MURCHISON OIL & GAS INC.
AFE & COST ESTIMATE

LEASE NAME: HIGH NITRO STATE COM
LOCATION: 660' FNL & 660' FWL SEC 12, T17S, R28E
PROPOSED TD: 10,300'
COUNTY: EDDY
STATE: NEW MEXICO

WELL NO. 1
FIELD: WILDCAT
OPERATOR: MOGI

	INTANGIBLES	$/UNIT	QUANTITY	UNITS	DRILLING COST $	COMPLETION COST $	TOTAL COST $
1	DRILLING RIG MOBILIZATION				0		0
2	DRILLING RIG FOOTAGE	10300	22	$/FT	227000	12400	239400
3	COMPLETION UNIT	1500	10	DAYS		15000	15000
4	WATER				25000	5000	30000
5	LOCATION ROADS & DAMAGES				25000	5000	30000
6	MUD				40000	2000	42000
7	CEMENT				16000	13000	29000
8	LOGGING				18000		18000
9	PERF					10000	10000
10	MUD LOGS	600	22	DAYS	13000		13000
11	DIG, LINE & COVER PITS WASTE REMOVAL				8000		8000
12	STIMULATION					90000	90000
13	WIRELINE & TESTING					5000	5000
14	TRANSPORTATION				8000	2000	10000
15	LABOR & WELDING				10000	5000	15000
16	BITS				0		0
17	RENTAL EQUIPMENT				35000	12000	47000
18	CASING CREW & LAYDOWN MACHINE				5000	5000	10000
19	DRILLING OVERHEAD	7500	2	MONTHS	8000	4000	12000
20	SUPERVISION	500	40	DAYS	15000	5000	20000
21	TITLE & ABSTRACTS				4000		4000
22	CONTINGENCY				30000	5000	35000
	TOTAL COSTS				**487000**	**195400**	**682400**

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TANGIBLES			$/UNIT	QUANTITY	UNITS	DRILLING COST $	COMPLETION COST $	TOTAL COST $
1 WELLHEAD						4000	8000	12000
2 CASING 13-3/8"	54.5#	J-55	17.00	400	FEET	7000		7000
8-5/8"	32#	K-55	12.00	1800	FEET	22000		22000
5-1/2"	17#	N-80	8.00	10300	FEET		83000	83000
TUBING 2-3/8"	4.7#	N-80	3.05	9500	FEET		29000	29000
3 PACKERS							7000	7000
4 PRODUCTION EQUIPMENT							12000	12000
5 TANKS							10000	10000
6 FLOWLINES & VALVES							8000	8000
TOTAL TANGIBLES						33000	157000	190000
TOTAL WELL COST						520000	352400	872400