Original AFE No. 0012012 | Diamondback Resources LLC | Type AFE: Drill and Complete | Completed $8,119,654

Date: 8/15/2012

AFE Form 1.3

Lease/Well Name	Mongoose # 1H		
Location:		County/Parish:	Lea
Field/Prospect		State:	New Mexico
Objective:	Third Bone Springs	Proposed TD	15007' Pilot Hole 11,000'
Other Potential Formation	Second Bone Springs	Acres in Unit	160.00

Drill and Complete a horizontal Oilwell in the Third Bone Springs sand

INTANGIBLE COSTS		Drill Vertical Wellbore	Completed	TOTAL
	DAYS	30	15	45
Title/Permit/Survey		$ 5,000.00	$ -	$ 5,000.00
Road, Location and Damages / Cellar, Rat hole and Mouse hole		$ 160,000.00	$ 10,000.00	$ 170,000.00
	Vertical			
Contract Drilling - Daywork	$ 20,000	$ 600,000.00	$ -	$ 600,000.00
Drilling Mobilization/Demobilization		$ 175,000.00	$ -	$ 175,000.00
MIRU Drilling Rig	10 days 14,000	$ 140,000.00	$ -	$ 140,000.00
		$ -	$ -	$ -
Corrosion for Drillpipe		$ 2,600.00	$ -	$ 2,600.00
BOP nipple up and test		$ 12,500.00	$ -	$ 12,500.00
Fuel for Rig	3.87 $/gal 1,200 gpd	$ 139,320.00	$ -	$ 139,320.00
Drill Bits (Purchase + Rental)	Halliburton	$ 83,286.25	$ -	$ 83,286.25
Disposal		$ 22,550.00	$ -	$ 22,550.00
Drilling Mud	$60,000 ADF + Clear seal $ 16,500	$ 85,276.00	$ -	$ 85,276.00
Drilling Water		$ 100,000.00		$ 100,000.00
Cement, Float Equipment & Cement Services		$ 254,762.27		$ 254,762.27
Mud Log	20 days @ $ $ 2,675.00 per day	$ 53,500.00	$ -	$ 53,500.00
Openhole Logging		$ 42,500.00	$ -	$ 42,500.00
Casedhole Logs.	Bond log Ultra Sonic Imager Cement	$ -	$ 54,724.70	$ 54,724.70
Frac Water & Water Transfer		$ -	$ 152,000.00	$ 152,000.00
Fracturing, Acidizing & Formation Treating		$ -	$ 3,000,000.00	$ 3,000,000.00
Surface Rentals		$ 80,975.00	$ -	$ 80,975.00
Cuttings tracks, bins and disposal.	25 days @ $5,500 $/day	$ 137,500.00	$ -	$ 137,500.00
Misc. Phone, Trailer, Other Rent	35 days @ $2,575 $/day	$ 90,125.00	$ -	$ 90,125.00
Pason	25 days @ $560 $/day	$ 16,800.00	$ -	$ 16,800.00
Sub Surface Rental Tools	25 days @ $5,500 $/day	$ 137,500.00		$ 137,500.00
Rental Fluid Tanks		$ 23,625.00	$ 51,125.00	$ 74,750.00
Directional Drilling	18 days @ $16,100 $/day	$ 289,800.00	$ -	$ 289,800.00
Casing Crews, PU, LD		$ 50,000.00	$ -	$ 50,000.00
DC's,HW, Stabs, Pony C's	630 ft $ 3.00 $/ft	$ 1,890.00	$ -	$ 1,890.00
Repairs on Drill Pipe/String	14800 ft. $ 5.00 $/ft	$ 74,000.00	$ -	$ 74,000.00
		$ -	$ -	$ -
Drilling Consulting	30 man days @ $ 3425 day rate	$ 102,750.00	$ -	$ 102,750.00
Completion Consulting	20 days @ $ 3200 day rate	$ -	$ 64,000.00	$ 64,000.00
Welding		$ 5,000.00	$ 7,500.00	$ 12,500.00
BOP/RCD Testing		$ 15,000.00		$ 15,000.00
Freight/Trucking/Transportation		$ 80,000.00	$ 45,000.00	$ 125,000.00
Water Disposal		$ -	$ 157,000.00	$ 157,000.00
Coil tubing unit w/tools		$ -	$ 202,000.00	$ 202,000.00
Completion BOP	10.00 days @ $ $ 325.00 day rate	$ -	$ 3,250.00	$ 3,250.00
Completion Unit (WO rig)	10.00 days @ $ $ 3,250.00 day rate	$ -	$ 32,500.00	$ 32,500.00
Well Control Insurance		$ 20,000.00	$ -	$ 20,000.00
Operator Overhead Fee (see JOA)		$ 20,000.00	$ -	$ 20,000.00
Subtotal		$ 3,021,259.52	$ 3,779,099.70	$ 6,800,359.22
		$ -	$ -	$ -
TOTAL INTANGIBLE COSTS		$ 3,021,259.57	$ 3,779,099.70	$ 6,800,359.22

