

Authorization For Expenditure

marex Energy Co.					pate Pites		er 16, 2011	Sales and Sept.
Region	males	Well No.	Prospect of Fela Name	Property I-0 abet	1840	:::Drilin	AFE No. 🖟	1950
Permian Independence 8 F	n Independence 8 Federal Com 2		Caprock	309742-023.01		251020		
ation 11 s. 11 s. 12			County County	State	2500		WE SHE	
IL: 1830 FNL & 2310 FEL Section 8- 80 FNL & 330 FEL Section 9-T15S-R		BHL	Chaves	.NM	Oil Gas	_ ×	Exp! Prod	×
imate livae	(4.5 Prints 19)	Cial Ne	stStart Date: 11-12-12-12-12-12-12-12-12-12-12-12-12-1	Compidate W	Farh	ation	Ttl Syleasi	red Depth
riginal Estimate rvised Estimate	<u> </u>					be	15,	806'
pplemental Estimate	ŏ				· ,			350'
) using rotary Steerable dir tools. C					
rtangibles			Dry Hole Cost	After Casing P	oint	Cor	npleted We	li Cost
rilling Costs ompletion Costs			\$3,368,320	\$3,674,000	<u> </u>		\$3,368,32	
otal Intangible Costs			\$3,368,320	\$3,674,000		J	\$7,042,32	
angibles							· · · · · · · · · · · · · · · · · ·	
Vell Equipment ease Equipment			\$37,000	\$1,048,889 \$280,000			\$1,085,88 \$280,000	
otal Tangible Well Cost			\$37,000	\$1,328,88			\$1,365,88	
lug and Abandon Cost			\$150,000	-\$150,000	· · · · · ·	T	\$0	
otal Well Cost			\$3,555,320	\$4,852,889		\$8,408,209		
nless otherwise indicated below, y	you, as a non-or	perating wo	ording interest owner, agree to be o	overed by Operator's	well control	insurance	procured by	Operator
Inless otherwise indicated below, yong as Operator conducts operation insurance, you must provide a certifater than commencement of drillin insurance procured by Operator. 1 shot to purchase my own well content of the content of t	you, as a non-opens hereunder a flicate of such in ag operations. Y rel insurence policy. y Operator, prov	perating wo nd to pay y isurance ac our agree to nides, amon		overed by Operator's sisterefore. If you ele and limits, at the time the of insurance, as provided the operator's with the operator's office of insurance.	well control ct to purch his AFE is re ded herein Single Limit	Insurance ase your ov turned, if a , will result coverage f	procured by vn well cont vailable, but in your bein	Operator rol in no ever g covered
Unless otherwise indicated below, yong as Operator conducts operator in source, you must provide a certifater than commencement of drilling insurance procured by Operator. [1] that to purchess my own well control insurance procured by related redriffing and dean-up/policity elected re	you, as a non-opus hereunder a ifficate of such in goperations. You improve policy of the provided response to the partment, we was a non-operation of the partment.	perating wo not to pay y usurance ac you agree to ides, amon overing dri with third; o market yo III share wo	ording interest owner, agree to be coor prorated share of the premium ceptable to Operator, as to form an hat failure to provide the certificate and failure terms, for \$20,000,000 (100 liling (through completion) with a \$10 liling (through completion)	overed by Operator's is therefore. If you eled illinits, at the time the of Insurance, as provided with the common of the common	well control ct to purch is AFE is re ded herein Single Limit cieductible, tion, penalt the terms of	Insurance ase your ov turned, if a , will result coverage f	procured by vn well cont vailable, but in your bein or well cont incurred for	Operator rol in no ever g covered rol and
Unless otherwise indicated below, yong as Operator conducts operator in insurance, you must provide a certifater than commencement of drilling insurance procured by Operator. I shot to perclose my own well content with the content of insurance procured by related redrilling and dean-up/poling insurance insurance procured by related redrilling and dean-up/poling insurance in the content of the procured over time. Should request to Cimareo's Markating Deign I seed to bete my gas with Cimareo and the content of the procured over time. Should request to Cimareo's Markating Deign I seed to bete my gas in that. I should be better my gas with Cimareo and the content of the content of the procured over time. Should request to Cimareo's Markating Deign I seed to bete my gas in that. I should be the procured over time. Should request to Cimareo's Markating Deign I seed to bete my gas in that. I should be the procured over time. Should request to Cimareo's Markating Deign I seed to bete my gas in that. I should be the procured over time. Should request to Cimareo's Markating Deign I should be the procured over time. Should request to Cimareo's Markating Deign I should be the procured over time.	you, as a non-oper you, as a non-oper you as a non-oper you have a stifficate of such in groperations. Yet insure policy. Operator, provintion expense of the properties of the properties of you choose to the partment, we want to the total yet and anticipate in for expenditure.	