



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**  
Cell: (505) 670-7362  
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[www.montand.com](http://www.montand.com)

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December 9, 2016

**HAND-DELIVERED**

Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL  
COMPANY FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO, OCD CASE NOS. 15600, 15601 and 15602**

Dear Ms. Davidson:

Enclosed are 3 originals of a Second Motion for Continuance and Request for Prehearing Conference for filing in each of the above cases.

Thank you.

Very truly yours,

J. Scott Hall

Enclosures

cc (via email, w/enc.): James Bruce (via email, w/encs.)  
Luke Mildren, Mewbourne Oil Company

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**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 15600, 15601 and 15602**

**SECOND MOTION FOR CONTINUANCE  
AND REQUEST FOR PREHEARING CONFERENCE**

Black Mountain Operating LLC, ("Black Mountain"), moves the Division enter its order continuing the December 15, 2016 hearings in the three cases referenced above, until a docket hearing date in February or March of 2017 as can be agreed to by the parties. In support of its motion, Black Mountain states:

Mewbourne Oil Company seeks orders approving of three non-standard oil spacing and proration units and pooling unjoined interests for the drilling of three Bone Spring formation wells in the E $\frac{1}{2}$  E $\frac{1}{2}$ , the W/2 E/2 and the E/2 W/2 of Section 15, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

Black Mountain owns certain working interests in the S/2 of Section 15 that would be included in Mewbourne's proposed spacing and proration units. Black Mountain also owns interests in adjoining Section 10, T23S, R34E. It plans to develop its acreage in both sections with three 7,500' laterals which would also include Mewbourne's interests in the N/2 of Section 15. Proposals for Mewbourne's participation in the Black Mountain wells were recently sent. (See Well Proposals, Exhibits 1). It is not presently known whether Mewbourne will agree to participate in the development of Sections 10 and 15 as Black Mountain has proposed. There are also other interest owners in Section 10 who must consider whether to participate in the Black Mountain

wells. If voluntary participation cannot be achieved, compulsory pooling proceedings may become necessary. If such becomes the case, then it is in the interests of administrative economy and efficiency to consolidate all such proceedings for simultaneous hearing.

In order to allow the parties sufficient time to consider Black Mountain's drilling and development proposals and negotiate their participation, Black Mountain requests that the December 15, 2016 hearing be continued.

The undersigned attempted to contact Mewbourne's counsel, Mr. Bruce, to discuss these matters, but believe he may be involved in another hearing. A pre-hearing conference early next week is requested.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall  
J. Scott Hall

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873  
shall@montand.com

*Attorneys for Black Mountain Operating LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on December 9, 2016:

James Bruce  
Post Office Box 1056  
Santa Fe, NM 87504  
jamesbruc@aol.com

J. Scott Hall  
J. Scott Hall



**BLACK MOUNTAIN OPERATING, LLC**

December 9, 2016

Mewbourne Oil Company  
Attn: Corey Mitchell  
500 West Texas, Suite 1020  
Midland, Texas 79701

Re: **Notice of Intent to Drill**  
Duke Federal 10 #26H  
E2E2 of Section 15-23S-34E &  
E2SE4 of Section 10-23S-34E  
Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #26H well name (the "Well"), as described below.

Well Type: ..... New Drill Horizontal  
Objective Formation: ..... 3" Bone Spring Sand  
Estimated Total Vertical Depth: ..... 11,300'  
Estimated total Measured Depth: ..... 18,567'  
Surface Hole Location: ..... 2442' FSL, 461' FEL  
Bottom Hole Location: ..... 330' FSL, 461' FEL  
Proposed Project Area: ..... E2 E2 Section 15, E2 SE4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you.  
Respectfully,

**Black Mountain Operating, LLC**

Luke Mildren  
Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: [luke.mildren@blackmtn.com](mailto:luke.mildren@blackmtn.com)

