

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 9/12/11

OGX AFE No.:
AFE Title: **Avalon Horizontal**
Well Name & No.: **COPPERHEAD FEE A #2H**

Field: **DELAWARE RIVER SOUTH - BONE SPRING**
County: **EDDY**

State: **NEW MEXICO**

Exploratory XX Development:
Proposed Formation: **AVALON**
Descriptor SHL: **1650' FWL & 480' FSL / SEC. 31-T26S-R29E**
BHL: **1650' FWL & 330' FNL, SEC. 30, T26S, R29E**

Oil: **XX** GAS
Proposed Depth: **7200 TVD / 12,339' MD**

	MAJ	SUB	DRY HOLE	MAJ	COMPLETION	TOTAL
DEVELOPMENTAL DRILLING:						
Turnkey	725	470	\$0	726	\$0	\$0
Mobilization/Demob.		471	\$65,000		\$0	\$65,000
Location, Pits, Roads		472	\$65,000		\$10,000	\$75,000
Cement and Cementing Services		473	\$55,000		\$80,000	\$135,000
Mud Logging		474	\$35,000		\$0	\$35,000
Mud Materials, Chemical & Water		475	\$65,000		\$175,000	\$240,000
Logging and Sidewall Coring		478	\$35,000		\$5,000	\$40,000
Perforating		479	\$0		\$70,000	\$70,000
Stimulation		480	\$0		\$3,000,000	\$3,000,000
Formation Testing		482	\$0		\$32,000	\$32,000
Testing Tubular Goods		484	\$0		\$5,500	\$5,500
Tool Rental DOWNHOLE		488	\$40,000		\$3,500	\$43,500
Tool Rental INCLUDES CLOSED MUD SYSTEM		488	\$215,000			\$215,000
Drilling Footage		489	\$0		\$0	\$0
Drilling Day Work		490	\$430,000		\$37,500	\$467,500
Float Equipment		491	\$5,500		\$375,000	\$381,500
Bits, Core Barrels, etc.		492	\$90,000		\$15,000	\$105,000
Other Special Well Services		494	\$18,000		\$50,000	\$68,000
Contract Services & Equip		510	\$12,000		\$120,000	\$132,000
Directional Drilling		511	\$180,000		\$0	\$180,000
Completion Unit		528	\$0		\$56,000	\$56,000
Fuel & Power		539	\$140,000		\$0	\$140,000
Auto & Truck Expense		545	\$15,000		\$2,500	\$17,500
Company Supervision 60 @ 1200		501	\$42,000		\$30,000	\$72,000
Miscellaneous & Contingencies	8%	599	\$120,680		\$325,360	\$446,040
Subtotal			\$1,629,180		\$4,392,360	\$6,021,540

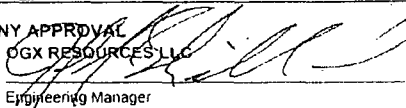
DEVELOPMENTAL LWE "DRILLING"						
Surface Casing 13 3/8 @ 450'	727	441	\$16,750	727	\$0	\$16,750
Conductor Pipe		442	\$9,500		\$0	\$9,500
Intermediate Casing 8 5/8" @ 2625'		443	\$58,300		\$0	\$58,300
Production Casing 5 1/2" @ 12,339'		443	\$0		\$265,000	\$265,000
Drilling Liner		450	\$0		\$0	\$0
Production Liner		460	\$0		\$0	\$0
Casing Head		445	\$34,000		\$15,000	\$49,000
X-Mas Tree		446	\$0		\$16,000	\$16,000
Completion Equipment		447	\$0		\$5,000	\$5,000
Retrievable Packers		448	\$0		\$5,000	\$5,000
Tubing		449	\$0		\$55,000	\$55,000
Other Material & Equipment		469	\$1,000		\$1,500	\$2,500
Subtotal			\$119,550		\$362,500	\$482,050

ONSHORE FACILITIES						
Location, Pits, Roads	745	472			\$35,000	\$35,000
Contract Services & Equip		510			\$25,000	\$25,000
Engineering Surveys		516			\$1,500	\$1,500
Auto & Truck Expense		545			\$1,000	\$1,000
Welding Services		566			\$7,500	\$7,500
Instal Elect/Pneu System		567			\$0	\$0
Painting Service		568			\$0	\$0
Miscellaneous & Contingencies		599			\$1,500	\$1,500
Subtotal					\$71,500	\$71,500

ONSHORE FACILITIES						
Misc Valves & Fittings	746	153			\$35,000	\$35,000
Corrosion or Chemical Treating Equip		438			\$0	\$0
Pumping Equipment		451			\$135,000	\$135,000
Gas Engines & Electric Motors		452			\$15,000	\$15,000
Electric Lines, Poles, Transformers, etc.		453			\$35,000	\$35,000
Bottom Hole Pump		454			\$8,000	\$8,000
Field Lines		456			\$7,500	\$7,500
Tanks, Stairs, Walkways, etc.		457			\$38,000	\$38,000
Separator & Fittings		458			\$10,500	\$10,500
Heaters, Treaters & Connections		459			\$12,000	\$12,000
Power & Circulating Pumps		460			\$2,500	\$2,500
Meters		463			\$23,000	\$23,000
Other Material & Equipment		469			\$45,000	\$45,000
Subtotal					\$366,500	\$366,500

TOTAL WELL COST: 1,748,730 5,192,860 6,941,590

COMPANY APPROVAL

NAME: **OGX RESOURCES LLC**
By: 
Title: **Employee Manager**
Date: **Sept 12, 2011**

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
W%: _____

Oil Conservation Commission
Case No. **3**
Exhibit No. _____