constraint work of the constraint with third portion of the constraint with third portion of the constraint will share with those the constraint with third portion of the constraint will share with third portions and constraint will share with the constraint will be constraint with t	ording interest owner, agree to be cour prorated share of the premium coeptable to Operator, as to form an hait failure to provide the certificate of the certificate	overed by Operator's is therefore. If you eled illinits, at the time the of Insurance, as provided the operation of the opera	well control cct to purch is AFE is re ded herein Single Limit ceductible. tion, penal tine terms o ill be sold.	Insurance ase your on turned, if a will result coverage if a will result coverage if such control of such cont	procured by you well cont vailable, but in your bein or well cont in curred for racts. Upon	Operator rol in no ever g covered rol and rol and rinsufficie written
Unless otherwise indicated below, yong as Operator conducts operator consumers of c	you, as a non-oper you, as a non-oper you as a non-oper you have a stifficate of such in groperations. Yet insure policy. Operator, provintion expense of the properties of the properties of you choose to the partment, we want to the total yet and anticipate in for expenditure.	constraint work of the constraint with third portion and constraint with third properties.	ording interest owner, agree to be cour prorated share of the premium coeptable to Operator, as to form an hat failure to provide the cartificate and failure to provide the cartificate and failure to provide the cartificate and the cartificate an	overed by Operator's is therefore. If you eled illinits, at the time the of Insurance, as provided the operation of the opera	well control cct to purch is AFE is re ded herein Single Limit ceductible. tion, penal tine terms o ill be sold.	Insurance ase your on turned, if a will result coverage if will result coverage if such control of such contro	procured by you well cont vailable, but in your bein or well cont in curred for racts. Upon	Operator rol in no ever g covered rol and rinsufficien written costant cost
Unless otherwise indicated below, yong as Operator conducts operator consumers of c	you, as a non-oper you, as a non-oper you as a non-oper you have a stifficate of such in groperations. Yet insure policy. Operator, provintion expense of the properties of the properties of you choose to the partment, we want to the total yet and anticipate in for expenditure.	constraint work of the constraint with third portion and constraint with third properties.	ording interest owner, agree to be cour prorated share of the premium coeptable to Operator, as to form an hait failure to provide the certificate of the provide the certificate of the	overed by Operator's is therefore. If you eled illinits, at the time the of linsurance, as provided the operation of the oper	well control cct to purch is AFE is re ded herein Single Limit ceductible. tion, penal tine terms o fill be sold. the actual of er agrees to r applicable	Insurance ase your on turned, if a will result coverage if will result coverage if such control of such contro	procured by you well cont vailable, but in your bein or well cont in curred for racts. Upon	Operator rol in no ever g covered rol and rol and rinsufficie written
Intess otherwise indicated below, yong as Operator conducts operation assurance, you must provide a certificater than commencement of drilling assurance procured by Operator. I shot to purchase my own well content with the content of insurance procured by elated redrilling and dean-up/poling lighted ligh	you, as a non-oper you, as a non-oper you as a non-oper you have a stifficate of such in groperations. Yet insure policy. Operator, provintion expense of the properties of the properties of you choose to the partment, we want to the total yet and anticipate in for expenditure.	constraint we constraint with third; a constraint with third; a constraint will share with the constraint will be constraint with the constrain	ording interest owner, agree to be cour prorated share of the premium coeptable to Operator, as to form an hait failure to provide the certificate of the provide the certificate of the	overed by Operator's is therefore. If you ale dilinits, at the time the of insurance, as provided the control of the control o	well control cct to purch is AFE is re ded herein Single Limit ceductible. tion, penal tine terms o ill be sold. the actual of er agrees to r applicable	Insurance ase your on turned, if a will result coverage if will result coverage if such control of such contro	procured by you well cont vailable, but in your bein or well cont in curred for racts. Upon	Operator rol in no ever g covered rol and rinsufficien written costant cost

Oil Conserv Case No. __ Exhibit No.



