

WELL COST ESTIMATE

8/15/12

OPERATOR: Marshall & Winston, Inc. LEASE: TJG Fed 3 WELL NO. 1H
 FIELD: Bone Spring COUNTY Lea STATE: New Mexico
 LOCATION: Sec 3 T 19S R 32E SHL 400' FSL & 330' FEL
 BHL Sec 3 T 19S R 32E 400' FSL & 330' FWL
 Total Proposed Footage: 13,909'

AFE NOMENCLATURE

DRYHOLE COST

COMPLETED COST

INTANGIBLE DRILLING COSTS		DAYS:
Footage		
Rig Move In / Rig Move Out		
Drilling Contract Fees (Day Rate)	\$19,500/day	
Bits		
Fuel	\$2,000/day	
Mud, Chemicals Oil, Fresh Water and Brine.		
Air & Nitrogen Services		
Roads, Location, and Dirt Work		
Surface Damages		
Cement, Services and Accessories		
Mud Logging	\$1,000/day	
Geological Supervision	\$950/day	
Closed Loop System	\$2,000/day	
Coring		
Logging		
Trucking		
Tool Rentals		
Overhead, Supervision and Legal	\$1,600/day	
Directional Services		
Plug and Abandon		
Well Control Equipment		
Surface Rentals (Trailer House)	\$3,100/day	
Casing Crews and Pipe Inspection		
TOTAL INTANGIBLE DRILLING COST		

35
\$90,000
\$682,500
\$35,000
\$70,000
\$30,000
\$100,000
\$10,000
\$40,000
\$15,000
\$14,250
\$70,000
\$35,000
\$20,000
\$45,000
\$56,000
\$75,000
\$40,000
\$108,500
\$45,000
\$1,581,250

65
\$90,000
\$1,267,500
\$50,000
\$130,000
\$40,000
\$100,000
\$10,000
\$65,000
\$25,000
\$19,000
\$130,000
\$35,000
\$40,000
\$75,000
\$104,000
\$400,000
\$60,000
\$201,500
\$60,000
\$2,902,000

TANGIBLE DRILLING COST		Grade
Wt.#	Casing	
1,300	ft. of 13 3/8 in. \$40.00 /ft (SURFACE)	
5,050	ft. of 9 5/8 in. \$30.00 /ft (INTERMEDIATE)	J-55
9,800	ft. of 7 in. \$30.00 /ft (PRODUCTION)	P-110
13,950	ft. of 4 1/2 in. \$16.00 /ft (LINER)	P-110
Wellhead Equip		
Tangible Misc		
TOTAL TANGIBLE DRILLING COST		

\$52,000
\$151,500
\$294,800
\$223,200
\$15,000
\$218,500

\$52,000
\$151,500
\$294,800
\$223,200
\$20,000
\$740,700

TOTAL TANGIBLE DRILLING COST

TOTAL DRILLING COST ESTIMATE + 10% Contingencies

\$218,500
\$1,979,725

\$740,700
\$4,006,970

INTANGIBLE COMPLETION COSTS		DAYS:
Daywork		
Well Servicing Unit	\$3,600/day	
Cement, Services and Accessories (Oil String)		
Casing Crews and Pipe Inspection		
Logging and Perforating		
Treating		
Trucking		
Tool Rentals		
Special Services		
Supervision		
Surface Rentals		
Open Hole Packers (completion equip)		
Well Control Equipment		
Water		
TOTAL INTANGIBLE COMPLETION COST		

30
\$108,000
\$80,000
\$750,000
\$210,000
\$35,000
\$20,000
\$48,000
\$150,000
\$40,000
\$30,000
\$1,471,000

\$108,000
\$80,000
\$750,000
\$210,000
\$35,000
\$20,000
\$48,000
\$150,000
\$40,000
\$30,000
\$1,471,000

TOTAL INTANGIBLE COMPLETION COST

TANGIBLE COMPLETION COST		Grade
Wt.#	Casing	
9,600	ft. of 2 7/8 in. \$5.50 /ft (TUBING)	N-80
Wellhead Connections		
Tangible Misc		
TOTAL COMPLETION TANGIBLE COST		

\$52,800
\$15,000
\$67,800

\$52,800
\$15,000
\$67,800

TOTAL COMPLETION TANGIBLE COST

TOTAL COMPLETION COST ESTIMATE

TOTAL FLOWING WELL COST ESTIMATE

Artificial Lift Equipment:	Production Equipment
Tank Battery (incl flow line):	Pipeline
TOTAL WELL COST ESTIMATE	

\$110,000
\$200,000
\$6,009,650

\$110,000
\$200,000
\$6,009,650

TOTAL WELL COST ESTIMATE

\$6,009,650

Oil Conservation Division
 Case No. **S**
 Exhibit No. **S**