

CD 201605080

**AUTHORITY FOR EXPENDITURE  
WELL COST ESTIMATE**

PALOMA PARTNERS IV, LLC

WELL NAME & NUMBER <b>Southern Star 28-13N-07W #1H</b>		PROPOSED DEPTH (ft) <b>15,000</b>	AFE NUMBER <b>2017-18</b>	DATE <b>1/2/17</b>
OPERATOR <b>Paloma Partners IV, LLC</b>	COUNTY OR PARISH <b>Canadian</b>	STATE <b>OK</b>	LEGAL LOCATION (SEC / TOWNSHIP / RANGE) <b>28/13N/07W</b>	
PROJECT <b>Meramec Horizontal Test ~15,000' MD and ~9,500' TVD</b>				
REMARKS: Mud log Oswego to TD, expected 2 string low pressure area Casing: 9 5/8" 36 ppf J-55 @ 2,500'				
Long String: 5-1/2" 23# HCP110 @ 15,000'				
Tubing: 2 3/8" - 9,000'				

ACCT CODE	INTANGIBLES	DRILLING	COMPLETION	TOTAL
310/1	DRILLING RIG - TURNKEY			-
310/2	DRILLING RIG - FOOTAGE			-
310/3	DRILLING RIG - DAY WORK	15 days @ \$ 16,000 per day		240,000
410/1	COMPLETION RIG / CT Unit	3 days @ \$ 29,000 per day	87,000	87,000
310/4	RIG MOBILIZATION & DEMOBILIZATION	200,000	5,000	205,000
310/5	LAND & LEGAL (Land Brokerage, Title, Etc.)	50,000		50,000
310/7	SITE COSTS (Location, Roads, Pits, Survey, Permits, Dredging, Damages & Restoration)	180,000	45,000	225,000
310/11	DRILLING FLUID (Mud, Water, Completion Fluid & Equipment Rentals)	280,000	11,500	291,500
310/15	FUEL & POWER	30,000	17,000	47,000
310/17	CEMENTING (Cement, Cementing Services & Cementing Equipment)	150,000		150,000
310/20	DRILL BITS	75,000	3,000	78,000
310/22	TOOL & EQUIPMENT RENTAL (Drill Pipe, Stabilizers, Reamers, Etc.)	20,000	446,000	466,000
310/26	MUD LOGGING	8 days @ \$ 1,000 per day	8,000	8,000
310/28	OPEN HOLE LOGGING & CORING			-
310/29	CASED HOLE LOGGING & PERFORATING		110,000	110,000
411/1	FORMATION STIMULATION		2,500,000	2,500,000
310/31	TRANSPORTATION & HAULING / MUD DISPOSAL	80,000	22,000	102,000
310/33	COMMUNICATIONS			-
310/35	DIRECTIONAL DRILLING SERVICES	150,000		150,000
310/38	CASING CREWS & EQUIPMENT	60,000	13,000	73,000
310/39	TUBULAR SERVICES (Cleaning, Inspection & Testing)	10,000	2,500	12,500
310/40	LABOR & MISCELLANEOUS SERVICES	25,000	38,500	63,500
310/41	INSURANCE	6,000		6,000
310/43	SUPERVISION (Engineering, Geological & Wellsite Supervision)	45,000	66,000	111,000
310/45	ADMINISTRATIVE OVERHEAD	8,000	4,000	12,000
310/46	ABANDONMENT EXPENSE			-
310/32	FLUID DISPOSAL	40,000	190,000	230,000
310/47	MISCELLANEOUS COSTS & CONTINGENCIES (5%)	82,850	178,025	260,875
	<b>TOTAL INTANGIBLES</b>	<b>\$ 1,739,850</b>	<b>\$ 3,738,625</b>	<b>\$ 5,478,375</b>

ACCT CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	THREAD	COST/FT	DRILLING	COMPLETION	TOTAL
312/1	DRIVE PIPE				-	-				-
312/2	CONDUCTOR	60	20,000	(pre-set)	-	-	\$ 50.00	3,000		3,000
312/3	SURFACE	2,500	9.625	36.00	J-55	BTC	\$ 28.00	70,000		70,000
312/4	INTERMEDIATE	-	-	-	-	-	\$ -			-
312/5	DRILLING LINER	-	-	-	-	-	\$ -			-
412/39	PRODUCTION	15,000	5 1/2"	23.00	P-110	H563	\$ 20.00		300,000	300,000
412/40	PRODUCTION LINER	-	-	-	-	-	\$ -			-
412/41	TIEBACK STRING	-	-	-	-	-	\$ -			-
312/11	TUBING	9,000	2 3/8"	-	-	-	\$ 4.50		40,500	40,500
312/6	WELLHEAD EQUIPMENT							60,000	40,000	100,000
412/45	SUBSURFACE EQUIPMENT (Packers, Tubing Anchors, Etc.)								7,000	7,000
312/8	PRODUCTION EQUIPMENT (Tanks, Separators, Heaters, Dehydrators, Meters, Etc.)								275,000	275,000
412/52	ARTIFICIAL LIFT EQUIPMENT (Pumping Unit, Rods, Rod Pump, Etc.)								30,000	30,000
312/13	FLOWLINES & PIPELINES (Including Rights-Of-Way & Installation)								70,000	70,000
412/56	EQUIPMENT INSTALLATION									-
412/57	MISCELLANEOUS WELL EQUIPMENT									-
	<b>TOTAL TANGIBLES</b>							<b>\$ 133,000</b>	<b>\$ 762,500</b>	<b>\$ 895,500</b>
	<b>TOTAL WELL COSTS</b>							<b>\$ 1,872,850</b>	<b>\$ 4,501,025</b>	<b>\$ 6,373,875</b>



By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

JAN 31 2017