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 Haif (S/2) of Section 21, Township 29 North—Range 10 West, N.M.F			P.M.	PROPOSED T.I	D. 1950'
PURPOSE OF EXPENDITURE: Drill & Complete Coalbed Methane Gas Well			FORMATION:	Fruitland Coal Seam	
AFE CODE	INTANGIBLE EXP	ENSE	DRILLING COST	COMPLETION COST	TOTAL COST
220/101	Staking & Permitting		\$1,200		\$1,200
	Location, Roads, Pits & Dam	ages	\$17,500	\$2,500	\$20,000
	Mobilization/Demobilization		\$1,800		\$1,800
220/104	Contract Drilling - Daywork		\$2,100		\$2,100
220/105	Contract Drilling-Footage	1950 Ft. @ \$14.63/Foot	\$28,550		\$28,550
220/001	Contract Drilling-Turnkey			67.500	\$0
220/301 840/110	Completion Rig Workover Rig			\$7,500	\$7,500 \$0
	Fuel, Power & Lubricants				\$0
220/107	Bits, Reamers & Stabilizers				\$0
220/108	Drilling & Completion Fluids			\$3,200	\$3,200
220/302	Casing Crews, Tongs, Handi			\$1,200	\$1,200
*****	Misc Labor, Contract Service		\$1,000	\$6,500	\$7,500
220/110	Cement, Cmt Services, Mech		\$2,500	\$6,800	\$9,300
220/111 220/303	Conventional Coring & Corin Water & Hauling	A COLVICA		\$3,600	\$0 \$3,600
	Mud Logging			\$3,600	\$3,600
220/113	Logging-Open Hole-SWC'	& Dipmeter	\$6,800		\$6,800
220/304	Cased Hole Logs, Perforating			\$4,800	\$4,800
220/305	Inspection & Testing		\$800	\$1,200	\$2,000
220/307	Acidization, Fracturing & Stir	nulation ·		\$40,000	\$40,000
220/114	Rentals Tools & Equipment		\$650	\$1,850	\$2,500
220/115 220/117	Directional Drilling Services Communications				\$0
220/117	Overhead per Operating Agr	nement .	\$1,000	\$3,000	\$0 \$4,000
220/119	Supervision		\$1,200	\$4,000	\$5,200
220/121	Contingencies (10%) & Misc		\$6,550	\$8,600	\$15,150
	TOTAL INTANGIBLE EX	PENSE	\$71,650	\$94,750	\$166,400
AFE_			DRILLING	COMPLETION	TOTAL
CODE		LE EXPENSE	COST	COST	COST
230/101 230/102		64 Ft. 13-3/8" @ \$9.80/Ft. 250 Ft. 8-5/8" @ \$8.60/Ft.	\$625		\$625
200/102		200 Ft. 0-3/0 @ \$0.00/Ft.	\$2,150		\$2,150 \$0
230/103	Intermediate Casin d		1		
	Intermediate Casing Drilling Liner				\$0
	Drilling Liner Production Liner				\$0 \$0
230/104 230/301	Drilling Liner Production Liner	1950 Ft. 5-1/2" @ \$5.15/Ft.		\$10,050	
230/104 230/301 230/302 230/303	Drilling Liner Production Liner Production Casing Tubing	1950 Ft. 5—1/2" @ \$5.15/Ft. 1900 Ft. 2—3/8" @ \$2.20/Ft.		\$4,200	\$0 \$10,050 \$4,200
230/104 230/301 230/302 230/303 230/304	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree	1900 Ft. 2-3/8" @ \$2.20/Ft.	\$800		\$0 \$10,050 \$4,200 \$2,700
230/104 230/301 230/302 230/303 230/304 230/305	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum	1900 Ft. 2-3/8" @ \$2.20/Ft. ping Unit	\$800	\$4,200 \$1,900	\$0 \$10,050 \$4,200 \$2,700 \$0
230/104 230/301 230/302 230/303 230/304 230/305 230/306	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De	1900 Ft. 2-3/8" @ \$2.20/Ft. ping Unit	\$800	\$4,200 \$1,900 \$11,800	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum	1900 Ft. 2-3/8" @ \$2.20/Ft. ping Unit	\$800	\$4,200 \$1,900	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500
230/104 230/301 230/302 230/303 230/303 230/304 230/305 230/306 230/307 230/308	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De	1900 Ft. 2-3/8" @ \$2.20/Ft. bing Unit hydrator	\$800	\$4,200 \$1,900 \$11,800 \$13,500	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800
230/104 230/301 230/302 230/303 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator ment	\$800	\$4,200 \$1,900 \$11,800 \$13,500	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500
230/104 230/301 230/302 230/303 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equipment Misc. Well Equipment Installation—Production Facil	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator ment	\$800	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700
