

# MRC Permian Company

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*Jones*

RECEIVED OGD

Dana Arnold  
Staff Attorney

2015 JUL -6 A 8:31

July 2, 2015

**SENT VIA EMAIL AND FEDEX**

New Mexico Oil Conservation Division  
Attn: David Catanach  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
[David.Catanach@state.nm.us](mailto:David.Catanach@state.nm.us)

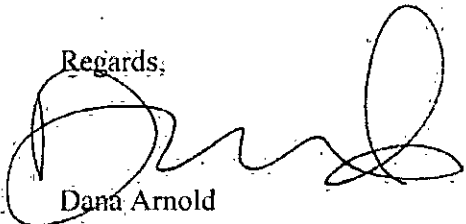
*Case 15302*

**Re: Notification of Estimated Well Costs  
NMOCD Order No. R-13997**

Dear Mr. Catanach:

Pursuant to NMOCD Order No. R-13997, enclosed please find an updated itemized schedule of estimated costs of drilling, completing and equipping the proposed well—Janie Conner 13 24S 28E RB 224H (API No. 30-15-43037). Please also take notice that on June 26, 2015, the same schedule of estimated of costs was sent to all known pooled working interest owners in the unit.

Regards,

  
Dana Arnold

cc: [florene.davidson@state.nm.us](mailto:florene.davidson@state.nm.us)  
Enclosure

## Phone (972) 371-5200 • Fax (972) 371-5201

|                  |                                                                            |                  |                           |
|------------------|----------------------------------------------------------------------------|------------------|---------------------------|
| DATE:            | May 14, 2015                                                               | AFE NO.:         | 300014-038-01             |
| WELL NAME:       | Janie Conner 13-24S-28E RB #224H                                           | FIELD:           | Pierce Crossing, WC Gen 1 |
| LOCATION:        |                                                                            | MD/TVD:          | 15300/10300               |
| COUNTY/STATE:    | Eddy                                                                       | LATERAL LENGTH:  | 4,300                     |
| MRC WI:          |                                                                            | DRILLING DAYS:   | 18                        |
| GEOLOGIC TARGET: | Wolfcamp B                                                                 | COMPLETION DAYS: | 13                        |
| REMARKS:         | Drill a horizontal well and complete with 20 stages, WC Gen 1 frac design. |                  |                           |

| INTANGIBLE COSTS                    | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | TOTAL COSTS |
|-------------------------------------|----------------|------------------|------------------|-------------|
| 01 Land / Legal / Regulatory        | \$ 31,700      | \$               | \$               | \$ 31,700   |
| 02 Location, Surveys & Damages      | 50,500         | 13,000           | 4,000            | 67,500      |
| 10 Drilling                         | 337,000        |                  |                  | 337,000     |
| 16 Cementing & Float Equip          | 235,000        |                  |                  | 235,000     |
| 20 Logging / Formation Evaluation   |                | 4,000            |                  | 4,000       |
| 21 Mud Logging                      | 7,300          |                  |                  | 7,300       |
| 23 Mud Circulation System           | 47,320         |                  |                  | 47,320      |
| 24 Mud & Chemicals                  | 154,000        | 36,000           |                  | 192,000     |
| 25 Mud / Wastewater Disposal        | 175,000        |                  |                  | 175,000     |
| 26 Freight / Transportation         | 36,500         | 16,500           |                  | 53,000      |
| 28 Rig Supervision / Engineering    | 75,600         | 78,250           | 18,600           | 171,850     |
| 31 Drill Bits                       | 110,500        |                  |                  | 110,500     |
| 32 Fuel & Power                     | 100,000        |                  |                  | 100,000     |
| 33 Water                            | 38,008         | 342,700          |                  | 388,708     |
| 34 Drig & Completion Overhead       | 11,500         | 23,000           |                  | 34,500      |
| 35 Plugging & Abandonment           |                |                  |                  |             |
| 39 Directional Drilling, Surveys    | 244,000        |                  |                  | 244,000     |
| 40 Completion Unit, Swab, CTU       |                | 110,000          | 28,000           | 138,000     |
| 44 Perforating, Wireline, Slickline |                | 80,500           | 20,000           | 100,500     |
| 45 High Pressure Pump Truck         |                | 45,000           |                  | 45,000      |
| 46 Stimulation                      |                | 2,100,000        |                  | 2,100,000   |
| 47 Stimulation Flowback & Dip       |                | 83,000           |                  | 83,000      |
| 48 Insurance                        | 76,100         |                  |                  | 76,100      |
| 50 Labor                            | 124,000        | 22,000           | 6,000            | 152,000     |
| 51 Rental - Surface Equipment       | 63,320         | 195,600          | 12,000           | 270,920     |
| 52 Rental - Downhole Equipment      | 78,000         | 69,000           |                  | 147,000     |
| 53 Rental - Living Quarters         | 43,750         | 38,590           | 10,000           | 92,340      |
| 54 Contingency                      | 198,592        | 325,154          | 9,800            | 533,546     |
| TOTAL INTANGIBLES >                 | 2,168,912      | 3,576,694        | 107,800          | 5,853,406   |

