

# MERIDIAN OIL INC.

## DRILLING WELL COST ESTIMATE

LEASE/WELL: Benson "3" No. 7      PREPARED BY: S. J. Van Howe      SNH      DATE: 10/23/90  
 COUNTY/STATE: Eddy / New Mexico      APPROVED BY: J. Hamings      DATE: 2/20/90  
 PROPOSED TOTAL DEPTH: 3,500      AFE TYPE: 06 - Development Drilling  
 FOOTAGE TOTAL DEPTH: 3,500

ACCT	AFE NOMENCLATURE	DRYHOLE COST	SUSPENDED COST
248-	<b>INTANGIBLE DRILLING COSTS</b> Total Days:	8	8
02	Environmental Studies.....		
03	Construction (location, roads, etc.).....	\$15,000	\$15,000
04	Surface restoration.....		
05	Move in, move out.....		
06	Contractor Fees-Footage.....( \$16.00 /Foot).....	\$56,000	\$56,000
07	Contractor Fees-Daywork.....( \$4,000 /Day).....	\$4,000	\$4,000
08	Environmental fire and safety.....		
09	Drilling fluids.....	\$3,000	\$3,000
10	Gas and air drilling.....		
11	Drilling fluid handling equipment.....		
12	Speciality fluids and chemicals.....		
13	Engineering services-fluids and chemicals.....		
14	Salt/brine water.....	\$5,000	\$5,000
15	Salt water disposal.....		
16	Water.....	\$1,000	\$1,000
17	Bits, reamers and stabilizers.....		
18	Primary cement, services and accessories.....	\$3,000	\$9,000
19	Squeeze cement, services and accessories.....		
20	Mud logging/paleo.....	\$2,000	\$2,000
21	Wireline logging.....	\$12,000	\$12,000
22	Coring and analysis.....		
23	Fuel.....		
24	BOP's and wellhead rentals - surface.....		
25	Drill/work string rentals - subsurface.....		
26	Fishing tool rentals.....		
28	Other rentals.....	\$1,000	\$1,000
29	Transportation.....	\$1,000	\$1,500
30	Disposal services (offsite).....		
31	Drill stem tests.....		
32	Directional drilling.....		
33	Tubular inspection.....	\$500	\$2,000
34	Cased hole logs.....		
40	Casing crews and laydown services.....		
42	BOP testing.....		
43	Consultants.....	\$2,000	\$2,000
45	Roustabout and contract labor.....	\$1,000	\$1,000
46	Miscellaneous.....	\$1,200	\$900
72	Company supervision and overhead.....	\$5,000	\$5,000
	Contingency.....( 3.0% ).....	\$3,300	\$3,600
	<b>TOTAL INTANGIBLE COST</b>	\$116,000	\$124,000
	<b>TANGIBLE COST</b>		
80	Casing		
	500 feet of..... 8.625 in.X \$12.50 /ft.....	\$6,300	\$6,300
	feet of..... in. /ft.....		
	3,500 feet of..... 5.500 in.X \$7.25 /ft.....		\$25,400
82	Downhole equipment (packers, bridge plugs).....		
84	Downhole equipment accessories.....		
86	Wellhead equipment.....	\$1,500	\$5,000
87	Miscellaneous.....	\$1,200	\$1,300
	<b>TOTAL TANGIBLE COST</b>	\$9,000	\$38,000
	<b>TOTAL DRILLING COST ESTIMATE</b>	<b>\$125,000</b>	<b>\$162,000</b>

/Ft. \$46.29 /Ft.

Benson "3" Federal No. 7  
Shugart (Queen) Field  
Eddy County, New Mexico

DRILL WELL SUMMARY

SURFACE:

- Drill a 12-1/4" hole to +/- 500'
- Circulate steel pits utilizing FW/Spud Mud
- Run 8-5/8", 24#, K-55, STC casing
- Cement to surface

PRODUCTION:

- Drill a 7-7/8" hole to +/-3500'
- Circulate reserve pit utilizing Brine
- Run 5-1/2", 17#, K-55, LTC casing
- Cement to surface

CORING:

- None

DRILL STEM TESTS:

- None

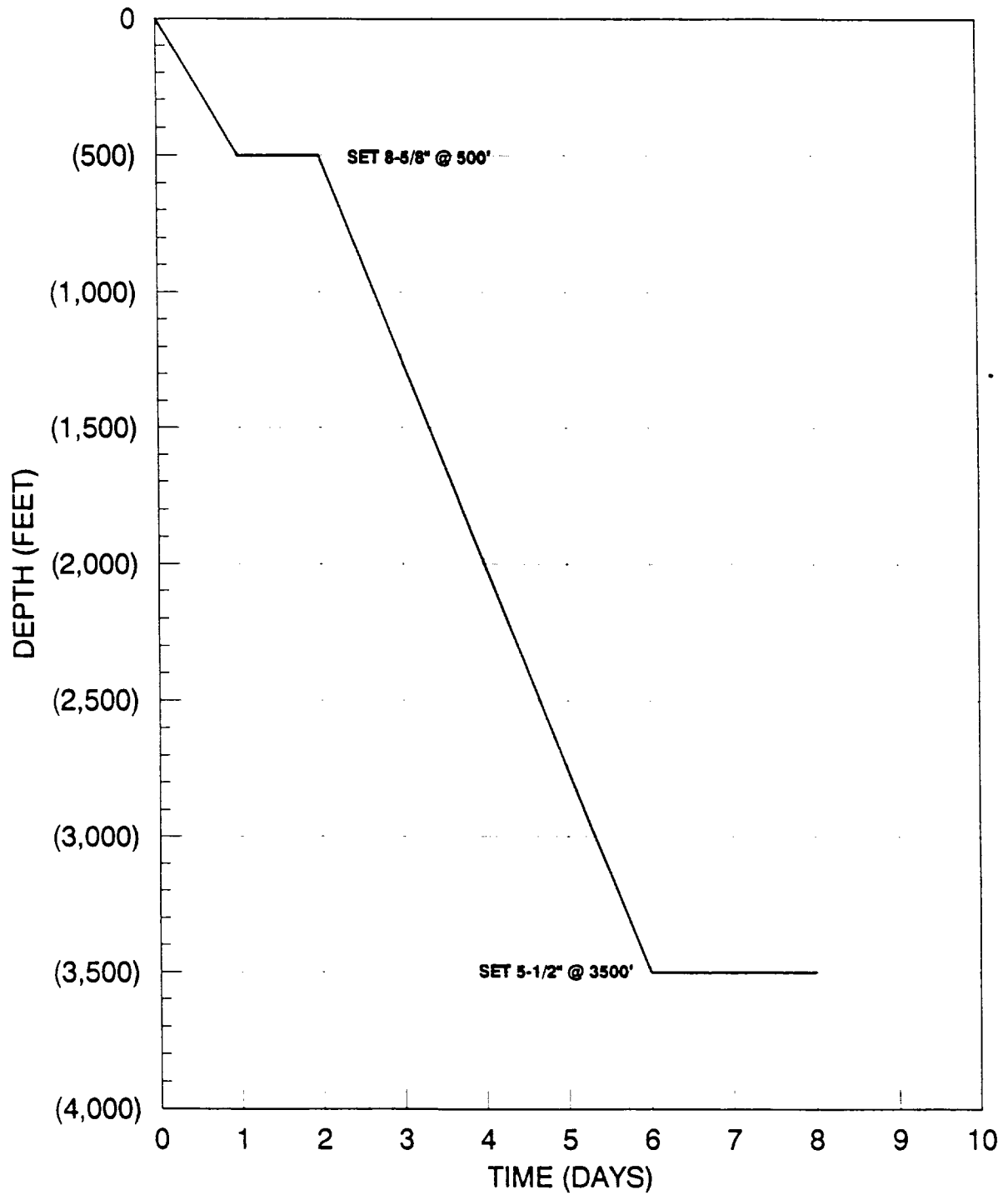
LOGGING:

- |              |                             |
|--------------|-----------------------------|
| - CNL-LDT-GR | TD-500' (CNL-GR to surface) |
| - DIL-MSFL   | TD-500'                     |

MUD LOGGING:

- Two man unit 500'-TD

**Benson "3" Federal No. 7  
Eddy County, New Mexico  
Projected Drilling Time Curve**



**MERIDIAN OIL INC.**  
**WELL COST ESTIMATE**  
**COMPLETION/CAPITAL WORKOVER**

LEASE/WELL NAME: Benson 3 Federal #7 PREPARED BY: K. L. Midkiff DATE: \_\_\_\_\_  
COUNTY/STATE: Eddy/New Mexico APPROVED BY: RT DATE: 10/19/90  
PROPOSED TOTAL DEPTH: 3500 AFE TYPE: Development Completion

ACCT	AFE NOMENCLATURE	ESTIMATED COST (DAYS: <u>6</u> )
249	<b>INTANGIBLE COSTS</b>	
03	Construction (location, roads, etc).....	
04	Surface restoration.....	2,000
05	Move in, move.out.....	
06	Contractor Fees - Footage ( _____ \$/Ft).....	
07	Contractor Fees-Daywork ( _____ \$/Day).....	8,000
08	Environmental fire and safety.....	
09	Drilling fluids.....	
11	Drilling Fluid Handling Equipment.....	2,000
12	Specialty fluids and chemicals.....	
13	Engineering services-fluids and chemicals.....	
14	Salt/brine water.....	
15	Salt water disposal.....	
16	Water.....	1,500
17	Bits, reamers and stabilizers.....	
18	Primary cement, services and accessories.....	
19	Squeeze cement, services and accessories.....	
21	Wireline logging.....	
23	Fuel.....	
24	BOP's and wellhead rentals - surface.....	500
25	Drill/work string rentals - subsurface.....	
26	Fishing tool rentals.....	
27	Tanks (rentals).....	1,000
28	Other rentals.....	3,000
29	Transportation.....	3,000
30	Disposal services (offsite).....	
33	Tubular inspection.....	1,000
34	Cased hole logs.....	
35	Perforating.....	4,000
36	Production testing.....	2,000
37	Swabbing and coiled tubing.....	
38	Stimulation - Acidizing.....	2,000
39	Stimulation - Fracturing.....	35,000
40	Casing crews and laydown.....	
42	BOP testing.....	
43	Consultants.....	
44	Engineering/Lab/Technical Contract Services.....	
45	Roustabout and contract labor.....	2,000
46	Miscellaneous.....	2,000
72	Company supervision and overhead.....	2,500
	Contingency ( _____ %).....	2,500
	<b>TOTAL INTANGIBLE COST</b>	<b>74,000</b>
	<b>TANGIBLE COSTS</b>	
80	Casing.....	
81	Tubing and Tiebacks.....	
	<u>3500</u> ft. <u>2 3/8</u> in. <u>3.78</u> \$/ft.....	13,000
	_____ ft. _____ in. _____ \$/ft.....	
82	Downhole equipment-packers/bridge plugs.....	
84	Downhole equipment accessories.....	2,000
85	Rods.....	4,000
86	Wellhead equipment.....	
	Miscellaneous.....	2,500
	<b>TOTAL TANGIBLE COST</b>	<b>22,000</b>
	<b>TOTAL COST ESTIMATE</b>	<b>96,000</b>

