

**Exhibit B  
Category Budget**

<b>Budget Category Item</b>	<b>GRDA Share (\$)</b>	<b>Match Share (\$)</b>	<b>Total Cost (\$)</b>
<b>Personnel:</b>			
Direct Labor	\$ 72,000	\$ 108,000	\$ 180,000
Fringe Benefits	\$ -	\$ -	\$ -
<b>Total Personal Services</b>	<b>\$ 72,000</b>	<b>\$ 108,000</b>	<b>\$ 180,000</b>
<b>Operating Expenses:</b>			
Travel	\$ -	\$ 20,000	\$ 20,000
Equipment	\$ 182,000	\$ 253,000	\$ 435,000
Materials / Supplies	\$ 392,464	\$ 588,696	\$ 981,160
Contractual	\$ 1,718,900	\$ 2,483,350	\$ 4,202,250
Miscellaneous	\$ 12,000	\$ 113,000	\$ 125,000
<b>Total Operating Expenses</b>	<b>\$ 2,305,364</b>	<b>\$ 3,458,046</b>	<b>\$ 5,763,410</b>
<b>Overhead:</b>			
Overhead	\$ -	\$ -	\$ -
<b>Total Overhead</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 2,377,364</b>	<b>\$ 3,566,046</b>	<b>\$ 5,943,410</b>

**Direct Labor, Unloaded Hourly Rates**

Title / Job Classification	Maximum Rate to be Billed* (\$ / Hr)	Number of Hours	GRDA Share	Match Share	Total Cost
Principal Investigator / Project Manager	\$ 190.00	685	\$ 52,000	\$ 78,000	\$ 130,000
Geologist & Computer Graphics Technician	\$ 110.00	455	\$ 20,000	\$ 30,000	\$ 50,000
<b>Total Direct Labor</b>			<b>\$ 72,000</b>	<b>\$ 108,000</b>	<b>\$ 180,000</b>

\* Maximum salary rates are caps: GRDA will not reimburse at a higher rate over the term of the project.

**Fringe Benefits**

Title / Job Classification	Maximum % Rate to be Billed*	Base (Typically Total Direct Labor)	GRDA Share	Match Share	Total Cost
	0%		\$ -	\$ -	\$ -
<b>Total Fringe Benefits</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Maximum fringe benefit rates are caps: GRDA will not reimburse at a higher rate over the term of the project.

**Travel\*\***

From and To Destination	Trip Purpose	Complete Description (Why Travel is Necessary)	Number of Trips	Who (Name all)	GRDA Share*	Match Share	Total Cost
From San Luis Obispo to Lake County project site	Investigator / Project Mgr to supervise project implementation		10	Principal Investigator / Proj. Mgr	\$ -	\$ 20,000	\$ 20,000
					\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -
<b>Total Travel</b>					<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>

\* GRDA Share: Travel is reimbursed at State rates. Higher travel costs can count as Match Share.

\*\* Trips listed as "to be determined (TBD)" require advanced written approval from Commission Project Manager.

**Equipment**

Item	Quantity	Unit Cost	GRDA Share	Match Share	Total Cost
Wellhead equipment & valves	1	\$ 100,000.00	\$ 48,000	\$ 52,000	\$ 100,000
Casing accessories	1	\$ 185,000.00	\$ 74,000	\$ 111,000	\$ 185,000
Drill bits	1	\$ 150,000.00	\$ 60,000	\$ 90,000	\$ 150,000
		\$ -	\$ -	\$ -	\$ -
<b>Total Equipment</b>			<b>\$ 182,000</b>	<b>\$ 253,000</b>	<b>\$ 435,000</b>

**Materials, Supplies**

Item	Quantity	Unit Cost	GRDA Share	Match Share	Total Cost
30" conductor casing	110	\$ 176.00	\$ 7,744	\$ 11,616	\$ 19,360
20" surface casing	1,200	\$ 108.00	\$ 51,840	\$ 77,760	\$ 129,600
13 3/8" intermediate casing	4,100	\$ 78.00	\$ 127,920	\$ 191,880	\$ 319,800
9 5/8" slotted liner	3,900	\$ 41.00	\$ 63,960	\$ 95,940	\$ 159,900
Mud materials and additives	1	\$ 150,000.00	\$ 60,000	\$ 90,000	\$ 150,000
Fuel and lubricants	45	\$ 4,500.00	\$ 81,000	\$ 121,500	\$ 202,500
<b>Total Materials and Supplies</b>			<b>\$ 392,464</b>	<b>\$ 588,636</b>	<b>\$ 981,160</b>

