

**RSC Resources, L.P.**  
**6824 Island Cir.**  
**Midland, Tx 79707**

**Guardian Operating Corp.**  
**Guardian\_op@yahoo.com**  
**432-553-1849** RECEIVED OCD

2013 NOV -5 P 2: 24  
October 31, 2013

New Mexico Oil Conservation Division  
Attn: Examiner Richard I. Ezeanyim  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

*Case 14933*

**RE: Guitar 10 No. 1 Itemized Schedule  
of Estimated Costs Under  
NMOCD Pooling Order No. 13667  
660' FNL & 2310' FEL  
Sec 10-24S-28E: N2 Spacing Unit  
Eddy County, NM**

Gentlemen,

On December 17, 2012, the NMOCD entered Order No. R-13667 pooling the uncommitted interests on the above referenced well. The Order requires that each known pooled working interest owner be furnished an itemized schedule of estimated costs of re-entering, completing, and equipping the well. The Order states each pooled interest shall have the right to pay its share of the estimated costs within 30 days of receipt of the schedule.

Please find the enclosed itemized schedule of actual costs in the amount of \$1,451,000.00.

Also, a copy of this letter, the Order, and the cost schedule has been sent to the known pooled working interests on the enclosed list by certified mail.

Please contact the undersigned with any questions.

Best Regards,



Randall Cate  
President

# Guardian Operating Corp.

## AUTHORITY FOR EXPENDITURE ESTIMATED WORKOVER COSTS - REVISED

PAGE 1 of 1

<b>OPERATOR</b> <b>Guardian Operating Corp.</b> <b>WELL NAME AND NUMBER</b> <b>Guitar 10 #1</b> <b>LOCATION</b> <b>660' FNL &amp; 2310' FEL</b> <b>PROJECT DESCRIPTION AND LOCATION</b> <b>Re-enter the Guitar 10 #1 to the Wolfcamp, fracture stimulate</b>	<b>AFE #</b> <b>1</b>	<b>DATE</b> <b>1/24/2013</b> <b>FIELD OR PROSPECT</b> <b>Malaga</b> <table style="width: 100%;"> <tr> <td style="width: 33%;"><b>SECTION</b> <b>10</b></td> <td style="width: 33%;"><b>TWSHP</b> <b>24S</b></td> <td style="width: 33%;"><b>RANGE</b> <b>28E</b></td> </tr> <tr> <td colspan="2"><b>COUNTY</b> <b>Eddy</b></td> <td><b>STATE</b> <b>NM</b></td> </tr> <tr> <td colspan="2"><b>PROPOSED FORMATION</b> <b>Wolfcamp</b></td> <td><b>PROPOSED DEPTH (tvd/md)</b> <b>11,250'MD PBD</b></td> </tr> </table>	<b>SECTION</b> <b>10</b>	<b>TWSHP</b> <b>24S</b>	<b>RANGE</b> <b>28E</b>	<b>COUNTY</b> <b>Eddy</b>		<b>STATE</b> <b>NM</b>	<b>PROPOSED FORMATION</b> <b>Wolfcamp</b>		<b>PROPOSED DEPTH (tvd/md)</b> <b>11,250'MD PBD</b>
<b>SECTION</b> <b>10</b>	<b>TWSHP</b> <b>24S</b>	<b>RANGE</b> <b>28E</b>									
<b>COUNTY</b> <b>Eddy</b>		<b>STATE</b> <b>NM</b>									
<b>PROPOSED FORMATION</b> <b>Wolfcamp</b>		<b>PROPOSED DEPTH (tvd/md)</b> <b>11,250'MD PBD</b>									