230/104 230/301 230/302 230/303 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator ment	\$800	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200
230/104 230/301 230/302 230/303 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equipment Misc. Well Equipment Installation—Production Facil	1900 Ft. 2-3/8" @ \$2.20/Ft. bing Unit hydrator ment	\$800 \$3,575	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor	1900 Ft. 2-3/8" @ \$2.20/Ft. bing Unit hydrator ment		\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	1900 Ft. 2-3/8" @ \$2.20/Ft. bing Unit hydrator ment	\$3,575	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425
230/104 230/301 230/302 230/303 230/303 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator The second secon	\$3,575 \$75,225	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425
230/104 230/301 230/302 230/303 230/303 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator Timent ENSE	\$3,575 \$75,225	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator The second secon	\$3,575 \$75,225	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	1900 Ft. 2-3/8" @ \$2.20/Ft. Ding Unit hydrator The second secon	\$3,575 \$75,225 on, General E	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312 OPERATO DATE:	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL	sg INTERESTS I, INT. Gordy Gas Corporation BY: Russell F. Gordy, Pr	\$3,575 \$75,225 on, General F	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$0 \$2,200 \$5,700 \$40,000 \$98,425 \$264,825
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312 DATE: JOINT II	Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPI	sg INTERESTS I, ITD. Gordy Gas Corporation BY: Russell B. Gordy, Pr	\$3,575 \$75,225 on, General F desident ation of SG Int Compulsory I	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600 Partner	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$98,425 \$264,825
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312 DATE: DATE:	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL TOTAL WELL COST R APPROVAL	SG INTERESTS I, INT. Gordy Gas Corporation BY: Russell D. Gordy, Pr Applic COMPANY: Case N	\$3,575 \$75,225 on, General F desident ation of SG Int Compulsory I	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600 Partner	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$98,425 \$264,825
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312 DATE: DATE:	Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPI	SG INTERESTS I, LTD. Gordy Gas Corporation BY: Russell E. Gordy, Pr Applic COMPANY: Case N APPROVED BY: Examin	\$3,575 \$75,225 on, General Fresident ation of SG Int Compulsory I	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600 Partner	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$98,425 \$264,825
230/104 230/301 230/302 230/303 230/304 230/305 230/306 230/307 230/308 230/309 230/310 230/311 230/312 DATE: DATE:	Drilling Liner Production Liner Production Casing Tubing Wellhead Equipment, Tree Artificial Lift Equipment, Pum Separator, Heater Treater, De Meters & Flowlines Tank Battery & Storage Subsurface Production Equip Misc. Well Equipment Installation—Production Facil Compressor TOTAL TANGIBLE EXPL TOTAL WELL COST R APPROVAL	SG INTERESTS I, LTD. Gordy Gas Corporation BY: Russell E. Gordy, Pr Applic COMPANY: Case N APPROVED BY: Examin	\$3,575 \$75,225 on, General F desident ation of SG Int Compulsory I	\$4,200 \$1,900 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$94,850 \$189,600 Partner	\$0 \$10,050 \$4,200 \$2,700 \$0 \$11,800 \$13,500 \$5,500 \$2,200 \$5,700 \$40,000 \$98,425 \$264,825