

THE LOUISIANA SEVERANCE TAX RELIEF PROGRAM COST STATEMENT

GENERAL INSTRUCTIONS

A CPA reviewed well cost statement must accompany every STRP application for the Deep Well, Horizontal Well and New Discovery categories. This cost statement must include the actual costs to *drill*, *complete*, and *equip* the well for production. No AFE or estimated costs are allowed. Applicants are encouraged to hold the filing of applications until a firm cost figure has been obtained. Single eligible expenditures that fit multiple categories listed below may be split and apportioned as appropriate; however, duplicating single eligible expenditures among multiple categories is prohibited.

Costs such as building a board road, preparing the location, logging, cement, drill bits, pipe, labor, 3-D seismic, etc., may be included. New facility construction and any new equipment needed to hook the well up to the facility may be included, however, the cost of an existing facility is not eligible and a newly constructed facility's cost must be prorated to the number of wells it is designed to serve.

Lease-related costs, legal fees, hearing costs, saltwater disposal wells, title searches, etc. are examples of costs that are not allowed on the cost statement. E&P waste disposal and site restoration costs associated with a well control incident or spill are to be excluded from the cost statement.

The applicant shall retain invoices, statements, and other applicable supporting documentation which substantiate the figures reported on this cost statement and such documentation shall be kept on file by the applicant to be made available for inspection by any agent of the Office of Conservation for a period of not less than three years.

The informal guidance provided herein, is solely to assist you in completing this form for well cost determination by LDNR pursuant to the requirements of La. R.S. 47:633 (9)(d)(v), La. R.S. 47:633(7)(c)(iii)(bb), and/or La. R.S. 47:648 et seq. Nothing herein shall be deemed to constitute legal or tax advice of any sort.

ELIGIBLE DRILLING AND COMPLETION EXPENDITURES:

PRE-DRILL COSTS

Permit to Drill	Permit fees, Agent/Consultant fee
Site Construction	Labor, materials for road construction, drilling pad, cellar, rental equipment, etc.; Reserve Pit: Construction, liner, services, etc., Conductor pipe and associated equipment and services.
Insurance	The cost of Insurance that covers Rigs & Equipment, Workers Compensation and Well Control.
3-D Seismic Cost	Cost of 3-D Seismic Survey prorated to this well. Cost is prorated to all wells, existing and planned. Form STRP-3D with required items must be attached.
Water Well	Cost of drilling water well for source water, mud, washing, etc. The cost of a water well utilized for multiple wells shall be proportionally distributed between the number of wells serviced.
Survey	Location survey and/or environmental survey, pre-drill site assessment.

DRILLING COSTS

Drilling Rig	All general costs associated with normal drilling rig operations including mobilization and demobilization.
Labor & Supervision	Company and contract labor during drilling operations, drilling consultants, direct supervision of drilling activity and operations.
Fuel, Water, and Power	Fuel, water, and power used or consumed on wellsite location during well drilling and completion activity.
Mud & Additives	Materials used to maintain mud system including weighting materials, lost circulation materials, crude oil, diesel oil, etc.
Mud Logging	Labor, materials, and services for mud logging.
Drill Bits	Cost of bits used to drill from surface to total depth.
Rental Equipment	Blow out preventers, drill pipe, drill collars, bottom hole assemblies, mud motors, shale shakers, degassers, desanders, desilters and centrifuges, pumps, heavy tractor equipment, crane, etc.
Directional Drilling	Special bottom hole assemblies, Dynadrills, Turbodrills, measurement while drilling assemblies, jet deflecting stabilizers, reamers, hole openers and any materials that influence the directional tendencies of a wellbore. Cost may include consulting and directional drilling supervision.
Wireline Services	Open hole services, logging, formation tests, core sampling, inclination and directional surveys, etc.
Well Testing	Rental materials, services, labor, etc. to test the sands and the well potential.
Fluid Disposal	Disposal cost of oil-based and water-based mud, cuttings, and wash water. Disposal costs associated with a well control incident or spill are not eligible expenses.
Transportation/Hauling	Costs associated with hauling equipment, materials, and supplies to the well site during drilling operations.
Site Maintenance	Labor, supplies, and services for maintenance of location/drillpad.
Casing	Casing, liners, float shoes, float collars, centralizers, and associated equipment.
Cement & Services	Cost of cement, additives, and pumping charges for cementing operations and all plugs.
Support Services	Costs that are not specifically chargeable to other more specific drilling operations/criteria.

