

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 9/10/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: COPPERHEAD 30 FEE #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 480' FNL & 480' FEL / SEC.30-T26S-R29E
BNL: 3300' FNL & 330' FWL, SEC. 30, T26S, R29E

Oil: XX GAS
Proposed Depth: 7160 TVD / 11,617' 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	\$65,000		\$10,000	\$75,000
Cement and Cementing Services		473	\$55,000		\$80,000	\$135,000
Mud Logging		474	\$35,000		\$0	\$35,000
Mud Materials, Chemical & Water		475	\$65,000		\$165,000	\$230,000
Logging and Sidewall Coring		478	\$35,000		\$5,000	\$40,000
Perforating		479	\$0		\$70,000	\$70,000
Stimulation		480	\$0		\$3,000,000	\$3,000,000
Formation Testing		482	\$0		\$32,000	\$32,000
Testing Tubular Goods		484	\$0		\$5,500	\$5,500
Tool Rental DOWNHOLE		488	\$40,000		\$3,500	\$43,500
Tool Rental INCLUDES CLOSED MUD SYSTEM		488	\$162,500			\$162,500
Drilling Footage		489	\$0		\$0	\$0
Drilling Day Work		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		\$100,000	\$112,000
Directional Drilling		511	\$130,000		\$0	\$130,000
Completion Unit		528	\$0		\$56,000	\$56,000
Fuel & Power		539	\$120,000		\$0	\$120,000
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	\$95,880		\$290,960	\$386,840
Subtotal			\$1,294,380		\$3,927,960	\$5,222,340

DEVELOPMENTAL LWE "DRILLING"

Surface Casing 13 3/8 @ 525'	727	441	\$19,540	727	\$0	\$19,540
Conductor Pipe		442	\$9,500		\$0	\$9,500
Intermediate Casing 8 5/8" @ 2750'		443	\$58,300		\$0	\$58,300
Production Casing 5 1/2" @ 11,700'		443	\$0		\$220,000	\$220,000
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			\$122,340		\$332,500	\$454,840

ONSHORE FACILITIES

Location, Pits, Roads	745	472			\$45,000	\$45,000
Contract Services & Equip		510			\$25,000	\$25,000
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					\$84,500	\$84,500

ONSHORE FACILITIES

Misc Valves & Fittings	746	153			\$35,000	\$35,000
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			\$35,000	\$35,000
Bottom Hole Pump		454			\$8,000	\$8,000
Field Lines		456			\$7,500	\$7,500
Tanks, Stairs, Walkways, etc.		457			\$38,000	\$38,000
Separator & Fittings		458			\$10,500	\$10,500
Heaters, Treaters & Connections		459			\$12,000	\$12,000
Power & Circulating Pumps		460			\$2,500	\$2,500
Meters		463			\$23,000	\$23,000
Other Material & Equipment		469			\$45,000	\$45,000
Subtotal					\$366,500	\$366,500

TOTAL WELL COST: 1,416,720 4,711,460 6,128,180

COMPANY APPROVAL
NAME: OGX RESOURCES, LLC
By: 
Title: ENGINEERING MANAGER
Date: Sept. 10 2011

PARTICIPANT APPROVAL
NAME: _____
By: _____
Title: _____
Date: _____
Wf%: _____

Oil Conservation Commission
Case No. 2
Exhibit No.