

SINCLAIR OIL & GAS COMPANY

Drilling Well Cost Estimate Authorization for Expenditure

AFE Number: Well Name & No.: Steers Nation MIPA 1H Spot/Footage (Surf): 2450' FEL & 1850' FNL, Sec 42 Objective #1/Depth: 7390' TVD (-4810 SS) Objective #2/Depth: Objective #3/Depth:	DATE: Prospect: County: Howard Sec-Twp-Rge: Sec 42, T&P RR CO, Blk 32 T1N State: Texas Total Depth: 21,018'
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INTANGIBLE COSTS - DESCRIPTION		DRY HOLE	COMPLETION	TOTAL COST
191-001	COMPANY LABOR			
191-002	STAKE, PERMIT, DAMAGES, LEGAL	\$ 55,000		\$ 55,000
191-004	DRILLING: FOOTAGE			\$ -
191-006	DRILLING: DAYWORK (\$18,500/day)	\$ 462,500		\$ 462,500
191-007	DRILLING MUD, SALT, CHEMICALS, DIESEL (Closed Sys)	\$ 295,000		\$ 295,000
191-009	TRUCKING: DRILLING AND COMPLETION	\$ 60,000	\$ 25,000	\$ 85,000
191-011	OPEN HOLE LOGS			\$ -
191-013	RENTALS & DIRECTIONAL SERVICES	\$ 450,000	\$ 50,000	\$ 500,000
191-014	DIRT WORK: LOCATION, ROAD, RESTORATION	\$ 275,000	\$ 20,000	\$ 295,000
191-015	RIG FUEL	\$ 110,000		\$ 110,000
191-016	BITS AND REAMERS	\$ 95,000	\$ 3,500	\$ 98,500
191-019	DISTRICT EXPENSE/ADMINISTRATIVE OVERHEAD	\$ 15,000		\$ 15,000
191-020	TECH SVC'S - OUTSIDE	\$ 125,000	\$ 15,000	\$ 140,000
191-021	COMPLETION UNIT, CLEAN OUT PLUGS		\$ 60,000	\$ 60,000
191-022	CEMENT & EQUIPMENT: SURFACE CASING	\$ 35,000		\$ 35,000
191-023	CEMENT & EQUIPMENT: INTERMEDIATE CASING	\$ 55,000		\$ 55,000
191-024	RIG MOVE-IN COSTS	\$ 130,000		\$ 130,000
191-025	CORING, TRACERS			\$ -
191-026	WATER AND DRAYAGE	\$ 60,000		\$ 60,000
191-027	MUD LOGGING	\$ 22,000		\$ 22,000
191-028	CASING CREWS	\$ 30,000	\$ 15,000	\$ 45,000
191-029	CEMENT & EQUIPMENT: PRODUCTION CASING		\$ 60,000	\$ 60,000
191-030	CASED HOLE LOGS, WL SVC'S			\$ -
191-031	PERFORATING		\$ 296,000	\$ 296,000
191-032	STIMULATION: 78 Stg - 160'/Stg		\$ 4,400,000	\$ 4,400,000
191-033	PRODUCTION TESTING		\$ 35,000	\$ 35,000
191-034	CONTRACT SUPERVISION: DRILLING & COMPL'N	\$ 62,500	\$ 40,000	\$ 102,500
191-035	MISCELLANEOUS	\$ 30,000	\$ 25,000	\$ 55,000
191-036	INSURANCE	\$ 19,000	\$ 15,000	\$ 34,000
32)	CONTINGENCY	\$ -	\$ -	\$ -
TOTAL INTANGIBLE COSTS		\$ 2,386,000	\$ 5,059,500	\$ 7,445,500

TANGIBLE COSTS - DESCRIPTION		DRY HOLE	COMPLETION	TOTAL COST
192-004	CONDUCTOR PIPE			\$ -
192-005	SURFACE CASING (\$30.50/ft - 500ft)	\$ 15,250		\$ 15,250
192-006	INTERMEDIATE CASING (\$30.00/ft - 6,200')	\$ 186,000		\$ 186,000
192-007	PRODUCTION CASING/LINER (\$14.40/ft - 20,900')		\$ 301,000	\$ 301,000
192-008	TUBING (\$5.00/ft)		\$ 30,000	\$ 30,000
192-009	SUBSURFACE EQUIP: PKRS, FRAC SLVS, ANCHOR		\$ 15,000	\$ 15,000
192-010	CASING AND TUBING HEAD	\$ 30,000	\$ 12,000	\$ 42,000
192-011	WELLHEAD EQUIPMENT			\$ -
192-012	PUMPING UNIT AND PRIME MOVER		\$ 175,000	\$ 175,000
192-014	SUCKER RODS			\$ -
192-015	PUMP - DOWNHOLE		\$ 25,000	\$ 25,000
192-022	TREATING AND SEPARATION FACILITIES		\$ 55,000	\$ 55,000
192-023	TANKS, FLARE AND SHIPPING FACILITIES		\$ 125,000	\$ 125,000
192-025	FLOWLINES, PIPING, FITTINGS		\$ 8,000	\$ 8,000
192-027	FENCES, CATTLE GUARDS, ETC.	\$ 30,000		\$ 30,000
192-031	INSTALLATION COSTS		\$ 30,000	\$ 30,000
49)	CONTINGENCY			\$ -
TOTAL TANGIBLE COSTS		\$ 261,250	\$ 776,000	\$ 1,037,250
GRAND TOTAL ESTIMATED COSTS		\$ 2,647,250	\$ 5,835,500	\$ 8,482,750

The costs shown on this AFE Form are estimates only. Non-operators should not consider these estimates as establishing any limits on the monies which will be required to perform the proposed operation.

Operator's Approval: _____ Date: _____

Approved By: _____ Date: _____

Title: _____

Company: _____

Insurance Election: [] Accepts Sinclair's Control of Well Insurance for the AFE'd operation.
 [] Declines Sinclair's Control of Well Insurance for the AFE'd operation. Prior to the commencement of operations, you shall provide a certificate of insurance, or other evidence of financial responsibility, demonstrating that Non-Operator's share of potential catastrophic risk is insured.