CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

BTA OIL PRODUCERS, LLC
104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

February 11, 2019

In re: BTA – Ogden 20509 32-29 Fed Com #5H
W/2 Section 29 & NW/4 of Section 32-T23S-R28E
Eddy County, New Mexico

Marathon Oil Company
5555 San Felipe Street
Houston, TX 77056

Attention: Chase Rice

Mr. Rice:

Pursuant to Order R-20368, BTA Oil Producers, LLC ("BTA") hereby provides the enclosed itemized schedule of estimated costs of drilling, completing and equipping the Ogden 20509 32-29 Fed Com #5H well ("the Ogden #5H"). Records indicate that Marathon Oil Permian LLC ("Marathon") owns a 29.6875% working interest in the above described lands. Enclosed for your review and approval are two (2) original AFE(s) to drill and complete the Ogden #5H. Please note that the Ogden #5H is a horizontal well and there will not be a casing point election. The election to participate in drilling the Ogden #5H is also an election to participate in the completion of the Ogden #5H.

Should Marathon elect to participate in the drilling of the Ogden #5H, please so indicate in the space provided below and return one (1) executed copy of this letter to the undersigned along with one (1) executed copy of the AFE within 30 days from receipt of this letter.

Should you have any questions or wish to discuss, please call me at (432) 682-3753.

Respectfully,

Ashley Beal

Ashley Beal, RPL
Landman

________ Marathon hereby elects to participate in the drilling and completion of the proposed Ogden 20509 32-29 Fed Com #5H well

________ Marathon hereby elects NOT to participate in the drilling and completion of the proposed Ogden 20509 32-29 Fed Com #5H well

Working Interest Owner:

Marathon Oil Permian LLC

By:____________________________________

Title:__________________________________

Date:__________________________________

cc: Gabe Wade
State of New Mexico
1220 South St. Francis Drive
Santa Fe, NM 87505

Revised AFE 02/08/19

BTA OIL PRODUCERS, LLC
WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name:	*Ogden 20509 32-29 Fed Com #5H* *4-1/2" production liner* *1.5 mile*	*Total Depth:*	*9,450' TVD* *17,142' MD*
Location:	*SHL: 2472' FNL 1357 FWL Sec 32 23S 28E* *BHL: 200' FNL 1980 FWL Sec 29 23S 28E, Eddy County, NM*	*Formation:*	*Wolfcamp Sand*
Date Prepared:	*2/1/18*		

		DRY	CASED HOLE	COMPLETION	[illegible]
INTANGIBLE COSTS					
FORMATION EVALUATION		$	$	$	$
LOGS		5,000		7,200	12,200
CORES					0
DST					0
LOCATION & ACCESS					0
SURVEY & STAKE		5,000			5,000
DAMAGES		10,000			10,000
ROAD & LOCATION		58,000		100,000	158,000
OTHER LOCATION		110,000			110,000
DRILLING RIG					0
MOBILIZATION		60,000			60,000
DAYWORK		409,500	78,000		487,500
FOOTAGE					0
TURNKEY					0
DRILLING SUPPLIES					0
BITS		60,000			60,000
BHA		25,000		50,000	75,000
FUEL		89,775	18,000		107,775
OTHER SUPPLIES					0
MUD RELATED					0
MUD PURCHASE		90,000	5,000		95,000
MUD RENTAL					0
FRESH WATER		25,000	5,000	520,000	550,000
BRINE		20,000			20,000
SOLIDS CONTROL	(Centrifuge)	26,565	9,000		35,565
MUD MONITOR		18,000	1,000		19,000
MUD RELATED OTHER		8,000			8,000
DRILLING SERVICES					0
BOP RELATED		15,000	4,000		19,000
CASING RELATED		15,000	45,000		60,000
WELDING		8,000	2,000		10,000
TRUCKING		25,000	10,000	30,000	65,000
RENTAL EQUIP.		45,000	10,000	230,000	285,000
OTHER SERVICES	(Direction/GR Services)	199,500			199,500
CEMENT					0
CASING CEMENTING		120,000	80,000		200,000
OTHER CEMENTING				150,000	150,000
CONTRACT SERVICES					0
ENGINEERING		8,000			8,000
GEOLOGICAL		20,000			20,000
ROUSTABOUT		8,000		5,000	13,000
WELLSITE SUPERVISION		43,470	14,400	50,000	107,870
OTHER CONTRACT SERV.		5,000			5,000
COMPLETION SERVICES					0
PULLING UNIT				20,000	20,000
DRILLING RIG					0
PERFORATE				240,000	240,000
STIMULATION				3,400,000	3,400,000
OTHER COMPL. SERV.				180,000	180,000
OVERHEAD					0
DRLG & ADMIN.		10,000		4,600	14,600
TOTAL INTANGIBLE COSTS		$ 1,541,810	$ 281,400	$ 4,986,800	$ 6,810,010
TANGIBLE COSTS					
TUBULARS					
SURFACE CASING	(13 3/8" @ 450')	16,000			16,000
INTERMEDIATE CSG	(9 5/8" @ 2,600')	78,000			78,000
DRLG LINER & HANGER					0
PRODUCTION CSG	7" @10100	236,000			236,000
PROD LINER & HNGR	4-1/2" @ TD (8000')		90,000		90,000
OTHER TUBULARS					0
WELL EQUIPMENT					0
WELL HEAD		22,000	10,000	45,000	77,000
FLOWLINE				10,000	10,000
TUBING				50,000	50,000
RODS					0
PUMPS					0
PUMPING UNIT					0
SUBSURFACE EQUIP				25,000	25,000
OTHER WELL EQUIP			90,000	3,000	93,000
LEASE EQUIPMENT					0
TANKS					0
SEPARATORS					0
HEATER TREATER					0
PUMPS					0
ELECTRICAL SYSTEM				5,000	5,000
METERS					0
CONNECTORS					0
LACT EQUIP					0
OTHER LEASE EQUIP				362,500	362,500
SUBTOTAL - TANGIBLES		350,000	190,000	500,500	1,040,500
SYSTEMS					
GAS LINE TANGIBLES				0	0
GAS LINE INTANGIBLES				0	0
COMPRESSOR				-	0
GAS PLANT TANGIBLES				-	0
GAS PLANT INTANGIBLES				-	0
DEHYDRATOR				-	0
SUBTOTAL - SYSTEMS		0	0	0	0
TOTAL TANGIBLE COSTS		350,000	190,000	500,500	$ 1,040,500
GENERAL CONTINGENCIES		113,509	28,284	329,238	471,031
TOTALS BY PHASE		$ 2,005,319	$ 499,684	$ 5,816,538	$ 8,321,541
CUMULATIVE WELL COSTS		$ 2,005,319	$ 2,505,003	$ 8,321,541	

APPROVED BY: ______________________________

COMPANY: ______________________________

DATE: ______________________________

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