

# Fixed-rate overhead survey

2009-2010





# Fixed-rate overhead survey

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## To oil and gas producers

Ernst & Young is pleased to provide you with the results of our 28th annual survey of combined fixed-rate overhead charges. These results are based on responses to our survey distributed in April 2009.

This year's survey was structured to obtain information about drilling and producing rates of oil and gas wells at varying depths. Rates were reported by county and state and as of April 1, 2009. Data was limited to company-operated wells only.

We have included only rates reported by state in this brochure. Rates reported by county and state are available on our website at [www.ey.com/us/oilandgas](http://www.ey.com/us/oilandgas).

The following information is provided for each state:

1. Number of responses
2. Number of wells
3. Minimum, mean, median and maximum rates for both drilling and producing wells

As in the past, participants were asked to identify the type and size of their company; 96% of respondents are private independents.





## Exploration and production specialty practice

Ernst & Young has established itself as one of the most effective professional service firms working in the energy and energy services industries. Our Energy Center, which comprises a multidisciplinary team of Ernst & Young professionals, focuses exclusively on serving the energy industry and enables us to quickly and effectively address our energy clients' complex issues. Our exploration and production specialty practice leverages the extensive industry experience and technical knowledge of our professionals.

We have helped companies worldwide successfully address challenges facing all segments of the energy industry, including upstream, midstream and downstream.

Our commitment is to provide exploration and production clients with a comprehensive approach that integrates our knowledge of the industry and our experience in assurance, tax, transactions and advisory to provide customized and efficient services.



## Disclaimers

1. Although we have solicited and compiled the information included in this publication, we have not verified the responses and, therefore, make no representation as to the accuracy of the submitted data.
2. Reported fixed overhead rates can vary due to such factors as inclusion/exclusion of salaries and wages for technical personnel and the particular vintage of Council of Petroleum Accountants Societies (COPAS) accounting procedures used. For the purposes of this survey, we did not request information on major construction overhead, catastrophe overhead or supervisor elections. This survey represents negotiated fixed overhead rates and is not intended to be used to set overhead rates for new contracts or amendments. Rates should be negotiated to reflect the operator's actual cost of providing overhead service.

Drilling responses	Production responses	Wells
2	6	1,482

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit	\$9,217	\$9,286	\$9,286	\$9,354	\$586	\$745	\$678	\$1,158
Horizontal								

# Arkansas

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
	2	5	0-5,000					\$178	\$190	\$190	\$201
	2	4	5,001-10,000					\$336	\$507	\$507	\$678
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
	13	711	No depth limit					\$689	\$954	\$909	\$1,194
			Horizontal								

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	9	21	0-5,000					\$525	\$808	\$842	\$926
	7	47	5,001-10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$702	\$843	\$908	\$972
			10,001-15,000								
			15,001-20,000								
1		1	Over-20,000								
			No depth limit	\$11,500	\$11,500	\$11,500	\$11,500				
			Horizontal								

# Colorado

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
3	4	64	0-5,000	\$5,314	\$5,718	\$5,590	\$6,250	\$439	\$631	\$654	\$778
5	8	51	5,001-10,000	\$750	\$4,050	\$5,000	\$5,500	\$200	\$630	\$602	\$1,142
1	1	1	10,001-15,000	\$6,200	\$6,200	\$6,200	\$6,200	\$620	\$620	\$620	\$620
			15,001-20,000								
			Over-20,000								
7	7	2,277	No depth limit	\$3,500	\$6,491	\$6,309	\$11,800	\$350	\$627	\$652	\$923
			Horizontal								

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	1	125	0-5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$250	\$250	\$250	\$250
			5,001-10,000								
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
			No depth limit								
			Horizontal								

# Indiana

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	1	100	0-5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$200	\$200	\$200	\$200
			5,001-10,000								
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
			No depth limit								
			Horizontal								

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
5	30	1,019	0-5,000	\$750	\$2,550	\$3,000	\$3,500	\$175	\$337	\$310	\$575
	3	31	5,001-10,000					\$310	\$398	\$310	\$575
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
30	51	1,947	No depth limit	\$4,734	\$6,130	\$5,760	\$7,772	\$297	\$570	\$547	\$978
			Horizontal								

# Kentucky

Drilling responses	Production responses	Wells
	17	2,361

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$670	\$677	\$678	\$682
Horizontal								

