

R. K. Ford & Associates
OGX Resources, L.L.C.

Lease: Weems
Location: 1073' FNL, 1501' FEL, Sec 34, T-22-S, R-27-E
Field: TD: 12,300'
Purpose: Drill, Evaluate, Completion and Battery

Well #1

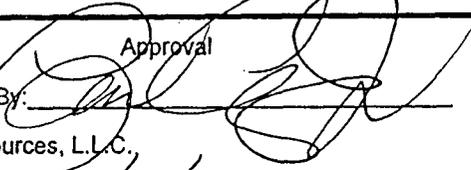
AFE: 7-144
County: Eddy
District: N/A
State: New Mexico

INTANGIBLE DRILLING COST				Dry Hole	Completion	Total
Location & Roads, Including Damages				\$60,000	\$2,000	\$62,000
Moving Rig				\$96,000		\$96,000
Day Work: 50 days @ \$16,500.00				\$825,000		\$825,000
Fuel: 48 days @ \$2,000.00				\$96,000		\$96,000
Conductor, Rat & Mouse Holes				\$8,000		\$8,000
Drill Bits & Stabilization				\$100,000	\$500	\$100,500
Drilling Water				\$57,500	\$2,500	\$60,000
Drilling Mud, Additives, Mud Oil, Etc.				\$120,000		\$120,000
Drilling and Completion Insurance				\$25,000		\$25,000
Environmental Protection				\$0		\$0
Gyro				\$8,000		\$8,000
Open Hole Logging				\$45,000		\$45,000
Mud Logging 40 days @ \$900.00				\$36,000		\$36,000
Open Hole Testing/Coring				\$0		\$0
Hauling and Trucking				\$10,000	\$4,000	\$14,000
Welding				\$7,000	\$3,500	\$10,500
Rental Equipment & Fishing Tools				\$180,000	\$35,000	\$215,000
Special Services & Misc. Items				\$5,000	\$5,000	\$10,000
Comp. Rig: 14 Days @ \$3,500				\$0	\$49,000	\$49,000
Cased Hole Logging, Perforating, & Wireline				\$0	\$35,000	\$35,000
Acidizing, Fracturing, Chemicals (ONE ZONE)				\$0	\$25,000	\$25,000
CO2/Nitrogen				\$0		\$0
BOP Testing & NU Service				\$70,000	\$0	\$70,000
Roustabout Labor & Services				\$8,500	\$8,500	\$17,000
Casing Crews & LD Machine				\$28,500	\$8,500	\$37,000
Frac Pit, Liner, Water, & Disposal				\$0	\$0	\$0
Surface Casing Cementing				\$24,000		\$24,000
Intermediate Casing Cementing				\$59,500		\$59,500
Intermediate Casing Cementing				\$27,500		\$27,500
Production Cementing				\$0	\$0	\$0
Liner Cementing					\$38,000	\$38,000
Directional Services 25 days @ \$8,100.00				\$202,500		\$202,500
Administrative Overhead				\$0	\$0	\$0
Supervision 54 days @ \$1,100.00				\$59,400		\$59,400
Supervision 16 days @ \$850.00				\$0	\$13,600	\$13,600
TOTAL INTANGIBLE WELL COST				\$2,158,400	\$230,100	\$2,388,500
TANGIBLE WELL COST						
Casing	Amt.	Size	Price			
Surface	450 ft	13-3/8"	\$29.50	\$13,275	\$0	\$13,275
Intermediate	5,500 ft.	9-5/8"	\$29.00	\$159,500	\$0	\$159,500
Intermediate	9,700 ft.	7 5/8"	\$44.00	\$426,800	\$0	\$426,800
Production	0 ft.	5-1/2"	\$0.00	\$0	\$0	\$0
Liner	2,800 ft.	5-1/2"	\$24.00		\$67,200	\$67,200
Tubing	12,300 ft.	2-7/8"	\$6.50		\$79,950	\$79,950
Wellhead Equipment				\$28,000	\$16,000	\$44,000
Packers				\$0	\$9,500	\$9,500
Flowlines & Connections				\$0	\$12,000	\$12,000
Storage Tanks & Separation Equipment				\$0	\$70,000	\$70,000
Pumping Unit & Engine				\$0	\$0	\$0
Liner Hanger				\$0	\$36,000	\$36,000
Sucker Rods, Bottom Hole Pump, & Other				\$0	\$0	\$0
TOTAL TANGIBLE WELL COSTS				\$627,675	\$290,650	\$918,225
TOTAL WELL COST				\$2,785,975	\$520,750	\$3,306,725

The Above Costs Are Estimates Only. Actual Costs Will Be Billed As Incurred.

Prepared By: Randell Ford

Date: 08/30/07

Approval
Approved By: 
OGX Resources, L.L.C.
Date: 8/30/07

Non-Operator Approval
Approved By: _____
Title: _____
Date: _____