



**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

INTANGIBLE DRILLING COSTS		DAYS:	DRYHOLE COST	COMPLETED COST
			10	20
Footage				
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			\$18,000	\$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
<b>TOTAL INTANGIBLE DRILLING COST</b>			<b>\$657,250</b>	<b>\$1,074,500</b>

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

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				\$18,000
Special Services				\$10,000
Supervision				\$18,000
Surface Rentals				\$75,000
Open Hole Packers (completion equip)				
Well Control Equipment				\$16,000
water				\$30,000
<b>TOTAL INTANGIBLE COMPLETION COST</b>				<b>\$661,000</b>

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

Oil Conservation Division  
 Case No. 8  
 Exhibit No.