$25,000.00	\$31,000.00
TOTAL INTANGIBLES			\$1,288,700.00	\$669,750.00	\$1,958,450.00
Plus 10 % Contingency			\$128,870.00	\$66,975.00	\$195,845.00
TOTAL INTANGIBLES WITH 10% CONTINGENCY			\$1,417,570.00	\$736,725.00	\$2,154,295.00
TOTAL TANGIBLES			\$68,800.00	\$258,915.00	\$327,715.00
GRAND TOTAL			\$1,486,370.00	\$995,640.00	\$2,482,010.00

Partner Name: _____

W.I. % for Dry Hole: _____ W.I. % for Completion: _____

Date: April 11, 2008

Prepared by: N. Smith

Approved by: _____

Partner's Approval: _____

Company Name: _____

Date: _____

