

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Corazon State Unit 4 #4H
SHL: 330' FNL & 330' FWL
BHL: 330' FSL & 380' FWL
Sect 4 T21S R33E

PROSPECT NAME: ZUES 2133 #717079
COUNTY & STATE: Lea County, NM
OBJECTIVE: 3rd BSS @ 10,300' TVD / 17,000' MD
COMMENTS: with Deep PH

INTANGIBLE COSTS		BCP		ACP		TOTAL
Title/Curative/Permit	201	10,000				10,000
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	80,000	305	25,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207	0	307			0
Footage Contract	208	0	308			0
Daywork Contract (40days f/spud-ris @ \$15000)	209	600,000	309			600,000
Directional Drilling Services	210	220,000	310			220,000
Fuel & Power	211	210,000	311			210,000
Water	212	50,000	312	125,000		175,000
Bits	213	125,000	313	2,000		127,000
Mud & Chemicals	214	75,000	314			75,000
Drill Stem Test	215	0	315			0
Coring & Analysis	216	0				0
Cement Surface	217	25,000				25,000
Cement Intermediate	218	50,000				50,000
Cement 2nd Intermediate 7"	218		319	130,000		130,000
Cement Squeeze & Other (Kickoff Plug)	220	30,000	320			30,000
Float Equipment & Centralizers	221	15,000	321	40,000		55,000
Casing Crews & Equipment	222	20,000	322	25,000		45,000
Fishing Tools & Service	223	0	323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	50,000		60,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	39,000	327	12,000		51,000
Testing Casing/Tubing	228	7,000	328			7,000
Mud Logging Unit (logging f/33 days)	229	33,000	329			33,000
Logging	230	75,000	330			75,000
Perforating/Wireline Services	231	15,000	331	145,000		160,000
Stimulation/Treating		0	332	2,578,000		2,578,000
Completion Unit		0	333	202,000		202,000
Swabbing Unit		0	334			0
Rentals-Surface	235	80,000	335	275,000		355,000
Rentals-Subsurface	236	70,000	336	55,000		125,000
Trucking/Forklift/Rig Mobilization	237	80,000	337	35,000		115,000
Welding Services	238	3,000	338	7,500		10,500
Water Disposal	239	0	339	182,000		182,000
Plug to Abandon	240	0	340			0
Seismic Analysis	241	0	341			0
Closed Loop & Environmental	244	200,000	344	10,000		210,000
Miscellaneous	242	5,000	342			5,000
Contingency	243	110,000	343	196,500		306,500
TOTAL INTANGIBLES		2,294,000		4,099,000		6,393,000

TANGIBLE COSTS						
Surface Casing (2000' 13 3/8")	401	84,000				84,000
Intermediate Casing(4000' 9 5/8")	402	112,000	503			112,000
Production Casing (14,700' 5 1/2")		0	503	250,000		250,000
Tubing		0	504	65,000		65,000
Wellhead Equipment	405	18,000	505	18,000		36,000
Pumping Unit		0	506	97,000		97,000
Prime Mover		0	507	20,000		20,000
Rods		0	508	55,000		55,000
Pumps		0	509	4,500		4,500
Tanks		0	510	25,000		25,000
Flowlines		0	511	20,000		20,000
Heater Treater/Separator		0	512	25,000		25,000
Electrical System		0	513			0
Packers/Anchors/Hangers	414	0	514	1,200		1,200
Couplings/Fittings/Valves	415	0	515	100,000		100,000
Gas Compressors/Meters		0	516	8,100		8,100
Dehydrator		0	517			0
Injection Plan/CO2 Equipment		0	518			0
Miscellaneous	419	0	519			0
Contingency	420	22,000	520	69,200		91,200
TOTAL TANGIBLES		236,000		758,000		994,000
TOTAL WELL COSTS		2,530,000		4,857,000		7,387,000

COG Operating LLC

Date Prepared: 4/13/11

We approve:
_____% Working Interest

Prepared By:

Company:

Matt Corser / Seth Wild

By:

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing
of the actual costs incurred.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14619 Exhibit No. 2
Submitted by:
COG OPERATING, LLC
Hearing Date: April 14, 2011