THREE RIVERS OPERATING COMPANY

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER	NM 000646	BUD YEAR	2011	BUDGETED (Y/N)	Yes
AFE NO.	11356	CATEGORY	D&C	SUPPLEMENT NO.	
DEPARTMENT	Operations - Development Drilling	REGION		DATE	December 20, 2011
LEASE NAME	Airstrip 6 State	WELL NC	2H	LEGAL:	2050' FSL & 400' FEL, Section 6-T19S-R35E
FIELD	Scharb	STATE	New Mexico		Lea County
OPERATOR	Three Rivers Operating Company			W.I.	62.50000000%
OBJECTIVE	Third Bone Spring	TOTAL DEPTH:			10670' TVD/15500' MD

ESTIMATED PROJECT START DATE: August 4, 2012 ESTIMATED PROJECT FINISH DATE: September 5, 2012

DESCRIPTION: Drill a 5000' horizontal lateral in the Third Bone Spring to 15500' MD. Perform Multi-stage Frac. Install production equipment. Tie-in to existing production facilities.

INTANGIBLE DRILLING COSTS

ACCT.		DESCRIPTION	Rate	Units	DRYHOLE		TOTAL WELL COST
8305	101	Location Construction, Cleanup, Damages			$100,000		$100,000
8305	102	Rig Move - MIRU, RDMO			$150,000		150,000
8305	103	Rig Contractor-Daywork/FT	$ 25,000	35	$893,000		893,000
8305	104	Rig Contractor-Turnkey					
8305	105	Power & Fuel	$ 4,200	38	$159,600		159,600
8305	106	Drill Fluids & Chemicals			$80,000		80,000
8305	107	Bits, Reamer, Stabilizers	$ 3.50	15500	$89,250		89,250
8305	108	Cement & Cementing Services			$150,000		150,000
8305	109	Mud Logging	$ 1,200	20	$25,100		25,100
8305	110	Open Hole Logging					0
8305	111	Csg Crews & Tools/PU LD Machine			$30,000		30,000
8305	112	Directional Tools & Services	$ 12,500	15	$202,500		202,500
8305	114	Formation Evaluation:Coring/RFTs/R-SWCs					0
8305	115	Tubular Inspection			$15,000		15,000
8305	116	Equipment Rentals	$ 2,500	37	$92,500		92,500
8305	117	Contract Labor & Services (welding, ditching)			$15,000		15,000
8305	118	Wellsite Consultants	$ 1,800	40	$72,000		72,000
8305	119	Company Supervison & Labor					
8305	120	Transportation			$45,000		45,000
8305	121	Closed Loop Mud System/Cuttings & Water Disposal			$120,000		120,000
8305	122	Insurance	$ 1.00	15500	$15,500		15,500
8305	123	Operating Overhead	$ 350	37	$12,950		12,950
8305	124	Water & Water Well	$ 2.00	15500	$31,000		31,000
8305	125	Unanticipated Major Expenses (Fishing)					0
8305	126	Legal			$10,000		10,000
8305	128	Permits			$1,000		1,000
8305	129	Environmental & Safety			$7,500		7,500
8305	130	Plugging					0
8305	132	Other Specialized Services:Coring/DSTs					0
		SUBTOTAL			$2,316,900		$2,316,900
8305	199	CONTINGENCY (%) 5.00%			115,845		115,845
		SUB-TOTAL INTANGIBLE DRILLING COSTS			$2,432,745		$2,432,745

