

PRIMERO

OPERATING, INC.

POST OFFICE BOX 1433
 ROSWELL, NEW MEXICO 88202
 (505) 622-1001 FAX (505) 625-0227

Authority For Expenditure

Jennings Com #1 - Re-Entry	Date		
Sec. 5, T8S, R30E	20-Mar-01		
Chaves County, NM			
	DRY	PRODUCING	
INTANGIBLE DRILLING COSTS	HOLE	WELL	
402 Damages, Title, Abstracts, Etc	\$5,000	\$5,000	
405 Dirtwork, Anchors, welding, Etc.	1,500	1,500	
425 E. Logs, CNL-FDC, DI	5,000	5,000	
426 Water for Drilling	800	800	
430 Pulling Unit; 4 days @ 2100	10,400	8,400	
430 Reverse Unit, MIMO plus 3 days	6,000	6,000	
440 Supervision & Expenses, Drilling	1,000	1,000	
455 Overhead, Drilling	500	500	
490 Plugging Costs	4,500	0	
Cement Service, Production Casing	0	3,500	
499 Intangible Contengencies & tax, 15%	5,205	4,755	
210 Completion Unit (6 days)	0	10,200	
240 Rental of Completion Equipment	0	3,500	
250 Stimulation, 5000 gals acid	0	6,000	
254 Roustabouts, Contract Labor	0	2,400	
270 Logging and Perforating	0	3,000	
280 Completion Fluids	0	1,500	
290 Supervision & Expenses, Completion	0	1,500	
291 Overhead, Completion	0	1,000	
299 Completion Contengencies and tax, 15%	0	4,365	
Total Intangible Well Costs	\$39,905.00	\$69,920.00	
TANGIBLE DRILLING AND COMPLETION COST			
330 Surface & Intermediate Well Heads	250	800	
315 Production Casing, 3400' of 4 1/2"	0	13,600 *	
325 Tubing 3400' 2 3/8" J	3,400	6,800	
331 Casing & Tubing Heads, Xmas Tree	0	2,500	
335 Flowline, 2640' at \$.8	0	2,112	
347 Separator	0	3,500	
350 Production packer	0	3,500	
355 Valves, Connections, Etc.	0	1,500	
360 Rods & Pump	0	0	
399 Other misc. expenses 10%	365	3,431	
Total Tangible Well Costs	\$4,015.00	\$37,743.20	
TOTAL DRILLING AND COMPLETION COSTS	\$43,920.00	\$107,663.20	

I / we understand that the costs presented here are estimates only and I / we agree to pay our proportionate share of actual costs be they higher or lower.

APPROVAL FOR: _____

BY: _____, TITLE: _____, DATE: _____, INTEREST: _____