

WELL COST ESTIMATE

9/21/11

OPERATOR: Marshall & Winston, Inc. LEASE: Boot Hill 25 WELL NO. 1H
 FIELD: Yesso COUNTY Eddy STATE: New Mexico
 LOCATION: Sec 36 T 19S R 25E SHL 530' FNL & 2260' FEL
 BHL Sec 25 T 19S R 25 E 2310' FSL & 2260' FEL
 Total Proposed Footage: 5,400'

AFE NOMENCLATURE

		DRYHOLE COST	COMPLETED COST
		10	20
INTANGIBLE DRILLING COSTS			
Footage	DAYS:		
Rig Move In / Rig Move Out		\$65,000	\$65,000
Drilling Contract Fees(Day Rate)	\$15,500/day	\$155,000	\$310,000
Bits		\$30,000	\$40,000
Fuel	\$700/day	\$7,000	\$14,000
Mud, Chemicals Oil, Fresh Water and Brine.		\$50,000	\$60,000
Air & Nitrogen Services			
Roads, Location, and Dirt Work		\$65,000	\$65,000
Surface Damages			
Cement, Services and Accessories		\$30,000	\$50,000
Mud Logging	\$900/day	\$4,500	\$9,000
Geological Supervision	\$950/day	\$4,750	\$9,500
Closed Loop System	\$2,000/day	\$20,000	\$40,000
Coring			
Logging		\$25,000	\$25,000
Trucking		\$10,000	\$20,000
Tool Rentals		\$30,000	\$60,000
Overhead, Supervision and Legal		\$16,000	\$32,000
Directional Services			\$135,000
Plug and Abandon		\$75,000	
Well Control Equipment		\$30,000	\$60,000
Surface Rentals (Trailer House)		\$25,000	\$50,000
Casing Crews and Pipe Inspection		\$15,000	\$30,000
TOTAL INTANGIBLE DRILLING COST		\$657,250	\$1,074,500

		TANGIBLE DRILLING COST	
Wt.#	Casing	Grade	
1,000	ft. of 9 5/8 in. \$23.00 /ft (SURFACE)		\$23,000
5,100	ft. of 5 1/2 in. \$14.00 /ft (INTERMEDIATE)	J-55	\$71,400
	ft. of in. /ft (PRODUCTION)		
	ft. of in. /ft (LINER)		
	Wellhead Equip		\$15,000
	Tangible Misc		\$20,000
TOTAL TANGIBLE DRILLING COST		\$109,400	\$114,400
TOTAL DRILLING COST ESTIMATE + 10% Contingencies		\$843,315	\$1,307,790

		INTANGIBLE COMPLETION COSTS	DAYS:	10
Daywork				
Well Servicing Unit	\$2,800/day			\$28,000
Cement, Services and Accessories (Oil String)				
Casing Crews and Pipe Inspection				
Logging and Perforating				\$45,000
Treating				\$400,000
Trucking				\$25,000
Tool Rentals				\$16,000
Special Services				\$10,000
Supervision				\$16,000
Surface Rentals				\$75,000
Open Hole Packers (completion equip)				
Well Control Equipment				\$16,000
Water				\$30,000
TOTAL INTANGIBLE COMPLETION COST				\$661,000

		TANGIBLE COMPLETION COST	
Wt.#	Casing	Grade	
2,000	ft. of 2 7/8 in. \$4.95 /ft (TUBING)	J-55	\$9,900
	Wellhead Connections		\$15,000
	Tangible Misc		
TOTAL COMPLETION TANGIBLE COST		\$24,900	
TOTAL COMPLETION COST ESTIMATE		\$754,490	
TOTAL FLOWING WELL COST ESTIMATE		\$2,062,280	
Artificial Lift Equipment:	Production Equipment		\$75,000
Tank Battery (incl flow line):	Pipeline		\$140,000
TOTAL WELL COST ESTIMATE		\$2,277,280	

Oil Conservation Division
 Case No. 8
 Exhibit No.