

## AUTHORITY FOR EXPENDITURE

AFE NO.	2004-009	LEASE	Nichols "30" State Com	WELL NO.	1
DESCRIPTION	1370' FNL & 1500' FEL, Section 30-T18S-R28E	COUNTY	Eddy		
STATE	NM	AREA		OPERATOR	Marbob Energy Corporation
FORMATION	Morrow			PREPARED BY	Sheryl Baker
TOTAL DEPTH	10,650'	DATE	March 23, 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	5,000			
110	22,500	2,500		
200				
210	310,000			
220	40,000			
250	32,500			
260	28,500			
280	23,000			
295				
299	36,000			
300	10,000			
310	18,000			
350	22,500	20,000		
950	5,000			
955	19,500			
	28,625	1,125		
	601,125	23,625		

## 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%

400		50,000		
410		100,000		
420		7,500		
450		18,000		
500		22,500		
905		3,500		
910		20,000		
915		35,000		
950		5,000		
955		5,000		
900		7,500		
		13,700		
	0	287,700		
	601,125	311,325		

## TOTAL COMPLETION

## TOTAL INTANGIBLES

## 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%

200	56,000			
250		128,000		
300		48,000		
350				
400	17,500	20,000		
500				
600		25,000		
700		25,000		
900		7,500		
	3,675	12,675		
	77,175	266,175		
	678,300	577,500		
		1,255,800		

## TOTAL EQUIPMENT COST

## 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	Marbob Energy Corporation	BY	<i>Roy Miller</i> WI	DATE
COMPANY	Myco Industries, Inc.	BY	<i>Sheryl Baker</i> WI 4.592212%	DATE 4-28-04
PRINT NAME		TITLE		