INTANGIBLES			TOTAL
Completion Rig 20 days		\$80,000	\$80,000
Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$65,000	\$65,000
Transportation and Hauling		\$25,000	\$25,000
Fuel, Power, Water		\$30,000	\$30,000
Cmt, CIBP, retainer		\$45,000	\$45,000
Cased Hole logging, Perforating		\$30,000	\$30,000
Rental Equipment - Surface		\$20,000	\$20,000
Rental Equipment - Downhole, Bits		\$40,000	\$40,000
Other Well Services, NU/BOP, Casing Inspection		\$20,000	\$20,000
Overhead & Insurance		\$15,000	\$15,000
Supervision: Wellsite, Engineering, Geological, Consultants		\$20,000	\$20,000
Contract Services		\$20,000	\$20,000
Fluids Disposal		\$55,000	\$55,000
Environmental Charges		\$3,000	\$3,000
Stimulation Treatment		\$320,000	\$320,000
Frac Tank Rentals, trucking		\$45,000	\$45,000
Miscellaneous Costs, Tax and Contingencies		\$50,000	\$50,000
<b>TOTAL INTANGIBLES</b>		<b>\$883,000</b>	<b>\$883,000</b>

TANGIBLES (155 Accounts)						COMPLETION	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT		
Conductor					\$ -		
Surface					\$ 35.00		
Surface					\$ -		
Intermediate					\$ 28.00		
Intermediate					\$ -		
Liner					\$ 28.00		
Production	11000	5 1/2'	20#	P-110	\$13.00	\$143,000	\$143,000
Production					\$ -		
Tubing	11,000	2 7/8"	6.5	N80	\$ 7.00	\$77,000	\$77,000
Subsurface Well Equipment (Packers/Bottom Hole Pump)						\$8,000	\$8,000
Wellhead Equipment (Casing Head/Christmas Tree)						\$35,000	\$35,000
Gas Lift Equipment						\$110,000	\$110,000
Flowlines						\$5,000	\$5,000
Tanks						\$35,000	\$35,000
Sales Line Equipment						\$30,000	\$30,000
Separator-Prod. Equip.						\$30,000	\$30,000
Valves, Fittings etc.						\$20,000	\$20,000
Installation of Surface Lease Equipment						\$40,000	\$40,000
Other Lease & Well Equip.; Misc.						\$35,000	\$35,000
<b>TOTAL TANGIBLES</b>						<b>\$568,000</b>	<b>\$568,000</b>
<b>TOTAL WELL COSTS</b>						<b>\$1,451,000</b>	<b>\$1,451,000</b>
<b>ESTIMATED PROJECT COST</b>						<b>\$1,451,000</b>	<b>\$1,451,000</b>

Guardian Operating		Guardian Operating Corp. <b>\$1,451,000</b>
		BY: Randall Cate
<b>JOINT INTEREST SHARE</b>		
<b>COMPANY NAME/OWNER</b>	<b>Signature</b>	<b>DATE</b>
	BY:	

**POOLING LIST FOR  
RSC RESOURCES, L.P.,  
GUITAR 10-1**

**T-24-S, R-28-E, NMPM  
SECTION 10 : N2**

<b>MINERAL OWNERS</b>	<b>ADDRESS</b>	<b>NET TRACT AC</b>	<b>PERCENTAGE OWNERSHIP IN 320 UNIT</b>
MARTHA STRIBLING,	520 RANCHITO RD., NW, LOS RANCHOS DE ALBUQUERQUE, NM 87114	2.2	0.006875
M44TH LLC	UNKNOWN	1.204018	0.003762556
STEVE STRIBLING	C/o John Stribling, 520 RANCHITO RD., NW, LOS RANCHOS DE ALBUQUERQUE, NM 87114	1.204018	0.003762556
THOMAS B. STRIBLING, SR. TRUST, BY ANTHONY SALVATORE, SUCCESSOR TRUSTEE	UNKNOWN	3.61204	0.011287625
ConocoPhillips Company	600 N. Dairy Ashford Houston, TX 77079- 1175	48.61576	0.151924263
Devon Energy Production Company - MR. Ken Gray	333 West Sheridan Avenue Oklahoma City, OK 73102	6.2	0.019375
Gilberto Ruiz	UNKNOWN	2.5	0.0078125
Cecilio Ruiz	UNKNOWN	2.5	0.0078125