

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: **Avalon Horizontal**
Well Name & No.: **MOMBA 24 FED COM #1H**

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

State: **NEW MEXICO**

Exploratory **XX** Development:
Proposed Formation: **AVALON**
Descriptor **SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E**
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: **XX** GAS
Proposed Depth: **7300 TVD / 11,106' 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	\$120,000		\$10,000	\$130,000
Cement and Cementing Services		473	\$70,000		\$50,000	\$120,000
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		\$0	\$0
Stimulation		480	\$0		\$2,000,000	\$2,000,000
Formation Testing		482	\$0		\$32,000	\$32,000
Testing Tubular Goods		484	\$0		\$5,500	\$5,500
Tool Rental DOWNHOLE		488	\$55,000		\$3,500	\$58,500
Tool Rental INCLUDES CLOSED MUD SYSTEM		488	\$225,000			\$225,000
Drilling Footage		489	\$0		\$0	\$0
Drilling Day Work 21 days		490	\$262,500		\$37,500	\$300,000
Float Equipment		491	\$6,500		\$15,000	\$21,500
Bits, Core Barrells, etc.		492	\$70,000		\$15,000	\$85,000
Other Special Well Services		494	\$18,000		\$10,000	\$28,000
Contract Services & Equip		510	\$12,000		\$20,000	\$32,000
Directional Drilling		511	\$130,000		\$0	\$130,000
Completion Unit		528	\$0		\$56,000	\$56,000
Fuel & Power		539	\$72,000		\$0	\$72,000
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	\$103,840		\$197,360	\$301,200
Subtotal			\$1,401,840		\$2,664,360	\$4,066,200

DEVELOPMENTAL LWE "DRILLING"						
Surface Casing 13 3/8 @ 625'	727	441	\$21,875	727	\$0	\$21,875
Conductor Pipe		442	\$20,000		\$0	\$20,000
Intermediate Casing 8 5/8" @ 2750'		443	\$60,500		\$0	\$60,500
Production Casing 5 1/2" @ 11,106'		443	\$0		\$211,000	\$211,000
Drilling Liner		450	\$0		\$0	\$0
Production Liner		460	\$0		\$0	\$0
Casing Head		445	\$34,000		\$30,000	\$64,000
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			\$137,375		\$323,500	\$460,875

ONSHORE FACILITIES						
Location, Pits, Roads	745	472			\$45,000	\$45,000
Contract Services & Equip		510			\$35,000	\$35,000
Engineering Surveys		516			\$4,500	\$4,500
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					\$94,500	\$94,500

ONSHORE FACILITIES						
Misc Valves & Fittings	746	153			\$55,000	\$55,000
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			\$0	\$0
Bottom Hole Pump		454			\$0	\$0
Field Lines		456			\$375,000	\$375,000
Tanks, Stairs, Walkways, etc.		457			\$48,000	\$48,000
Separator & Fittings		458			\$10,500	\$10,500
Heaters, Treaters & Connections		459			\$12,000	\$12,000
Power & Circulating Pumps		460			\$55,000	\$55,000
Meters		463			\$23,000	\$23,000
Other Material & Equipment		469			\$45,000	\$45,000
Subtotal					\$773,500	\$773,500

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL
NAME: **OGX RESOURCES LLC**
By: 
Title: **ENGINEERING MANAGER**
Date: 28-Jan-11

PARTICIPANT APPROVAL
NAME: _____
By: _____
Title: _____
Date: _____
WI%: _____
Oil Conservation Division
Case No. 414639
Exhibit No. _____