COMPLETION COSTS

Completion Rig	All general costs associated with completion rig operations including mobilization and demobilization. If the drilling rig is used for completion operations, the costs must be separated.
Labor & Supervision	Company and contract labor used after drilling operations have ceased and direct supervision of completion operations.
Wireline Services	Operations performed in cased hole, including logging, perforating, and setting tools on wireline.
Stimulation & Sand Control	Water, equipment, supplies, services, labor, acidizing, rental equipment, hydraulic fracturing materials and services, etc.
Completion Fluids	Costs of any fluids used in the wellbore (except fluids used during stimulation) during well operations from the time production casing is cemented until the well is turned to sales.
Tubing	Downhole equipment including tubing, packers, bridge plugs, anchors, etc.
Wellhead	Any equipment installed on the wellhead, including the wellhead itself.
Rental Equipment	Other equipment rentals associated with completion operations.
Transportation & Hauling	Costs associated with hauling equipment, materials, and supplies to the well site during completion operations.
Production/Facility Equip.	All new equipment installed from the wing valve to the sales meter that is necessary to produce the well including storage tanks, flowlines (upstream of sales), separators, compressors, dehy, meters, chemical treatment, etc. The cost of equipment servicing multiple wells shall be proportionally distributed between the number of wells serviced. Facility infrastructure existing prior to the drilling of a well is not an eligible expense.
Instrumentation	Equipment to measure and monitor the well and/or measure its production.
Site Restoration	Repair of well location, fencing, lighting, road repair, etc. Restoration costs associated with a well control incident or spill are not eligible expenses.
Fluid Disposal	Disposal cost of completion and workover fluids, sand, salt water, wash water, and flow-back associated with completion activity.
Support Services	Costs that are not specifically chargeable to other more specific completion operations/criteria.



LOUISIANA OFFICE OF CONSERVATION WELL COST STATEMENT

Category	
<input type="checkbox"/>	Horizontal
<input type="checkbox"/>	Deep Well
<input type="checkbox"/>	New Discovery

WELL SERIAL NUMBER: _____

WELL NAME & WELL NO.: _____

OPERATOR (OPER CODE): _____

SEE REVERSE SIDE FOR INSTRUCTIONS • REPORT WHOLE DOLLAR VALUES • PRINT ON LEGAL SIZE PAPER

PRE-DRILL			
Permit to Drill		3-D Seismic Cost (Prorated)	
Site Construction		Water Well	
Insurance		Survey	

PRE-DRILL COST TOTAL

DRILLING			
Drilling Rig		Wireline Services	
Labor & Supervision		Well Testing	
Fuel, Water, and Power		Fluid Disposal	
Mud & Additives		Transportation & Hauling	
Mud Logging		Site Maintenance	
Drill Bits		Casing	
Rental Equipment		Cement & Cementing Services	
Directional Drilling		Support Services	

DRILLING COST TOTAL

COMPLETION			
Completion Rig		Rental Equipment	
Labor & Supervision		Transportation & Hauling	
Wireline Services		Production/Facility Equipment	
Stimulation & Sand Control		Instrumentation	
Completion Fluids		Site Restoration	
Tubing		Fluid Disposal	
Wellhead		Support Services	

COMPLETION COST TOTAL

Total Well Cost

I declare that the information in this cost statement is true and correct to the best of my knowledge and belief.	
Name and title of authorized individual (Print)	Daytime Phone
Sign Here	Date

Independent Well Cost Statement Attestation (to be signed by CPA)	
<p>By applying for the Deep Well, Horizontal Well, or New Discovery Severance Tax exemption the applicant has accepted responsibility for preparing its Well Cost Statement to comply with the requirements of La. R.S. 47:633(9)(d)(v), La. R.S. 47:633(7)(c)(iii)(bb), or La. R.S. 47:648 et seq respectively and the specific terms and conditions of those exemptions. Our responsibility is to express an opinion on the applicant's compliance and costs claimed based on our examination.</p> <p>Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards and procedures of the Council of Petroleum Accountants Societies (COPAS). We examined evidence supporting the amounts claimed on this cost statement and performed other procedures we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion that the costs claimed by the applicant do meet the exemption requirements, terms, and conditions of the respective statute, and in the manner further described within Office of Conservation Form STRP-WCS General Instructions as of the date of application.</p>	
Name of Certified Public Accountant (Print)	License No. / State
Sign Here	Date