

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Skull Cap State Com #2H	PROSPECT NAME: Bulldog 717008
SHL: (Sec 32) 2590' FSL/1980' FEL	STATE & COUNTY: New Mexico, Lea
BHL: (Sec 5) 1650' FSL/1980' FEL	OBJECTIVE: Drill & Complete
FORMATION: Bone Spring	DEPTH: 18,850 +PH
LEGAL: Sec 32-24S-35E (32J-5J)	TVD: 12,423

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	11,000		11,000
Insurance	202	5,000	302	5,000
Damages/Right of Way	203	5,000	303	5,000
Survey/State Location	204	7,000	304	7,000
Location/Pits/Road Expense	205	90,000	305 25,000	115,000
Drilling / Completion Overhead	206	9,000	306	9,000
Turnkey Contract	207	0	307	0
Footage Contract	208	0	308	0
Daywork Contract	209	1,215,000	309	1,215,000
Directional Drilling Services	210	278,000	310	278,000
Fuel & Power	211	171,000	311 8,500	179,500
Water	212	45,000	312 700,000	745,000
Bits	213	65,000	313 12,000	107,000
Mud & Chemicals	214	279,000	314 21,250	300,250
Drill Stem Test	215	0	315	0
Coring & Analysis	216	0		0
Cement Surface	217	31,500		31,500
Cement Intermediate	218	58,500		58,500
Cement 2nd Intermediate/Production	218	135,000	319 97,000	232,000
Cement Squeeze & Other (Kickoff Plug)	220	45,000	320 0	45,000
Flot Equipment & Centralizers	221	14,000	321 23,000	37,000
Casing Crews & Equipment	222	30,000	322 30,000	60,000
Fishing Tools & Service	223	0	323	0
Geologic/Engineering	224	0	324	0
Contract Labor	225	10,000	325 200,000	210,000
Company Supervision	226	0	326	0
Contract Supervision	227	182,000	327 70,000	232,000
Testing Casing/Tubing	228	10,000	328	10,000
Mud Logging Unit	229	81,000	329	81,000
Logging	230	500,000	330	500,000
Perforating/Wireline Services	231	7,000	331 408,000	415,000
Stimulation/Treating		0	332 5,700,000	5,700,000
Completion Unit		0	333 125,000	125,000
Swabbing Unit		0	334	0
Rentals-Surface	235	178,000	335 275,000	453,000
Rentals-Subsurface	236	225,000	336 55,000	280,000
Trucking/Forklift/Rig Mobilization	237	200,000	337 25,000	225,000
Welding Services	238	5,000	338 5,000	10,000
Water Disposal	239	0	339 496,500	496,500
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	244	149,000	344 5,000	154,000
Miscellaneous	242	0	342	0
Contingency	243	74,000	343 50,000	124,000
TOTAL INTANGIBLES		4,105,000	8,331,250	12,436,250

TANGIBLE COSTS				
Surface Casing	401	17,000		17,000
Intermediate Casing	402	508,000	503	508,000
Production Casing		0	503 97,000	97,000
Tubing		0	504 65,000	65,000
Wellhead Equipment	405	24,000	505 34,000	58,000
Pumping Unit		0	506 103,500	103,500
Prime Mover		0	507	0
Rods		0	508 55,000	55,000
Pumps		0	509 36,000	36,000
Tanks		0	510 90,000	90,000
Flowlines		0	511 27,000	27,000
Heater Treater/Separator		0	512 54,000	54,000
Electrical System		0	513 36,000	36,000
Packers/Anchors/Hangers	414	60,000	514 96,000	156,000
Couplings/Fittings/Valves	415	0	515 135,000	135,000
Gas Compressors/Meters		0	516 7,290	7,290
Dehydrator		0	517	0
Injection Plant/CO2 Equipment		0	518	0
Miscellaneous	419	0	519	0
Contingency	420	13,000	520 50,000	63,000
TOTAL TANGIBLES		622,000	885,790	1,507,790
TOTAL WELL COSTS		4,727,000	9,217,040	13,944,040

COG Operating LLC

Date Prepared: 3/23/15

We approve: _____
% Working Interest

COG Operating LLC

By: Seth Wild / Ken LaFortune

Company: OGX Resources LLC
By: _____

Printed Name: _____
Title: _____
Date: _____

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

