

ELAND ENERGY, INC.

DRILLING WELL COST AND AUTHORITY FOR EXPENDITURE

LEASE: Federal 1X COM #3		DATE: August 17, 2001	
FIELD: Pecos Slope		AFE#: 101-200	
COUNTY: Chaves	STATE: NM	SCHEDULED START DATE: 10/1/01	
JUSTIFICATION & REMARKS: Eland Energy, Inc. proposes the drilling of a 6,250ft dual Ordovician & Wolfcamp at the following location: 660' FSL & 660' FWL Sec 3, T9S-R26E			
ACCOUNT NUMBER	INTANGIBLE 5320	ESTIMATED DRILLING	ESTIMATED COMPLETION
10	FOOTAGE: 6,250' @ 25.00/ft	157,000	
20	DAYWORK: 2 days @ \$8,250 per day	16,500	
30	TURNKEY OR MI, RU, RD, MO		
40	LOCATION/ROAD/DAMAGE	13,000	
50	CONTROL OF WELL INSURANCE		
60	FUEL & WATER	20,000	13,000
70	MUD & CHEMICALS	32,000	
80	BITS		
90	DIRECTIONAL DRILLING & TOOLS		
100	RENTAL TOOLS & EQUIPMENT		40,000
110	CEMENT & CEMENTING SERVICES	15,000	17,000
120	WIRELINE LOGS	18,000	25,000
130	CORING & CORE ANALYSIS		
140	FORMATION TESTING		
150	MUD LOGGER	7,000	
160	TUBULAR TESTING & INSPECTION		
170	WELL SERVICE UNIT		30,000
180	PERFORATING & LOGGING		
190	STIMULATION		90,000
200	PRODUCTION TESTING		
210	CONTRACT LABOR	5,000	14,000
220	TRUCKING/TRANSPORTATION	1,500	
230	ENGINEERING/GEOLOGICAL SERVICES		
240	WELLSITE SUPERVISION	8,000	5,000
250	ADMINISTRATIVE OVERHEAD		6,000
260	MISCELLANEOUS SERVICES	3,000	10,000
270	CONTINGENCY		
275	PLUG AND ABANDON		
280	SEISMIC AND GEOPHYSICAL		
	TOTAL INTANGIBLE	\$296,000	\$250,000
ACCOUNT NUMBER	TANGIBLE 1630		
10	WELLHEAD EQUIPMENT	3,000	14,000
20	CONDUCTOR PIPE / GROUTING		
30	CASING - SURFACE 9-5/8" @ 1,100'	16,000	
40	CASING - INTER. FT		
50	CASING - PROD. 7" @ 6,250'		70,000
60	CASING EQUIPMENT -incl. w/cementing services		
70	TUBING		36,000
80	RODS		
90	DOWNHOLE EQUIPMENT- Packer		28,000
100	ARTIFICIAL LIFT EQUIPMENT		
110	COMPRESSORS/ENGINES/PUMPS		
120	SURFACE/SEPARATION EQUIPMENT		40,000
130	LINE PIPE/METERS/CONNECTIONS		10,000
140	ELECTRICAL SYSTEMS		
150	MISCELLANEOUS EQUIPMENT		2,000
	TOTAL TANGIBLE	\$19,000	\$200,000
	TOTAL WELL COST	\$315,000	\$450,000

BY: _____

TOTAL

\$765,000

COMPANY: _____

OWNER APPROVAL DATE: _____