INTANGIBLE COMPLETION COSTS

ACCT.		DESCRIPTION	Rate	Units		COMPLETION	TOTAL WELL COST
8306	201	Location & Cleanup				$25,000	$25,000
8306	202	Power & Fuel (diesel)	$ 525	8		4,200	4,200
8306	203	Completion Fluids & Chemicals				10,000	10,000
8306	204	Bits, Reamer, Stabilizers				5,000	5,000
8306	205	Cement & Cementing Services				115,000	115,000
8306	206	Logging & Perforation Services	$ 10,000	12		120,000	120,000
8306	207	Casing Crews & Tools/PU LD Machine				20,000	20,000
8306	208	Directional Tools & Services					0
8306	209	Formation Stimulation:Breakdown Acid/Sand Frac	$ 200,000	12		2,400,000	2,400,000
8306	210	Formation Evaluation					0
8306	211	Tubular Inspection				2,500	2,500
8306	212	Equipment Rentals (pkrs, tools, bop, tks, racks)				40,000	40,000
8306	213	Contract Labor & Services				6,000	6,000
8306	214	Wellsite Consultant/Engineerinng Services	$ 1,500	7		10,500	10,500
8306	215	Company Supervision & Labor	$ 500	7		3,500	3,500
8306	216	Transportation				17,000	17,000
8306	217	Mud Cuttings & Water Disposal				35,000	35,000
8306	218	Insurance					0
8306	219	Operated Overhead	$ 350	7		2,450	2,450
8306	220	Water & Water Well				105,000	105,000
8306	221	Unanticipated Major Expenses (Fishing)					0
8306	223	Miscelaneous Supplies & Materials				10,000	10,000
8306	224	Legal				5,000	5,000
8306	225	Permits				1,000	1,000
8306	226	Environmental & Safety Costs				5,000	5,000
8306	227	Plugging					0
8306	228	Rig Daywork + Completion Rig	$ 3,500	8		53,000	53,000
8306	230	Other Specialized Services					0
		SUBTOTAL				$2,995,150	$2,995,150
8306	299	CONTINGENCY (%) 5.00%				149,758	149,758
		SUB-TOTAL INTANGIBLE COMPLETION COSTS				$3,144,908	$3,144,908
		SUB-TOTAL INTANGIBLE COSTS			$2,432,745	$3,144,908	$5,577,653

TANGIBLE DRILLING COSTS

ACCT.		DESCRIPTION		Rate	Units	DRYHOLE		TOTAL WELL COST
8308	301	Conductor Casing		$ 10,000	1	$10,000		$10,000
8308	302	Surface Casing	13 3/8"	$ 40.00	1900	$76,000		76,000
8308	303	Intermediate Casing	9 5/8"	$ 30.00	3500	$105,000		105,000
8308	304	Liner Casing		$ -	0	$0		0
8308	305	Float Equipmen,t Centralizers, Etc				$5,000		5,000
8308	306	Casinghead				$21,000		21,000
8308	307	Sub-Surface Equipment						0
		SUB-TOTAL TANGIBLE DRILLING COSTS				$217,000		$217,000

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by:
THREE RIVERS OPERATING COMPANY LLC
Hearing Date: April 26, 2012

THREE RIVERS OPERATING COMPANY

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER	**NM 000646**	BUD YEAR	**2011**	BUDGETED (Y/N)	**Yes**
AFE NO.	**11356**	CATEGORY	**D&C**	SUPPLEMENT NO.	
DEPARTMENT	**Operations - Development Drilling**	REGION		DATE	**December 20, 2011**
LEASE NAME	**Airstrip 6 State**	WELL NC	**2H**	LEGAL:	**2050' FSL & 400' FEL, Section 6-T19S-R35E**
FIELD	**Scharb**	STATE	**New Mexico**		**Lea County**
OPERATOR	**Three Rivers Operating Company**			W.I.	**62.50000000%**
OBJECTIVE	**Third Bone Spring**	TOTAL DEPTH:			**10670' TVD/15500' MD**

ESTIMATED PROJECT START DATE: **August 4, 2012** ESTIMATED PROJECT FINISH DATE: **September 5, 2012**

DESCRIPTION: Drill a 5000' horizontal lateral in the Third Bone Spring to 15500' MD. Perform Multi-stage Frac. Install production equipment. Tie-in to existing production facilities.

