

# AUTHORITY FOR EXPENDITURE

AFE NO.	2004-017	LEASE	Knockabout Federal	WELL NO.	1
DESCRIPTION	1830' FSL & 1980' FWL, Section 12-T17S-R31E	COUNTY	Eddy		
STATE	NM	AREA		OPERATOR	Hudson Oil Company of Texas
FORMATION	Morrow	PREPARED BY	Sheryl Baker		
TOTAL DEPTH	12,500'	DATE	May 7, 2004		

## DRILLING INTANGIBLES

STAKING PERMITS LEGAL FEES ROW  
SITE PREPARATION ROADS & LOC  
DRILLING FOOTAGE CONTRACT  
DRILLING DAYWORK/MOBILIZATION  
EQUIP RNTL MACHINERY/MAN HIRE  
DRILLING WATER, HAULING FUEL  
DRILING MUD & CHEMICALS  
CEMENT SURFACE CASING  
FISHING TOOL SERVICES  
OTHER DRILLING COSTS/MATERIALS  
CORING & FORMATION TESTING  
MUD LOGGING & GEOLOGICAL SVCS  
ELEC LOGGING, WIRELINE, PERF  
DRILLING OVERHEAD CHARGE  
DRILLING WELLSITE SUPERVISION  
CONTINGENCY 5%

### TOTAL DRILLING

SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
100	10,000			
110	35,000	3,500		
200				
210	327,500			
220	35,000			
250	28,000			
260	30,000			
280	32,500			
295				
299	65,000			
300	9,500			
310	21,500			
350	22,500	22,500		
950	5,000			
955	22,750			
	32,213	1,300		
	676,463	27,300		

## COMPLETION INTANGIBLES

CEMENT PRODUCTION CASING  
FORMATION FRACTURING  
FORMATION ACIDIZING  
COMPLETION UNIT  
CONTRACT LABOR/PROFESSIONAL SVCS  
COMPLETION WATER, POWER, FUEL  
BATTERY CONST/SER/MATERIALS  
COMPLETION EQUIP RNTS/SERVICES  
DRIL/COM OVERHEAD CHARGE  
DRIL/COM OVERHEAD CHARGE  
MISCELLANEOUS IDC EXPENSES  
CONTINGENCY 5%

### TOTAL COMPLETION

### TOTAL INTANGIBLES

400		45,000		
410		125,000		
420		15,000		
450		18,000		
500		20,000		
905		4,500		
910		20,000		
915		35,000		
950		5,000		
955		5,000		
900		3,500		
		296,000		
	676,463	323,300		

## DRILLING AND COMPLETION TANGIBLES

SURFACE & INTERMEDIATE CASING  
PRODUCTION CASING  
TUBING & ATTACHMENTS  
PUMPING WELL HOOK UP  
WELLHEAD EQUIPMENT  
PUMP JACKS & PUMPS  
TREATER, SEPAR, EQ, METER/ELEC  
TANKS & STORAGE FACILITIES  
MISCELLANEOUS L&W EQUIPMENT  
CONTINGENCY 5%

### TOTAL EQUIPMENT COST

### TOTAL WELL COST

LEASE ACRES @ PER ACRE

### TOTAL WELL COST

200	82,000			
250		148,000		
300		83,000		
350				
400	17,500	17,500		
500				
600		22,500		
700		22,500		
900		7,500		
	4,975	15,050		
	104,475	316,050		
	780,938	639,350		
		1,420,288		

## APPROVALS:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

OPERATOR Hudson Oil Company of Texas BY WI DATE 05/07/04

COMPANY Marbob Energy Corporation BY *Raye Miller* WI DATE 10/8/2004

PRINT NAME Raye Miller TITLE Attorney-in-Fact

COMPANY BY Hearing Date: November 18, 2004

PRINT NAME TITLE BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case Nos. 13348 Exhibit No. 4

Submitted by:

Marbob Energy Corporation