CONCHO

Via Certified Mail
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February 19, 2015

RECEIVED
FEB 17 2016

Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102

RE: **Order R-13913, as amended by R-13913-A/Case No. 15185**
Application of COG Operating LLC for a non-standard spacing unit and proration unit and compulsory pooling
Lea County, New Mexico

Dear Mr. Ard:

Pursuant to Ordering Paragraph 11 of Order R-13913, please find enclosed an itemized schedule of actual well costs for the Ivar the Boneless Federal #11H (API: 30-025-42514). By copy of this letter, the itemized schedule of actual well costs is also being sent to the New Mexico Oil Conservation Division.

Should you have any questions, please contact Joseph Scott at 432-688-6601 or jscott@concho.com.

Sincerely,

COG OPERATING LLC

Taylor Craighead
Land Coordinator

COPY

Enclosure(s)

CC:
Mr. David R. Catanach
Attn: Mr. Phillip R. Goetze
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

OCD Case# 15185-reopened
Ard Energy LLC
October 13, 2016
Ex# 2

AFE Report (Gross)

AFE: 007265 IVAR THE BONELESS FED #11 02/01/2016
Status: ACTIV

Prospect: IVAR THE BONELESS FED #11H
Objective: DRLG
Operator: COG OPERATING LLC
Beginning Date: 12/01/2014
Completion Date:
Remarks: IVAR THE BONELESS FED #11

AFE Category	Description	Budget	Actual Amount	Variance	% Vari	Current Month Amount	Comment
IDC - ACP							
305	C-Lctn/Pits/Roads	25,000.00	18,740.45	6,259.55		0.00	
306	C-Completion OH	2,000.00	7,025.18	(5,025.18)		0.00	
311	C-Fuel & Power	5,000.00	0.00	5,000.00		0.00	
312	C-Water	85,000.00	83,110.31	1,889.69		0.00	
313	C-Bits	5,000.00	0.00	5,000.00		0.00	
314	C-Mud & Chemicals	0.00	17,038.02	(17,038.02)		0.00	Generated on Batch
319	C-Cement Productn	48,000.00	54,926.51	(6,926.51)		0.00	
321	C-Float Equipment	7,000.00	5,081.93	1,918.07		0.00	
322	C-Csg Crews & Equip	12,000.00	0.00	12,000.00		0.00	
325	C-Contract Labor	38,000.00	9,253.31	28,746.69		0.00	
326	C-Company Sprvsn	2,000.00	9,000.00	(7,000.00)		0.00	
327	C-Contract Sprvsn	46,000.00	55,264.17	(9,264.17)		0.00	
328	C-Tstg Csg/Tbg	4,500.00	5,556.59	(1,056.59)		0.00	
330	C-Logging	0.00	8,719.60	(8,719.60)		0.00	Generated on Batch
331	C-Perf/Wireline Svc	118,000.00	170,199.44	(52,199.44)		0.00	
332	C-Stimulation/Treating	782,000.00	935,194.35	(153,194.35)		0.00	
333	C-Completion Unit	35,000.00	17,360.28	17,639.72		0.00	
335	C-Rentals-Surface	230,000.00	139,130.36	90,869.64		0.00	
336	C-Rentals-Subsrfc	28,000.00	10,773.00	17,227.00		0.00	
337	C-Trucking/Forklift/Rig Mob	50,000.00	72,452.85	(22,452.85)		0.00	
338	C-Welding Services	3,000.00	0.00	3,000.00		0.00	
339	C-Water Disposal	5,000.00	9,159.57	(4,159.57)		0.00	
342	C-Miscellaneous	0.00	924.69	(924.69)		0.00	Generated on Batch
343	C-Contingency	31,500.00	0.00	31,500.00		0.00	
344	C-Envrnmtl/Clsd Loop	0.00	543.04	(543.04)		0.00	Generated on Batch
IDC - ACP Totals		1,562,000.00	1,629,453.65	(67,453.65)		0.00	
IDC - BCP							
200.2000	IDC	0.00	0.00	0.00		0.00	Generated on Batch
200.2100	Compltn Cost Accrual	0.00	0.00	0.00		0.00	Generated on Batch
201	D-Title/Permits	11,000.00	215,336.65	(204,336.65)		0.00	
202	D-Insurance	4,000.00	710.93	3,289.07		0.00	
203	D-Damages/ROW	12,000.00	2,798.00	9,202.00		0.00	
204	D-Survey/Stake Lctn	3,000.00	13,319.23	(10,319.23)		0.00	
205	D-Lctn/Pits/Roads	80,000.00	138,828.18	(58,828.18)		0.00	
206	D-Drilling Overhead	4,000.00	5,203.84	(1,203.84)		0.00	
209	D-Daywork Contract	160,000.00	179,086.17	(19,086.17)		0.00	
210	D-Directional Drlg Services	86,000.00	86,935.57	(935.57)		0.00	
211	D-Fuel & Power	26,000.00	26,769.24	(769.24)		0.00	
212	D-Water	31,000.00	64,713.34	(33,713.34)		0.00	
213	D-Bits	43,600.00	44,277.07	(677.07)		0.00	
214	D-Mud & Chemicals	37,000.00	31,432.31	5,567.69		0.00	
217	D-Cement Surface	17,000.00	27,089.30	(10,089.30)		0.00	
218	D-Cement Intermed	22,000.00	19,783.75	2,216.25		0.00	
221	D-Float Equipment & Centralizer	3,000.00	3,969.60	(969.60)		0.00	
222	D-Csg Crews & Equip	8,000.00	11,830.49	(3,830.49)		0.00	
224	D-Geologic/Engnrg	0.00	0.00	0.00		0.00	
225	D-Contract Labor	5,000.00	206,898.07	(201,898.07)		0.00	
226	D-Company Sprvsn	0.00	3,200.00	(3,200.00)		0.00	
227	D-Contract Sprvsn	19,000.00	27,690.65	(8,690.65)		0.00	
228	D-Tstg Csg/Tbg	2,490.00	8,218.99	(5,728.99)		0.00	

