

KUKUI OPERATING COMPANY

COST ESTIMATE DRILLING

AFE No.
Supplement No.
STATE:
FIELD:

10111

PROSPECT: Mississipian Test COUNTY: LEA
DATE: 09/17/2001 WELL NAME Degas '6' State Com. #1

New Mexico
SE Eidson

SUMMARY OF ESTIMATED COST

| INTANGIBLE COST | | | | | |
|--|--|---------------|--------------------------|------|--------------------|
| DESCRIPTION | | | | SUB. | COMPLETED |
| Company Labor | 45 Days @ | \$650 | / Day | 05 | \$27,300 |
| Outside Labor | roustabout, welding, casing crews, wellhead installation | | | 10 | \$15,000 |
| Professional Services | surveys, permitting, consulting, title | | | 12 | \$6,000 |
| Transportation - Land | | | | 70 | \$5,000 |
| Fuel, Power, & Water | | | | 61 | \$60,000 |
| Supplies - Miscellaneous | | | | 59 | \$3,000 |
| Supplies - Bits | | | | 60 | \$58,000 |
| Supplies - Casing Equipment | float shoes, centralizers | | | 59 | \$4,500 |
| Supplies - Liner Equipment | | | | 59 | |
| Frac Tank Rental | 1 ea. - | 500 bbl. | 50 days (water storage) | 40 | \$2,000 |
| Cement & Cement Services | | | | 11 | \$20,000 |
| Pump / Vacuum Truck Services | | | | 12 | \$5,000 |
| Rentals Drilling Tools & Services | chokes, separators, PVT, BHA | | | 40 | \$10,000 |
| Rentals Miscellaneous | doghouse, forklift, trash bin, toilets, etc | | | 40 | \$10,000 |
| Insurance | well control | | | 91 | \$12,000 |
| Wireline Services | perforating, logging, coring | | | 25 | \$26,000 |
| Drilling Fluids | | | | 15 | \$75,000 |
| Location Expense | construction / reclamation | | | 20 | \$30,000 |
| Contract Drilling | Feet | | / Foot | 16 | |
| Daywork | 40 drlg./4 comp. | Days | \$11,000 / Day | 16 | \$440,000 |
| Workover Rig | 6 Days | \$3,000 | / Day | 16 | \$18,000 |
| Directional Drilling - Tools & Equipment | | | | 43 | |
| Mud Logging Services | | | | 44 | \$25,000 |
| Rig Mobilization & Demobilization | | | | 21 | \$50,000 |
| Stimulation | clean-up acid treatment | | | 75 | \$20,000 |
| Special Services | DST tools / reports | | | 09 | \$12,000 |
| Tubular Goods - Inspection & Testing | | | | | \$4,000 |
| Telephone & Radio Expenses | | | | 73 | \$300 |
| COPAS Drilling Overhead | | | | | \$12,000 |
| Plug & Abandon | | | | | \$12,000 |
| Intangible Subtotal | | | | | \$924,100 |
| Unclassified and | 10 % | Contingencies | | | \$92,400 |
| TOTAL INTANGIBLE COST | | | | | \$1,016,500 |

TANGIBLE COST

| WELL TUBULAR GOODS | | | | | | | |
|--------------------------------|------|--|--------------------|----------------|-----|-------------|-------------|
| | Feet | Drive Pipe | | / Foot | 85 | | |
| | Feet | Conductor Casing | | / Foot | 86 | | |
| 450 | Feet | 13 3/8" | Surface Casing | \$20.00 / Foot | 90 | \$9,000 | \$9,000 |
| | Feet | Protection Casing | | / Foot | 87 | | |
| 4,550 | Feet | 9 5/8" | Intermediate | \$18.00 / Foot | 88 | \$81,900 | \$81,900 |
| | Feet | Production Liner | | / Foot | 89 | | |
| 13,600 | Feet | 5 1/2" | Production Casing | \$7.00 / Foot | 92 | | \$95,200 |
| 12,500 | Feet | 2 7/8" | Tubing | \$3.50 / Foot | | | \$43,750 |
| | Feet | Sucker Rods | | / Foot | 53 | | |
| FLOWLINE | | | | | | | |
| ~5,000 | Feet | 3" | Line Pipe - buried | \$6.00 / Foot | | | \$30,000 |
| WELL EQUIPMENT | | | | | | | |
| Well Head & Christmas Tree | | casing head, tubing head,5M tree | | | 105 | \$5,000 | \$16,000 |
| Packers and Downhole Equipment | | | | | 78 | | \$8,000 |
| Other Well Equipment | | battery, separators, heater treater, meter,etc | | | 95 | | \$30,000 |
| TOTAL TANGIBLE COST | | | | | | \$95,900 | \$313,850 |
| TOTAL ESTIMATED COST OF WELL | | | | | | \$1,112,400 | \$1,500,500 |

Justification for this request : Funds are requested to drill and complete a 13,600' Mississipian test well located in Sec. 6 - T16S - R35E, Lea County NM.

KUKUI Operating Company

JOINT INTEREST APPROVAL

Prepared By: Larry K. Strider
Approved By: John W. Wessels
Approved By: _____

Name of Joint Owner : _____
Approved By: _____
Date: _____
Accept OEEL Insurance ☐
Decline OEEL Insurance ☐

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12773 Exhibit No. 4
Submitted by:
KUKUI Operating Company
Hearing Date: January 10, 2002