



RECEIVED OCD

2017 SEP -7 A 11: 04

September 7, 2017

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

**Re: NMOCD Orders  
R-14419 and R-14420**

Dear Ms. Davidson:

Enclosed are examples of the letters mailed to all Pooled Working Interest Owners subject to the two above referenced NMOCD Orders. Sent with these letters were copies of the corresponding AFEs (also enclosed) matching the ones provided at each NMOCD hearing prior to the issuance of the Orders.

Should you have any questions, please feel free to contact me at the number below.

Sincerely,

A handwritten signature in cursive script that reads 'Ashley Tynes'.

Ashley Tynes  
Land Administrator

Enclosures



RECEIVED OCD

2017 SEP -7 A 11: 04

August 23, 2017

NAME  
ADD1  
ADD2  
ADD3

Re: **Jenna 1-H**  
W/2 E/2 Sec. 31-11S-38E, N.M.P.M.  
Lea County, NM

Attention Pooled Working Interest Owner:

Special Energy Corporation ("SEC"), P.O. Drawer 369, Stillwater, OK 74076, as Operator, has obtained the New Mexico Oil Conservation Division Order (No. R-14420) granting spacing, pooling, and the right to produce the above referenced well (see copy of said Order enclosed herewith).

Those that have not already leased to or made other arrangements with SEC, are considered Pooled Working Interest Owner(s) under this Order and have the right to either participate and pay their share of the estimated well costs detailed on the enclosed AFE or go Non-Consent per the terms of the New Mexico Statutes and this Order.

As provided in this Order, you have **30 DAYS FROM RECEIPT OF THIS LETTER** to make your election. Those electing to participate will be provided with a Joint Operating Agreement similar to the one currently being utilized for this well.

Thank you, and please do not hesitate to contact me at the number below should you have any questions.

Yours truly,

**Gary Bond**  
Vice President



## Authorization for Expenditure ESTIMATED COST\*

Operator: Special Energy Corporation  
Prepared By: Special Energy Corporation  
Location: Lea County, New Mexico  
Date: 4/10/2017

Well Name: Jenna 1-H      Formation: San Andres  
SHL: 2205' FEL & 290' FSL      BHL: 2205' FEL & 330' FSL  
Spacing: W/E/2 Sec. 31-11S-38E  
Est. Total Depth: MD - 10,000' TVD - 5,250'

Acct Code	Intangibles Description	Drilling	Completion	Total Well Cost
205, 308	Casing Crews / Tonga	\$11,000.00	\$20,000.00	\$31,000.00
210, 310	Cement / Float Equipment	\$15,000.00	\$54,400.00	\$69,400.00
225	Labor	\$0.00	\$115,000.00	\$115,000.00
228	ROW (Damages)	\$40,000.00	\$25,000.00	\$65,000.00
233	Directional Services	\$70,000.00	\$0.00	\$70,000.00
227	Drill Bits - Reamers - Stabilizers	\$30,000.00	\$4,000.00	\$34,000.00
228	Drilling Rig - Daywork	\$150,000.00	\$22,500.00	\$172,500.00
202	Drilling Overhead	\$5,000.00	\$0.00	\$5,000.00
235, 335	Tool Rentals & Services	\$13,850.00	\$75,250.00	\$89,100.00
237, 250	Logging - DST - Includes Mud Logging	\$7,000.00	\$0.00	\$7,000.00
240	Geological Supervision	\$5,000.00	\$2,500.00	\$7,500.00
242	Permits - Location	\$35,000.00	\$0.00	\$35,000.00
231	Water - Mud - Mud Hauling	\$40,000.00	\$75,000.00	\$115,000.00
275, 380	Rentals	\$13,750.00	\$30,500.00	\$44,250.00
280	Rig Setup - MH, RH, Conductor, Cellar, etc.	\$92,500.00	\$0.00	\$92,500.00
265	Rig Fuel	\$31,250.00	\$3,750.00	\$35,000.00
294	Transportation	\$24,000.00	\$10,000.00	\$34,000.00
241	Insurance - Well Control - Inspection	\$8,000.00	\$0.00	\$8,000.00
302	Completion Overhead	\$0.00	\$5,000.00	\$5,000.00
315	Completion Rig	\$0.00	\$20,000.00	\$20,000.00
318	Bond Log - Perforations	\$0.00	\$45,000.00	\$45,000.00
325	Labor - Well Hook-up	\$0.00	\$5,000.00	\$5,000.00
338	Stimulation - Acidizing - Fracturing - Plugs	\$0.00	\$430,000.00	\$430,000.00
320	Engineering Supervision - Consulting - Inspection	\$22,000.00	\$56,000.00	\$78,000.00
310	Repairs - Safety	\$8,200.00	\$3,000.00	\$11,200.00
370	Power - Fuel & Water	\$31,250.00	\$3,750.00	\$35,000.00
394	Trucking	\$3,000.00	\$5,000.00	\$8,000.00
398	Disposal - Production Testing - Flowback	\$0.00	\$65,000.00	\$65,000.00
260,360	Miscellaneous & Contingencies	\$21,400.00	\$99,100.00	\$173,145.00
<b>Total Intangibles Estimated Cost:</b>		<b>\$877,200.00</b>	<b>\$1,174,750.00</b>	<b>\$1,904,595.00</b>
Acct Code	Tangibles Description	Drilling	Completion	Total
410, 510	Rathole/Mousehole/Conductor	\$15,000.00		\$15,000.00
410, 510	9 5/8" Casing - 1,500 feet @ 13.50/ft	\$20,250.00		\$20,250.00
410, 510	5.5" Casing - 10,000 feet @ 5.50/ft		\$55,000.00	\$55,000.00
580	2 7/8" Tubing - 5,200 feet @ 3.75/ft		\$19,500.00	\$19,500.00
513	Electrical System		\$65,000.00	\$65,000.00
642	Subsurface Equipment		\$135,000.00	\$135,000.00
				\$0.00
				\$0.00
527	Packers - Sleeves			\$0.00
530	Meters - Level Control		\$5,000.00	\$5,000.00
560	Production Tanks (Installed)		\$40,000.00	\$40,000.00
560	Separation Equipment		\$61,000.00	\$61,000.00
564	Water Tanks - Installed - 300bbl		\$50,000.00	\$50,000.00
515	Valves - Connections - Flow Lines		\$10,000.00	\$10,000.00
581	Well Head	\$3,000.00	\$18,500.00	\$21,500.00
<b>Total Well Equipment Estimated Cost:</b>		<b>\$38,250.00</b>	<b>\$459,000.00</b>	<b>\$497,250.00</b>
<b>Electrical &amp; Disposal Infrastructure:</b>				<b>\$100,000.00</b>
<b>Total AFE Estimated Cost:</b>		<b>\$716,450.00</b>	<b>\$1,633,750.00</b>	<b>\$2,501,845.00</b>

Approvals:

Special Energy Corporation

Working Interest Owner

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

WI Percentage: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PLEASE NOTE: THE ABOVE COSTS ARE ESTIMATES AND THE ACTUAL COST MAY VARY. BY EXECUTION ABOVE, PARTICIPANT COMMITS TO PAY ITS PROPORTIONATE SHARE OF ACTUAL COSTS INCURRED.



August 23, 2017

NAME  
ADD1  
ADD2  
ADD3

Re: Decker 1-H  
W/2 W/2 Sec. 20-12S-38E, N.M.P.M.  
Lea County, NM

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Yours truly,

**Gary Bond**  
Vice President

