

EXHIBIT
TERRA RESOURCES, INC.
DRILLING & COMPLETION DETAILED COST ESTIMATE

HUMPHREYS PROSPECT

Well No.: 1 Lease Name: SLEEPY Field: BOYD (MORROW)
 Well location: N/2 of SECTION 31 Legal Description: T18S, R26E
 County: EDDY State: NEW MEXICO Proposed Depth: 9,300'
 Objective Formation: MORROW AFE No. _____ Terra W.I. _____

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	TOTAL
Survey-Stake Location	1	1,500			1,500
Permits & Hearings	2		83		
Building Road, bridges, canals	3	3,500	84		3,500
Building Location & Pits	4	9,000	85		9,000
Insurance (for Terra only)	5	4,200	86		4,200
Move in - Rig up - Rig down Move out	6		87		
Rat Hole	7				
Footage Contract 9300' @ \$14.50/ft.	8	134,900			134,900
Daywork Contract 5/2 days @ \$3800/day	9	19,000	88	7,600	26,600
Turnkey Agreement	10		90		
Rig for Completion \$1400/day x 8 days			101	11,200	11,200
Drill Bits	12		102	500	500
Rental Equipment	13	2,000	103	2,000	4,000
Fishing Tools & Service	14		104		
Company Labor	15	500	107	500	1,000
Auto & Travel	16	500	108	500	1,000
Contract Labor	17	2,500	113	2,500	5,000
Trucking, Hauling, Service Equip.	18	1,500	114	1,000	2,500
Power & Fuel	19		115		
Water	20	16,000	116	2,000	18,000
Mud & Chemicals	21	18,000	117		18,000
Drill Pipe, Casing, Rod Inspection	22	1,000	125	1,000	2,000
Formation Testing (incl. DST)	23	7,000			7,000
Coring ___' of core @ \$___/ft	24				
Mud Logging @ \$300/day	25	9,800			9,800
Logs	26	16,500	126	4,500	21,000
Temperature Survey	27		148		
Bottom Hole Pressure Test	28		149	3,000	3,000
Directional Services	29		152		
Engineering, Geological, Geophysical	30	6,000	153	3,600	9,600
Cmtg., Conductor or Surf. Csg. (incl. float equip.)	31	9,500			9,500
Cmtg., Interm. or Prod. Csg. (incl. float equip.)	32		154	5,500	5,500
Squeeze Jobs	33		155		
Perf. or Shooting	34		156	4,500	4,500
Frac. and/or acidize			157	7,500	7,500
Swabbing	36		158		
Plugging, if dry	37	6,000	159		6,000
Damage Claims	38	2,500	165		2,500
Cleaning Location	39	2,500	166		2,500
District Expense	40	8,700	172		8,700
Communications	41	500	177		500
Environmental & Safety Equipment	42		178		
Misc. Material & Service (Contingency)	43	5,900	179	3,600	9,500
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TOTAL INTANGIBLES		\$289,000		\$61,000	\$350,000

BEFORE EXAMINER STOGNER
 Oil Conservation Division
 Exhibit No. 10
 Case No. 9472

DRILLING & COMPLETION DETAILED COST ESTIMATE

SLEEPY #1

HUMPHREYS PROSPECT

EDDY COUNTY, NEW MEXICO

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CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	TOTAL
Surface Casing	50	12,600			12,600
1400' of 8-5/8"OD, 24#/ft, J-55 @ \$9/ft.					
Intermediate Casing	51				
Production Casing			52	58,700	58,700
7000' of 5-1/2"OD, 15.5#/ft, K-55 @ \$6/ft.					
1500' of 5-1/2"OD, 17#/ft, K-55 @ \$6.75/ft.					
800' of 5-1/2"OD, 17#/ft, N-80 @ \$8.25/ft.					
Liner			53		
Tubing			54	29,000	29,000
9200' of 2-3/8"OD, 4.7#/ft, N-80 @ \$3.15/ft.					
Xmas Tree & Tubing Head Components	55	4,400	182	8,000	12,400
Pumping Unit or Prime Mover			56		
Production Platform - Mat. & Labor			58		
Rods			59		
Subsurface Pump			60		
Tanks			61	6,000	6,000
Circulating Pump			63	800	800
Dehydrator			64		
Heater Treater or Gunbarrel			65		
Separator/FWKO			66	9,000	9,000
Flowline & Connection 1500' of 2"OD			68	9,000	9,000
Linepipe @ \$2/ft					
Meter, Meter Run & Connections			70	2,500	2,500
Buildings			71		
Packer/TAC			72	2,500	2,500
Miscellaneous Equip. (fittings, etc.)	73	1,000	185	1,500	2,500
TOTAL TANGIBLE		\$18,000		\$127,000	\$145,000
Installation of Tubing			54		
Installation of Pmpg Unit & Prime Mover			56		
Installation of Tanks			61	2,500	2,500
Installation of Dehydrator			64		
Installation of Heater Treater or Gun Barrel			65		
Installation of Separator/FWKO			66	1,000	1,000
Installation of Flowline			68	4,000	4,000
Installation of Miscellaneous Equip.	73		185	500	500
TOTAL INTANGIBLES INSTALLATION COSTS				\$8,000	\$8,000
TOTAL WELL COST COMPLETED		\$307,000		\$196,000	\$503,000

Prepared by: C. Robert Winkler, Jr. Date: 9/6/88

Approved by: [Signature] Date: 9-7-88