TANGIBLE COMPLETION COSTS

ACCT.		DESCRIPTION	Rate	Units		COMPLETION	TOTAL WELL COST
8309	401	Production Casing 5 1/2"	$ 25.00	15500		387,500	$387,500
8309	402	Tubing 2 7/8"	$ 8.00	10300		82,400	82,400
8309	403	Float Equipment, Centralizers, Etc.				5,000	5,000
8309	404	Sub-Surface Equipment: Tubing Anchor/SN/Pump				5,000	5,000
8309	405	Tubing Head/Pumping Tee/Stuffing Box/Polish Rod/Rod Rotator/Clamps				3,500	3,500
		SUB-TOTAL TANGIBLE COMPLETION COSTS				**$483,400**	**$483,400**
		SUB-TOTAL TANGIBLE COSTS			**$217,000**	**$483,400**	**$700,400**
		SUB-TOTAL INTANGIBLE & TANGIBLE COSTS			**$2,649,745**	**$3,628,308**	**$6,278,053**

PRODUCTION EQUIPMENT COSTS

						COMPLETION	TOTAL WELL COST
8311	501	Artificial Lift Equipment				$145,000	$145,000
8311	502	Prime Mover Electric Gas					0
8311	503	Sales Gathering Line					0
8311	504	Separation Equipment				15,000	15,000
8311	505	Oil Treating/Heating Equipment					0
8311	506	Gas Treating/Dehy Equipment					0
8311	507	Tanks 2 Steel, 1 Fiberglass 500bbl				62,350	62,350
8311	508	Meters				2,500	2,500
8311	509	Electrical Equip Install					0
8311	510	Compressor					0
8311	511	Flowlines	$ 3.0	500		1,500	1,500
8311	512	Labor				105,000	105,000
8311	513	Trucks Hauling Transportation				10,000	10,000
8311	514	Buildings					0
8311	515	Roads & Locations				20,000	20,000
8311	516	Manifolds & Headers					0
8311	517	Chemical Injection System					0
8311	518	Piping & Valves				60,000	60,000
8311	519	Welding				2,500	2,500
8311	520	Surface Pumps					0
8311	521	Filters					0
8311	523	Environmental & Safety				5,000	5,000
8311	524	Engineering Supervision					0
8311	525	Surface Facilities					0
8311	526	Equipment Rental					0
8311	527	Cathodic Protection					0
		SUB-TOTAL PRODUCTION EQUIPMENT			**$0**	**$428,850**	**$428,850**
		SUB-TOTAL INTANGIBLE COSTS (PAGE 1)			**$2,432,745**	**$3,144,908**	**$5,577,653**
		SUB-TOTAL TANGIBLE COSTS (PAGE 2)			**$217,000**	**$483,400**	**$700,400**
		GRAND TOTAL			**$2,649,745**	**$4,057,158**	**$6,706,903**
		LESS OUTSIDE INTERESTS			**$993,654**	**$1,521,434**	**$2,515,088**
		TOTAL NET COSTS			**$1,656,091**	**$2,535,723**	**$4,191,814**

Notice to Nonoperator: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

PREPARED BY	[signature] TB	DATE 12/21/11
APPROVED	[signature]	DATE 12/21/11
APPROVED	[signature]	DATE 12/21/11
APPROVED	[signature]	DATE 12/21/11

GROSS AFE AMOUNT - DRY HOLE	**$2,649,745**
NET DRYHOLE AFE AMOUNT	**$1,656,091**
NET ASSET TRANSFERS	**$0**
CASH OUTLAY THIS AFE	**$4,191,814**
PREVIOUS AFE'S ISSUED	**$0**
TOTAL CASH OUTLAY	**$4,191,814**

WORKING INTEREST APPROVAL

COMPANY	WORKING INTEREST	APPROVED BY	DATE

GEOLOGICAL PROGNOSIS

3ROC THREE RIVERS OPERATING COMPANY

By: Travis Kinley
Date: 10/31/2011
Revised: 12/7/2011 Revised w/ Surveyed S.L.