**BLACK MOUNTAIN OPERATING, LLC**  
**AUTHORIZATION FOR EXPENDITURE**  
**DRILL & COMPLETE NEW WELL**

AFE#: 16007

Date: 12/20/2018 County/State: Leas, S.W.  
 Lease: Duke Federal 10 Well No: 26H  
 Surface Location: SEC 10, T.21S, R. 24E  
 Proposed Depth: 18,527.500  
 Objective: Drill & Complete Horizontal Well in 3rd Bone Spring Formation 7500' lateral 30' at stages

**Duke Federal 10 #26H - AFE**

Description	AFE Amount
Survey / Location / Permits	\$150,000
Legal / Title / Surface Damages / Damages	\$20,000
CONDUIT PIPE / WATER WELL DRIVE PIPE	\$15,000
CONTRACT DRILLING / FOOTAGE & TURNKEY	\$0
CONTRACT DRILLING - DAYWORK (DRILLING LOGGING HW)	\$7,500
FUEL	\$77,500
MOB / DEAGE	\$40,000
RENTAL TOOL & EQUIPMENT	\$175,000
DOWN HOLE RENTAL TOOL & EQUIPMENT	\$48,000
BITS	\$120,000
FISHING TOOLS & SERVICES	\$0
PIPE INSPECTION & COATING	\$0
BCP TESTING	\$0
MUD MATERIALS & CHEMICALS	\$225,000
DISPOSAL / FLOWBACK	\$50,000
WATER	\$15,000
CREW QUARTERS	\$50,000
SPECIAL SERVICES / DIRECTIONAL	\$275,000
LOGGING / WIRELINE / PERFORMING	\$50,000
DRILL BITES & PRODUCTION TESTS	\$0
CORING & CORE ANALYSIS	\$0
MUD LOGGING	\$30,000
CEMENT & CEMENT SERVICES	\$50,000
PLUG ABANDON & RESTORE	\$0
TRUCKING & HAULING	\$20,000
COMPANY SUPERVISION	\$0
SUPERVISION - CONTRACT	\$10,500
OVERHEAD	\$0
CASING CREWS / CONTRACT LABOR	\$75,000
MISCELLANEOUS / OTHER DRILLING COSTS	\$5,000
DRILLING WELL INSURANCE	\$0
CONTINGENCY	\$232,150
<b>Intangible Drilling</b>	<b>\$2,884,780</b>
SURFACE CASING	\$47,500
INTERMEDIATE CASING	\$180,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$27,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT BENCH	\$10,000
CONTINGENCY	\$27,000
<b>Tangible Drilling</b>	<b>\$287,500</b>
Survey / Location / Permits	\$0
Legal / Title / Surface Damages / Damages	\$10,000
STIMULATION TREATMENT / FRACTURING / ACIDIZING	\$2,000,000
SAND CONTROL	\$0
CONTRACT DAYWORK (DRILLING LOGGING FISHING CASH)	\$30,000
FUEL	\$0
DOWN HOLE RENTAL TOOL & EQUIPMENT	\$7,500
SURFACE RENTAL TOOL & EQUIPMENT	\$225,000
COIL TUBING / SLIDING	\$130,000
BITS	\$1,800
FISHING TOOLS & SERVICES	\$0
PIPE INSPECTION & COATING	\$0
BCP TESTING	\$0
MUD MATERIALS & CHEMICALS	\$60,000
DISPOSAL / FLOWBACK	\$50,000
WATER	\$200,000
CREW QUARTERS	\$0
LOGGING / WIRELINE / PERFORMING	\$150,000
CEMENT & CEMENT SERVICES	\$85,000
SLICK LINE	\$0
TRUCKING & HAULING	\$15,000
COMPANY SUPERVISION	\$0
SUPERVISION - CONTRACT	\$12,800
OVERHEAD	\$0
CASING CREWS / CONTRACT LABOR	\$25,000
FLOWBACK / WELL TESTS	\$80,000
MISCELLANEOUS / OTHER COSTS / FRAC PLUGS	\$75,500
DRILLING WELL INSURANCE	\$0
CONTINGENCY	\$420,738
<b>Intangible Completion</b>	<b>\$4,628,088</b>
PRODUCTION CASING	\$204,250
TUBING	\$60,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$15,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT	\$8,500
CONTINGENCY	\$30,824
<b>Tangible Completion</b>	<b>\$339,081</b>
GAS LIFT	\$0
PUMPING UNIT / PRIME MOVER / ASSEMBLY	\$0
SLICKER RODS / POLISH RODS	\$0
MISC FITTINGS & SUPPLIES	\$77,600
SURFACE EQUIPMENT	\$7,500
PACKERS	\$15,000
FACILITY LABOR COST	\$77,500
TANK BATTERY	\$65,000
SEPARATORS / HEATERS / TREATERS	\$62,000
COMPRESSOR	\$0
METERING EQUIPMENT / LIFT UNIT	\$8,750
UTILITY EQUIPMENT	\$0
PIPELINES & CONNECTIONS	\$62,500
COMPANY SUPERVISION	\$7,500
CONTINGENCY	\$41,525
<b>Intangible Completion</b>	<b>\$493,675</b>
<b>Total Estimated Well Cost</b>	<b>\$8,272,371</b>

