COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME:	LAJITAS BWQ STATE COM #1H	PROSPECT NAME:	
SHL:	660' FSL & 2440' FEL (Sec. 26)	STATE & COUNTY:	New Mexico, Eddy
BHL:	660' FSL & 50' FEL (Sec. 25)	OBJECTIVE:	Drill & Complete
FORMATION:	2BBS	DEPTH:	14,400
LEGAL:	Sec. 26 & 25, T18S-R28E	TVD:	7,385

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	11,000			11,000
Insurance	202	4,000	302		4,000
Damages/Right of Way	203	5,000	303		5,000
Survey/Stake Location	204	6,000	304		6,000
Location/Pits/Road Expense	205	120,000	305	112,000	232,000
Drilling / Completion Overhead	206	8,000	306		8,000
Turnkey Contract	207	0	307		0
Footage Contract	208	0	308		0
Daywork Contract	209	455,000	309		455,000
Directional Drilling Services	210	136,000	310		136,000
Fuel & Power	211	41,000	311	5,000	46,000
Water	212	57,000	312	876,000	933,000
Bits	213	71,000	313	7,800	78,800
Mud & Chemicals	214	55,575	314	10,000	65,575
Drill Stem Test	215	0	315		0
Coring & Analysis	216	0			0
Cement Surface	217	24,700			24,700
Cement Intermediate	218	45,000			45,000
Cement 2nd Intermediate/Production	218	0	319	99,750	99,750
Cement Squeeze & Other (Kickoff Plug)	220	0	320		0
Float Equipment & Centralizers	221	25,000	321	8,000	33,000
Casing Crews & Equipment	222	15,000	322	19,000	34,000
Fishing Tools & Service	223	0	323		0
Geologic/Engineering	224	0	324		0
Contract Labor	225	5,500	325	154,000	159,500
Company Supervision	226	0	326	30,000	30,000
Contract Supervision	227	74,000	327	85,000	159,000
Testing Casing/Tubing	228	10,000	328	10,000	20,000
Mud Logging Unit	229	17,000	329		17,000
Logging	230	0	330		0
Perforating/Wireline Services	231	4,000	331	265,000	269,000
Stimulation/Treating		0	332	2,600,000	2,600,000
Completion Unit		0	333	70,000	70,000
Swabbing Unit		0	334		0
Rentals-Surface	235	66,000	335	270,000	336,000
Rentals-Subsurface	236	80,000	336		80,000
Trucking/Forklift/Rig Mobilization	237	110,000	337	45,000	155,000
Welding Services	238	4,000	338	5,000	9,000
Water Disposal	239	0	339	726,000	726,000
Plug to Abandon	240	0	340		0
Seismic Analysis	241	0	341		0
Closed Loop & Environmental	244	148,000	344	5,000	153,000
Miscellaneous	242	0	342		0
Contingency	243	32,000	343	167,027	199,027
TOTAL INTANGIBLES		1,629,775		5,569,577	7,199,352

TANGIBLE COSTS					
Surface Casing	401	22,000			22,000
Intermediate Casing	402	85,000	503		85,000
Production Casing		0	503	238,000	238,000
Tubing		0	504	35,000	35,000
Wellhead Equipment	405	22,000	505	12,000	34,000
Pumping Unit		0	506	100,470	100,470
Prime Mover		0	507		0
Rods		0	508	40,000	40,000
Pumps		0	509	58,000	58,000
Tanks		0	510	28,976	28,976
Flowlines		0	511	50,797	50,797
Heater Treater/Separator		0	512	97,593	97,593
Electrical System		0	513	73,003	73,003
Packers/Anchors/Hangers	414	0	514	0	0
Couplings/Fittings/Valves	415	0	515	228,654	228,654
Gas Compressors/Meters		0	516	2,135	2,135
Dehydrator		0	517		0
Injection Plant/CO2 Equipment		0	518		0
Miscellaneous	419	0	519	46,347	46,347
Contingency	420	0	520	0	0
TOTAL TANGIBLES		129,000		1,010,975	1,139,975
TOTAL WELL COSTS		1,759,000		6,580,552	8,339,552

COG Operating LLC

Date Prepared: 4.20.2016

COG Operating LLC

We approve:
_____% Working Interest

By: D. Daley / K. LaFortune

LR

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.

OCD Case No. 15500

COG OPERATING
Exhibit # 7