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
2	3	3	0-5,000	\$3,000	\$4,500	\$4,500	\$6,000	\$250	\$454	\$300	\$812
11	15	140	5,001-10,000	\$1,000	\$5,202	\$6,000	\$6,000	\$400	\$835	\$685	\$3,300
4	6	68	10,001-15,000	\$1,000	\$4,579	\$5,559	\$6,200	\$540	\$810	\$802	\$1,064
1	2	2	15,001-20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$1,013	\$1,013	\$1,175
	2	2	Over-20,000					\$1,175	\$1,196	\$1,196	\$1,217
3	19	536	No depth limit	\$9,352	\$22,798	\$14,028	\$45,015	\$453	\$1,587	\$1,464	\$4,482
			Horizontal								

# Maryland

Drilling responses	Production responses	Wells
	1	2

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$678	\$678	\$678	\$678
Horizontal								

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
2	2	63	0-5,000	\$8,890	\$9,052	\$9,052	\$9,214	\$889	\$974	\$974	\$1,060
			5,001-10,000								
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
			No depth limit								
			Horizontal								

# Minnesota

Drilling responses	Production responses	Wells
2		2

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit	\$10,000	\$10,750	\$10,750	\$11,500				
Horizontal								

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
	2	3	0-5,000					\$989	\$1,167	\$1,167	\$1,345
	1	6	5,001-10,000					\$1,593	\$1,593	\$1,593	\$1,593
	1	2	10,001-15,000					\$989	\$989	\$989	\$989
			15,001-20,000								
			Over-20,000								
1	1	2	No depth limit	\$15,398	\$15,398	\$15,398	\$15,398	\$1,663	\$1,663	\$1,663	\$1,663
			Horizontal								

# Montana

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
	3	17	0-5,000					\$741	\$976	\$936	\$1,251
	4	10	5,001-10,000					\$723	\$977	\$1,004	\$1,177
	1	1	10,001-15,000					\$969	\$969	\$969	\$969
			15,001-20,000								
			Over-20,000								
			No depth limit								
			Horizontal								

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	3	4	0-5,000	\$4,000	\$4,000	\$4,000	\$4,000	\$370	\$425	\$430	\$475
	4	4	5,001-10,000					\$368	\$453	\$450	\$545
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
			No depth limit								
			Horizontal								

# Nevada

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates					
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum		
			0-5,000										
			5,001-10,000										
2	2	2	10,001-15,000	\$5,500	\$5,850	\$5,850	\$6,200	\$550	\$585	\$585	\$620		
1	1	1	15,001-20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$850	\$850	\$850		
			Over-20,000										
1		1	No depth limit	\$11,500	\$11,500	\$11,500	\$11,500						
			Horizontal										

# New Mexico

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
8	10	994	0-5,000	\$2,000	\$5,625	\$4,500	\$15,037	\$300	\$551	\$477	\$957
13	15	658	5,001-10,000	\$2,000	\$4,657	\$4,556	\$8,102	\$200	\$569	\$600	\$1,000
6	7	59	10,001-15,000	\$3,000	\$6,514	\$7,042	\$8,500	\$300	\$661	\$601	\$1,074
1	1	1	15,001-20,000	\$6,200	\$6,200	\$6,200	\$6,200	\$620	\$620	\$620	\$620
1	1	1	Over-20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$850	\$850	\$850
19	9	923	No depth limit	\$250	\$6,614	\$6,500	\$12,040	\$45	\$853	\$976	\$1,204
			Horizontal								

# New York

Drilling responses	Production responses	Wells
	14	472

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$480	\$678	\$678	\$838
Horizontal								

# North Dakota

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
	2	10	0-5,000					\$639	\$807	\$807	\$975
	4	10	5,001-10,000					\$589	\$761	\$743	\$970
	3	10	10,001-15,000					\$687	\$962	\$1,062	\$1,138
			15,001-20,000								
			Over-20,000								
2		2	No depth limit	\$10,800	\$11,150	\$11,150	\$11,500				
			Horizontal								

# Ohio

Drilling responses	Production responses	Wells
1	6	385

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit	\$10,000	\$10,000	\$10,000	\$10,000	\$440	\$654	\$675	\$759
Horizontal								

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
13	40	466	0-5,000	\$378	\$3,925	\$3,500	\$18,286	\$75	\$496	\$485	\$2,187
11	32	240	5,001-10,000	\$425	\$4,420	\$4,000	\$9,153	\$200	\$756	\$750	\$1,876
7	13	57	10,001-15,000	\$4,000	\$10,899	\$9,296	\$27,458	\$400	\$1,338	\$1,042	\$7,201
4	4	30	15,001-20,000	\$7,500	\$11,455	\$10,882	\$16,557	\$750	\$2,667	\$1,181	\$7,557
			Over-20,000								
24	83	8,017	No depth limit	\$1,000	\$7,892	\$8,063	\$12,940	\$225	\$953	\$963	\$1,555
2	2	8	Horizontal	\$6,000	\$6,605	\$6,605	\$7,210	\$721	\$761	\$761	\$800

