

**SDX RESOURCES, INC.**  
**AUTHORIZATION FOR EXPENDITURE**

AFE #97- 019

Purpose: Seven Rivers Recompletion  
 Depth: 1,150' - 1,250'  
 Formation: Seven Rivers  
 Lease: AR 22 STATE  
 Well # 1  
 Field: East Millman  
 County: Eddy  
 State: New Mexico  
 Estimated Spud Date: \_\_\_\_\_  
 Legal: Sec. 22, T19S, R28E  
 Estimated Completion Date: 01/97

INTANGIBLE COST	Amount	Unit Cost	Dry Hole	Completion	Total
Legal - Drilling Title Opinion	0	0	0	0	0
Drilling - Daywork	0	0	0	0	0
- Footage	0	0	0	0	0
- Turnkey	0	0	0	0	0
Mud & Chemicals	0	0	0	0	0
Water - Brine, Fresh	0	0	0	0	0
Cement - Surface	0	0	0	0	0
- Intermediate	0	0	0	0	0
- Production	0	0	0	0	0
- Plug, Bond, Cleanup	0	0	0	0	0
Location - Road, Pad Cleanup	0	0	0	0	0
- Labor & Roustabout	0	0	0	0	0
- Survey, Archaeological	0	0	0	0	0
- Damages	0	0	0	0	0
- Environmental Impact	0	0	0	0	0
Services - Wireline Logging	0	0	0	0	0
- Medium Radius Horizontal(See Attached)	0	0	0	0	0
- Coring & Analysis	0	0	0	0	0
- Pulling & Reverse Unit	4,800	0	0	0	4,800
- Performing	2,500	0	0	0	2,500
- Acidizing, PPI Tool	5,000	0	0	0	5,000
- Fracturing	14,000	0	0	0	14,000
- Mud Logging	0	0	0	0	0
- Engineering, Geological & Geophysical	0	0	0	0	0
Transportation (water etc)	1,000	0	0	0	1,000
Welding	0	0	0	0	0
Rental - BOP, Frac Tanks, Packer, etc.	600	0	0	0	600
Equipment - HBP Rental	1,500	0	0	0	1,500
Supplies - Well Signs, etc.	300	0	0	0	300
Supervision	1,200	0	0	0	1,200
Insurance	500	0	0	0	500
Administrative Overhead	500	0	0	0	500
SUBTOTAL INTANGIBLE COST	32,300	0	0	0	32,300
Contingencies (10%)	0	0	0	0	0
Sales Tax (6%)	1,938	0	0	0	1,938
TOTAL INTANGIBLE COST	34,238	0	0	0	34,238

TANGIBLE COST	Amount	Unit Cost	Dry Hole	Completion	Total
Casing - Surface	0	0	0	0	0
8 5/8"	0	0	0	0	0
- Intermediate	0	0	0	0	0
5 1/2"	0	0	0	0	0
- Production	0	0	0	0	0
2 7/8"	0	0	0	0	0
Tubing	0	0	0	0	0
3/4"	0	0	0	0	0
Rods	0	0	0	0	0
Wellheads, Casing Heads and Misc. Fittings	0	0	0	0	0
Packer or Tubing Anchor	0	0	0	0	0
Pumping Equip. - Downhole Pump	1,500	0	0	0	1,500
- Unit w/ Motor, Panel	114	0	0	0	114
- Electrical system	0	0	0	0	0
Battery - Tanks, Stairs, Walkway	0	0	0	0	0
- Heater Treater	0	0	0	0	0
- Fittings	0	0	0	0	0
- Meter & Installation	0	0	0	0	0
- Flowlines	0	0	0	0	0
- Injection Equipment	0	0	0	0	0
Other	0	0	0	0	0
Sales Taxes (6%)	90	0	0	0	90
TOTAL TANGIBLE COST	1,590	0	0	0	1,590
TOTAL COST	35,828	0	0	0	35,828

Joint Interest Approval - It is recognized that amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

Prepared by: John Pool Operator  
 Date: 01/03/97

Approved by: \_\_\_\_\_ Non-Operator  
 Date: \_\_\_\_\_ Tax ID# \_\_\_\_\_

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