

**Great Western Drilling Company
Drilling Cost Estimate**

Well:	Lovington Federal "1"	Date:	1-Sep-02	ER #	
County:	Lea	State:	New Mexico	AFE #	
Location:	1200' FNL & 1335' FEL of Sec. 1, T16S-R34E			Depth:	14000'

	Cost to Casing Point	Cost to Completion	Total
Landman, Legal, Insurance	5,000.00	-	\$ 5,000.00
Damages, Surveys, Permits	4,000.00	-	\$ 4,000.00
Construction - Pad, roads, pit	30,000.00	2,000.00	\$ 32,000.00
Rig Up & Tear Out/Move in & out	40,000.00	-	\$ 40,000.00
Contract - Dayrate 44 days @ \$7800/day	343,200.00	-	\$ 343,200.00
Completion Unit 12 days @ \$2000/day	-	24,000.00	\$ 24,000.00
Drill Pipe, Bits, Reamers & other tools	85,000.00	-	\$ 85,000.00
Company Drilling Supervision	23,000.00	7,000.00	\$ 30,000.00
Well Supplies & Non-Salvable Materials	2,000.00	28,000.00	\$ 30,000.00
Rentals	25,000.00	5,000.00	\$ 30,000.00
Contract services	20,000.00	15,000.00	
Cement & Cmt Services	30,000.00	25,000.00	\$ 55,000.00
Transportation	7,000.00	3,500.00	\$ 10,500.00
Mud, Water & Chemicals	50,000.00	4,000.00	\$ 54,000.00
Fuel & Utilities	50,000.00	-	\$ 50,000.00
Drill Stem Test	15,000.00	-	\$ 15,000.00
Mud Logging	20,000.00	-	\$ 20,000.00
Logging	50,000.00	4,000.00	\$ 54,000.00
Perforating	-	12,000.00	\$ 12,000.00
Treating	-	100,000.00	\$ 100,000.00
Overhead	7,500.00	2,000.00	\$ 9,500.00
Other Sub-surface Costs	-	15,000.00	\$ 15,000.00
Contingencies 5%	45,000.00	15,000.00	\$ 60,000.00
Total Intangibles	\$ 851,700.00	\$ 261,500.00	\$ 1,113,200.00

Surface Casing	9,000.00	-	\$ 9,000.00
Intermediate Casing	80,000.00	-	\$ 80,000.00
Production Casing		115,000.00	\$ 115,000.00
Wellhead	5,000.00	20,000.00	\$ 25,000.00
Tubing		51,000.00	\$ 51,000.00
Packer / Anchor		15,000.00	\$ 15,000.00
Rods		-	\$ -
Bottom Hole Pump		-	\$ -
Pumping Unit		-	\$ -
Prime Mover		-	\$ -
Tanks		15,000.00	\$ 15,000.00
Treater		30,000.00	\$ 30,000.00
Separator		-	\$ -
Flow Lines		10,000.00	\$ 10,000.00
Connections, Etc.		20,000.00	\$ 20,000.00
Miscellaneous		-	\$ -
Contingencies 5%	5,000.00	15,000.00	\$ 20,000.00
Total Tangibles	\$ 99,000.00	\$ 291,000.00	\$ 390,000.00

Total Well Costs	\$ 950,700.00	\$ 552,500.00	\$ 1,503,200.00
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Prepared By: D. Hendrix

Operator: Great Western Drilling Company

GWDC % Interest: *[Signature]*

GWDC Approved By: *[Signature]*

Title: *Mgr. of Ops.*

Date: *9/29/02*

Partner: _____

Approval By: _____

Title: _____

Partner % Interest: _____

Date: _____

**BEFORE THE OIL CONSERVATION
DIVISION**

Santa Fe, New Mexico

Case No. 12956 Exhibit No. 4

Submitted by: Great Western Drilling Company

Hearing Date: November 14, 2002