

COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Operator: OGX Resources, LLC AFE No.: _____ Date: _____
Lease & Well No.: CNB #1 Purpose: Recomplete in the Morrow formation
Field or Area: Malaga (Morrow)
Location: 1780' FSL & 660' FWL, Sec 11, T-24-S, R-28-E
County: Eddy State: New Mexico Projected TD: 12,790'
Spud Date Requirement: _____ Classification: Exploratory - Gas

Description: _____

	ESTIMATED GROSS COST			Remarks
	Drilling	Completion	Total	
Tangible Lease & Well Equipment				
1. Surface Csg. & Cond.			\$0	
2. Inter. Csg. & Lnr.			\$0	
3. Production Csg. & Lnr.			\$0	
4. Tubing		\$10,000	\$10,000	replacement tubing
5. Wellhead Equipment		\$10,000	\$10,000	Repair tree
6. Flow Line			\$0	
7. Process & Storage Equip.			\$0	
8. Artificial Lift Equip.			\$0	
9. Power Supply Equipment			\$0	
10. Packers, Anchors, Misc.		\$8,000	\$8,000	
Total Lease & Well Equip.	\$0	\$28,000	\$28,000	
Intangibles				
1. a. Footage			\$0	
b. Mobilization			\$0	
c. Daywork			\$0	
d. Service Rig - Compl.		\$125,000	\$125,000	25 Days @ \$5,000 per day
e. Fuel & Water		\$8,000	\$8,000	
f. Mud & Chemicals			\$0	
g. Mud Cond., Monitor, Safety			\$0	
h. Directional Drilling Charges			\$0	
2. a. Supervision - Incl. Overhead		\$20,000	\$20,000	
b. Geol., Mud Log, Core Anal.			\$0	
c. Well Surveys			\$0	
d. Drill Stem Tests & FT's			\$0	
e. Coring Equipment & SWC			\$0	
3. a. Cement & Service		\$40,000	\$40,000	Squeeze cementing
b. Float Equipment & Liner Hangers			\$0	
c. Welding			\$0	
d. Casing Crews & Lay Down Equip.			\$0	
4. a. Perforating		\$18,000	\$18,000	Perf lower and upper Morrow
b. Other Wireline Services		\$15,000	\$15,000	Run CBL-CCL-GR log & set CIBP w/ cement
c. Acidizing & Service		\$60,000	\$60,000	Two acid jobs
d. Fracturing & Service		\$300,000	\$300,000	two frac jobs
5. a. Location & Roads			\$0	
b. Transportation & Freight		\$15,000	\$15,000	Coil tubing unit to pull coil tubing
c. Roustabout Labor			\$0	
6. a. Tubular Inspections		\$5,000	\$5,000	inspection & repair to rental pipe
b. Bits & Downhole Drilling Tools		\$15,000	\$15,000	reverse unit, power swivel, bits, mills, etc.
c. Other Rental Tools		\$25,000	\$25,000	rental tubing for frac
d. Contingency and Misc.		\$64,000	\$64,000	10% contingency
Total Intangibles	\$0	\$710,000	\$710,000	
Total	\$0	\$738,000	\$738,000	

GRAND TOTAL \$738,000

Prepared by: Brian P. Ramey

APPROVALS	
Operator	Date
Non-Operator	Date

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 13746 Exhibit No. 6
Submitted By:
OGX Resources LLC
Hearing Date: July 20, 2006