



**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 32 E 400' FSL & 330' FWL  
 Total Proposed Footage: 13,909'

**AFE NOMENCLATURE**

**DRYHOLE COST**

**COMPLETED COST**

INTANGIBLE DRILLING COSTS		DAYS:	35	65
Footage				
Rig Move In / Rig Move Out			\$90,000	\$90,000
Drilling Contract Fees(Day Rate)	\$19,500/day		\$682,500	\$1,267,500
Bits			\$35,000	\$50,000
Fuel	\$2,000/day		\$70,000	\$130,000
Mud, Chemicals Oil, Fresh Water and Brine.			\$30,000	\$40,000
Air & Nitrogen Services				
Roads, Location, and Dirt Work			\$100,000	\$100,000
Surface Damages			\$10,000	\$10,000
Cement, Services and Accessories			\$40,000	\$65,000
Mud Logging	\$1,000/day		\$15,000	\$25,000
Geological Supervision	\$950/day		\$14,250	\$19,000
Closed Loop System	\$2,000/day		\$70,000	\$130,000
Coring				
Logging			\$35,000	\$35,000
Trucking			\$20,000	\$40,000
Tool Rentals			\$45,000	\$75,000
Overhead, Supervision and Legal	\$1,600/day		\$56,000	\$104,000
Directional Services				\$400,000
Plug and Abandon			\$75,000	
Well Control Equipment			\$40,000	\$60,000
Surface Rentals (Trailer House)	\$3,100/day		\$108,500	\$201,500
Casing Crews and Pipe Inspection			\$45,000	\$60,000
<b>TOTAL INTANGIBLE DRILLING COST</b>			<b>\$1,581,250</b>	<b>\$2,902,000</b>

TANGIBLE DRILLING COST								
Wt.#	Casing				Grade			
1,300	ft. of	1 3/8	in.	\$40.00	/ft	(SURFACE)		\$52,000
5,050	ft. of	9 5/8	in.	\$30.00	/ft	(INTERMEDIATE)	J-55	\$151,500
9,800	ft. of	7	in.	\$30.00	/ft	(PRODUCTION)	P-110	\$294,000
13,950	ft. of	4 1/2	in.	\$16.00	/ft	(LINER)	P-110	\$223,200
	Wellhead Equip							\$15,000
	Tangible Misc							\$20,000
<b>TOTAL TANGIBLE DRILLING COST</b>								<b>\$218,500</b>
<b>TOTAL DRILLING COST ESTIMATE + 10% Contingencies</b>								<b>\$1,979,725</b>

INTANGIBLE COMPLETION COSTS		DAYS:	30
Daywork			
Well Servicing Unit	\$3,600/day		\$108,000
Cement, Services and Accessories (Oil String)			
Casing Crews and Pipe Inspection			
Logging and Perforating			\$80,000
Treating			\$750,000
Trucking			\$210,000
Tool Rentals			\$35,000
Special Services			\$20,000
Supervision			\$48,000
Surface Rentals			\$150,000
Open Hole Packers (completion equip)			
Well Control Equipment			\$40,000
Water			\$30,000
<b>TOTAL INTANGIBLE COMPLETION COST</b>			<b>\$1,471,000</b>

TANGIBLE COMPLETION COST							
Wt.#	Casing			Grade			
9,600	ft. of	2 7/8	in.	\$5.50	/ft (TUBING)	N-80	\$52,800
	Wellhead Connections						\$15,000
	Tangible Misc						
<b>TOTAL COMPLETION TANGIBLE COST</b>							<b>\$67,800</b>
<b>TOTAL COMPLETION COST ESTIMATE</b>							<b>\$1,692,680</b>
<b>TOTAL FLOWING WELL COST ESTIMATE</b>							<b>\$5,699,650</b>

Artificial Lift Equipment:	Production Equipment	\$110,000
Tank Battery (incl flow line):	Pipeline	\$200,000
<b>TOTAL WELL COST ESTIMATE</b>		<b>\$6,009,650</b>

Oil Conservation Division  
 Case No. 5  
 Exhibit No. 5