BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE:	7/25/2014, Amended SL 9/24/14	LEASE: Partition Federal	WELL #: 411	AFE #: 2372	
OPERATOR:	Burnett Oil Co., Inc.	LOCATION: Section 13, T17S, R31E		PROPERTY #:	
COUNTY/STATE:	Eddy County, NM	SL: Unit C, Sec 24, 50' FNL 1480' FWL, SEC 24, T17S, R31E		FED. LEASE #	NMLC029415B
PROSPECT/FIELD:	FREN (Glor. Yeso)	BHL: Unit C, Sec 13, 290' FNL 1670' FWL, T17S, R31E		FORMATION:	Blinebry
RECOMMENDATION	Drill & complete a horizontal well in the Upper Blinebry		TD. MD: 10,704'	TVD: 5,820'	

Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:

DRILL	COMPL			DRILL	COMPL.	TOTAL
5830.10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)		78,000	21,500	99,500
5830.15		LOCATION & ROADWAY RESTORATION		10,000		10,000
5830.23	5850.23	RIG MOVE-RIG UP, RIG DOWN		81,700	4,500	86,200
5830.20	5850.21	CONTRACT RATE-FTG/TURNKEY	FEET @ PER FOOT			0
5830.21	5850.21	CONTRACT RATE/DAYWORK	19 DAYS @ $15,000 PER DAY	285,000	0	285,000
	5850.20	COMPLETION, WORKOVER UNIT	19 DAYS @ $4,000 PER DAY		76,000	76,000
5830.26	5850.26	BITS AND STABILIZERS		49,900	2,500	52,400
5830.22	5850.22	FUEL, LUBRICANTS, WATER		108,700	0	108,700
5830.60	5850.60	TRUCKING AND TRANSPORTATION (Water)		45,700	15,000	60,200
5830.30	5850.30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL		93,000	0	93,000
5830.50	5850.50	PRIMARY CEMENTING (Incl. Equip.)	No KO plug	81,400	64,000	145,400
5830.50	5850.50	SQUEEZE CEMENTING				0
5830.44		CORING AND CORE ANALYSIS				0
5830.46		MUD LOGGING	17 DAYS @ $1,100 PER DAY	18,700		18,700
5830.42		DRILL STEM TESTING				0
5830.40		OPEN HOLE LOGGING		16,000		16,000
	5850.40	PERFORATING AND CASED HOLE LOGS			201,200	201,200
5830.76	5850.76	CASING CREWS, TONGS, HANDLING TOOLS		28,000	10,000	38,000
5830.24	5850.24	SURFACE EQUIPMENT RENTALS		69,700	143,700	213,400
5830.29	5850.29	DOWNHOLE EQUIPMENT RENTALS		2,500	62,800	65,300
5830.78	5850.76	MISCELLANEOUS LABOR		20,500	3,600	24,100
	5850.10	ACIDIZING			0	0
	5850.15	FRACTURING			1,649,900	1,649,900
	5850.65	WELL TESTING (FLWBCK, BHP, ETC)			0	0
	5850.78	CONTRACT LABOR				0
5830.37		DIRECTIONAL DRILLING		172,100		172,100
5830.27	5850.27	FISHING TOOLS AND SERVICES				0
5830.71	5850.71	SUPERVISION	20 DAYS @ $1,700 PER DAY	34,000	48,900	82,900
5830.72	5830.72	OPERATING OVERHEAD		7,300		7,300
5830.80	5850.80	OTHER / CONTINGENCIES	Drill 10.00% Completion 8.00%	117,400	185,900	303,300
5830.55		PLUGGING EXPENSE		8,000		8,000
5830.84	5850.84	INSURANCE		4,200		4,200
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:				$1,311,300	$2,509,500	3,820,800

TANGIBLE COSTS:

		FEET	SIZE "OD	WEIGHT / GRADE	$/FT	DRILL	COMPL.	TOTAL
840.10	CASING, DRIVE / CONDUCTOR	90	20"	included in Location Cost	0			0
840.10	CASING, SURFACE	500	13-3/8"	48# H-40 ST&C	33.4	16,700		16,700
840.15	CASING, PROTECTION/INTERMED	2000	9-5/8"	36# J-55 LT&C	27.85	55,700		55,700
860.10	CASING, PRODUCTION, LINERS, WRAP	10800	7" x 5-1/2"	23# L & 17# L-80 LT&C			237,700	237,700
840.15	CASING, LINER / HANGER					0	0	0
860.15	TUBING	6100	2-7/8"	6.5# J-55	5		30,500	30,500
840.20	WELL HEAD TO CASING POINT					8,000		8,000
860.20	CHRISTMAS TREE ASSEMBLY - COMPLETION						10,000	10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:						$80,400	$278,200	$358,600
TOTAL DRILLING AND COMPLETION COSTS:						$1,391,700	$2,787,700	$4,179,400

LEASE EQUIPMENT COSTS:

						DRILL	COMPL.	TOTAL
870.20	TANKS, HEATERS, TREATING FACILITIES							0
870.22	SEPARATOR & HEATER TREATER							0
870.23	COMPRESSOR & DEHYDRATOR							0
870.53	FLOW LINE AND INSTALLATION	3000	4" SDR-7, 4710 Poly	Poly Pipe	$ 10.00		30,000	30,000
870.25	PERM. IMPROVEMENTS (GATES, FENCES, ETC)							0
870.13	RODS	5600	3/4", 7/8" & 1"	Grade D	$ 4.50		26,100	26,100
870.15	SUBSURFACE PRODUCTION EQUIPMENT						9,900	9,900
870.10	PUMPING (SURFACE) UNIT & EQUIP						148,600	148,600
870.11	PUMP BASE & TIE DOWNS						6,000	6,000
870.14	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT						5,000	5,000
870.17	INSTALLATION COSTS						15,100	15,100
870.70	SUPERVISION							0
	OTHER						2,000	2,000
TOTAL LEASE EQUIPMENT COSTS:						$0	$242,700	$242,700

LEASEHOLD COSTS:

		DRILL	COMPL.	TOTAL
810.35	TITLE FEES	0		0
TOTAL LEASEHOLD COSTS:		$0	$0	$0
TOTAL WELL COST:	$4,422,100	$1,391,700	$3,030,400	$4,422,100

TOTAL DRY HOLE COST: $1,391,700 PREPARED BY: wmg/bas

DIVISION OF INTEREST:

Burnett Oil Company (BBI)	0.66660000
Javelina Partners	0.1511612
Zorro Partners Ltd	0.04000000
COG Operating LLC	0.1083333
Yates Petroleum Corp	0.0313888
EMC Oil & Gas Ltd.	0.0012546
Rose Ann Crantz, Indv & Tstee	0.0012536

Oil Conservation Division
Case No. ______
Exhibit No. 3

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE: ______
CHARLES E. NAGEL III, PRESIDENT

DATE: 9/24/2014

APPROVED:
COMPANY: ______
NAME: ______
TITLE: ______
DATE: ______