

# AUTHORITY FOR EXPENDITURE

A/E 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**

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		

## TOTAL WELL COST

LEASE ACRES @ PER ACRE

## TOTAL WELL COST

## 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	<i>Raye Miller</i> WI	DATE	10/8/2004
PRINT NAME	Raye Miller	TITLE	Attorney-in-Fact		
COMPANY		BY			
PRINT NAME		TITLE			

BEFORE THE OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. 13348 Exhibit No. 4  
 Submitted by:  
**Marbob Energy Corporation**  
 Hearing Date: March 9, 2005