

SINCLAIR OIL & GAS COMPANY

Drilling Well Cost Estimate Authorization for Expenditure

AFE Number: Well Name & No.: Washington MIPA 1H Spot/Footage (Surf): 400' FSL & 2187' FWL, Sec 41 Objective #1/Depth: 7390' TVD (-4810 SS) Objective #2/Depth: Objective #3/Depth:	DATE: Prospect: County: Howard Sec-Twp-Rge: Sec 41, T&P RR CO, Blk 32 T1N State: Texas Total Depth: 17,900'
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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)	\$ 370,000		\$ 370,000
191-007 DRILLING MUD, SALT, CHEMICALS, DIESEL (Closed Sys)	\$ 270,000		\$ 270,000
191-009 TRUCKING: DRILLING AND COMPLETION	\$ 55,000	\$ 25,000	\$ 80,000
191-011 OPEN HOLE LOGS			\$ -
191-013 RENTALS & DIRECTIONAL SERVICES	\$ 290,000	\$ 50,000	\$ 340,000
191-014 DIRT WORK: LOCATION, ROAD, RESTORATION	\$ 275,000	\$ 20,000	\$ 295,000
191-015 RIG FUEL	\$ 95,000		\$ 95,000
191-016 BITS AND REAMERS	\$ 85,000	\$ 3,500	\$ 88,500
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	\$ 55,000		\$ 55,000
191-027 MUD LOGGING	\$ 18,000		\$ 18,000
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		\$ 235,000	\$ 235,000
191-032 STIMULATION: 60 Stg - 160'/Stg		\$ 3,780,000	\$ 3,780,000
191-033 PRODUCTION TESTING		\$ 35,000	\$ 35,000
191-034 CONTRACT SUPERVISION: DRILLING & COMPL'N	\$ 50,000	\$ 30,000	\$ 80,000
191-035 MISCELLANEOUS	\$ 25,000	\$ 25,000	\$ 50,000
191-036 INSURANCE	\$ 19,000	\$ 15,000	\$ 34,000
32) CONTINGENCY	\$ -	\$ -	\$ -
TOTAL INTANGIBLE COSTS	\$ 2,052,000	\$ 4,368,500	\$ 6,420,500

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 - 19,100')		\$ 249,120	\$ 249,120
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	\$ 724,120	\$ 985,370
GRAND TOTAL ESTIMATED COSTS	\$ 2,313,250	\$ 5,092,620	\$ 7,405,870

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.