

Exhibit 12
MARALEX RESOURCES, INC.

Recompletion

AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: BRIMHALL NO. 1 COAL WELL RECOMPLETION
LOCATION: NE Section 18, T30N, R21E, BEFORE EXAMINER STOGNER
COUNTY: San Juan STATE: OIL CONSERVATION DIVISION
PURPOSE: Recomplete Existing Well to Fruitland Coals

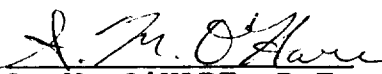
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275
276

| INTANGIBLE | WORKOVER | COSTS |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------|
| Service Unit | 8 days @ \$1500/ day | 12,000.00 |
| Location | Dirt Work and labor \$1000 Pits (Plastic Lined) 800 Reclamation of reserve pit 1200 | 3,000.00 |
| Squeeze Cementing | Cement and Services 4600 | 4,600.00 |
| Logging & Tests | Open-hole Logging 0 Desorption Analysis 0 Cased-hole Logging 2800 BHP Build-up Test 0 Slug Test & other Tests 1600 | 4,400.00 |
| Perforating | 30 feet @ 4 shots per foot 2800 | 2,800.00 |
| Stimulation | Fracture Treatment 45000 | 45,000.00 |
| Rental Equipment | Tanks, BOP's, etc. 2200 | 2,200.00 |
| Water & Hauling | Including Disposal 6000 | 6,000.00 |
| Labor | Roustabout work, etc. 4400 | 4,400.00 |
| Supervision | Engineering & field work 3200 | 3,200.00 |
| Bonding | State Plugging Bond 5000 | 5,000.00 |
| Overhead | Legal, Insurance, etc. 2400 | 2,400.00 |
| Miscellaneous | Contingency (15%) | 14,250.00 |
| TOTAL INTANGIBLE RECOMPLETE COSTS | | \$109,250.00 |

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| TANGIBLE | DRILLING | COSTS |
|-----------------------------------|----------------------------------|--------------|
| Tubulars | 0' of 8-5/8, 24#, J55 csg | \$0.00 |
| | 0' of 5-1/2, 17#, J55 csg | 0.00 |
| | 2000' of 2-3/8, 4.7#, J55 tbg | 4,200.00 |
| Rods | 1900' of 3/4" Grade D rods | 1,850.00 |
| Artificial Lift | 114-135-64 pumping unit (used) | 11,000.00 |
| Equipment | Downhole pump 2"x 1.5"x12' RHBC | 2,400.00 |
| Prime Mover | 20 Hp Gas Engine w/accessories | 3,500.00 |
| Production Unit | Combined Coal gas separator/Dehy | 7,700.00 |
| Water Storage | 300 Barrel Fiberglass tank | 4,500.00 |
| Wellhead | Larkin or Hinderlighter head | 500.00 |
| Float Equip. | Guide Shoes, Floats, etc. | 0.00 |
| Title | Title Opinion, etc. 16100 | 16,100.00 |
| Miscellaneous | Connections, fittings, etc. | 2,500.00 |
| TOTAL TANGIBLE DRILLING COSTS | | \$54,250.00 |
| TOTAL INTANGIBLE RECOMPLETE COSTS | | \$109,250.00 |
| AFE GRAND TOTAL COSTS | | \$163,500.00 |

MARALEX AUTHORIZATION: 
A. M. O'HARE, P.E.
PRESIDENT

Company Name: _____

By: _____

Title: _____

Date: _____