Well Name:	Airstrip 6 State #2H	AFE#:	11356	API #:	30-025-XXXXX
Field	Scharb	Lea County, NM		OGRID:	Lease #:

Location (NAD 27):	Section: 6	Township:	19 S	Range:	35 E	
US State Plane NAD27	SHL:	2050 FSL & 400 FWL	LLP:	2050 FSL & 1000 FWL	BHL:	1980 FSL & 330 FEL
New Mexico East 3001	UL:	L	(Landing Point) UL:	L	UL:	I

Proposed TD (PILOT):	none	(MD/TVD)	Target Formation:	Bone Spring
Proposed TD (HORIZONTAL):	15,500'	(MD)	*verify with directional plan	
Closest Producing Well:	AIRCOBRA '12' STATE-2H		3002540035	

Well Type:	Horizontal	Development	Oil	(TJK)
Ownership/Lease Type:				(CB)
Special Attn. (potash, enviro, etc.):	Acreage acquired from Featherstone. Check pooling & communitization.			(TK)
Engineering Progs Needed:				(MD)
(see Lease Type)				

Drilling Deadlines
Potential drilling hazards — Verify borehole location of State NPA-1 (3002503156) and set up plan directional plan accordingly.

Mud Logging	Selman & Associates			
Contact information	Tom Selman:	(o) 432-563-0084	(m) 432-228-2259	
Two Man Logging unit			Depths: Surf. CSG - TD	(Horiz.)

** Email daily report & mudlog by 7AM & 5PM

Open Hole Logging	TBD	
Contact information		
Porosity logs	Gamma, Litho-Density Compensated Neutron	Depths: none
	Gamma, Compensated Neutron ONLY	Depths: none
Resistivity logs	Gamma, High-Res Laterlog Array with Microlog	Depths: none
Other Logs	MWD Gamma	Depths: KOP - TD

** Call Primary contact's (Travis Kinley) cell upon arrival on location
** Digital Data: email PDF, TIFF & LAS files to: tkinley@3rnr.com bsmith@3rnr.com
** 3 Field prints (1 to Company Man & 2 to Synthia Prescott)
** 2 Final prints & CD to Travis Kinley

Primary Contact	Travis Kinley	**Seconday Contact**	Barry Smith
Office	512-706-9845	Office	512-600-3184
Cell	817-437-3857	Cell	214-226-9955
	tkinley@3rnr.com		bsmith@3rnr.com

Est. GL 3,910' (confirm actual GL from survey when available)
Est. KB 3,932' (confirm actual KB)

Est. Formation Tops (PILOT)	MD	SS	TVD	FM Fluid
Rustler	1,840'	2,092'	1,840'	water
Top Salt	2,108'	1,824'	2,108'	
Base Salt	3,190'	742'	3,190'	
Yates	3,392'	540'	3,392'	oil
Seven Rivers	3,857'	75'	3,857'	oil
Queen	4,620'	-688'	4,620'	oil
Cherry Canyon	5,624'	-1,692'	5,624'	oil
Brushy Canyon	6,360'	-2,428'	6,360'	oil
Bone Spring (top of Lime)	7,862'	-3,930'	7,862'	oil
First Bone Spring Sand	9,421'	-5,489'	9,421'	oil
Second Bone Spring Sand	9,890'	-5,958'	9,890'	oil
**KOP	10,070'	-6,138'	10,070'	oil
Third Bone Spring Sand	10,510'	-6,578'	10,510'	oil
**Target (LLP @ KB TVD)	10,670'	-6,738'	10,670'	oil
Wolfcamp	10,700'	-6,768'	10,700'	oil

Mail Paper Copies Open hole & Mudlogs To:

Travis Kinley
Three Rivers Operating Co.
1122 S. Capital of Texas Hwy., Suite 325
Austin, TX 78745

Synthia Prescott
Three Rivers Operating Co.
10716 Hwy. 191, Suite 9
Midland, TX 79707

Regional Apparent Dip 90.0 (from vertical)