

Cost Estimate & Authority for Expenditure

Well Name: States 18-6-13 1H		Well Information	
Prospect Name: Updip Stack Kfn	Operator: Dorado E&P Partners, LLC	Location (SHL / BHL): 175 FSL 1980 FEL/195 FNL 1980 FEL	Sec 13 T18N-R6W
		County/State: Kingfisher	Oklahoma
		Field:	
Project Information			
AFE Type: New Horizontal Well	AFE Prepared By: Mike Crader	AFE Number: 14-015-DC	
Target Formation: Woodford		AFE Date: 6/15/2014	
Description: This AFE is for the construction of a new Woodford horizontal well with a +/- 5000' lateral in Kingfisher County, OK. It includes drilling, completion and equipping the well with a pilot hole, side well cores and additional wireline logs.			
Est. Depth (MD/TVD): 12,010' / 7400'	Estimated Start Date: 7/12/2014	Estimated End Date: 8/23/2014	
	Estimated Days: 30	9	

Intangibles		830		840	Total
Code	Item	Description	Drilling	Completion	
.010	Legal, Land, & Regulatory		\$ 12,000		\$ 12,000
.020	Staking and Surveying		\$ 2,000		\$ 2,000
.025	Location, Roads, Pits		\$ 40,000	\$ 13,500	\$ 53,500
.030	Damages		\$ 5,000		\$ 5,000
.035	Mobilization/Demobilization		\$ 50,000		\$ 50,000
.040	Daywork Contract	Dayrate \$17,500	\$ 525,000		\$ 525,000
.045	Footage Contract				\$ -
.050	Mouse, Rathole, Conductor pipe				\$ -
.053	Geosteering				\$ -
.055	Directional Service/MWD	Dayrate \$11,000	\$ 275,000		\$ 275,000
.058	Camp, Office, Trash		\$ 64,000	\$ 9,750	\$ 73,750
.060	Drill Bits & Motors		\$ 47,000		\$ 47,000
.062	Equipment/Pipe Testing & Inspection		\$ 12,000	\$ 2,000	\$ 14,000
.065	Fuel		\$ 75,000		\$ 75,000
.070	Water and transfer thereof		\$ 30,000	\$ 175,000	\$ 205,000
.073	Oil and lubricants		\$ 1,000		\$ 1,000
.075	Drill Mud/Chemical/Salt		\$ 75,000	\$ 1,200	\$ 76,200
.080	Mud Logging/Geological Services		\$ 39,100		\$ 39,100
.085	Well Testing - DST/Well Inspection				\$ -
.090	Coring				\$ -
.095	Open Hole Logging		\$ 70,000		\$ 70,000
.100	Cement Service and Float Equipment		\$ 75,000	\$ 24,000	\$ 99,000
.105	Trucking/Transportation		\$ 25,000	\$ 18,000	\$ 43,000
.110	Casing Crew and Equipment		\$ 13,000	\$ 6,500	\$ 19,500
.115	Welding		\$ 4,000	\$ 6,000	\$ 10,000
.117	Pipeline Labor/Install			\$ 9,000	\$ 9,000
.118	Pit Fluid/Mud Disposal/Site Reclaim		\$ 56,000	\$ 18,000	\$ 74,000
.120	Contract Labor/Roustabouts		\$ 1,500	\$ 56,000	\$ 57,500
.125	Other Rental Equipment		\$ 5,000	\$ 10,000	\$ 15,000
.127	Pason Rental		\$ 18,000		\$ 18,000
.129	Rental Drill Pipe		\$ 10,000		\$ 10,000
.130	Completion Rig			\$ 25,000	\$ 25,000
.135	Coiled Tubing / Air Foam			\$ 175,000	\$ 175,000
.140	Cased Hole Logs				\$ -
.145	Perforating, Wireline Services			\$ 178,500	\$ 178,500
.150	Sand Control				\$ -
.155	Acidizing, Fracturing	15 Stages		\$ 1,175,000	\$ 1,175,000
.157	Frac tanks/manifold			\$ 40,000	\$ 40,000
.165	Completion Fluids			\$ 2,000	\$ 2,000
.170	Other Services	Sidewall Cores	\$ 90,000		\$ 90,000
.172	Flowback crews/services			\$ 35,000	\$ 35,000
.175	1st Level Supervision		\$ 57,440	\$ 14,350	\$ 71,790
.180	Drilling/Completion Overhead		\$ 19,637	\$ 3,750	\$ 23,387
.185	Insurance		\$ 6,000		\$ 6,000
.195	P&A Costs				\$ -
.205	Miscellaneous Intangibles				\$ -
.199	Taxes		1.07% \$ 18,219	\$ 21,374	\$ 39,592
.200	Contingency				\$ -
Intangibles Subtotal:			\$ 1,720,896	\$ 2,018,924	\$ 3,739,819

Tangibles		850		860	Total
Code	Item	Description	Drilling	Completion	
.010	Conductor				\$ -
.015	Surface Casing		\$ 7,500		\$ 7,500
.020	Intermediate Casing				\$ -
.025	Drilling Liner				\$ -
.030	Wellhead Equipment		\$ 12,000	\$ 7,000	\$ 19,000
.040	Liner Materials/Hanger/PBR/PKRS			\$ 66,400	\$ 66,400
.130	Production Casing	7750' of 7" P-110	\$ 169,338		\$ 169,338
.135	Production Liner	4500' 4-1/2" P-110		\$ 43,875	\$ 43,875
.140	Tubing	7700' of 2-7/8"		\$ 48,125	\$ 48,125
.155	Nipple/Valves/Fittings/Flowline		\$ 5,000	\$ 30,000	\$ 35,000
.160	Subsurface Equipment	Gas lift and ESP		\$ 185,000	\$ 185,000
.165	Surface Equipment			\$ 12,000	\$ 12,000
.180	Compressor				\$ -
.185	Pumping Unit/Base/Motor/Controls				\$ -
.186	Rods				\$ -
.190	Power - Electrical				\$ -
.195	Flowlines			\$ 21,000	\$ 21,000
.210	Treater			\$ 21,000	\$ 21,000
.220	Oil/Gas Separator			\$ 5,000	\$ 5,000
.235	Scada & Safety equipment			\$ 20,000	\$ 20,000
.250	Pipeline and Metering			\$ 21,000	\$ 21,000
.300	Tank Battery and FWKO			\$ 56,500	\$ 56,500
.205	Miscellaneous Tangibles				\$ -
.199	Taxes	taxes 6.0%	\$ 11,630	\$ 32,214	\$ 43,844
.200	Contingency				\$ -
Tangibles Subtotal:			\$ 205,468	\$ 569,114	\$ 774,582

Grand Total \$ 1,926,363 \$ 2,588,038 \$ 4,514,401

EXECUTED THIS 16 DAY OF JUNE 2014

OPERATED BY: Dorado E&P Partners, LLC

TITLE: VICE PRESIDENT-LAND

SIGNED: [Signature]
NAME: MELVIN R STARK

THE AMOUNTS SET FORTH ARE THE OPERATORS BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS. BILLING & PAYMENT SHALL BE FOR COSTS ACTUALLY INCURRED.

AGREED TO AND ACCEPTED THIS ____ DAY OF _____

COMPANY: _____

TITLE: _____

SIGNED: _____

NAME: _____



JUN 20 2014