

# KUKUI OPERATING COMPANY

## COST ESTIMATE DRILLING

AFE No. 10111  
Supplement No. \_\_\_\_\_  
STATE: New Mexico  
FIELD: SE Eidson

PROSPECT: Mississipian Test COUNTY: LEA  
DATE: 09/17/2001 WELL NAME Degas '6' State Com. #1

### SUMMARY OF ESTIMATED COST

INTANGIBLE COST								
DESCRIPTION						SUB.	DRY HOLE	COMPLETED
Company Labor	45 Days @	\$650	/ Day			05	\$27,300	\$29,250
Outside Labor	roustabout, welding, casing crews, wellhead installation					10	\$15,000	\$20,000
Professional Services	surveys, permitting, consulting, title					12	\$6,000	\$8,000
Transportation - Land						70	\$5,000	\$8,000
Fuel, Power, & Water						61	\$60,000	\$70,000
Supplies - Miscellaneous						59	\$3,000	\$4,000
Supplies - Bits						60	\$58,000	\$60,000
Supplies - Casing Equipment	float shoes, centralizers					59	\$4,500	\$6,000
Supplies - Liner Equipment						59		
Frac Tank Rental	1 ea. - 500 bbl.	50 days ( water storage)				40	\$2,000	\$3,000
Cement & Cement Services						11	\$20,000	\$36,000
Pump / Vacuum Truck Services						12	\$5,000	\$8,000
Rentals Drilling Tools & Services	chokes, separators, PVT, BHA					40	\$10,000	\$15,000
Rentals Miscellaneous	doghouse, forklift, trash bin, toilets, etc					40	\$10,000	\$12,000
Insurance	well control					91	\$12,000	\$12,000
Wireline Services	perforating, logging, coring					25	\$26,000	\$36,000
Drilling Fluids						15	\$75,000	\$85,000
Location Expense	construction / reclamation					20	\$30,000	\$35,000
Contract Drilling	Feet		/ Foot			16		
Daywork	40 drlg./4 comp.	Days	\$11,000	/ Day		16	\$440,000	\$484,000
Workover Rig	6 Days		\$3,000	/ Day		16		\$18,000
Directional Drilling - Tools & Equipment						43		
Mud Logging Services						44	\$25,000	\$25,000
Rig Mobilization & Demobilization						21	\$50,000	\$50,000
Stimulation	clean-up acid treatment					75		\$20,000
Special Services	DST tools / reports					09	\$12,000	\$12,000
Tubular Goods - Inspection & Testing							\$4,000	\$8,000
Telephone & Radio Expenses						73	\$300	\$500
COPAS Drilling Overhead							\$12,000	\$14,000
Plug & Abandon							\$12,000	
Intangible Subtotal							\$924,100	\$1,078,750
Unclassified and	10 %	Contingencies					\$92,400	\$107,900
<b>TOTAL INTANGIBLE COST</b>							<b>\$1,016,500</b>	<b>\$1,186,650</b>
TANGIBLE COST								
WELL TUBULAR GOODS								
	Feet	Drive Pipe		/ Foot		85		
	Feet	Conductor Casing		/ Foot		86		
450	Feet	13 3/8"	Surface Casing	\$20.00 / Foot		90	\$9,000	\$9,000
	Feet	Protection Casing		/ Foot		87		
4,550	Feet	9 5/8"	Intermediate	\$18.00 / Foot		88	\$81,900	\$81,900
	Feet	Production Liner		/ Foot		89		
13,600	Feet	5 1/2"	Production Casing	\$7.00 / Foot		92		\$95,200
12,500	Feet	2 7/8"	Tubing	\$3.50 / Foot				\$43,750
	Feet	Sucker Rods		/ Foot		53		
FLOWLINE								
~5,000	Feet	3"	Line Pipe - buried	\$6.00 / Foot				\$30,000
WELL EQUIPMENT								
Well Head & Christmas Tree	casing head, tubing head, 5M tree					105	\$5,000	\$16,000
Packers and Downhole Equipment						78		\$8,000
Other Well Equipment	battery, separators, heater treater, meter, etc					95		\$30,000
<b>TOTAL TANGIBLE COST</b>							<b>\$95,900</b>	<b>\$313,850</b>
<b>TOTAL ESTIMATED COST OF WELL</b>							<b>\$1,112,400</b>	<b>\$1,500,500</b>

Justification for this request : Funds are requested to drill and complete a 13,600' Mississipian test well located in Sec. 6 - T16S - R35E, Lea County NM.

KUKUI Operating Company

JOINT INTEREST APPROVAL

Prepared By: Larry K. Strider  
Approved By: John W. Wessels  
Approved By: \_\_\_\_\_

Name of Joint Owner : \_\_\_\_\_  
Approved By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Accept OEEL Insurance   
Decline OEEL Insurance

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12773 Exhibit No. 4  
Submitted by:  
**KUKUI Operating Company**  
Hearing Date: January 10, 2002