

APR  
WELL COST ESTIMATE

DRILLING & TESTING  
Footage Bid

Operator	<u>Fuel Products, Inc.</u>	Well Name	<u>Illinois Camp 18 State</u>		No.	<u>1</u>	
Projected Depth	<u>11,000</u>	Objective	<u>Morrow</u>	Expl	<u>X</u>	Devel	<u>    </u>
Location	<u>990' FSL &amp; 660' FEL (Unit P) Sec. 18, T-18-S, R-28-E</u>			Elev.	<u>    </u>		
Area	<u>Wildcat</u>	County	<u>Eddy</u>	State	<u>N M</u>		

ESTIMATED

INTANGIBLE DRILLING COSTS

Surface Damages		\$	<u>5,500</u>
Roads & Location:	Survey & Stake		<u>2,000</u>
	Roads, Pad & Clearing		<u>21,000</u>
Drilling: Footage	<u>11,000</u> @ <u>19.10</u> /ft.		<u>210,100</u>
Day work w/ pipe	<u>2</u> Days @ \$ <u>6,000</u> /day		<u>12,000</u>
Day work wo/pipe	<u>    </u> Days @ \$ <u>    </u> /day		<u>0</u>
Rig mob & RD			<u>0</u>
Bits & Drilling tools			<u>0</u>
Cementing:			
	Surface Csg Cmt, Services & Hardware		<u>4,000</u>
	Intermed. Csg Cmt, Services & Hardware		<u>13,000</u>
Water Hauling			<u>16,000</u>
Mud & Chemicals			<u>35,000</u>
Coring			<u>    </u>
Testing	<u>    </u> DSTs		<u>5,000</u>
Contract Services:			
	Casing Crews		<u>8,000</u>
	Welding		<u>1,000</u>
	Pit Lining		<u>2,000</u>
	Equipment Rental		<u>18,000</u>
	Hauling		<u>2,000</u>
Logging: Mud Log from	<u>    </u> to <u>    </u>		<u>11,000</u>
	Electrical Surveys <u>    </u> to <u>    </u>		<u>30,000</u>
Wellsite Geologist			<u>4,000</u>
Engineering Supervision			<u>15,000</u>
Expense in Field: Geological			<u>1,500</u>
	Engineering		<u>3,000</u>
Overhead - Drilling Well Rate			<u>6,000</u>
Insurance* - General Liability			<u>6,000</u>
Miscellaneous, Taxes, Contingencies			<u>20,000</u>
TOTAL INTANGIBLE DRILLING COSTS:		\$	<u>451,100</u>

TANGIBLE DRILLING COSTS

Surface Csg	<u>425</u> feet of <u>13 3/8"</u> @ <u>23.50</u> /ft	\$	<u>9,988</u>
Intermed. Csg	<u>2,900</u> feet of <u>9 5/8"</u> @ <u>13.60</u> /ft		<u>39,440</u>
Wellhead			<u>3,000</u>
Miscellaneous			<u>5,000</u>
TOTAL TANGIBLE DRILLING COSTS		\$	<u>57,428</u>

TOTAL DRILLING COSTS \$ 508,528

INTANGIBLE ABANDONMENT COSTS

Rig Time	\$	<u>6,000</u>
Cement for Plugging & Cementing Service		<u>4,500</u>
Location Clean-up and Fence Work		<u>3,500</u>
Miscellaneous		<u>1,600</u>

TOTAL INTANGIBLE ABANDONMENT COSTS \$ 15,600  
TOTAL DRY-HOLE COSTS \$ 524,128

\* Optional OEE Insurance \$10,000

AFB  
WELL COST ESTIMATE

**COMPLETION & EQUIPMENT**  
Footage bid - Flowing from Morrow

Operator Fuel Products, Inc. Well Name Illinois Camp 18 State No. 1  
 Projected Depth 11,000 Objective Morrow Expi X Devel WO  
 Location 990' FSL & 660' FEL (Unit P) Sec. 18, T-18-S, R-28-E Elev. \_\_\_\_\_  
 Area Wildcat County Eddy Stat N M

**ESTIMATED**

INTANGIBLE COMPLETION COSTS

Pulling Unit Day Work	<u>10</u> Days @	<u>\$1,500</u> /day \$	<u>15,000</u>
Cement, Services & Hardware			<u>19,000</u>
Logging: Electrical Surveys			<u>4,500</u>
Perforating			<u>3,000</u>
Treating: Formation Stimulation			<u>12,000</u>
Engineering Supervision			<u>4,000</u>
Engineering Expense in Field			<u>1,500</u>
Testing			<u>4,000</u>
Equipment Rental:	Surface		<u>2,500</u>
	Subsurface		<u>5,000</u>
Hauling			<u>3,000</u>
Overhead Drilling Well Rate			<u>2,000</u>
Clean-up			<u>5,000</u>
Miscellaneous			<u>12,000</u>
TOTAL INTANGIBLE COMPLETION COSTS			<u>\$ 92,500</u>

TANGIBLE COMPLETION COSTS

Production Casing:							
<u>11,000</u> of <u>5 1/2"</u>	Csg	@ \$	<u>10</u>	/ft. \$	<u>110,000</u>		
Tubing:							
<u>10,800</u> of <u>2 7/8"</u>	<u>6.5#</u> <u>J-55</u> Tbg	@ \$	<u>3.25</u>	/ft.	<u>35,100</u>		
Sucker Rods:							
_____ of _____	@	\$	_____	/ft.	<u>0</u>		
Subsurface Pump & Accessories Packer					<u>4,000</u>		
Xmas Tree					<u>9,000</u>		
Pumping Unit, Base, Engine/Motor & Controls					<u>0</u>		
Tank Battery (Complete w/ Connections)					<u>15,000</u>		
Heater/Treater					<u>12,500</u>		
Flow Lines					<u>15,000</u>		
Contract Services: Installation Labor					<u>10,000</u>		
Miscellaneous & Fencing					<u>6,000</u>		
TOTAL TANGIBLE COMPLETION COSTS						<u>\$ 216,600</u>	

TOTAL COMPLETION COSTS \$ 309,100  
 TOTAL COMPLETED WELL COSTS \$ 817,628

Interest : \_\_\_\_\_ %  
 Share: \$ \_\_\_\_\_

APPROVED: _____	APPROVED: _____
COMPANY: <u>Fuel Products, Inc.</u>	COMPANY: _____
BY: <u>Thomas J. Sale</u>	BY: _____
DATE: <u>June 15, 2000</u>	DATE: _____

"It is recognized that the amounts provided for herein are estimated only, and approval of this authorization shall extend to the actual costs incurred in conducting the operations specified, whether more or less than herein set out"