

M A R A L E X R E S O U R C E S, I N C.

AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: BLANCETT NO. 3  
 LOCATION: Northeast Section 24, T30N, R12W  
 San Juan County, New Mexico

INTANGIBLE	DRILLING	COSTS	
Drilling Rig	2200 ft. @ \$13.00/ft 1 day of daywork @ \$4400/day		\$28,600.00 4,400.00
Completion Rig	5 days @ \$1500/ day		7,500.00
Location	Dirt Work and labor Pits (Plastic Lined) Reclamation of reserve pit	\$2500 1800 2200	6,500.00
Staking & Permit	\$700 per well		700.00
Damages & ROW	\$3500 per well		2,500.00
Casing & Cmtng	Casing Crew Cementing	Surface Production Surface Production	---- 1200 2800 6800
			10,500.00
Logging & Tests	Open-hole Logging Desorption Analysis Cased-hole Logging BHP Build-up Test Slug Test & other Tests	5500 3500 1800 3500 1600	15,900.00
Perforating	30 feet @ 4 shots per foot	2800	2,800.00
Stimulation	Fracture Treatment	60000	60,000.00
Rental Equipment	Tanks, BOP's, etc.	1200	2,200.00
Water & Hauling	Including Disposal	6000	6,000.00
Labor	Roustabout work, etc.	4400	4,400.00
Supervision	Engineering & field work Geological (Cuttings work)	4800 700	5,500.00
Overhead	Land, Legal, Insurance,	3000	3,000.00
Miscellaneous	Contingency (10%)		16,050.00
TOTAL INTANGIBLE DRILLING COSTS			\$176,550.00

BEFORE EXAMINER SIGNATURE  
 OIL CONSERVATION DIVISION  
 CREDIT NO. 10274  
 CASE NO. 275  
 276

M A R A L E X   R E S O U R C E S ,   I N C .

AUTHORITY FOR EXPENDITURE

TANGIBLE	DRILLING	COSTS
Tubulars	250' of 8-5/8, 24#, J55 csg	\$2,250.00
	2200' of 5-1/2, 17#, J55 csg	11,000.00
	2100' of 2-3/8, 4.7#, J55 tbg	4,400.00
Rods	2100' of 3/4 Grade D rods	2,050.00
Pumping Equip.	114-135-64 Pumping Unit (used)	11,000.00
	Downhole pump 2"x1.25"x12'RHBC	2,400.00
Prime Mover	20 Hp Electric Motor w/acces- sories (i.e. Power, Controls, etc.)	4,500.00
Production Unit	Vertical Coal gas separator	7,700.00
Water Storage	400 Barrel Fiberglass tank	5,600.00
Wellhead	Larkin or Hinderlighter head	2,800.00
Float Equip.	Guide Shoes, Floats, etc.	2,000.00
Miscellaneous	Polish rod, pumping tee, fuel gas scrubber, radigan, etc.	3,500.00
TOTAL TANGIBLE DRILLING COSTS		\$59,200.00
TOTAL INTANGIBLE DRILLING COSTS		\$176,550.00
AFE GRAND TOTAL COSTS		\$235,750.00

MARALEX AUTHORIZATION: A. M. O'Hare  
A. M. O'HARE, P.E.  
PRESIDENT

Partner Approval \_\_\_\_\_  
(Company Name):

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_