

MERIDIAN OIL INC.

DRILLING WELL COST ESTIMATE

LEASE/WELL:	Benson "3" No. 7	PREPARED BY:	S. J. Van Howe <i>SH</i>	DATE: 2/15/11
COUNTY/STATE:	Eddy / New Mexico	APPROVED BY:		DATE:
PROPOSED TOTAL DEPTH:	3,500	AFE TYPE:	06 - Development Drilling	150' Offset
FOOTAGE TOTAL DEPTH:				

ACCT	AFE NOMENCLATURE	DRYHOLE COST	SUSPENDED COST
248-	INTANGIBLE DRILLING COSTS Total Days:	10	10
02	Environmental Studies.....		
03	Construction (location, roads, etc.).....	\$15,000	\$15,000
04	Surface restoration.....		
05	Move in, move out.....	\$12,000	\$12,000
06	Contractor Fees-Footage.....(/Foot).....		
07	Contractor Fees-Daywork.....(\$4,000 /Day).....	\$40,000	\$40,000
08	Environmental fire and safety.....		
09	Drilling fluids.....	\$3,000	\$3,000
10	Gas and air drilling.....		
11	Drilling fluid handling equipment.....		
12	Specialty 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.....	\$6,000	\$6,000
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.....	\$7,000	\$7,000
24	BOP's and wellhead rentals - surface.....		
25	Drill/work string rentals - subsurface.....	\$2,000	\$2,000
26	Fishing tool rentals.....		
28	Other rentals.....	\$1,000	\$1,000
29	Transportation.....	\$3,000	\$1,500
30	Disposal services (offsite).....		
31	Drill stem tests.....		
32	Directional drilling.....	\$92,000	\$92,000
33	Tubular inspection.....	\$500	\$2,000
34	Cased hole logs.....		
40	Casing crews and laydown services.....		
42	BOP testing.....		
43	Consultants.....		
45	Roustabout and contract labor.....	\$1,000	\$1,000
46	Miscellaneous.....	\$700	\$1,400
72	Company supervision and overhead.....	\$10,000	\$10,000
	Contingency.....(5.0%).....	\$10,800	\$11,100
	TOTAL INTANGIBLE COST	\$227,000	\$234,000
	TANGIBLE COST		
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
	TOTAL TANGIBLE COST	\$9,000	\$38,000
	TOTAL DRILLING COST ESTIMATE	\$236,000	\$272,000
		\$67.43 /Ft.	\$77.71 /Ft.

DETROIT, MICHIGAN
CONFORMATION DIVISION

Meridian EXHIBIT NO. 7

CASE NO. 10247