

McELVAIN OIL & GAS PROPERTIES, INC.

AUTHORITY for EXPENDITURE

January 31, 2008

CATEGORY NUMBER	Hutchinson #2 SENW Sec 1, T29N, R13W TD: 1,716' Basin Fruitland Coal	DRY HOLE	COMPLETED WELL
Drilling Intangibles			
3010	Landman Costs	12,000	12,000
3012	Abstract/Title — <i>Drilling Title</i>	85,000	85,000
4004	Staking, Permitting, Title Work & Survey — <i>Surface Location?</i>	15,000	15,000
4011	Surface Damages/ROW	150,000	150,000
4015	Location/Road	43,000	43,000
4116	Rig MOB & DEMOB	5,000	5,000
4104	Drilling Footage (500' of 12 1/4" Hole @ \$26/ft)	13,000	13,000
4225	Cement for Surface Casing	26,250	26,250
4104	Drilling Footage (1716' of 7 7/8" Hole @ \$26.00/ft)	44,650	44,650
4111	Drilling Rig..Daywork..3 days @ \$7800	23,400	23,400
4118	Rig fuel	1,000	1,000
4120	Drilling Water	4,100	4,100
4125	Drilling Mud	5,000	5,000
4126	Fluid Disposal	40,000	40,000
4135	Bits <input type="radio"/>	0	0
4204	Mud logger/Geologist <input type="radio"/>	0	0
4220	Open Hole Logs	10,000	10,000
4480	Transportation	3,500	3,500
4250	Rental Equipment	20,000	20,000
4408	Casing Crew for Surface Casing	0	0
4515	Roustabouts & Contract Labor 2.5 days @ \$2500/day	6,250	6,250
4615	Field Supervision - 6 days @ \$950/day	5,700	5,700
4620	Drilling Overhead - 6 days @ \$550/day	3,300	3,300
4603	P&A Costs	12,000	
4715	Contingency	5,000	5,000
Total Intangible Drilling		533,150	521,150

Completion Intangibles			
5225	Cement & Cementing Tools		12,500
5112	Completion Unit 8 days @ \$3,800/day		30,400
5135	Bits		500
5220	Cased Hole Logs/Perf		15,000
5520	Stimulation		160,000
5250	Tool & Equip Rental		15,000
5615	Field Supervision (10 days @ \$850/day)		8,500
5121	Completion Water		12,000
5480	Trucking & Transportation		9,500
5408	Casing Crew		3,500
5515	Roustabouts & Contract Labor		2,000
5015	Location & Road		12,500
5550	Slickline Services..BHP Survey		2,500
5126	Fluid Disposal		10,000
5620	Completion Overhead (10 days @ \$550/day)		5,500
5715	Contingency		10,000
Total Intangible Completion		0	309,400

Total Intangibles 533,150 830,550

Tangibles			
8005	Surface Casing (500' 8 5/8" 24# @ \$15.20/ft)	7,600	7,600
8015	Production Casing 1716' 5.5", 15.5# @ \$9.80/ft		16,820
8025	Tubing 1716' 2 7/8" J-55 @ \$5.00/ft		8,600
8205	Wellhead	3,000	11,500
8305	Pumping Unit, Engine, Base etc		21,000
8303	Engine		15,000
8310	Rods, Pump etc		15,000
8230	Tanks (2-400 bbl with heaters)		26,000
8220	Separator/Dehydrator		22,500
8250	Line Pipe & Fittings		12,000
8505	Labor for Equipment Install		25,000
8506	Trucking/Transportation		5,000
Total Tangibles		10,600	186,020

Total Well Cost \$543,750 \$1,016,570

APPROVALS:

McElvain Oil & Gas Properties, Inc.

Date: 1-31-08

Phase 2 are in disp.

*\$5,500/m Drilling
\$550 producing*

Cost + 200%

Oil Conservation Division
Case No. 5
Exhibit No. 5
McElvain