

#1
COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

13,330' MD
8880VD

WELL NAME: Taurus Federal #1H PROSPECT NAME: Turkey Track
Surf. 330' FSL & 330' FWL COUNTY & STATE: CHAVES CO. NM
BHL 330' FSL & 330' FEL OBJECTIVE: 13,330' MD(8880' TVD) Wolfcamp Test
Section 10, T15S, R31E

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curtain/Permit	201	1,000		1,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Slake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	45,000	305	50,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 44:3 @ \$18000/day	209	748,000	309	799,000
Directional Drilling Services w/ LWD	210	384,000	310	384,000
Fuel & Power	211	210,000	311	220,000
Water	212	30,000	312	80,000
Bits	213	60,000	313	61,000
Mud & Chemicals	214	80,000	314	80,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	13,000		13,000
Cement Intermediate	218	30,000		30,000
Cement 2nd Intermediate 7"	218	40,000	319	40,000
Cement Squeeze & Other (Kickoff Plug)	220	25,000	320	25,000
Float Equipment & Centralizers	221	7,000	321	7,000
Casing Crews & Equipment	222	15,000	322	25,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	56,400	327	70,400
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	35,000	329	35,000
Logging	230	55,000	330	55,000
Perforating/Wireline Services	231	5,000	331	12,500
Stimulation/Treating			332	750,000
Completion Unit			333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	80,000	335	126,000
Rentals-Subsurface	236	45,000	336	55,000
Trucking/Forklift/Rig Mobilization	237	100,000	337	115,000
Welding Services	238	2,500	338	4,000
Water Disposal	238	15,000	339	30,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	
Closed Loop & Environmental	244	100,000	344	100,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	225,790	343	331,940
TOTAL INTANGIBLES		2,483,690	1,167,650	3,651,340

TANGIBLE COSTS				
Surface Casing 500' 13 3/8"	401	32,000		32,000
Intermediate Casing 4000' 9 5/8", 8500'-7"	402	619,500		619,500
Production Casing/Linear, 5500'-4 1/2"			503	115,500
Tubing 8200' 2 7/8"			504	93,500
Wellhead Equipment	405	10,000	505	8,000
Pumping Unit			508	85,000
Prime Mover			507	30,000
Rods			508	20,000
Pumps			509	3,500
Tanks			510	25,000
Flowlines			511	1,000
Heater Treater/Separator			512	10,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	200,000
Couplings/Fittings/Valves	415	2,000	515	13,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	66,450	520	60,950
TOTAL TANGIBLES		730,950	670,450	1,401,400
TOTAL WELL COSTS		3,214,640	1,838,100	5,052,740

COG Operating LLC

By: J. Coffman / M. Corsor

Date Prepared: 8/19/08

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.

Nov 13

Depth?

total -