

Afe Estimate Summary
 CHI OPERATING, INC
 Report Date: 08/18/2005

Afe Id: 1 BERMUDA #1
 Property Id: 200511-1 BERMUDA #1
 Location:
 Operator: CHI OPERATING INC.

Field:
 St/County: NM/EDDY

Sub-Category	Estimate Cost
Intangible Drilling	
SURVEYING & PERMIT	2,000.00
DAMAGES	12,000.00
ROADS & LOCATIONS	35,000.00
RIG MOVE	30,000.00
DRILLING - DAYWORK	325,000.00
CEMENT - SURFACE	12,000.00
CEMENT - INTERMEDIATE	15,000.00
DRILLSTEM TESTING	5,500.00
DRILLING FLUIDS	35,000.00
WATER	25,000.00
BITS & REAMERS	40,000.00
ENGINEERING	20,000.00
MUD LOGGING	17,100.00
OPENHOLE LOGGING	40,000.00
EQUIPMENT RENTAL	35,000.00
TRUCKING	3,000.00
LABOR	6,000.00
LEGAL	8,000.00
OVERHEAD & EXPENSES	4,931.00
INSURANCE & BONDS	2,200.00
PLUGGING & ABANDONING	15,000.00
MISCELLANEOUS INTANGIBLES	50,241.00
FUEL	30,000.00
Sub-Total Intangible Drilling	767,972.00
Tangible Drilling	
CASING - SURFACE	12,000.00
CASING - INTERMEDIATE	30,000.00
WELLHEAD EQUIPMENT	7,500.00
MISCELLANEOUS TANGIBLES	3,465.00
Sub-Total Tangible Drilling	52,965.00
Total All Drilling	820,937.00

Intangible Completion

ROW & PERMITS	10,000.00
ANCHORS	1,000.00
LOCATIONS	1,500.00

CHI OPERATING, INC.

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Sub-Category	Estimate Cost

Intangible Completion	
COMPLETION UNIT	25,000.00
LOGGING & PERFORATE	15,000.00
SLICKLINE/WIRELINE	5,000.00
CEMENT - PRODUCTIONS/PLUG BACK	20,000.00
ACIDIZING	15,000.00
FRACTURING	125,000.00
WATER	5,000.00
ENGINEERING	8,000.00
EQUIPMENT RENTAL	12,000.00
TRUCKING	3,000.00
LABOR	30,000.00
LEGAL	8,000.00
OVERHEAD & EXPENSES	1,972.00
CASING CREWS	6,500.00
MISCELLANEOUS INTANGIBLES	19,738.00

Sub-Total Intangible Completion	311,710.00
Tangible Completion	
CASING - PRODUCTION/EQUIPMENT	137,200.00
WELLHEAD	7,500.00
TUBING	41,650.00
TANKS - PRODUCTION & WATER	15,000.00
VALVES & FITTINGS	10,000.00
FLOWLINES	20,000.00
DOWNHOLE TOOLS	1,500.00
TOTAL FLOW/METERING	3,800.00
METER RUN	2,500.00
MISCELLANEOUS TANGIBLES	18,490.00
STACK PAC	25,000.00

Sub-Total Tangible Completion	282,640.00
Total All Completion	594,350.00
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Total AFE	1,415,287.00