**Contractual**

Subcontractor Name	Purpose	GRDA Share	Match Share	Total Cost
cementing firm- TBD	well casing cement jobs (30"; 20"; 13 3/8"); lost circ. control;	\$ 251,600	\$ 282,400	\$ 534,000
construction firm- TBD	well pad and access road construction; road & pad repairs; waste	\$ 116,000	\$ 174,000	\$ 290,000
engineering & survey firm TBD	wellpad design, engineering & surveying	\$ 12,000	\$ 18,000	\$ 30,000
geotechnical firm TBD	geotechnical investigation of wellpad site & certification	\$ 10,000	\$ 15,000	\$ 25,000
drilling contractor TBD	drill rig mob. & de-mob; contract drilling ops; crew subsistence	\$ 714,000	\$ 1,071,000	\$ 1,785,000
BHA supplier TBD	bottom hole assemblies- rental, support services, re-dressing	\$ 44,400	\$ 66,600	\$ 111,000
pipe inspection firm TBD	drill pipe and drill collar inspection	\$ 16,000	\$ 24,000	\$ 40,000
drilling mud firm TBD	drilling mud services / personnel	\$ 20,000	\$ 30,000	\$ 50,000
air drilling firm TBD	air drilling equipment rental	\$ 42,000	\$ 63,000	\$ 105,000
Various TBD	misc. services (welding, fabrication, cleanup, vac truck, labor, etc.)	\$ 100,000	\$ 150,000	\$ 250,000
drilling engineering firm TBD	drilling engineering services; on-site drilling & construction	\$ 66,000	\$ 99,000	\$ 165,000
casing services firm TBD	casing crews and laydown machine	\$ 30,000	\$ 45,000	\$ 75,000
mud logging firm TBD	mud logging and rig monitoring services	\$ 36,000	\$ 54,000	\$ 90,000
t&p logging firm TBD	temperature & pressure logs	\$ 24,000	\$ 36,000	\$ 60,000
well logging firm TBD	other well logs (casing caliper, etc.)	\$ 8,000	\$ 12,000	\$ 20,000
well testing firm TBD	well test plan, supervise, analysis, report	\$ 18,000	\$ 27,000	\$ 45,000
well test equip. firm TBD	well test equipment and manpower	\$ 30,000	\$ 45,000	\$ 75,000
geochem firm TBD	geochemical sampling and analysis	\$ 6,000	\$ 9,000	\$ 15,000
drilling tools firm TBD	rental of BOP's, tools, and equipment (incl. choke)	\$ 63,000	\$ 94,500	\$ 157,500
rotating head supply firm TBD	rental of rotating head	\$ 13,500	\$ 20,250	\$ 33,750
mud cooler supply firm TBD	rental of mud cooler	\$ 10,800	\$ 16,200	\$ 27,000
trailer supply firm TBD	rental of office / trailer for company man	\$ 4,000	\$ 6,000	\$ 10,000
mud cleaner supply firm TBD	rental of mud cleaner	\$ 20,000	\$ 30,000	\$ 50,000
local water district TBD	water supply	\$ 21,600	\$ 32,400	\$ 54,000
trucking firms TBD	trucking	\$ 14,000	\$ 21,000	\$ 35,000
Various TBD	miscellaneous costs, incl. storage yard rental	\$ 28,000	\$ 42,000	\$ 70,000
<b>Total Contractual</b>		<b>\$ 1,718,900</b>	<b>\$ 2,483,350</b>	<b>\$ 4,202,250</b>

**Miscellaneous**

Item	Purpose	GRDA Share	Match Share	Total Cost
Control of well insurance	insurance for losses due to uncontrolled well discharge	\$ 12,000	\$ 18,000	\$ 30,000
Permitting consulting services	support to secure needed permits	\$ -	\$ 50,000	\$ 50,000
Environmental surveys / monitoring	as dictated by permit requirements	\$ -	\$ 40,000	\$ 40,000
permit fees	permit application fees to County and State agencies	\$ -	\$ 5,000	\$ 5,000
		\$ -	\$ -	\$ -
<b>Total Miscellaneous</b>		<b>\$ 12,000</b>	<b>\$ 113,000</b>	<b>\$ 125,000</b>

**Overhead**

Name of Overhead	Overhead Base*	Maximum % Rate to be Billed**	Base Cost	GRDA Share	Match Share	Total Cost
		0%	\$ -	\$ -	\$ -	\$ -
<b>Total Overhead</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Base: Define cost categories used to charge Overhead rate, e.g., Total Labor, Total Direct Cost, Materials, Subcontracts, etc.

