

Afe Estimate Summary
CHI OPERATING, INC
Report Date: 02/03/2004

Afe Id: 1 W C "3" #3
Property Id: 200110-3 WC 3 #3
Location: SEC. 3: T-22-S, R-26-E
Operator: CHI OPERATING INC.

Field:
St/County: NM/EDDY

Sub-Category	Estimate Cost
Intangible Drilling	
SURVEYING & PERMIT	2,000.00
DAMAGES	6,500.00
ROADS & LOCATIONS	25,000.00
RIG MOVE	30,000.00
DRILLING - DAYWORK	391,920.00
CEMENT - SURFACE	9,000.00
CEMENT - INTERMEDIATE	14,000.00
CORING	20,000.00
DRILLSTEM TESTING	4,500.00
DRILLING FLUIDS	50,000.00
WATER	20,000.00
BITS & REAMERS	54,000.00
ENGINEERING	33,200.00
MUD LOGGING	28,000.00
OPENHOLE LOGGING	35,000.00
EQUIPMENT RENTAL	16,000.00
TRUCKING	5,000.00
LABOR	5,000.00
LEGAL	20,000.00
OVERHEAD & EXPENSES	9,100.00
INSURANCE & BONDS	2,200.00
CASING CREWS	2,500.00
PLUGGING & ABANDONING	15,000.00
MISCELLANEOUS INTANGIBLES	59,000.00
FUEL	46,000.00
Sub-Total Intangible Drilling	902,920.00
Tangible Drilling	
CASING - SURFACE	7,125.00
CASING - INTERMEDIATE	22,550.00
WELLHEAD EQUIPMENT	4,500.00
MISCELLANEOUS TANGIBLES	2,400.00
Sub-Total Tangible Drilling	36,575.00
Total All Drilling	939,495.00
Intangible Completion	
ANCHORS	1,000.00

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER

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Sub-Category	Estimate Cost
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Intangible Completion	
LOCATIONS	5,000.00
COMPLETION UNIT	24,000.00
LOGGING & PERFORATE	15,000.00
SLICKLINE/WIRELINE	3,500.00
CEMENT - PRODUCTIONS/PLUG BACK	25,000.00
ACIDIZING	15,000.00
FRACTURING	100,000.00
WATER	5,000.00
ENGINEERING	4,700.00
EQUIPMENT RENTAL	8,000.00
TRUCKING	5,000.00
LABOR	8,000.00
LEGAL	8,000.00
OVERHEAD & EXPENSES	3,000.00
CASING CREWS	5,000.00
MISCELLANEOUS INTANGIBLES	16,500.00

Sub-Total Intangible Completion	251,700.00
Tangible Completion	
CASING - PRODUCTION/EQUIPMENT	94,010.00
WELLHEAD	10,500.00
TUBING	29,750.00
TANKS - PRODUCTION & WATER	12,000.00
VALVES & FITTINGS	5,000.00
FLOWLINES	54,000.00
DOWNHOLE TOOLS	3,200.00
TOTAL FLOW/METERING	3,500.00
METER RUN	3,000.00
MISCELLANEOUS TANGIBLES	16,500.00
STACK PAC	20,000.00

Sub-Total Tangible Completion	251,460.00
Total All Completion	503,160.00
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Total AFE	1,442,655.00