Lease/Well Name: Mongoose # 1H

TANGIBLE COSTS	Size	Footage	$/foot	DRILLING	COMPLETION	TOTAL
Cond. Pipe:	20"	180	$60.00	$ 10,800.00	$ -	$ 10,800.00
Surf. Casing	13.375 54.5 J-55 ST&C	1,900	$38.75	$ 73,625.00	$ -	$ 73,625.00
Int. Casing	9.625 36 J-55 ST&C	3,550	$26.90	$ 95,495.00	$ -	$ 95,495.00
Production Casing	5.5 #17 HCP-110 LT&C	14,775	$15.90	$ 234,922.50	$ -	$ 234,922.50
Prod Liner (Contingency)						$ -
Tubing		14,775	$6.00		$ 88,650.00	$ 88,650.00
Casing Crews, PU, LD				$ 42,000.00	$ -	$ 42,000.00
Valves & Fittings				$ -	$ 120,000.00	$ 120,000.00
Wellhead Equipment				$ 39,500.00		$ 39,500.00
Production Wellhead				$ 20,125.00	$ 19,721.05	$ 39,846.05
						$ -
Sucker Rods,BHP and Tubing Anchor				$ -	$ 61,450.00	$ 61,450.00
Pumping Unit & Primer Mover				$ -	$ 125,125.00	$ 125,125.00
Meter & Meter Run				$ -	$ 9,058.00	$ 9,058.00
Labor				$ 10,000.00	$ 55,000.00	$ 65,000.00
Tanks, (Walkways, Stairways etc)				$ -	$ 49,378.00	$ 49,378.00
FWKO				$ -	$ 25,000.00	$ 25,000.00
Separator/Heater-Treator				$ -	$ 43,750.00	$ 43,750.00
Flowlines				$ -	$ 25,000.00	$ 25,000.00
Subtotal				$ 526,467.50	$ 622,132.05	$ 1,148,599.55
Misc./Contingencies			1.00%	$ 5,264.68	$ 6,221.32	$ 11,486.00
TOTAL TANGIBLE COSTS			$	$ 531,732.18	$ 628,353.37	$ 1,160,085.55
TOTAL INTANGIBLE & TANGIBLE COSTS			$	$ 3,552,991.70	$ 4,407,453.07	$ 7,960,444.77
	Mechanical/Pricing Risk Factor		2%	$ 71,059.83	$ 88,149.06	$ 159,208.90
TOTAL WELL COSTS				$ 3,624,051.53	$ 4,495,602.13	$ 8,119,653.66

Diamondback Resources LLC

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Date Prepared 8/15/2012
Buddie Livingston

We approve:

_____ % Working Interest

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

Company: ______________________
By: ______________________

Printed Name: ______________________
Title: ______________________
Date: ______________________

Oil Conservation Division
Case No. 2
Exhibit No. 2