Black Mountain Operating, LLC  
 Approved By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
 Authorization Requested From: \_\_\_\_\_  
 PLEASE INDICATE YOUR APPROVAL AND AUTHORIZATION FOR YOUR PROPORTIONATE PARTS OF THE ESTIMATED EXPENDITURE AS DETAILED ABOVE BY SIGNING BELOW AND RETURNING ONE SIGNED COPY TO BMOG LLC  
 OWNERSHIP: \_\_\_\_\_ COST TO COMPLETE  
 DATE: \_\_\_\_\_ PARTICIPANTS ESTIMATED COST  
 APPROVED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_



**BLACK MOUNTAIN OPERATING, LLC**

December 9, 2016

Mewbourne Oil Company  
Attn: Corey Mitchell  
500 West Texas, Suite 1020  
Midland, Texas 79701

Re: **Notice of Intent to Drill**  
Duke Federal 10 #18H  
W2E2 of Section 15-23S-34E &  
W2SE4 of Section 10-23S-34E  
Lea County, New Mexico


To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #18H well name (the "Well"), as described below.

Well Type: ..... New Drill Horizontal  
Objective Formation: ..... 3" Bone Spring Sand  
Estimated Total Vertical Depth: ..... 11,300'  
Estimated total Measured Depth: ..... 18,567'  
Surface Hole Location: ..... 2470' FSL, 1840' FEL  
Bottom Hole Location: ..... 330' FSL, 1792' FEL  
Proposed Project Area: ..... W2 E2 Section 15, W2 SE4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you.  
Respectfully,

**Black Mountain Operating, LLC**  
  
Luke Mildren  
Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: [luke.mildren@blackmtn.com](mailto:luke.mildren@blackmtn.com)

**BLACK MOUNTAIN OPERATING, LLC** AFE#: 16009

**AUTHORIZATION FOR EXPENDITURE  
DRILL & COMPLETE NEW WELL**

Well Name: Duke Federal 10 County/State: Lee, MS  
 Lease: Duke Federal 10 Well No: 18H  
 Surface Location: SEC 10, T-7N, R-3E  
 Proposed Depth: 18,587 MD  
 Objective: Drill & Complete Horizontal Well in 3rd Bone Spring Formation 7500 lateral 30 frac stages

