

UNIT PETROLEUM COMPANY

AFE/COST ESTIMATE

407 N Big Spring St
Suite 101
Midland, TX 79701
(432) 686-0020

☒ ORIGINAL
☐ SUPPLEMENT

☒ NEW WELL
☐ SUBSEQUENT DEVELOPMENT
☐ WORKOVER
☐ PLUG AND ABANDON

DISTRICT Midland		Well Name: Byers "23" #2		FIELD Ocuato, West Morrow	WI	BCP	ACP	PREPARED BY Matthew Doffer
PROSPECT Ocuato, North		Footage from Section Lines 1480' FNL & 1280' FEL		RANGE T20S-R35E	BLOCK	SURVEY		DATE 6/19/2006
SECTION 23	PROPOSED TO 13,600 FT		WELL TYPE		COUNTY Lea			STATE New Mexico
OBJECTIVE Morrow		WELL TYPE		AF#				
		OIL		X		GAS		
		SWD		INJ		OTHER		EXPLOR
ESTIMATED DAYS: 52 DRILLING 15		COMPLETION 67		TOTAL				
PURPOSE OF EXPENDITURE & WORK PROCEDURE: Drill, complete and equip a flowing Morrow gas well								

CODE		CLASSIFICATION						ESTIMATE			
1626 (DRLG)	1627 (CMPL)							DRILLING	COMPLETED	TOTAL	
INTANGIBLES											
1	1	PERMITS	\$1,000	SURVEYS	\$1,200	ROW	DAMAGES	\$10,000	12,200	4,000	16,200
2	2	ROADS & LOCATION:	BUILD			\$0	CLEAN-UP	\$0	60,000	30,000	90,000
3	3	FOOTAGE DEPTH		0 FT @		\$0.00 /FT			0	0	0
4	4	DW DAYS		52 DAYS @		\$18,000 /DAY	COMP		936,000	148,000	1,084,000
5	5	MOBILIZE - RU - RD - DEMOBILIZE							70,000	8,000	78,000
6	6	FUEL/POWER							105,000	10,000	115,000
7	7	DRLG WATER		WATER WELL			COMP FLUID		40,000	10,000	50,000
8	8	CONTRACT LABOR/WELDING							15,000	5,000	20,000
9	9	BITS							70,000	10,000	80,000
10	10	DRLG FLUID		AIR		CHEMICALS			120,000	15,000	135,000
11	11	FORMATION TESTING		CORING		FLOW TESTS			5,000	10,000	15,000
12	12	OPENHOLE LOGGING & SURVEYS							40,000	0	40,000
13	13	CEMENT & SERVICES							70,000	50,000	120,000
14	14	RENTALS & SERVICES: SURFACE		SUBSURFACE					50,000	30,000	80,000
15	15	CASED HOLE LOGGING		PERFORATING		WIRELINE			0	20,000	20,000
16	16	STIMULATION : ACID		FRAC		OTHER				300,000	300,000
17	17	SUPPLIES, MATERIALS, & MISCELLANEOUS RENTALS							20,000	20,000	40,000
18	18	GEOLOGICAL		MUD LOGGING		OTHER PROF			25,000	0	25,000
19	19	WELL SUPERVISION : DRILLING		COMPLETION					60,000	20,000	80,000
20	20	OVERHEAD OR COMBINED RATE							10,000	5,000	15,000
21	21	INSURANCE							0	0	0
22	22	ABANDONMENT EXPENSE (INCL LOCATION RECOVERY)							15,000	(15,000)	0
23	23	INSTALLATIONS & SERVICES THRU WELLHEAD							10,000	10,000	20,000
24	24	TRUCKING & OTHER SERVICES							25,000	15,000	40,000
32	32	CLOSED MUD SYSTEM							0		0
40	40	SALVAGE EQUIPMENT							0	0	0
30	30	CONTINGENCIES	2%						35,200	14,100	49,300
						TOTAL INTANGIBLE COSTS			\$1,793,400	\$719,100	\$2,512,500

CODE	TANGIBLES				DRILLING	COMPLETED	TOTAL
101	CONDUCTOR CSG	40 FT OF	20.00 INCH @ \$	120.00 PER FT	4,800		4,800
102	SURFACE CSG	450 FT OF	13.375 INCH @ \$	38.96 PER FT	17,600		17,600
103	INTERMEDIATE CSG	4,400 FT OF	9.625 INCH @ \$	28.62 PER FT	126,000		126,000
105	DRILLING LINER	11,800 FT OF	7.000 INCH @ \$	25.49 PER FT	295,700		295,700
105	LINER CSG	2,200 FT OF	4.500 INCH @ \$	13.51 PER FT		29,800	29,800
108	TUBING	13,600 FT OF	2.375 INCH @ \$	4.93 PER FT		67,100	67,100
107	SUCKER RODS	FT OF	0.000 INCH @ \$	0.00 PER FT		0	0
108	BH PUMP	GAS LIFT	TBG ANC	OTHER		0	0
109	WELLHEAD : CASING HEAD		TREE		12,000	15,000	27,000
110	ARTIFICIAL LIFT		PRIME MOVER			0	0
111	PACKERS & SUBSURFACE TOOLS					20,000	20,000
112	INSTALLATION COSTS					20,000	20,000
121	TANKS & ACCESSORIES:					28,000	28,000
122	PRODUCTION UNIT	15000 DEHYDRAT	10000	COMPRESSOR		25,000	25,000
123	HEATER TREATER	SEPARATOR				5,000	5,000
124	ELECTRICAL SYSTEMS & LINES					0	0
125	LEASE LINES					0	0
126	CONTROLLABLE VALVES & FITTING					10,000	10,000
127	OTHER EQUIPMENT					3,500	3,500
128	NON-CONTROLLABLE LEASE MATERIAL					12,000	12,000
129	INSTALLATION COSTS					20,000	20,000
131	LINE PIPE					10,000	10,000
132	METERING EQUIPMENT					5,000	5,000
TOTAL TANGIBLES					\$456,100	\$270,400	\$726,500
TOTAL INTANGIBLES					\$1,793,400	\$719,100	\$2,512,500
TOTAL WELL COSTS					\$2,249,500	\$989,500	\$3,239,000

Oil Conservation Division
Case No. 13755
Exhibit No. 7

UNIT PETROLEUM APPROVALS			
APPROVED BY	TITLE	DATE	COMPANY UNIT PETROLEUM COMPANY
PARTNER APPROVALS			
APPROVED BY	TITLE	DATE	COMPANY