

MC ELVAIN ENERGY, INC.

1050 17TH STREET, SUITE 2500
DENVER, COLORADO 80265-2080

RICK HARRIS
LAND MANAGER

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FAX 855-613-9139
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October 6, 2017

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South Street, Francis Drive
Santa Fe, NM 87505

RE: Case No. 15742, Order No. R-14457
EK 30 BS2 Federal Com #2H
Township 18 South, Range 34 East, N.M.P.M.
Section 30: W2E2 (Unit)
SHL: SESE, 150' FSL; 876' FEL
BHL: NWE, 230' FNL, 1980' FEL
Lea County, New Mexico

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2017 OCT 10 P 2:52

Dear Sir or Madam:

Pursuant to order number R-14457, enclosed please find copies of the itemized schedule of estimate costs of drilling, completing, and equipping the captioned well that were sent to the Pooled Working Interest Owners.

If you have any questions or need additional information please do not hesitate to contact the undersigned.

Very truly yours,

McElvain Energy, Inc.



Rick Harris
Land Manager

Enclosures



AUTHORIZATION FOR EXPENDITURE COST ESTIMATE

Owner: 50 T H MCELVAIN OIL & GAS LLLP

PARTNERSHIP
1050 17TH STREET, SUITE 2500
DENVER CO 80265

AFE: DONM17000458 EK 30 BS2 FED COM 2H

DRILL TO 14,865' MD

Property Code	Property Name	FBS Type Name
NM0026-34.01	EK 30 BS2 FEDERAL COM #2H	Zone

Township: 018-S Range: 034-E Section: 30 Qtr/Qtr: SWSE
Lea County, NM
T18S R 34E
SEC 30: SWSE (SL)
Township: 018-S Range: 034-E Section: 30 Qtr/Qtr: NWNE
Lea County, NM
T18S R34E
SEC 30: NWNE (BHL)
Township: 018-S Range: 034-E Section: 30 Qtr/Qtr: W2E2
Lea County, NM
T18S R34E
SEC 30: W2E2

AFE Budget

Type	4000	Description	IDC	OTHER	DRLNG	COMPL	Total
4004		STAKING, PERMIT & LEGAL FEES		0.00	25,000.00	0.00	25,000.00
4011		SURFACE DAMAGES, RIGHT OF WAY		0.00	15,000.00	0.00	15,000.00
4015		LOCATION/ROAD		0.00	75,000.00	0.00	75,000.00
4111		DRILLING, DAYWORK		0.00	437,500.00	0.00	437,500.00
4116		MOB/DEMOB		0.00	75,000.00	0.00	75,000.00
4118		RIG FUEL		0.00	93,750.00	0.00	93,750.00
4119		DRILL PIPE INSPECTION		0.00	75,000.00	0.00	75,000.00
4120		DRILLING WATER		0.00	60,000.00	0.00	60,000.00
4125		DRILLING MUD & ADDITIVES		0.00	100,000.00	0.00	100,000.00
4135		BITS		0.00	75,000.00	0.00	75,000.00
4204		MUD LOGS		0.00	50,000.00	0.00	50,000.00
4216		DIRECTIONAL TOOLS & SERVICES		0.00	180,000.00	0.00	180,000.00
4220		OPEN HOLE LOGS		0.00	20,000.00	0.00	20,000.00
4225		CEMENT, CEMENTING TOOLS & SERV		0.00	75,000.00	0.00	75,000.00
4250		TOOL & EQUIPMENT RENTAL		0.00	235,000.00	0.00	235,000.00
4408		CASING CREW		0.00	15,000.00	0.00	15,000.00
4480		TRUCKING & TRANSPORTATION		0.00	40,000.00	0.00	40,000.00
4515		ROUSTABOUT SVC & CONTRACT LABOR		0.00	100,000.00	0.00	100,000.00
4611		CLOSED LOOP SYSTEM COSTS		0.00	225,000.00	0.00	225,000.00
4615		FIELD SUPERVISION		0.00	105,000.00	0.00	105,000.00
4620		DRILLING OVERHEAD		0.00	15,000.00	0.00	15,000.00
4715		OTHER INT DRILLING COSTS		0.00	25,000.00	0.00	25,000.00
Total:				0.00	2,116,250.00	0.00	2,116,250.00