Project Cost Estimate

Lease Name:	ease Name: Independence 8 Federal Com							Well No.:			
				F1114					After Casing	Completed Well	
Intangibles		11.7.25	16 Marie Number			Cocos	Dry Hale Cost	Codes	Point -	Cost	
Roads & Location	Preparation / Restorat	ion				DIDC.100	\$65,000	DICC 100	\$10,000	\$75,000	
Damages						D:DC105	\$2,000	DICC.105		\$2,000	
Mud / Fluids Dispo	sai Charges		•			DIOC.255	\$94,000	DICC.235	\$60,000	\$154,000	
Day Rate	· 40 DH Days	6	ACP Days @		Per Day	0000125	\$690,120	DKC_120	\$104,000	\$794,120	
Misc Preparation (Cost (mouse hale, rat i	role, pads, p	nile dusters, misc.)			D(DC.120	\$24,000			\$24,000	
Bits						DIDC.125	\$130,000	DICC.125	\$2,000	\$132,000	
Fuel		Per Gallon		Gallons Per Do	zy (DIDC.135	\$723,000	DiCC.130	\$1,000	\$224,000	
Water / Completio	on Fluids				Per Day	DIDC.140	\$0	DICC:195	\$140,000	\$140,000	
Mud & Additives						DIDC.145	\$140,000	MARIE	UMHANA.	\$140,000	
Surface Rentals					Per Day	DIDC.150	\$299,000	DICC.:AG	\$150,000	\$449,000	
Downhole Rentals						DIDC_155	\$96,000	DICC.145	\$22,000	\$112,000	
	tion (DST, Coring inclu	ding evalua				DIDC.160			(6)51/31/11/12	\$0	
Mud Logging			\$1,200 Days @	· 32	Per Day	DIDC.170	\$42,000			\$42,000	
Open Hole Loggini						DIDC 120	\$45,000	60000	14463046	\$45,000	
Cementing & Float						DIDC.185	\$110,000	0KC155	\$0	\$110,000	
Tubular inspection	75					DIDC-190	\$12,000	DICC.150	\$3,000	\$15,000	
Casing Crews						DIDC.195	\$12,000	DICC.165	\$18,000	\$30,000	
Extra Labor, Weld	ing, Etc.					D10C,200	\$15,000	DICC.170	\$10,000	\$25,000	
Land Transporatio	n (Trucking)					DIOC.205	\$18,000	OICC_175	\$22,000	\$40,000	
Supervision					Per Day	DIDC.220	\$67,200	0100.180	\$30,000	\$97,200	
Trailer House / Ca	mp / Catering			580	Per Day	0100.230	\$24,000	DICC.255	\$6,000	\$30,000	
Other Misc Expens	ses.					D/DC220	\$2,000	DICC.190	\$12,000	\$14,000	
Overhead	***************************************			250	Per Day	DIDC.235	\$9,000	DICC.195	\$4,000	\$13,000	
Remedial Cement	ing					DIDC,231		DICC.235		\$0	
MOB/DEMOB						DJDC.240	\$1,65,000	111100	844867411	\$165,000	
Directional Drilling	g Services		24 Days @	31,500	Per Day	DIDC:245	\$815,000	155000	64.6446	\$816,000	
Dock, Dispotcher,	Crane					0:00250		DICC.230		\$0	
Marine & Air Tran	sportation					DIDC.275		D100.250		\$0	
Solids Control				1,550	Per Day	DIDC.260	\$62,000	44594	912813111.	\$62,000	
Well Control Equip	p (Snubbing Svcs.)					DIDC.265	\$25,000	DICC.246	\$15,000	\$41,000	
Fishing & Sidetrac	k Operations					DIDC.270	\$0	DICC.245		\$0	
Completion Rig			5 Days @	4,400	Per Doy	100000		0100.115	\$34,000	\$34,000	
Coll Tubing			1 Days @		Per Day			0100.260	\$55,000	\$55,000	
