

CO 201302787

# PAYNE EXPLORATION COMPANY

## Drilling and Completion AFE

Lease Name:	<b>Boggess #1-1H</b>		Location:	E/2 Section 1-16N-05W		Date:	05/13/2013		
County:	Kingfisher		State:	Oklahoma		AFE No	20130306		
Type Well:	Horizontal Oil		Proposed Formation:	Hunton		Expected T.D.:	11,450		
Purpose of Expenditure and Work Procedure:									
Drill 12 1/4" hole to 400'. Run and set 9 5/8" surface casing. Drill 8 3/4" hole to 7,400'. Run and set 7" intermediate casing. Drill 6 1/8" horizontal hole to 11,450' in Hunton and set 4 1/2" production string Treat Hunton with +/- 18 stage frac job. Flow back and test. Put well on gas lift to tank battery.									
<b>DESCRIPTION</b>						<b>DRY HOLE</b>	<b>PRODUCER</b>		
<b>INTANGIBLE DRILLING AND COMPLETION COSTS</b>									
Drilling Cost: Lump Sum \$						0	\$0		
111 DRILLING - DAYWORK						0 feet @ 0.00 \$ / foot	\$0		
111 DRILLING - FOOTAGE						21 Days @ 13200 \$ / day	\$277,200		
220 DRILLING COMP-DW						4 Days @ 13200 \$ / day	\$52,800		
108 MOB/DEMOB	35000	107 DRILLING FLUID MUD				100000	\$135,000	\$135,000	
102 CEMENT & EQUIPMENT		22000	205 CEMENT & SERVICES				18000	\$22,000	
10X DRILL STEM TESTING		0	216 LOGGING				40000	\$40,000	
115 GEOLOGICAL SERVICES	5000	Coring \$	0	119 MUD LOGGING				18000	\$23,000
146 STAKE LOCATION	850	164 SURFACE DAMAGES	20000	114 DRILLING OVERHEAD				6250	\$27,100
122 LOCATION	60000	209 LOCATION WORK, DRI	5000	219 COMPLETION OVERHEAD				2500	\$65,000
129 LABOR, DRILLING			42000	170 TRUCKING DRILLING				7500	\$49,500
218 MISCELLANEOUS LABOR			5000	244 TRUCKING COMPLETION				1500	\$0
113 DIRECT SUPERVISION DRILLING			35000	242 DIRECT SUPERVISION COMPLETION				5000	\$35,000
106 DRILLING CONDUCTOR & RATHOLE			11500	167 PERMITS				500	\$12,000
215 FRAC WTR TRANSFER \$	80000			101 ABSTRACTS & LEGAL				6500	\$86,500
OTHER COST \$	175 PLUGGING COST \$15,000			110 DIRECTIONAL				225000	\$240,000
239 COIL TBG & MTR \$	120000			250 FRAC SYSTEM				0	\$0
120 DIESEL FUEL	57200	136 WATER	15300	103 DRILL BITS				45000	\$117,500
130 RENTAL TOOLS			53000	239 RENTAL OF EQUIPMENT				50000	\$53,000
259 WELDING &/OR CONSTRUCTION			5500	233 CONSTRUCTION COMP				25000	\$5,500
257 UNIT TO COMPLETE WELL			1 Days @ \$	4000					\$0
236 PERFORATING & BOND LOG			90000	243 FRACTURING				1200000	\$0
<b>WELL EQUIPMENT</b>						<b>TOTAL INTANGIBLES</b>	<b>\$1,241,100</b>	<b>\$2,747,100</b>	
Other Cost \$						0		\$0	
Non-Controllable Tangible Equip. \$						0		\$0	
188 SURFACE CASING	450	Ft. of	9-5/8" 32# J-55 New	20.39				\$9,176	\$9,176
191 INTERMEDIATE CSG	0	Ft. of		0.00				\$0	\$0
191 INTERMEDIATE CSG	7400	Ft. of	7" 26# K-55 LT&C New	15.46				\$114,404	\$114,404
277 PROD CSG - NEW	11700	Ft. of	4 1/2" 11.6# P-110 LT&C New	9.55				\$0	\$111,735
Tie-Back	0	Ft. of		0.00				\$0	\$0
279 PROD TBG - NEW	7200	Ft. of	2 3/8" 4.7# N-80 Brd EUE New	3.91				\$0	\$28,152
275 PACKER W/FITTINGS	4500	189 CASING HEAD DRLG	14000	291 WELLHEAD				7500	\$14,000
282 PMPG UNIT ENGINE	0	252 GAS LIFT SYSTEM	10000	0				\$0	\$10,000
288 SUCKER RODS	0	Ft. of	7/8" & 3/4" rods	3.7				\$0	\$0
289 DOWNHOLE PUMP	0	281 PUMPING UNIT		0				\$0	\$0
<b>GENERAL LEASE EQUIPMENT</b>									
285 OTHER EQUIPMENT									
Other Cost \$						0	\$0	\$0	
Non-Controllable Tangible Equip. \$						0	\$0	\$0	
271 FIBERGLASS SWT	9000	Description:	1-300 FG w/ walkway					\$0	\$9,000
287 STOCK TANKS	25000	Description:	2-300 bbl Steel					\$0	\$25,000
286 SEPARATOR	7500	Description:	1-36"x10' 250# two phase					\$0	\$7,500
272 HEATER TREATER	19500	Description:	6'x20' 50#					\$0	\$19,500
265 OTHER EQUIPMENT	5500	Description:	Sand separator					\$0	\$5,500
BUILDINGS	0	212 ELECTRICAL INSTALLATION		0				\$0	\$0
273 BATTERY FITTINGS/LINE PIPE	21000	SWD Pumps \$		0				\$0	\$21,000
		240 RIGHT-OF-WAY AND DAMAGES		0				\$0	\$0
267 CATTLEGUARD / SAFETY ANCHORS				7500				\$0	\$7,500
<b>Estimated Operator Cost</b>									
Drilling %	100.000%		\$1,447,614	<b>TOTAL TANGIBLES</b>				<b>\$137,580</b>	<b>\$394,467</b>
Completion %	100.000%		\$1,851,031	<b>CONTINGENCY 5%</b>				<b>\$68,934</b>	<b>\$157,078</b>
<b>Total Operator Cost :</b>			<b>\$3,298,645</b>	<b>TOTAL ESTIMATE</b>				<b>\$1,447,614</b>	<b>\$3,298,645</b>
W. C. Payne Approval	Date	Partner Approval						WT %	AMOUNT
Engineering Approval	5/13/13	Company:						0.000000%	\$0
		Signature:						Date:	
		Typed Name:						Title:	



MAY 14 2013