

FACILITIES & PROJECT COSTS

1. Table 1 below sets out the forecasted capital cost by well.

New Well and Type	Forecasted Capital Cost (\$'000)
TD28H – horizontal well	1,800.0
TD29H – horizontal well	1,875.9
TD26 – A1 observation well	1,363.9
TD27 – Guelph observation well	1,534.1
Total	6,573.9

2. The total projected cost for drilling the 4 wells is \$6.57 million. These costs will be capitalized and included in rate base. The drilling activities (rig, fuel, labour and directional drilling services) are approximately 51% of the project costs. The remaining costs are comprised of Materials 29% (casing, wellheads, valves, etc.), labour 8% (Supervision, Mechanical Contractors, Logging Contractors, etc.) and Site preparation and cleanup 13% (Build drilling pad, restore site after drilling.)
3. Each of the wells are subject to annual O&M costs for maintenance, municipal taxes and casing inspection logging. The cost per well is approximately \$2,500 per year. These costs will be expensed annually.