AUTHORITY FOR EXPENDITURE

Production and Exploration

Area	Farmington, NM	Field	Basin Fruitland Coal	AFE No.	042099RW
Type: (X) 1. D & E 2. Repair 3. Other				Well Name	Bear No. 1
Group: (X) 1. Dev. 2. Maint. 3. Expl. 4. Inv. 5. Other				County and State	San Juan, New Mexico
Project:	Drill and complete a Fruitland Coal well.			TD and Obj.	1300' - Fruitland Coal
				Land Lease No.	
				AFE Date	20-Apr-99
Operator	Redwolf Production, Inc.			Commencement Date	30-Nov-99
				Completion Date:	1-Feb-99

(1) Location. (2) Division of Int. (3) Justification

(1) Proposed Location: NENE Section 36, T26N, R13W
San Juan County, New Mexico

Dedicated Acreage: N/2 of Section 36, comprising 320 acres m/l

(2) Division of Interest:

(3) Justification: To develop Basin Fruitland Coal reserves in the N/2 of Section 36, T26N, R13W

Description	TANGIBLE Gross $	INTANGIBLE Gross $
Material Purchased	65,000	
Fuel, Water, Lubs., Elec.		1,600
Loc. Damages, Roads-Bridges		9,650
Salvage & Dismantling Costs		
Drilling Contract-Footage		14,000
Drilling Contract-Daywork		5,000
Drilling Bits & Reamers		
Fishing Tool Expense		
Directional Drilling Costs		
Mud Mat'ls, Chems. & Services		1,000
Cement & Cementing Service		4,300
Noncontrollable Materials		
Rentals		2,500
Coring Costs		
Drill Stem Tests		
Perforating		1,500
Acidizing, Fracturing		24,000
Well Services, Elec.-Mud Log.		2,000
Transportation		1,500
Overhead-Partner Op'd.		4,000
Area Expense		
Co. Labor & Supervision		
Contract Labor		1,300
Fabrication & Installation		1,800
Miscellaneous Services		6,450
Miscellaneous Costs (Meter)		13,000
Subtotal	$ 65,000	$ 93,600
Tot. Cash & Wrhs. Outlay		
Material on Hand		
Contingency at 10%	6,500	9,360
Grand Total	$ 71,500	$ 102,960
TOTAL WELL COST	$ 174,460	

GROSS ECONOMICS

Gross Recovery
Discount Factor %
Discounted Profit $
Rate of Return %
Payout

Cash and Warehouse Outlay

Gross Cost $174,460.00

Net

Approvals: Date

Redwolf Production, Inc.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12299 Exhibit No. 4
Submitted by: Redwolf Producing, Inc.
Hearing Date: December 2, 1999