| TANGIBLE COSTS                      | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | TOTAL COSTS |
|-------------------------------------|----------------|------------------|------------------|-------------|
| 41 Surface Casing                   | \$ 28,450      | \$               | \$               | \$ 28,450   |
| 42 Intermediate Casing              | 82,925         |                  |                  | 82,925      |
| 43 Drilling Liner                   | 277,650        |                  |                  | 277,650     |
| 44 Production Casing                | 227,150        |                  |                  | 227,150     |
| 45 Production Liner                 |                |                  |                  |             |
| 46 Tubing                           |                |                  | 51,500           | 51,500      |
| 47 Wellhead                         | 70,000         |                  | 60,000           | 130,000     |
| 48 Packers, Liner Hangers           |                | 41,800           | 12,000           | 53,800      |
| 49 Tanks                            |                |                  |                  |             |
| 50 Production Vessels               |                |                  | 74,000           | 74,000      |
| 51 Flow Lines                       |                |                  |                  |             |
| 52 Rod string                       |                |                  |                  |             |
| 53 Artificial Lift Equipment        |                |                  | 30,000           | 30,000      |
| 54 Compressor                       |                |                  |                  |             |
| 55 Installation Costs               |                |                  | 82,000           | 82,000      |
| 56 Surface Pumps                    |                |                  | 5,000            | 5,000       |
| 58 Non-controllable Surface         |                |                  | 66,000           | 66,000      |
| 59 Non-controllable Downhole        |                |                  |                  |             |
| 61 Downhole Pumps                   |                |                  |                  |             |
| 63 Measurement & Meter Installation |                |                  | 12,500           | 12,500      |
| 64 Gas Conditioning / Dehydration   |                |                  |                  |             |
| 65 Interconnecting Facility Piping  |                |                  |                  |             |
| 66 Gathering / Bulk Lines           |                |                  |                  |             |
| 67 Valves, Cumps, Controllers       |                |                  |                  |             |
| 68 Tank / Facility Containment      |                |                  |                  |             |
| 69 Flare Stack                      |                |                  |                  |             |
| 70 Electrical / Grounding           |                |                  |                  |             |
| 71 Communications / SCADA           |                |                  |                  |             |
| 72 Instrumentation / Safety         |                |                  |                  |             |
| TOTAL TANGIBLES >                   | \$64,175       | 41,800           | 393,000          | 1,118,975   |
| TOTAL COSTS >                       | 2,851,087      | 3,618,494        | 500,800          | 6,970,381   |

Drilling Engineer: Aaron Ryrd  
Team Lead - WTX/NM WTR  
Completions Engineer: Chris Caldwell  
WTE  
Production Engineer: Casey McCain

|                       |                        |                 |
|-----------------------|------------------------|-----------------|
| Executive VP, COO/CFO | VP - Res Engineering   | VP - Drilling   |
| CE                    | ENR                    | BG              |
| Executive VP, Legal   | Exec Dir - Exploration | VP - Production |
| CA                    | NLP                    | TKG             |
| President             | VP & General Manager   |                 |
| MVM                   | RCL                    |                 |

Company Name: \_\_\_\_\_ Working Interest (%): \_\_\_\_\_ Tax ID: \_\_\_\_\_  
Signed by: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_ Approval: Yes \_\_\_\_\_ No (mark one)