Completion Loggi	ing, Perforating, WL U	nits, WL Sur	veys					DICC.200	\$12,000	\$12,000	
Stimulation							(0)000000000000000000000000000000000000	DICC 230	\$2,555,000	\$2,555,000	
Legal / Regulatory						V 75 6 6 6 6 7 7 9 7	50 44 4 5 5 5 6 7 6 6 7 7				
acgory inagoratory	y / Curative					0100.300	\$15,000	DICC.286		\$15,000	
Well Control Insur		. \$0.35	Per Foot			DIDC 205		DICC.286		\$15,000	
	rance	. \$0.35						DICC.286	\$163,000		
Well Control Insur	rance .5%					DIOC.255	\$6,000	DICC.286		\$6,000	
Well Control Insur Contingency	rance 5% Well Equipment					DIOC.255	\$6,000	DICC.286 DICC.220	\$163,000	\$6,000 \$323,000	
Well Control Insur Contingency Construction For N	rance 5% Well Equipment Lease Equipment					DIOC.255	\$6,000	DICC.286 DICC.220 DIVEA.110	\$163,000 \$32,000 \$98,000	\$6,000 \$323,000 \$32,000	
Well Control Insur Contingency Construction For Construction For I	rance .5% Well Equipment Lease Equipment Sales P/L					DIOC.255	\$6,000	DICC.280 DICC.220 DWEA.110 DUEQ.110	\$163,000 \$32,000 \$98,000 \$115,000	\$6,000 \$323,000 \$32,000 \$92,000 \$115,000	
Well Control Insur Contingency Construction For I Construction For I Construction For S	rance .5% Well Equipment Lease Equipment Sales P/L		intongibles			DIDC 265 DIDC ABS	\$6,000 \$160,000 \$3,368,520	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$5,000 \$323,000 \$32,000 \$32,000 \$98,000 \$115,000 \$7,042,320	
Well Control Insur Contingency Construction For Construction For Construction For Total Intangible C	rance	of Drilling	intongibles			DIDC 265 DIDC ABS	\$6,000 \$160,000 \$3,368,520	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$5,000 \$323,000 \$32,000 \$32,000 \$98,000 \$115,000 \$7,042,320	
Well Control insur Contingency Construction For Construction For Construction For Total intangible C	rance .5% Well Equipment Lease Equipment Sales P/L	of Drilling	intongibles	Feet	\$/Foot	DIOC 255 DIDC ASS	\$6,000 \$160,000 \$3,368,320	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$6,000 \$323,000 \$32,000 \$92,000 \$115,000	
Well Control Insur Contingency Construction For Construction For Construction For Total Intangible Control Intangible Well I Cosing	rance	of Drilling	intongibles	Feet 40.00	\$/Faat	010C 255 010C ASS	\$6,000 \$160,000 \$3,368,320	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$5,000 \$323,000 \$32,000 \$98,000 \$115,000 \$7,042,320	
Well Control Insur Contingency Construction For Construction For Construction For Total Intangible Control Integration Available Cosing Drive Pipe	rance	of Drilling	intongibles Sire	Feet	\$/Faat	010C 255 010C ASS	\$6,000 \$160,000 \$3,368,520	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$6,000 \$323,000 \$32,000 \$98,000 \$115,000 \$7,042,320	