**MERIDIAN OIL INC.**  
**WELL COST ESTIMATE**  
**FACILITIES**

LEASE/WELL NAME: Benson 3 Federal #7 PREPARED BY: K. L. Midkiff DATE: \_\_\_\_\_  
COUNTY/STATE: Eddy/New Mexico APPROVED BY: RP DATE: 10/20/90  
PROPOSED TOTAL DEPTH: 3500 AFE TYPE: Development/Completion - 01

ACCT	AFE NOMENCLATURE	ESTIMATED COST
247	<b>FACILITIES</b>	
02	Outside Labor: Roustabout and Contract Labor.....	1,000
03	Transportation.....	3,000
10	Utilities, Fuel and Water.....	
12	Company Supervision and Overhead.....	
26	Separators.....	
27	Heaters - Treaters.....	
28	Iron Sponge.....	
29	Pumping Unit.....C160-173-74.....	22,000
31	Pumping Unit Motor.....	1,500
32	Tanks.....	
33	Metering Equipment.....	
34	Flow Lines.....	
35	Compressors.....	
36	Buildings.....	
39	Miscellaneous (piping, valves, fittings).....	
44	Engineering/Lab/Technical Contract Services.....	
47	Compressor Rental.....	
48	Equipment Rental.....	
49	Cathodic Protection.....	
50	Right of Way.....	
51	Minor Pipelines.....	
52	Artificial Lift Equipment.....	
53	Chemical Pumps.....	
54	Electrical Accessories.....Panel.....	1,000
55	Miscellaneous - Facility Expense.....	1,000
94	Dehydration Unit.....	
	<b>TOTAL FACILITIES COST ESTIMATE.....</b>	<b>29,000</b>

MERIDIAN OIL INC.  
WELL COST ESTIMATE  
FACILITIES

LEASE/WELL NAME: Benson 3 Federal #7 PREPARED BY: D. L. Spaulding DATE: 11/07/90  
COUNTY/STATE: Eddy/New Mexico APPROVED BY: [Signature] DATE: 11/8  
PROPOSED TOTAL DEPTH: 3,500' AFE TYPE: New Drill Well  
JOB SCOPE: Install flowline, electricity to new battery at No. 6 with test treater

ACCT	AFE NOMENCLATURE	SUBTOTAL	ESTIMATED COST
247	<b>FACILITIES</b>		
02	Install Labor.....		2,000
	Dirt Work.....		
	Painting.....		
03	Transportation.....		500
10	Utilities.....		
12	Company Supervision.....		
26	FWKO.....		
	Separator.....		
27	Heater Treater.....		
	Test Treater.....		15,000
28	Iron Sponge.....		
29	Pumping Unit.....		
31	Pumping Unit Motor.....		
32	Oil Tank..... 500 BBL @.....		
	Wtr Tank..... 500 BBL @.....		
	Tank Walkway.....		
	Painting.....		
	Coating.....		
33	Metering Equipment.....		3,000
	Lact Unit.....		
34	Flow Lines... 1,400' @ \$.300/Ft 3" Steel...		4,200
35	Compressor.....		
36	Buildings.....		
39	Misc PVF.....		4,000
44	Engineering/Lab/Technical Contract Service...		
47	Compressor Rental.....		
48	Equipment Rental.....		
49	Cathodic Protection.....		
50	Right of Way.... @ \$ /rod.....		
51	Minor Pipelines.....		
52	Artificial Lift Equipment.....		
53	Surface Pumps.....		
54	Electrical Accessories.....		9,000
55	Miscellaneous - Facility Expense.....		
94	Dehydration Unit.....		
	Tax ( 7% of tangible).....		2,800
	Contingency ( ____%).....		
	<b>TOTAL FACILITIES COST ESTIMATE.....</b>		<b>40,500</b>

FEDERAL BUREAU OF INVESTIGATION  
COMMUNICATIONS SECTION

*Meridian* EXHIBIT NO. 6

CASE NO. 10247