

CO 201302731

## PAYNE EXPLORATION COMPANY

## Drilling and Completion AFE

Lease Name:	Farrar #1-14H	Location:	W/2 Section 14-16N-05W	Date:	05/13/2013
County:	Kingfisher	State:	Oklahoma	AFE No.	20130308
Type Well:	Horizontal Oil	Proposed Formation:	Hunton	Expected T.D.:	11,900

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 11,900' 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.

DESCRIPTION		DRY HOLE	PRODUCER
INTANGIBLE DRILLING AND COMPLETION COSTS	Drilling Cost: Lump Sum \$	0	\$0
	111 DRILLING - DAYWORK 0 feet @ 0.00 \$ / foot	\$0	\$0
	111 DRILLING - FOOTAGE 22 Days @ 13200 \$ / day	\$290,400	\$290,400
	220 DRILLING COMP-DW 4 Days @ 13200 \$ / day	\$52,800	\$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	\$40,000
10X DRILL STEM TESTING 0	216 LOGGING 40000	\$40,000	\$40,000
115 GEOLOGICAL SERVICES 5000	Coring \$ 0	\$23,000	\$23,000
146 STAKE LOCATION 850	164 SURFACE DAMAGES 20000	\$27,100	\$27,100
122 LOCATION 60000	209 LOCATION WORK, DRI 5000	\$65,000	\$67,500
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 35000	242 DIRECT SUPERVISION COMPLETION 5000	\$35,000	\$40,000
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 \$ 100000	250 FRAC SYSTEM 0	\$0	\$100,000
120 DIESEL FUEL 57200	136 WATER 10000	\$112,200	\$112,200
130 RENTAL TOOLS 53000	239 RENTAL OF EQUIPMENT 50000	\$53,000	\$103,000
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	\$1,169,000	\$2,697,000
WELL EQUIPMENT	Other Cost \$ 0	\$0	\$0
	Non-Controllable Tangible Equip. \$ 0	\$0	\$0
188 SURFACE CASING 500	Fl. of 9-5/8" 32# J-55 New 23.00	\$11,500	\$11,500
191 INTERMEDIATE CSG 0	Fl. of 0.00	\$0	\$0
191 INTERMEDIATE CSG 7400	Fl. of 7" 26# K-55 LT&C New 18.00	\$133,200	\$133,200
277 PROD CSG - NEW 11900	Fl. of 4 1/2" 11.6# P-110 LT&C New 11.75	\$0	\$139,825
Tie-Back: 0	Fl. of 0.00	\$0	\$0
279 PROD TBG - NEW 7200	Fl. of 2 3/8" 4.7# N-80 8rd EUE New 4.75	\$0	\$34,200
275 PACKER W/FITTINGS 4500	189 CASING HEAD DRLG 12500	\$12,500	\$23,000
282 PMPG UNIT ENGINE 0	252 GAS LIFT SYSTEM 10000	\$0	\$10,000
288 SUCKER RODS 0	Fl. of 7/8" & 3/4" rods 3.7	\$0	\$0
269 DOWNHOLE PUMP 0	281 PUMPING UNIT 0	\$0	\$0
	265 OTHER EQUIPMENT		
GENERAL LEASE 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: 1-30"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 21000	SWD Pumps \$ 0	\$0	\$21,000
	240 RIGHT-OF-WAY AND DAMAGES 0	\$0	\$0
267 CATTLEGUARD / SAFETY ANCHORS 7500		\$0	\$7,500
Estimated Operator Cost			
Drilling % 100.000%	\$1,392,510	TOTAL TANGIBLES	\$157,200
Completion % 100.000%	\$1,908,401	CONTINGENCY 5%	\$66,310
Total Operator Cost:	\$3,300,911	TOTAL ESTIMATE	\$1,392,510
W. C. Payne Approval	Date	Partner Approval	WI %
Engineering Approval	Date	Company:	AMOUNT
		Signature:	0.000000%
		Typed Name:	\$0



MAY 14 2013