Well Control Insur Contingency Construction For I Construction For I Construction For I Total Intangible Control Force Pipe Cosing	rance	of Drilling	intongibles Sire	Feet	\$/Faat	DIDC 255 DIDC 255 DIDC 255	\$6,000 \$160,000 \$3,368,520 \$3,368,520	DICC.286 DICC.220 DWEA.110 DUEQ.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$6,000 \$323,000 \$32,000 \$98,000 \$115,000 \$7,042,320 \$7,000 \$5,000 \$0	
Well Control Insur Contingency Construction For Construction For Construction For Total Intangible Control Integration Available Cosing Drive Pipe	rance	of Drilling	intongibles Sire	Feet	\$/Foot - \$173.00	DWFP.150 DWFP.150 DWFP.150	\$6,000 \$160,000 \$3,368,320 \$7,000 \$0	DICC.220 DICC.220 DWEA.110 DUEO.110 DICC.255	\$163,000 \$32,000 \$98,000 \$115,000 \$3,674,000	\$6,000 \$323,000 \$32,000 \$98,000 \$115,000 \$7,042,320	

Casing	Stre	Feet	\$/Foot		4.40000	Moste	0.11.11.11.11.11.11	77.15.77.97
Drive Pipe	20 "	40.00	\$173.00	DWF2.150	\$7,000			\$7.00
Conductor Pipe		- : : 1		DW E2.120	\$0			\$(
Water String			·	OWER 125	\$0		MANANA S	SC
Surface Casing	13-3/8"	.340.00	\$42.72	DWE9,140	\$15,000			\$15,000
Intermediate Casing	9.5/8"	0.00	\$33.26	DWE8.245	\$0			\$0
Orilling Liner				DWEB.145	\$0			\$0
Ortiling Liner				OWEB.145	. \$0			\$0
Production Casing or Liner	7.	9050.00	\$31.50	661186	78777789	DWEL100	\$289,000	\$289,000
Production Tie-Back	41/2	7450.00	\$15.22	Million .		DWE-100	\$113,389	\$113,389
Tubing	27/8*	8400.00	\$8-25			DWEA.105	\$69,000	\$69,000
N/C Well Equipment						DWEA.115	\$63,500	\$53,500
Weilhead, Tree, Chakes			•	DWEB.115	\$15,000	DWEA_120	\$10,000	\$25,00
Liner Hanger, Isolation Packer				DWE8.100	\$0	DWEA.125	\$0	\$4
Packer, Nipples				11/1/1/1	EN TOTAL	DWEA.130	\$225,000	\$225,000
Pumping Unit, Engine						DLEQ.100	\$210,000	\$210,00
Lift Equipment (BHP, Rods, Anchors)						DLEO_105	\$69,000	\$69,00
Tangible Lease Equipment		Water Contract				TO THE	Margar Every	177751440
N/C Lease Equipment					36600000	DLEG. 13.5	\$107,000	\$107,00
Tanks, Tonks Steps, Stairs				ann an t-		, D/E 3' 750	\$90,000	\$90,00
Battery (Heater Treater, Separator, Gas Treating Ed	quipment)					DUEQ.125	\$76,000	\$76,00
Flow Lines (Line Pipe from wellhead to central facil	ity)					.CLEQ. 120	\$7,000	\$7,00
Offshore Production Structure for Facilities				William.		DWEA.185	\$0	\$
Pipeline to Sales						DWEA 140		\$
Total Tangibles					\$37,000		\$1,328,889	\$1,365,88
P&A Costs				D:DC.295	\$150,000	DICC 275	-\$150,000	
Total Cost					\$3,555,320		\$4,852,889	\$8,408,2