**Duke Federal 10 #18H - AFE**

Modern Development AFE		AFE Amount
Description		
SURVEY / LOCATION / PERMITS		\$150,000
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES		\$10,000
CONDUCTION PIPE / WATER WELL / DRIVE PIPE		\$25,000
CONTRACT DRILLING / FOOTAGE & TURNKEY		\$5
CONTRACT DRILLING - DAYWORK (DRILLING LOGGING R/L)		\$108,000
FUEL		\$77,500
MOB / DE MOB		\$43,500
RENTAL TOOL & EQUIPMENT		\$175,000
DOWN HOLE RENTAL TOOL & EQUIPMENT		\$43,000
BIT		\$125,500
FISHING TOOLS & SERVICES		\$3
PIPE INSPECTION & COATING		\$3
BOP TESTING		\$2,500
MUD MATERIALS & CHEMICALS		\$225,000
DISPOSAL / FLOWBACK		\$50,000
WATER		\$15,000
CREW QUARTERS		\$30,000
SPECIAL SERVICES / DIRECTORIAL		\$275,000
LOGGING / WIRELINE / PERFORATING		\$50,000
DRILL ITEM & PRODUCTION TESTS		\$5
CORING & CORE ANALYSIS		\$5
MUD LOGGING		\$30,000
CEMENT & CEMENT SERVICES		\$82,500
PLUG, ABANDON & RESTORE		\$5
TRUCKING & HAULING		\$70,000
COMPANY SUPERVISION		\$
SUPERVISION - CONTRACT		\$70,500
OVERHEAD		\$5
CASING CREWS / CONTRACT LABOR		\$18,000
MISCELLANEOUS / OTHER DRILLING COSTS		\$1,500
DRILLING WELL INSURANCE		\$5
CONTINGENCY		\$290,250
<b>Intangible Drilling</b>		<b>\$2,832,750</b>
SURFACE CASING		\$47,500
INTERMEDIATE CASING		\$180,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$27,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT SHOES		\$18,000
CONTINGENCY		\$27,000
<b>Tangible Drilling</b>		<b>\$297,000</b>
SURVEY / LOCATION / PERMITS		\$3
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES		\$35,000
STIMULATION TREATMENT / FRACTURING / ACIDIZING		\$7,990,000
SAND CONTROL		\$5
CONTRACT DAYWORK (DRILLING LOGGING RUNNING CASING)		\$30,000
FUEL		\$3
DOWN HOLE RENTAL TOOL & EQUIPMENT		\$7,500
SURFACE RENTAL TOOL & EQUIPMENT		\$125,000
COIL TUBING SNUBBING		\$150,000
BIT		\$3,500
FISHING TOOLS & SERVICES		\$3
PIPE INSPECTION & COATING		\$3
BOP TESTING		\$7
MUD MATERIALS & CHEMICALS		\$63,000
DISPOSAL / FLOWBACK		\$30,000
WATER		\$100,000
CREW QUARTERS		\$5
LOGGING / WIRELINE / PERFORATING		\$150,000
CEMENT & CEMENTING SERVICES		\$85,750
SUCK LINE		\$5
TRUCKING & HAULING		\$15,000
COMPANY SUPERVISION		\$5
SUPERVISION - CONTRACT		\$13,000
OVERHEAD		\$5
CASING CREWS / CONTRACT LABOR		\$25,000
FLOWBACK / WELL TESTS		\$90,000
MISCELLANEOUS / OTHER COSTS / FRAC PLUGS		\$72,500
DRILLING WELL INSURANCE		\$5
CONTINGENCY		\$420,753
<b>Intangible Completion</b>		<b>\$4,678,000</b>
PRODUCTION CASING		\$254,337
TUBING		\$60,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$33,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT		\$8,500
CONTINGENCY		\$30,824
<b>Tangible Completion</b>		<b>\$338,000</b>
GAS LIFT		\$5
PUMPING UNIT / PRIME MOVER / ASSEMBLY		\$5
SUCKER RODS / POLISH RODS		\$5
MISC FITTINGS & SUPPLIES		\$77,600
EQUIPMENT		\$7,500
PACKERS		\$75,000
FACILITY LABOR COST		\$77,500
TANK BATTERY		\$65,000
SEPARATORS / HEATERS / TREATERS		\$40,000
COMPRESSOR		\$5
METERING EQUIPMENT / LACT UNIT		\$5,750
UTILITY EQUIPMENT		\$5
PIPELINES & CONNECTIONS		\$82,500
COMPANY SUPERVISION		\$7,500
CONTINGENCY		\$41,233.0
<b>Intangible Completion</b>		<b>\$433,475</b>

