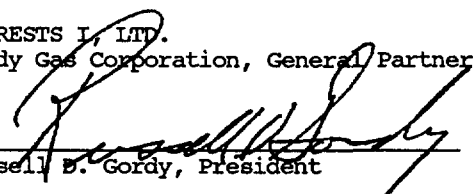


# SG INTERESTS I, LTD. AUTHORITY FOR EXPENDITURE (AFE)

WELL NO. NM401-0011		WELL NAME: Trujillo 29-10-21 #2		DATE: 06/22/92	
FIELD: Basin Fruitland Coal		COUNTY: San Juan		STATE: New Mexico	
LOCATION: South Half (S/2) of Section 21, Township 29 North--Range 10 West, N.M.P.M.				PROPOSED T.D. 1950'	
PURPOSE OF EXPENDITURE: Drill & Complete Coalbed Methane Gas Well			FORMATION: Fruitland Coal Seam		

AFE CODE	INTANGIBLE EXPENSE	DRILLING COST	COMPLETION COST	TOTAL COST
220/101	Staking & Permitting	\$1,200		\$1,200
220/102	Location, Roads, Pits & Damages	\$17,500	\$2,500	\$20,000
220/103	Mobilization/Demobilization	\$1,800		\$1,800
220/104	Contract Drilling--Daywork 12 Hrs. @ \$175/Hour	\$2,100		\$2,100
220/105	Contract Drilling--Footage 1950 Ft. @ \$14.63/Foot	\$28,550		\$28,550
220/001	Contract Drilling--Turnkey			\$0
220/301	Completion Rig		\$7,500	\$7,500
840/110	Workover Rig			\$0
220/106	Fuel, Power & Lubricants			\$0
220/107	Bits, Reamers & Stabilizers			\$0
220/108	Drilling & Completion Fluids		\$3,200	\$3,200
220/302	Casing Crews, Tongs, Handling Tools		\$1,200	\$1,200
220/109	Misc Labor, Contract Services	\$1,000	\$6,500	\$7,500
220/110	Cement, Cmt Services, Mech Aids & Devices	\$2,500	\$6,800	\$9,300
220/111	Conventional Coring & Coring Service			\$0
220/303	Water & Hauling		\$3,600	\$3,600
220/112	Mud Logging			\$0
220/113	Logging--Open Hole--SWC's & Dipmeter	\$6,800		\$6,800
220/304	Cased Hole Logs, Perforating & Other Wireline Services		\$4,800	\$4,800
220/305	Inspection & Testing	\$800	\$1,200	\$2,000
220/307	Acidization, Fracturing & Stimulation		\$40,000	\$40,000
220/114	Rentals Tools & Equipment	\$650	\$1,850	\$2,500
220/115	Directional Drilling Services			\$0
220/117	Communications			\$0
220/120	Overhead per Operating Agreement	\$1,000	\$3,000	\$4,000
220/119	Supervision	\$1,200	\$4,000	\$5,200
220/121	Contingencies (10%) & Misc	\$6,550	\$8,600	\$15,150
<b>TOTAL INTANGIBLE EXPENSE</b>		\$71,650	\$94,750	\$166,400

AFE CODE	TANGIBLE EXPENSE	DRILLING COST	COMPLETION COST	TOTAL COST
230/101	Conductor Casing 64 Ft. 13-3/8" @ \$9.80/Ft.	\$625		\$625
230/102	Surface Casing 250 Ft. 8-5/8" @ \$8.60/Ft.	\$2,150		\$2,150
230/103	Intermediate Casing			\$0
230/104	Drilling Liner			\$0
230/301	Production Liner			\$0
230/302	Production Casing 1950 Ft. 5-1/2" @ \$5.15/Ft.		\$10,050	\$10,050
230/303	Tubing 1900 Ft. 2-3/8" @ \$2.20/Ft.		\$4,200	\$4,200
230/304	Wellhead Equipment, Tree	\$800	\$1,900	\$2,700
230/305	Artificial Lift Equipment, Pumping Unit			\$0
230/306	Separator, Heater Treater, Dehydrator		\$11,800	\$11,800
230/307	Meters & Flowlines		\$13,500	\$13,500
230/308	Tank Battery & Storage		\$5,500	\$5,500
230/309	Subsurface Production Equipment			\$0
230/310	Misc. Well Equipment		\$2,200	\$2,200
230/311	Installation--Production Facilities		\$5,700	\$5,700
230/312	Compressor		\$40,000	\$40,000
<b>TOTAL TANGIBLE EXPENSE</b>		\$3,575	\$94,850	\$98,425
<b>TOTAL WELL COST</b>		\$75,225	\$189,600	\$264,825

<b>OPERATOR APPROVAL</b>  <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">DATE: _____</div> <div style="width: 60%; text-align: center;"> SG INTERESTS I, LTD.  Gordy Gas Corporation, General Partner    BY:   Russell B. Gordy, President </div> </div>	
<b>JOINT INTEREST APPROVAL</b>  <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">DATE: _____</div> <div style="width: 60%;"> COMPANY: _____  APPROVED BY: _____  TITLE: _____ </div> </div> <div style="margin-top: 10px;"> WORKING INTEREST: _____ % </div>	

Application of SG Interests I, Ltd. for  
Compulsory Pooling  
Case No. 10609 & 10610  
Examiner Hearing Docket Dated 11/19/92  
Exhibit No. 6