Type	5000	Description	INTANGIBLE COMPLETION				
5004		STAKING, PERMIT & LEGAL FEES		0.00	0.00	10,000.00	10,000.00
5011		SURFACE DAMAGES, RIGHT OF WAY		0.00	0.00	15,000.00	15,000.00
5015		LOCATION, ROAD		0.00	0.00	50,000.00	50,000.00
5111		DRILLING, DAYWORK		0.00	0.00	150,000.00	150,000.00
5112		PULLING UNIT-COMPLETION UNIT		0.00	0.00	16,000.00	16,000.00
5121		COMPLETION WATER		0.00	0.00	150,000.00	150,000.00
5126		FLUID DISPOSAL		0.00	0.00	81,000.00	81,000.00
5127		WATER TRUCK SVCS - OTHER		0.00	0.00	5,000.00	5,000.00
5220		CASED HOLES, LOGS & PERFORATING		0.00	0.00	125,000.00	125,000.00
5225		CEMENT, CEMENTING TOOLS & SERV		0.00	0.00	75,000.00	75,000.00
5250		TOOL & EQUIPMENT RENTAL		0.00	0.00	75,000.00	75,000.00



AUTHORIZATION FOR EXPENDITURE COST ESTIMATE

5408	CASING CREW	0.00	0.00	20,000.00	20,000.00
5480	TRUCKING & TRANSPORTATION	0.00	0.00	30,000.00	30,000.00
5515	ROUSTABOUT SERVICE & CONTRACT LABOR	0.00	0.00	150,000.00	150,000.00
5520	STIMULATION: FRAC, ACID, ETC.	0.00	0.00	1,200,000.00	1,200,000.00
5550	SLICKLINE SERVICES	0.00	0.00	25,000.00	25,000.00
5560	HOT OIL SERVICE	0.00	0.00	10,000.00	10,000.00
5580	MISC. MATERIALS & SUPPLIES	0.00	0.00	5,000.00	5,000.00
5609	ELECTRICAL INSTALLATION	0.00	0.00	50,000.00	50,000.00
5610	REGULATORY COMPLIANCE	0.00	0.00	5,000.00	5,000.00
5615	FIELD SUPERVISION	0.00	0.00	53,500.00	53,500.00
5620	COMPLETION OVERHEAD	0.00	0.00	4,000.00	4,000.00
5715	OTHER COMPLETION COSTS	0.00	0.00	25,000.00	25,000.00
Total:		0.00	0.00	2,329,500.00	2,329,500.00

Type	8000	Description	TANGIBLES				
8005		SURFACE CASING	0.00	0.00	64,000.00	64,000.00	
8010		INTERMEDIATE CASING	0.00	0.00	119,000.00	119,000.00	
8015		PRODUCTION CASING/LINER	256,421.00	0.00	0.00	256,421.00	
8025		TUBING	49,200.00	0.00	0.00	49,200.00	
8026		TUBING EQUIPMENT & ACCESSORIES	7,500.00	0.00	0.00	7,500.00	
8205		CHRISTMAS TREE AND WELLHEAD	30,000.00	0.00	0.00	30,000.00	
8220		SEPARATION EQUIPMENT	110,000.00	0.00	0.00	110,000.00	
8230		STORAGE FACILITIES-TANKS	100,000.00	0.00	0.00	100,000.00	
8250		LINE PIPE & FITTINGS	175,000.00	0.00	0.00	175,000.00	
8303		GAS ENGINES	125,000.00	0.00	0.00	125,000.00	
8410		METERING EQUIPMENT	90,000.00	0.00	0.00	90,000.00	
8505		TRUCKING & CONSTRUCTION COSTS	100,000.00	0.00	0.00	100,000.00	
8506		TRUCKING SURF EQUIPT INSTALL	25,000.00	0.00	0.00	25,000.00	
8705		NON-CONTROLLABLE EQUIP	60,000.00	0.00	0.00	60,000.00	
Total:			1,128,121.00	0.00	183,000.00	1,311,121.00	
Total:			1,128,121.00	2,116,250.00	2,512,500.00	5,756,871.00	

MCELVAIN ENERGY INC

T H MCELVAIN OIL & GAS LLLP

OTHER	0.05625000	63,456.81
DRLNG	0.05625000	119,039.06
COMPL	0.05625000	141,328.13

Approved By: _____

Approved By: _____

Date: _____

Date: _____

This AFE is an estimate of the proposed expenditure and by the WIO's execution of the AFE he acknowledges that this is an estimate only and agrees to reimburse operator for the actual cost.