# Pennsylvania

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
3	3	525	0-5,000	\$10,000	\$10,773	\$10,000	\$12,320	\$296	\$324	\$325	\$350
2	2	30	5,001-10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$400	\$413	\$413	\$425
			10,001-15,000								
			15,001-20,000								
			Over-20,000								
	5	26	No depth limit					\$678	\$826	\$836	\$1,075
			Horizontal								

Drilling responses	Production responses	Wells
	2	86

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$678	\$705	\$705	\$733
Horizontal								

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
50	90	2,870	0-5,000	\$300	\$3,803	\$3,000	\$8,957	\$75	\$463	\$380	\$3,300
51	84	825	5,001-10,000	\$25	\$5,806	\$6,185	\$12,367	\$135	\$737	\$633	\$5,000
25	33	240	10,001-15,000	\$4	\$6,412	\$7,500	\$10,600	\$245	\$992	\$800	\$5,300
3	5	18	15,001-20,000	\$1,000	\$6,380	\$8,500	\$9,640	\$425	\$853	\$850	\$1,205
			Over-20,000								
93	171	12,218	No depth limit	\$500	\$7,610	\$6,864	\$15,718	\$43	\$993	\$1,050	\$2,096
3	4	78	Horizontal	\$6,460	\$7,192	\$7,280	\$7,837	\$550	\$677	\$687	\$784

Drilling responses	Production responses	Wells
5	2	3
	4	59

### Monthly drilling well fixed overhead rates

### Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000					\$625	\$635	\$635	\$644
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit	\$5,894	\$7,077	\$6,500	\$8,600	\$589	\$822	\$834	\$1,030
Horizontal								

# Virginia

Drilling responses	Production responses	Wells
	4	326

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$635	\$667	\$678	\$678
Horizontal								

Drilling responses	Production responses	Wells
	37	4,522

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
0-5,000								
5,001-10,000								
10,001-15,000								
15,001-20,000								
Over-20,000								
No depth limit					\$574	\$714	\$678	\$1,214
Horizontal								

# Wyoming

## Monthly drilling well fixed overhead rates

## Monthly producing well fixed overhead rates

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
	4	294	0-5,000					\$143	\$471	\$558	\$624
2	10	32	5,001-10,000	\$4,000	\$4,500	\$4,500	\$5,000	\$374	\$734	\$652	\$1,216
2	3	6	10,001-15,000	\$5,500	\$5,850	\$5,850	\$6,200	\$550	\$601	\$620	\$633
1	1	1	15,001-20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$850	\$850	\$850
			Over-20,000								
11	4	20	No depth limit	\$4,000	\$10,049	\$11,300	\$13,400	\$650	\$959	\$899	\$1,389
			Horizontal								



## Annual overhead adjustment factor

COPAS\*, at its annual spring meeting, approves the annual adjustment to be applied to the combined fixed-rate overhead charges as provided in certain accounting procedures. With the permission of COPAS, we publish the following table reflecting the annual percentage change in these statistics since 1963:

1963	1.6%	1979	11.0%	1995	4.4%
1964	3.9%	1980	9.3%	1996	4.1%
1965	0.8%	1981	9.3%	1997	2.0%
1966	2.2%	1982	13.0%	1998	10.3%
1967	3.6%	1983	9.9%	1999	5.8%
1968	5.4%	1984	5.9%	2000	(0.5)%
1969	1.9%	1985	2.7%	2001	6.0%
1970	7.0%	1986	4.4%	2002	(1.9)%
1971	5.9%	1987	4.5%	2003	(3.1)%
1972	8.9%	1988	(1.4)%	2004 **	2.3%
1973	7.5%	1989	3.3%	2005	3.5%
1974	5.2%	1990	8.1%	2006	5.1%
1975	16.7%	1991	7.2%	2007	6.4%
1976	10.3%	1992	1.5%	2008	7.7%
1977	10.5%	1993	(1.1)%	2009	7.5%
1978	10.3%	1994	4.8%		

\* Other than furnishing the annual adjustment factor, COPAS does not participate in this fixed-rate overhead survey.

\*\* In February 2004, the Joint Interest and Audit Committees approved "Model Form Interpretation 50 - Overhead Adjustment Index" to provide guidance to the industry as to a replacement index for use in calculating the overhead adjustment, as well as other economic factors, such as the loading and unloading rates. The change was approved by COPAS at its 23 April 2004 Council Meeting.

COPAS publishes this rate as a convenience to the industry. Model Form Interpretation 50 recommends that each company determine whether or not it needs to amend its contracts to use this or any other new index.

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## Notes

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# Notes

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SCORE No. I00156