

COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Operator:OGX Resources, LLC

AFE No.:Date:

Lease & Well No.:CNB #1

Purpose:Recomplete in the Morrow formation

Field or Area:Malaga (Morrow)

Location:1780' FSL & 660' FWL, Sec 11, T-24-S, R-28-E

County:EddyState:New MexicoProjected TD:12,790'

Spud Date Requirement:Classification:Exploratory - Gas

Description:

ESTIMATED GROSS COST			
	Drilling	Completion	Total
Tangible Lease & Well Equipment			
1. Surface Csg. & Cond.			\$0
2. Inter. Csg. & Lnr.			\$0
3. Production Csg. & Lnr.			\$0
4. Tubing		\$10,000	\$10,000
5. Wellhead Equipment		\$10,000	\$10,000
6. Flow Line			\$0
7. Process & Storage Equip.			\$0
8. Artificial Lift Equip.			\$0
9. Power Supply Equipment			\$0
10. Packers, Anchors, Misc.		\$8,000	\$8,000
Total Lease & Well Equip.	\$0	\$28,000	\$28,000
Intangibles			
1. a. Footage			\$0
b. Mobilization			\$0
c. Daywork			\$0
d. Service Rig - Compl.		\$125,000	\$125,000
e. Fuel & Water		\$8,000	\$8,000
f. Mud & Chemicals			\$0
g. Mud Cond., Monitor, Safety			\$0
h. Directional Drilling Charges			\$0
2. a. Supervision - Incl. Overhead		\$20,000	\$20,000
b. Geol., Mud Log, Core Anal.			\$0
c. Well Surveys			\$0
d. Drill Stem Tests & FT's			\$0
e. Coring Equipment & SWC			\$0
3. a. Cement & Service		\$40,000	\$40,000
b. Float Equipment & Liner Hangers			\$0
c. Welding			\$0
d. Casing Crews & Lay Down Equip.			\$0
4. a. Perforating		\$18,000	\$18,000
b. Other Wireline Services		\$15,000	\$15,000
c. Acidizing & Service		\$60,000	\$60,000
d. Fracturing & Service		\$300,000	\$300,000
5. a. Location & Roads			\$0
b. Transportation & Freight		\$15,000	\$15,000
c. Roustabout Labor			\$0
6. a. Tubular Inspections		\$5,000	\$5,000
b. Bits & Downhole Drilling Tools		\$15,000	\$15,000
c. Other Rental Tools		\$25,000	\$25,000
d. Contingency and Misc.		\$64,000	\$64,000
Total Intangibles	\$0	\$710,000	\$710,000
Total	\$0	\$738,000	\$738,000

GRAND TOTAL\$738,000

Prepared by: Brian P. Ramey

APPROVALS

OperatorDate

Non-OperatorDate

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13746 Exhibit No. 6
Submitted By:
OGX Resources LLC
Hearing Date: July 20, 2006