

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME: Leo 3 Fed Com #1H	PROSPECT NAME: TURKEY TRACK
Surf. 660' FSL, 430' FEL, Section 3	COUNTY & STATE: CHAVES CO. NM
BHL. 660' FSL, 330' FWL, Section 3	OBJECTIVE: 13,450' MD, (8775' TVD) W/lfcmp/Lwr Abo
T15S, R31E	

INTANGIBLE COSTS		BCP		ACP		TOTAL
Title/Curative/Permit	201	5,500				5,500
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	45,000	305	5,000		50,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 38:4 @ \$12000/day	209	456,000	309	48,000		504,000
Directional Drilling Services w/o LWD	210	275,000	310			275,000
Fuel & Power	211	136,000	311	15,000		151,000
Water	212	30,000	312	100,000		130,000
Bits	213	70,000	313	1,000		71,000
Mud & Chemicals	214	80,000	314			80,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	12,200				12,200
Cement Intermediate	218	28,000				28,000
Cement 2nd Intermediate 7"	218		319	37,400		37,400
Cement Squeeze & Other (Kickoff Plug)	220	18,700	320			18,700
Float Equipment & Centralizers	221	7,000	321	2,000		9,000
Casing Crews & Equipment	222	15,000	322	10,000		25,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	42,000	327	4,400		46,400
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	26,250	329			26,250
Logging	230	60,000	330			60,000
Perforating/Wireline Services	231	2,000	331	12,500		14,500
Stimulation/Treating			332	900,000		900,000
Completion Unit			333	24,000		24,000
Swabbing Unit			334			0
Rentals-Surface	235	100,000	335	45,000		145,000
Rentals-Subsurface	236	50,000	336	10,000		60,000
Trucking/Forklift/Rig Mobilization	237	80,000	337	20,000		100,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	15,000		15,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			
Closed Loop & Environmental	244	180,000	344			180,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	180,350	343	129,700		310,050
TOTAL INTANGIBLES		1,978,000		1,417,000		3,395,000
TANGIBLE COSTS						
Surface Casing 500' 13 3/8"	401	16,000				16,000
Intermediate Casing 4000' 9 5/8", 8000'-7"	402	108,000	503	195,000		303,000
Production Casing/Liner 5500'-4 1/2"			503	66,000		66,000
Tubing 8000' 2 7/8"			504	47,000		47,000
Wellhead Equipment	405	10,000	505	8,000		18,000
Pumping Unit			506	97,000		97,000
Prime Mover			507	20,000		20,000
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	60,000		60,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	35,000		35,000
Electrical System			513	20,000		20,000
Packers/Anchors/Hangers	414		514	250,000		250,000
Couplings/Fittings/Valves	415	2,000	515	50,000		52,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	14,000	520	92,500		106,500
TOTAL TANGIBLES		151,000		1,004,000		1,155,000
TOTAL WELL COSTS		2,129,000		2,421,000		4,550,000

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 4/20/10

We approve:
_____% Working Interest

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.