

CD 201205779

PAYNE EXPLORATION COMPANY

Drilling and Completion AFE

Lease Name:	Jerry #1-10H		Location:	W/2 Section 10-16N-05W		Date:	10/01/2012	
County:	Kingfisher		State:	Oklahoma		AFE No.	20121001	
Type Well:	Horizontal Oil		Proposed Formation:	Hunton		Expected T.D.:	12,000	
Purpose of Expenditure and Work Procedure:								
Drill 12 1/4" hole to 500'. 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 12,000' in Hunton and set 4 1/2" production string Treat Hunton with +/- 15 stage frac job. Flow back and test. Put well on gas lift to tank battery.								
DESCRIPTION						DRY HOLE	PRODUCER	
INTANGIBLE DRILLING AND COMPLETION COSTS								
Drilling Cost: Lump Sum \$						0	\$0	\$0
111 DRILLING - DAYWORK 0 feet @						0.00 \$ / foot	\$0	\$0
111 DRILLING - FOOTAGE 23 Days @						13200 \$ / day	\$303,600	\$303,600
220 DRILLING COMP-DW 4 Days @						13200 \$ / day	\$52,800	\$52,800
108 MOB/DEMOB	35000	107 DRILLING FLUID MUD	120000			\$155,000	\$155,000	
102 CEMENT & EQUIPMENT		22000	205 CEMENT & SERVICES	18000		\$22,000	\$40,000	
10X DRILL STEM TESTING		0	216 LOGGING	40000		\$40,000	\$40,000	
115 GEOLOGICAL SERVICES	5000	Coring \$	0	119 MUD LOGGING	18000	\$23,000	\$23,000	
146 STAKE LOCATION	850	164 SURFACE DAMAGES	20000	114 DRILLING OVERHEAD	6750	\$27,600	\$27,600	
122 LOCATION	60000	209 LOCATION WORK, DR	5000	219 COMPLETION OVERHEAD	3750	\$65,000	\$68,750	
129 LABOR, DRILLING		42000	170 TRUCKING DRILLING	7500		\$49,500	\$49,500	
218 MISCELLANEOUS LABOR	5000	244 TRUCKING COMPLETION	1500			\$0	\$6,500	
113 DIRECT SUPERVISION DRILLING		37000	242 DIRECT SUPERVISION COMPLETION	7500		\$37,000	\$44,500	
106 DRILLING CONDUCTOR & RATHOLE		11500	167 PERMITS	500		\$12,000	\$12,000	
			101 ABSTRACTS & LEGAL	6500		\$6,500	\$6,500	
OTHER COST \$	175 PLUGGING COST \$15,000	110 DIRECTIONAL	225000			\$240,000	\$225,000	
239 COIL TBG & MTR \$	60000	250 FRAC SYSTEM	0			\$0	\$60,000	
120 DIESEL FUEL	101250	136 WATER	10000	103 DRILL BITS	45000	\$156,250	\$156,250	
130 RENTAL TOOLS		53000	239 RENTAL OF EQUIPMENT	20000		\$53,000	\$73,000	
259 WELDING &/OR CONSTRUCTION		5500	233 CONSTRUCTION COMP	25000		\$5,500	\$30,500	
257 UNIT TO COMPLETE WELL		4 Days @ \$	4000			\$0	\$16,000	
236 PERFORATING & BOND LOG		120000	243 FRACTURING	1200000		\$0	\$1,320,000	
TOTAL INTANGIBLES						\$1,248,750	\$2,710,500	
WELL EQUIPMENT								
Other Cost \$						0	\$0	
Non-Controllable Tangible Equip. \$						0	\$0	
188 SURFACE CASING	550	Ft. of	9-5/8" 32# J-55 New	23.00		\$12,650	\$12,650	
191 INTERMEDIATE CSG	0	Ft. of		0.00		\$0	\$0	
191 INTERMEDIATE CSG	7500	Ft. of	7" 26# K-55 LT&C New	18.00		\$135,000	\$135,000	
277 PROD CSG - NEW	12500	Ft. of	4 1/2" 11.6# P-110 LT&C New	11.75		\$0	\$146,875	
Tie-Back:	0	Ft. of		0.00		\$0	\$0	
279 PROD TBG - NEW	7000	Ft. of	2 3/8" 4.7# N-80 8rd EUE New	4.75		\$0	\$33,250	
275 PACKER W/FITTINGS	4500	189 CASING HEAD DRLG	12500	291 WELLHEAD	6000	\$12,500	\$23,000	
282 PMPG UNIT ENGINE	0	252 GAS LIFT SYSTEM	10000			\$0	\$10,000	
288 SUCKER RODS	0	Ft. of	7/8" & 3/4" rods	3.7		\$0	\$0	
269 DOWNHOLE PUMP	0	281 PUMPING UNIT		0		\$0	\$0	
GENERAL LEASE EQUIPMENT								
265 OTHER EQUIPMENT								
Other Cost \$						0	\$0	
Non-Controllable Tangible Equip. \$						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:	1-30"x10' two phase			\$0	\$7,500	
272 HEATER TREATER	19500	Description:	4x20 50#			\$0	\$19,500	
265 OTHER EQUIPMENT	5500	Description:	New 30"x10' FWKO			\$0	\$5,500	
BUILDINGS	0	212 ELECTRICAL INSTALLATION		0		\$0	\$0	
273 BATTERY FITTINGS/LINE PIPE	20000	SWD Pumps \$		0		\$0	\$20,000	
		240 RIGHT-OF-WAY AND DAMAGES		0		\$0	\$0	
267 CATTLEGUARD / SAFETY ANCHORS			7500			\$0	\$7,500	
Estimated Operator Cost								
Drilling %	100.000%	\$1,479,345	TOTAL TANGIBLES			\$160,150	\$454,775	
Completion %	100.000%	\$1,844,194	CONTINGENCY 5%			\$70,445	\$158,264	
Total Operator Cost :		\$3,323,539	TOTAL ESTIMATE			\$1,479,345	\$3,323,539	
W. C. Payne Approval	Date	Partner Approval		WI %	AMOUNT			
Engineering Approval	10/1/12	Company:		0.000000%	\$0			
		Signature :		Date :				
		Typed Name:		Title:				

