

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 9/10/10

OGX AFE No.:
AFE Title: Delaware Horizontal
Well Name & No.: GOLDENEYE 18 FED COM #1H

Field: COTTON DRAW - DELAWARE Est
County: LEA

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: DELAWARE/BRUSHY CANYON
Description: SEC.18 T24S - R32E
SL: 330' FSL & 660' FWL BHL: 330' FNL & 660' FWL

Oil: XX GAS
Proposed Depth: 8500'TVD / 12820' 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	\$30,000		\$38,000	\$68,000
Mud Logging		474	\$36,000		\$0	\$36,000
Mud Materials, Chemical & Water		475	\$75,000		\$75,000	\$150,000
Logging and Sidewall Coring		478	\$38,000		\$3,000	\$41,000
Perforating		479	\$0		\$35,000	\$35,000
Stimulation		480	\$0		\$425,000	\$425,000
Formation Testing		482	\$0		\$25,000	\$25,000
Testing Tubular Goods		484	\$0		\$2,500	\$2,500
Tool Rental DOWNHOLE		488	\$25,000		\$3,500	\$28,500
Tool Rental INCLUDES CLOSED MUD SYSTEM		488	\$171,000			\$171,000
Drilling Footage		489	\$0		\$0	\$0
Drilling Day Work 30 days		490	\$364,500		\$40,500	\$405,000
Float Equipment		491	\$5,500		\$15,000	\$20,500
Bits, Core Barrells, etc.		492	\$58,000		\$750	\$58,750
Waste Disposal & Solids Control		494	\$75,000		\$40,000	\$115,000
Contract Services & Equip		510	\$12,000		\$20,000	\$32,000
Directional Drilling		511	\$138,000		\$0	\$138,000
Completion Unit		528	\$0		\$42,000	\$42,000
Fuel & Power		539	\$110,000		\$9,000	\$119,000
Surface Rentals		545	\$100,000		\$8,500	\$108,500
Company Supervision		501	\$35,000		\$20,000	\$55,000
Miscellaneous & Contingencies	8%	599	\$112,240		\$65,020	\$177,260
Subtotal			\$1,515,240		\$877,770	\$2,393,010

DEVELOPMENTAL LWE "DRILLING"

Surface Casing 13 3/8 @ 820'	727	441	\$30,640	727	\$0	\$30,640
Conductor Pipe		442	\$6,500		\$0	\$6,500
Intermediate Casing 8 5/8" @ 4500'		443	\$103,500		\$0	\$103,500
Production Casing 5 1/2" @ 12,900'		443	\$0		\$222,525	\$222,525
Drilling Liner		450	\$0		\$0	\$0
Production Liner		460	\$0		\$0	\$0
Casing Head		445	\$34,000		\$27,000	\$61,000
X-Mas Tree		446	\$0		\$12,000	\$12,000
Completion Equipment		447	\$0		\$5,000	\$5,000
Retrievable Packers		448	\$0		\$5,000	\$5,000
Tubing		449	\$0		\$43,000	\$43,000
Other Material & Equipment		469	\$1,000		\$1,500	\$2,500
Subtotal			\$175,640		\$316,025	\$491,665

ONSHORE FACILITIES

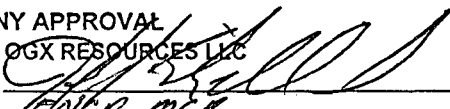
Location, Pits, Roads	745	472			\$5,000	\$5,000
Contract Services & Equip		510			\$25,000	\$25,000
Engineering Surveys		516			\$5,000	\$5,000
Auto & Truck Expense		545			\$1,000	\$1,000
Welding Services		566			\$7,500	\$7,500
Instal Elect/Pneu System		567			\$0	\$0
Painting Service		568			\$0	\$0
Miscellaneous & Contingencies		599			\$1,500	\$1,500
Subtotal					\$45,000	\$45,000

ONSHORE FACILITIES

Misc Valves & Fittings	746	153			\$44,000	\$44,000
Corrosion or Chemical Treating Equip		438			\$10,000	\$10,000
Pumping Equipment		451			\$120,000	\$120,000
Gas Engines & Electric Motors		452			\$25,000	\$25,000
Electric Lines, Poles, Transformers, etc.		453			\$4,500	\$4,500
Bottom Hole Pump		454			\$6,500	\$6,500
Field Lines		456			\$7,500	\$7,500
Tanks, Stairs, Walkways, etc.		457			\$40,000	\$40,000
Separator & Fittings		458			\$10,500	\$10,500
Heaters, Treaters & Connections		459			\$12,000	\$12,000
Power & Circulating Pumps		460			\$1,200	\$1,200
Meters		463			\$23,000	\$23,000
Other Material & Equipment		469			\$35,000	\$35,000
Subtotal					\$339,200	\$339,200

TOTAL WELL COST: 1,690,880 1,577,995 3,268,875

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: GENERAL MGR
Date: 9/17/10

PARTICIPANT APPROVAL

NAME: Oil Conservation Division
By: Case No. 14578
Title: 3
Date: Exhibit No. 3
WI%: ---