\*\* Maximum Indirect Overhead rates are caps: GRDA will not reimburse at higher rates over the term of the project.

## Exhibit B Budget Summary by Task

1.2	Critical Project Review Meetings	\$0	\$0	\$0
1.3	Final Meeting	\$0	\$0	\$0
1.4	Monthly Progress Reports	\$3,600	\$5,400	\$9,000
1.5	Final Report	\$7,200	\$10,800	\$18,000
1.6	Identify & Obtain Matching Funds	\$0	\$0	\$0
1.7	Identify & Obtain Required Permits	\$0	\$95,000	\$95,000
2.0	Finalize Well Design and Drilling Program	\$22,800	\$34,200	\$57,000
3.0	Procure Personnel, Equipment, Materials and Services Necessary to Drill and Test the Exploratory Well	\$7,200	\$10,800	\$18,000
4.0	Design and Construct Access Road and Wellpad	\$121,600	\$186,400	\$308,000
5.0	Drill and Complete the Exploratory Well to ~8,000 Ft. Per the Drilling Program	\$2,111,764	\$3,064,646	\$5,176,410
6.0	Prepare Well Completion and Geologic Summary Reports	\$3,600	\$5,400	\$9,000
7.0	Run Downhole Temperature and Pressure Logs	\$27,600	\$41,400	\$69,000
8.0	Conduct Short-Term Flow Test with Chemical Sampling	\$59,400	\$93,100	\$152,500
9.0	Prepare Report on Analysis of Flow Test Results	\$12,600	\$18,900	\$31,500
	<b>Total</b>	<b>\$2,377,364</b>	<b>\$3,566,046</b>	<b>\$5,943,410</b>



## EXHIBIT B Match Budget

Match Funding (\$)		Direct Labor	Fringe Benefits	Travel	Equipment	Materials	Contractual	Misc	Indirect Overhead	G&A	Total
<b>Task 1 Project Administration Activities</b>											
1.1	Attend Kick-off Meeting										\$0
1.2	Critical Project Review Meetings										\$0
1.3	Final Meeting										\$0
1.4	Monthly Progress Reports	5,400									\$5,400
1.5	Final Report	10,800									\$10,800
1.6	Identify & Obtain Matching Funds										\$0
1.7	Identify & Obtain Required Permits							95,000			\$95,000
	<b>Administration Activities Subtotals</b>	<b>\$16,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$111,200</b>
<b>Task Project Technical Activities</b>											
2.0	Finalize Well Design and Drilling Program	5,400					28,800				\$34,200
3.0	Procure Personnel, Equipment, Materials and Services Necessary to Drill and Test the Exploratory Well	10,800									\$10,800
4.0	Design and Construct Access Road and Wellpad	5,400		4,000			177,000				\$186,400
5.0	Drill and Complete the Exploratory Well to ~8,000 Ft. Per the Drilling Program	32,400		12,000	253,000	588,696	2,160,550	18,000			\$3,064,646
6.0	Prepare Well Completion and Geologic Summary Reports	5,400									\$5,400
7.0	Run Downhole Temperature and Pressure Logs	5,400					36,000				\$41,400
8.0	Conduct Short-Term Flow Test with Chemical Sampling	21,600		4,000			67,500				\$93,100
9.0	Prepare Report on Analysis of Flow Test Results	5,400					13,500				\$18,900
	<b>Technical Activities Subtotals</b>	<b>\$91,800</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$253,000</b>	<b>\$588,696</b>	<b>\$2,483,350</b>	<b>\$18,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,454,846</b>
		Direct Labor	Fringe Benefits	Travel	Equipment	Materials	Contractual	Misc	Indirect Overhead	G&A	Total
<b>Match Funds Totals</b>		<b>\$108,000</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$253,000</b>	<b>\$588,696</b>	<b>\$2,483,350</b>	<b>\$113,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,566,046</b>
<b>Percentage of the Total</b>		3%	0%	1%	7%	17%	70%	3%	0%	0%	100%