


Brueggen 1H-2X		<div style="text-align: center;">  </div>			
PLAY TYPE: North Cana Oil	AFE Drill Days = 48				
PROJECT DESCRIPTION & OBJECTIVE: 10,230 Lateral					
AFE #:					
		PROPOSED TD:	8,713 TVD /	19,521 MD	
		PREPARED BY / DATE: DWJ 10/01/2012			
		AFE TYPE:	Drill and Complete		
		Original			

DETAIL OF ESTIMATED EXPENDITURES	COST CODE	DRILLING	COMPLETION	COMPLETION	TOTAL
<b>INTANGIBLES</b>		880	881	883	
Base / Field Office Operations (housing, utilities, trash etc.)	101	\$80,500	\$0		\$80,500
Cased Hole Electric Wireline	102	\$0	\$150,000		\$150,000
Services - Casing Crews and Running Tools	103	\$118,000	\$0		\$118,000
Services Cementing/Coil Tubing Unit	105/108	\$172,000	\$0		\$172,000
Communications	109	\$6,260	\$0		\$6,260
Consultants	110	\$0	\$0		\$0
Core / Fluid Analysis	111	\$0	\$0		\$0
Directional Drilling Operations	113	\$448,168			\$448,168
Environmental & Safety Services	117	\$2,000	\$0		\$2,000
Fishing Services	119	\$0	\$0		\$0
Fluids Disposal (includes transportation)	120	\$28,800	\$0		\$28,800
Services Formation Evaluation	121	\$100,000			\$100,000
Formation Stimulation - Fracturing	122		\$3,511,500		\$3,511,500
Formation Stimulation - Other	123		\$5,000		\$5,000
Inspection - Bottom Hole Assembly	129	\$20,500			\$20,500
Inspection - Casing	130	\$2,500	\$0		\$2,500
Inspection - Drill Pipe	131	\$19,500			\$19,500
Inspection - Tubing	133	\$0	\$0		\$0
Labor - Company Supervision	139	\$153,601	\$84,400		\$238,001
Labor - Contract Employees	141	\$0	\$21,100		\$21,100
Location Preparation	143	\$135,000	\$0		\$135,000
Location Remediation & Maintenance	144	\$136,590	\$125,000		\$261,590
Services Miscellaneous	146	\$116,001	\$75,000		\$191,001
Mud Logging Services	147	\$53,301			\$53,301
Drilling & Completion Rig Costs (\$25,000 / day)	150	\$1,275,008	\$275,000	\$50,000	\$1,600,008
Drilling Well Turnkey Costs	152	\$0			\$0
Rig Mobilization & De-Mobilization	153	\$150,000	\$0		\$150,000
Security Services	154	\$0	\$0		\$0
Slickline Services	155	\$0	\$0		\$0
Survey - Location	156	\$3,000			\$3,000
Survey - Well (not associated with directional drilling)	157	\$2,500	\$0		\$2,500
Testing - Well Control Equipment	160	\$44,000	\$0		\$44,000
Transportation - Land	162	\$48,800	\$0		\$48,800
Tubular Conveyed Perforating & Drill Stem Testing Services	165	\$0	\$0		\$0
Services Welding	166	\$10,000	\$0		\$10,000
Drill Bits	301	\$223,866	\$80,000		\$303,866
Blow-Out Preventor	302	\$50,900	\$0		\$50,900
Completion Fluids	304		\$60,000		\$60,000
Drill String	310	\$86,693	\$0		\$86,693
Fuel	313	\$350,984	\$200,000		\$550,984
Rent Lost in Hole	325	\$0	\$0		\$0
Rent Miscellaneous Surface Equipment	328	\$50,200	\$147,700		\$197,900
Mud - Drilling	329	\$435,259			\$435,259
Mud Monitoring & Processing Equipment	330	\$81,000			\$81,000
Stabilizer, Under-Reamer, Hole-Opener	341	\$33,260	\$0		\$33,260
Drilling Water	350	\$13,200	\$0		\$13,200
Drilling Insurance	501	\$0			\$0
Legal Fees	503	\$3,000	\$0		\$3,000
Regulatory Compliance	511	\$0			\$0
Overhead	965	\$24,000	\$12,000		\$36,000
<b>Subtotal - Intangibles</b>		<b>\$4,478,394</b>	<b>\$4,746,700</b>	<b>\$50,000</b>	<b>\$9,275,094</b>
<b>TANGIBLES</b>		880	881	883	
Oil Measurement Equipment	332		\$0		\$0
Line Pipe & Battery Fittings	335			\$38,500	\$38,500
Separators	340			\$50,000	\$50,000
Stock Tanks	345			\$45,000	\$45,000
Treaters	347			\$0	\$0
Artificial Lift	601			\$91,000	\$91,000
Casing Accessories	602	\$40,000		\$0	\$40,000
Packers / Anchors / Liner Hangers	604	\$0		\$20,000	\$20,000
Water Casing (Conductor Casing)	607	\$0			\$0
Pipe Surface Casing (\$48 / ft)	608	\$72,000			\$72,000
Pipe Intermediate Casing (\$35 / ft)	609	\$276,850			\$276,850
Production Casing/Liner (\$36 / ft)	610	\$702,756		\$0	\$702,756
Pipe Casing Liner	611	\$0			\$0
Tubing	613			\$63,525	\$63,525
Rods	614			\$0	\$0
Tubing Accessories	616			\$7,500	\$7,500
Wellhead	617	\$30,000	\$14,000		\$44,000
<b>Subtotal - Tangibles</b>		<b>\$1,121,606</b>	<b>\$14,000</b>	<b>\$315,525</b>	<b>\$1,451,131</b>
<b>AFE TOTAL</b>		<b>\$5,600,000</b>	<b>\$4,760,700</b>	<b>\$365,525</b>	<b>\$10,726,225</b>

This AFE is only an estimate. By returning one signed copy the undersigned hereby agrees to pay it share of the all actual cost incurred in this

PREPARED BY: D.Wayne Johnson

NAME: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

DATE: \_\_\_\_\_

11/13/12  
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