

WELL COST ESTIMATE

6,300' Delaware Test, SE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

|                                    | <u>Producer</u> | <u>Dry Hole</u> |
|------------------------------------|-----------------|-----------------|
| <u>Tangible Well Cost</u>          |                 |                 |
| Tubulars - 500' 8-5/8 @ \$ 9.20/ft | \$ 4,600        | \$ 4,600        |
| 6,300' 5-1/2 @ \$ 5.50/ft          | 34,700          | -               |
| 6,300' 2-7/8 @ \$ 3.00/ft          | 18,900          | -               |
| Transportation and hauling         | 4,000           | 4,000           |
| Wellhead Assembly                  | 5,000           | 1,500           |
| Subsurface Equipment               | 4,000           | -               |
| Separation Facilities              | 4,000           | -               |
| Tanks                              | 15,000          | -               |
| Flow Lines                         | 3,000           | -               |
| Pumping Unit & Compressor          | -               | -               |
| Other Equipment                    | 2,000           | -               |
| <hr/> Total Tangibles              | <hr/> \$ 95,200 | <hr/> \$ 10,100 |

Intangible Well Cost

|                                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| Permits, Surveys                    | \$ 2,000        | \$ 2,000        |
| Location, Road & Damages            | 12,000          | 12,000          |
| Contract Drilling---6300 @ \$12/ft  | 69,300          | 69,300          |
| 3 days @ \$4300/day                 | 12,000          | 8,000           |
| Bits                                | 1,000           | 1,000           |
| Completion Unit 5 days @ \$1200/day | 6,000           | -               |
| Cementing                           | 20,000          | 4,000           |
| Drilling Fluids                     | 10,000          | 10,000          |
| Fuel and Water                      | 1,000           | 1,000           |
| Supplies                            | 1,000           | 500             |
| Mud Logging                         | 2,000           | 2,000           |
| Wireline Service - Logging          | 8,000           | 8,000           |
| Perforating                         | 3,000           | -               |
| Formation Treating                  | 22,000          | -               |
| Transportation and Hauling          | 5,000           | 2,000           |
| Rentals and Miscellaneous           | 5,000           | 3,000           |
| Contract Labor                      | 6,000           | 3,000           |
| Direct Supervision                  | 6,000           | 5,000           |
| Engineering Supervision             | 3,000           | 3,000           |
| Geological Supervision              | 2,000           | 2,000           |
| Insurance and Tax                   | 1,000           | 1,000           |
| Overhead                            | 3,600           | 3,000           |
| Contingencies                       | 20,000          | 14,000          |
| <hr/> Total Intangibles             | <hr/> \$220,900 | <hr/> \$153,800 |

**TOTAL**

**\$315,200**

**\$163,900**

BEFORE A PANEL OF

Oil Conservation D  
COMPANY

Exhibit No. 8

Case No: 9959

DATE: \_\_\_\_\_