

SINCLAIR OIL & GAS COMPANY

Drilling Well Cost Estimate
Authorization for Expenditure

AFE Number: Well Name & No.: Generic Marcy Well Spot/Footage (Surf): Objective #1/Depth: Wolfcamp A (7300' TVD, -4641' SS) Objective #2/Depth: Objective #3/Depth:	DATE: Prospect: Big Springs County: Howard Sec-Twp-Rge: Sec 01/12, Abs 628/358, T&P RR State: Texas Total Depth: 18,750'
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INTANGIBLE COSTS - DESCRIPTION	DRY HOLE	COMPLETION	TOTAL COST
191-001 COMPANY LABOR	\$ 4,000	\$ 25,000	\$ 29,000
191-002 STAKE, PERMIT, DAMAGES	\$ 75,000	\$ -	\$ 75,000
191-004 DRILLING: FOOTAGE	\$ -	\$ -	\$ -
191-006 DRILLING: DAYWORK	\$ 520,000	\$ -	\$ 520,000
191-007 DRILLING MUD, SALT, CHEMICALS, DIESEL(Closed Sys)	\$ 270,000	\$ 95,000	\$ 365,000
191-008 CEMENT AND CEMENTING	\$ -	\$ -	\$ -
191-009 TRUCKING: DRILLING AND COMPLETION	\$ 100,000	\$ 25,000	\$ 125,000
191-011 OPEN HOLE LOGS	\$ -	\$ -	\$ -
191-013 RENTALS & DIRECTIONAL SERVICES	\$ 630,000	\$ 200,000	\$ 830,000
191-014 DIRT WORK: LOCATION, ROAD, RESTORATION	\$ 250,000	\$ 20,000	\$ 270,000
191-015 RIG FUEL	\$ 130,000	\$ 275,000	\$ 405,000
191-016 BITS AND REAMERS	\$ 60,000	\$ 3,500	\$ 63,500
191-019 DISTRICT EXPENSE/ADMINISTRATIVE OVERHEAD	\$ 15,000	\$ -	\$ 15,000
191-020 TECH SVC'S - OUTSIDE	\$ 20,000	\$ 15,000	\$ 35,000
191-021 COMPLETION UNIT, CLEAN OUT PLUGS	\$ -	\$ 240,000	\$ 240,000
191-022 CEMENT & EQUIPMENT: SURFACE CASING	\$ 32,000	\$ -	\$ 32,000
191-023 CEMENT & EQUIPMENT: INTERMEDIATE CASING	\$ 73,000	\$ -	\$ 73,000
191-024 RIG MOVE-IN COSTS	\$ 82,000	\$ -	\$ 82,000
191-025 CORING, TRACERS	\$ -	\$ -	\$ -
191-026 WATER AND TRANSFER	\$ 10,000	\$ 1,125,000	\$ 1,135,000
191-027 MUD LOGGING	\$ 40,000	\$ -	\$ 40,000
191-028 CASING CREWS	\$ 50,000	\$ -	\$ 50,000
191-029 CEMENT & EQUIPMENT: PRODUCTION CASING	\$ 82,000	\$ -	\$ 82,000
191-030 CASED HOLE LOGS, WL SVC'S	\$ -	\$ 14,000	\$ 14,000
191-031 PERFORATING	\$ -	\$ 250,000	\$ 250,000
191-032 STIMULATION: 60-STAGE	\$ -	\$ 2,150,000	\$ 2,150,000
191-033 PRODUCTION TESTING	\$ -	\$ 40,000	\$ 40,000
191-034 CONTRACT SUPERVISION: DRILLING & COMPL'N	\$ 110,000	\$ 80,000	\$ 190,000
191-040 SOLIDS DISPOSAL	\$ 100,000	\$ -	\$ 100,000
191-035 MISCELLANEOUS	\$ 12,000	\$ 10,000	\$ 22,000
191-036 INSURANCE	\$ 19,000	\$ 15,000	\$ 34,000
32) CONTINGENCY	\$ -	\$ -	\$ -
TOTAL INTANGIBLE COSTS	\$ 2,684,000	\$ 4,582,500	\$ 7,266,500

TANGIBLE COSTS - DESCRIPTION	DRY HOLE	COMPLETION	TOTAL COST
192-004 CONDUCTOR PIPE	\$ 12,000	\$ -	\$ 12,000
192-005 SURFACE CASING	\$ 36,000	\$ -	\$ 36,000
192-006 INTERMEDIATE CASING	\$ 215,000	\$ -	\$ 215,000
192-007 PRODUCTION CASING/LINER	\$ 260,000	\$ -	\$ 260,000
192-008 TUBING	\$ -	\$ 75,000	\$ 75,000
192-009 SUBSURFACE EQUIP: PKRS, FRAC SLVS, ANCHORS	\$ 10,000	\$ 85,000	\$ 95,000
192-010 CASING AND TUBING HEAD	\$ 15,000	\$ 5,000	\$ 20,000
192-011 WELLHEAD EQUIPMENT	\$ 30,000	\$ 15,000	\$ 45,000
192-012 PUMPING UNIT AND PRIME MOVER	\$ -	\$ -	\$ -
192-014 SUCKER RODS	\$ -	\$ -	\$ -
192-015 PUMP - DOWNHOLE	\$ -	\$ 275,000	\$ 275,000
192-022 TREATING AND SEPARATION FACILITIES	\$ -	\$ 180,000	\$ 180,000
192-023 TANKS, FLARE AND SHIPPING FACILITIES	\$ -	\$ 150,500	\$ 150,500
192-025 FLOWLINES, PIPING, FITTINGS	\$ -	\$ 800,000	\$ 800,000
192-027 FENCES, CATTLE GUARDS, ETC.	\$ -	\$ 20,000	\$ 20,000
192-031 INSTALLATION COSTS	\$ -	\$ 550,000	\$ 550,000
49) CONTINGENCY	\$ -	\$ -	\$ -
TOTAL TANGIBLE COSTS	\$ 578,000	\$ 2,155,500	\$ 2,733,500

GRAND TOTAL ESTIMATED COSTS	\$ 3,262,000	\$ 6,738,000	\$ 10,000,000
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W.I. PARTNERS:			
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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.