AFE Report (Gross)

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
229	D-Mud Logging Unit	20,000.00	10,079.56	9,920.44	0.00	
230	D-Logging	18,000.00	0.00	18,000.00	0.00	
231	D-Perf/Wireline Svc	1,500.00	0.00	1,500.00	0.00	
235	D-Rentals-Surface	42,000.00	67,668.05	(25,668.05)	0.00	
236	D-Rentals-Subsrfc	52,000.00	48,956.01	3,043.99	0.00	
237	D-Trucking/Forklift/Rig Mob	58,000.00	97,888.99	(39,888.99)	0.00	
238	D-Welding Services	5,000.00	1,101.24	3,898.76	0.00	
242	D-Miscellaneous	0.00	79,525.62	(79,525.62)	0.00	Generated on Batch
243	D-Contingency	17,410.00	0.00	17,410.00	0.00	
244	D-Envrnmtl/Clsd Loop	60,000.00	110,170.82	(50,170.82)	0.00	
IDC - BCP Totals		848,000.00	1,533,481.67	(685,481.67)	0.00	
L&W EQUIP - ACP						
503	C-Prodctn Csg/Liner	199,000.00	186,394.22	12,605.78	0.00	
504	C-Tubing	27,000.00	25,275.18	1,724.82	0.00	
505	C-Wellhead Equip	14,000.00	15,466.92	(1,466.92)	0.00	
506	PEQ-Pumping Unit	72,000.00	0.00	72,000.00	0.00	
508	PEQ-Rods	16,000.00	0.00	16,000.00	0.00	
509	C-Pumps-Bottomhole	63,000.00	28,791.88	34,208.12	0.00	
510	TB-Tanks	19,000.00	85,515.45	(66,515.45)	0.00	
511	TB-Flowlines/Pipelines	11,000.00	38,546.35	(27,546.35)	0.00	
512	TB-Htr Trtr/Seprtr	29,000.00	175,182.70	(146,182.70)	0.00	
513	TB-Electrical System/Equipment	18,000.00	68,274.91	(50,274.91)	0.00	
514	C-Pckrs/Anchors/Hgrs	2,000.00	0.00	2,000.00	0.00	
515	TB-Couplings/Fittings/Valves	36,000.00	218,934.36	(182,934.36)	0.00	
516	TB-Gas Compressors	4,000.00	1,334.91	2,665.09	0.00	
519	C-Miscellaneous Other Equip	4,000.00	52,728.78	(48,728.78)	0.00	
520	C-Contingency	0.00	0.00	0.00	0.00	
521	TB-Pumps-Surface	0.00	10,736.90	(10,736.90)	0.00	Generated on Batch
522	TB-Instrumentation/SCADA Equi	0.00	4,236.65	(4,236.65)	0.00	Generated on Batch
681	FAC-Flowlines-Pipelines	0.00	0.00	0.00	0.00	Generated on Batch
685	FAC-Couplings/Fittings/Valves	0.00	0.00	0.00	0.00	Generated on Batch
L&W EQUIP - ACP Totals		514,000.00	911,419.21	(397,419.21)	0.00	
L&W EQUIPMENT - BCP						
401	D-Surface Casing	18,000.00	29,553.11	(11,553.11)	0.00	
402	D-Intermed Csg	49,000.00	50,153.15	(1,153.15)	0.00	
405	D-Wellhead Equip	8,200.00	16,543.40	(8,343.40)	0.00	
415	D-Couplings/Fittings/Valves	500.00	0.00	500.00	0.00	
419	D-Miscellaneous	500.00	0.00	500.00	0.00	
420	D-Contingency	800.00	0.00	800.00	0.00	
L&W EQUIPMENT - BCP Totals		77,000.00	96,249.66	(19,249.66)	0.00	
OTHER						
270.2800	Proved Complt Cost Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2900	Proved Property Accrual Accoun	0.00	0.00	0.00	0.00	Generated on Batch
270.2901	JIB/Unbilled Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2902	Suspense Prov Compl Accrual	0.00	0.00	0.00	0.00	Generated on Batch
OTHER Totals		0.00	0.00	0.00	0.00	
Total Well Costs		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	
		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	

Afe = 007265 IVAR THE BONELESS FED #11H
Current Month = 2/1/2016 12:00:00 AM

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BY: ___

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ard Oil. Ltd. & Ard Energy. Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth. TX 76102
Re: Ivar the Boneless Fed #11H - Actual Well Costs

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Bonnie Stockton ☐ Agent ☐ Addressee

B. Received by (Printed Name) Bonnie Stockton

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
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☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 9171 9991 7035 3278 8018

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COG OPERATING LLC
ATTN: TAYLOR CRAIGHEAD (1CC-7)
600 W. ILLINOIS AVE.
MIDLAND, TX 79701

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Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102

76102$3948

From: **Taylor Craighead** TCraighead@concho.com
Subject: Ivar the Boneless Fed #11H_AFE Actual Cost.xlsx
Date: February 18, 2016 at 9:12 AM
To: jomarieardenergy@aol.com
Cc: Taylor Craighead TCraighead@concho.com

Jo Marie,

Let me know if this works!

Sincerely,

Taylor Craighead | Land Coordinator - NM Shelf | One Concho Center, Floor Seven
600 W. Illinois, CC-1 | Midland, TX 79701 | direct: 432-688-6618 | tcraighead@concho.com
CONCHO

Sent in excel