Total Estimated Well Cost: **\$8,950,371**

Black Mountain Operating, LLC  
 Approved By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
 Authorization Requested From: \_\_\_\_\_  
 PLEASE INDICATE TO, APPROVAL AND AUTHORIZATION FOR YOUR PROPORTIONATE PARTS OF THE ESTIMATED EXPENDITURE AS DETAILED ABOVE BY SAVING BELOW AND RETURNING ONE SIGNED COPY TO BMOG, LLC  
 OWNERSHIP: \_\_\_\_\_ COST TO COMPLETE: \_\_\_\_\_  
 DATE: \_\_\_\_\_ PARTICIPANT'S ESTIMATED COST: \_\_\_\_\_  
 APPROVED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_



**BLACK MOUNTAIN OPERATING, LLC**

December 9, 2016

Mewbourne Oil Company  
Attn: Corey Mitchell  
500 West Texas, Suite 1020  
Midland, Texas 79701

Re: **Notice of Intent to Drill**  
**Duke Federal 10 #10H**  
**E2W2 of Section 15-23S-34E &**  
**E2SW4 of Section 10-23S-34E**  
**Lea County, New Mexico**

To Whom it May Concern:


Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #10H well name (the "Well"), as described below.

Well Type: ..... New Drill Horizontal  
Objective Formation: ..... 3<sup>rd</sup> Bone Spring Sand  
Estimated Total Vertical Depth: ..... 11,300'  
Estimated total Measured Depth: ..... 18,557'  
Surface Hole Location: ..... 2470' FSL, 1906' FWL  
Bottom Hole Location: ..... 330' FSL, 1546' FWL  
Proposed Project Area: ..... E2 W2 Section 15, E2 SW4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you.  
Respectfully,

**Black Mountain Operating, LLC**

  
Luke Mildren  
Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: [luke.mildren@blackmtn.com](mailto:luke.mildren@blackmtn.com)



**BLACK MOUNTAIN OPERATING, LLC  
AUTHORIZATION FOR EXPENDITURE  
DRILL & COMPLETE NEW WELL**

AFE#: 16008

Well: 12282026  
Lessor: Duke Federal 10  
Surface Location: SEC 10, T-23S, R-32E  
Proposed Depth: 18,542' MD  
Objective: Dr - 1 & Complete Horizontal Well in 3rd Bone Spring Formation, 7500' lateral, 30' track angles

County/State: Leas. N.Y.  
Well No: 122

**Duke Federal 10 #10H - AFE**

Modern Development AFE		AFE Amounts
Description		
SURVEY / LOCATION / PERMITS		\$150,000
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES		\$100,000
CONDUCTOR PIPE / WATER WELL / DRIVE PIPE		\$25,000
CONTRACT DRILLING - FOOTAGE & TURNKEY		\$0
CONTRACT DRILLING - DAYWORK / DRILLING, LOGGING, RU		\$115,000
FUEL		\$77,500
MOS / CE MOS		\$12,500
RENTAL TOOL & EQUIPMENT		\$175,000
DOWN HOLE RENTAL TOOL & EQUIPMENT		\$45,000
BITS		\$125,000
FISHING TOOLS & SERVICES		\$0
PIPE INSPECTION & COATING		\$0
BOF TESTING		\$2,500
MUD MATERIALS & CHEMICALS		\$225,000
DISPOSAL / FLOWBACK		\$20,000
WATER		\$15,000
CREW QUARTERS		\$50,000
SPECIAL SERVICES / DIRECT DRILL		\$50,000
LOGGING / WIRELINE / PERFORATING		\$175,000
DRILL STEM & PRODUCTION TESTS		\$0
CEMENT & CEMENT SERVICES		\$0
MUD LOGGING		\$30,000
CEMENT & CEMENT SERVICES		\$92,500
PLUG, ABANDON & RESTORE		\$0
TRUCKING & HAULING		\$20,000
COMPANY SUPERVISION		\$0
SUPERVISION - CONTRACT		\$70,500
OVERHEAD		\$0
CASING CREWS / CONTRACT LABOR		\$25,000
MISCELLANEOUS / OTHER DRILLING COSTS		\$5,500
DRILLING WELL INSURANCE		\$0
CONTINGENCY		\$231,250
Intermittent Drilling		\$2,843,750
BLIND ACE CASING		\$47,500
INTERMEDIATE CASING		\$183,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$17,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT & HOES		\$15,000
CONTINGENCY		\$27,500
Tangible Drilling		\$287,000
SURVEY / LOCATION / PERMITS		\$0
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES		\$0
STIMULATION TREATMENT / FRACTURING / ACIDIZING		\$2,990,000
SAND CONTROL		\$0
CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN		\$30,000
FUEL		\$0
DOWN HOLE RENTAL TOOL & EQUIPMENT		\$7,500
SURFACE RENTAL TOOL & EQUIPMENT		\$725,000
COIL TUBING/SNUBBING		\$150,000
BITS		\$1,500
FISHING TOOLS & SERVICES		\$0
PIPE INSPECTION & COATING		\$0
BOF TESTING		\$0
MUD MATERIALS & CHEMICALS		\$60,000
DISPOSAL / FLOWBACK		\$20,000
WATER		\$200,000
CREW QUARTERS		\$0
LOGGING / WIRELINE / PERFORATING		\$0
CEMENT & CEMENTING SERVICES		\$158,000
SLICK LINE		\$45,250
TRUCKING & HAULING		\$15,000
COMPANY SUPERVISION		\$0
SUPERVISION - CONTRACT		\$12,600
OVERHEAD		\$0
CASING CREWS / CONTRACT LABOR		\$15,000
FLOWBACK / WELL TESTS		\$50,000
MISCELLANEOUS / OTHER COSTS / FRAC PLUGS		\$72,500
DRILLING WELL INSURANCE		\$0
CONTINGENCY		\$430,750
Intermittent Completion		\$4,626,000
PRODUCTION CASING		\$204,237
TUBING		\$40,000
CASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$23,500
OTHER TANGIBLE / CENTRALIZERS / FLOAT & EQUIPMENT		\$5,500
CONTINGENCY		\$20,800
Tangible Completion		\$238,000
GAS LIFT		\$0
PUMPING UNIT / PRIME MOVER / ASSEMBLY		\$0
BUCKER HOOD / POLISH ROOS		\$0
MISC FITTINGS & SUPPLIES		\$17,500
SUBSURFACE EQUIPMENT		\$7,500
PACKERS		\$15,000
FACILITY LABOR COST		\$75,000
TANK BATTERY		\$13,000
SEPARATORS / HEATERS / TREATERS		\$90,000
COMPRESSOR		\$0
METERING EQUIPMENT / FLOW UNIT		\$9,750
UTILITY EQUIPMENT		\$0
PIPELINES & CONNECTIONS		\$22,500
COMPANY SUPERVISION		\$7,500
CONTINGENCY		\$41,222.0
Facilities		\$463,475
Total Estimated Well Cost		\$8,281,271
Black Mountain Operating, LLC		
Authorized By		TSC DAF
Authorization Requested From		
PLEASE INDICATE YOUR APPROVAL AND AUTHORIZATION FOR YOUR PROPORTIONATE PARTS OF THE ESTIMATED EXPENDITURE AS DETAILED ABOVE BY SIGNING BELOW AND RETURNING ONE SIGNED COPY TO BMOG LLC		
OWNER(S):	COST TO COMPLETE	
DATE:	PARTICIPANTS ESTIMATED COST	
APPROVED BY:	TITLE	