

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF ASCENT ENERGY, LLC
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 16483

**APPLICATION OF ASCENT ENERGY, LLC
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 16485

VERIFIED STATEMENT OF LEE ZINK

Lee Zink, being duly sworn upon his oath, deposes and states:

1. I am a landman for Ascent Energy, LLC ("Ascent"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:
 - (a) The purpose of this application is to force pool working interest owners into the Bone Spring and Wolfcamp horizontal spacing units described below, and in wells to be drilled in the units.
 - (b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the wells. All interest owners are locatable.
 - (c) The wells are in the Gavilon Development Area, a development area approved by the Bureau of Land management for drilling in the potash area. A plat outlining the Development area is attached as Attachment A.
 - (d) A plat outlining the Bone Spring unit being pooled in Case 16483 is attached hereto as Attachment B. Ascent seeks an order pooling all mineral interests in the Bone formation underlying the E/2W/2 of Section 28 and the E/2W/2 of Section 33, Township 20 South, Range 33 East, NMPM. The unit will be dedicated to:

EXHIBIT |

- (i) the Gavilon Fed Com Well No. 505H, a Second Bone Spring test; and
- (ii) the Gavilon Fed Com Well No. 603H, a Third Bone Spring test.

They are horizontal wells with first take points in the SE/4SW/4 of Section 33 and final take points in the NE/4NW/4 of Section 28. The wells will comply with Division setback requirements.

The parties being pooled and their interests are set forth in Attachment B.

(e) A plat outlining the Wolfcamp unit being pooled in Case 16485 is attached hereto as Attachment C. Ascent seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2W/2 of Section 28 and the E/2W/2 of Section 33, Township 20 South, Range 33 East, NMPM. The unit will be dedicated to:

- (i) the Gavilon Fed Com Well No. 705H, a lower Wolfcamp A test; and
- (ii) the Gavilon Fed Com Well No. 706H, a upper Wolfcamp X Sand test.

They are horizontal wells with first take points in the SE/4SW/4 of Section 33 and final take points in the NE/4NW/4 of Section 28. The wells will comply with Division setback requirements.

The parties being pooled and their interests are set forth in Attachment C.

- (f) There are no depth severances in the Bone Spring and Wolfcamp formations.
- (g) Attachment F is a well proposal sent to Marathon Oil Permian LLC for the subject wells. Similar letters were sent to all other working interest owners. Ascent has had numerous contacts with all interest owners.
- (h) Ascent has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (i) Ascent has the right to pool the overriding royalty owners in the well unit.
- (j) Attachment F contains the Authorizations for Expenditure for the proposed wells. The estimated costs of the wells set forth therein are fair and reasonable, and comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.
- (k) Ascent requests overhead and administrative rates of \$7500/month for a drilling well and \$750/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Ascent requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

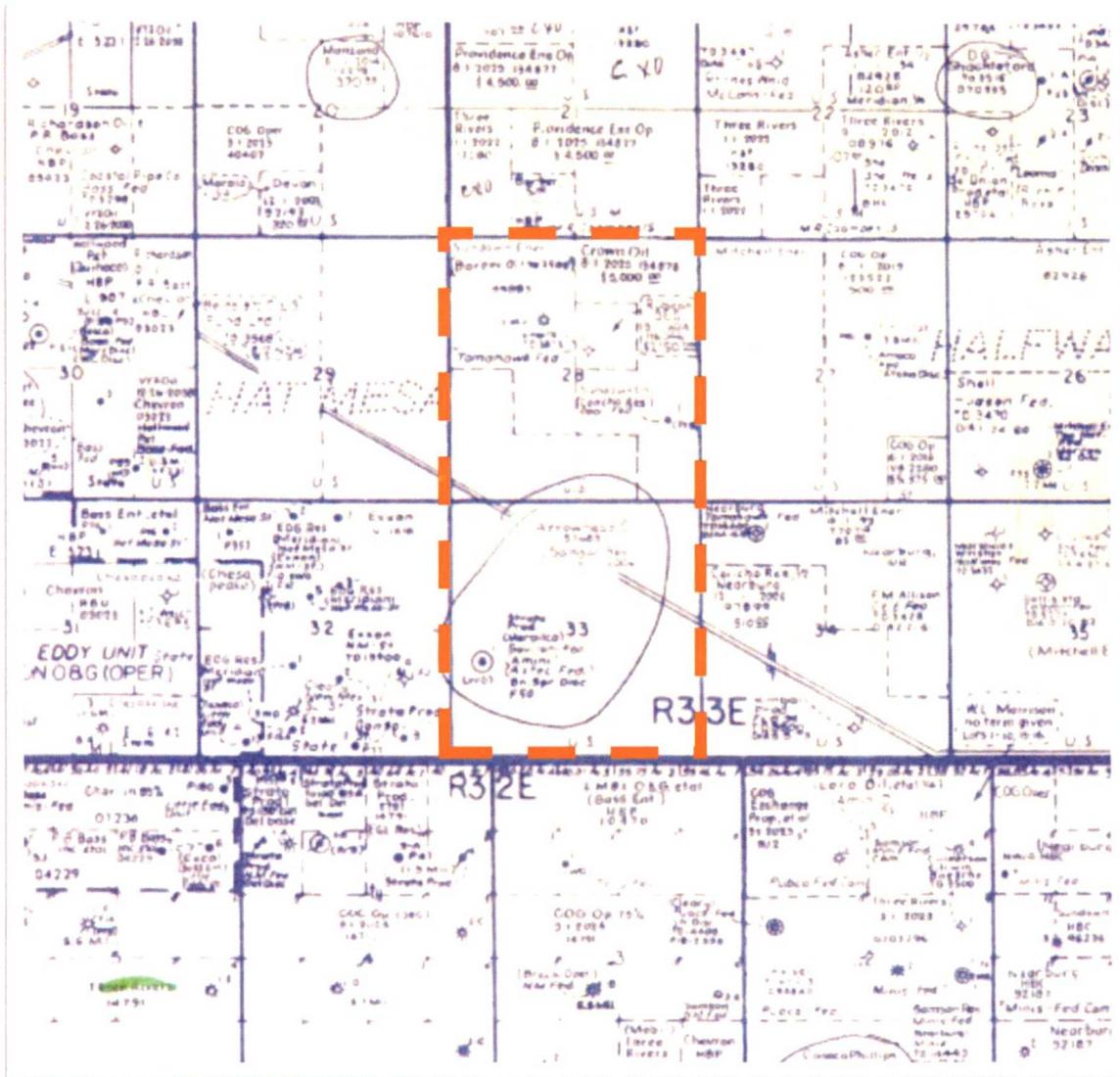
(l) Ascent requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

(m) Ascent requests that it be designated operator of the wells.

(m) The attachments to this affidavit were prepared by me, or compiled from Company business records.

(n) The granting of this application is in the interests of conservation and the prevention of waste.

Gavilon Development Area
 Township 20 South, Range 33 East
 Section 28: All
 Section 33: All
 1,280.00 Gross Acres
 Lea County, NM



Gavilon Development Area



Ascent Energy, LLC	
Exhibit	
Midland Map	
T20S-R33E	
Case No.	

Township 20 South, Range 33 East

Section 28: E2W2

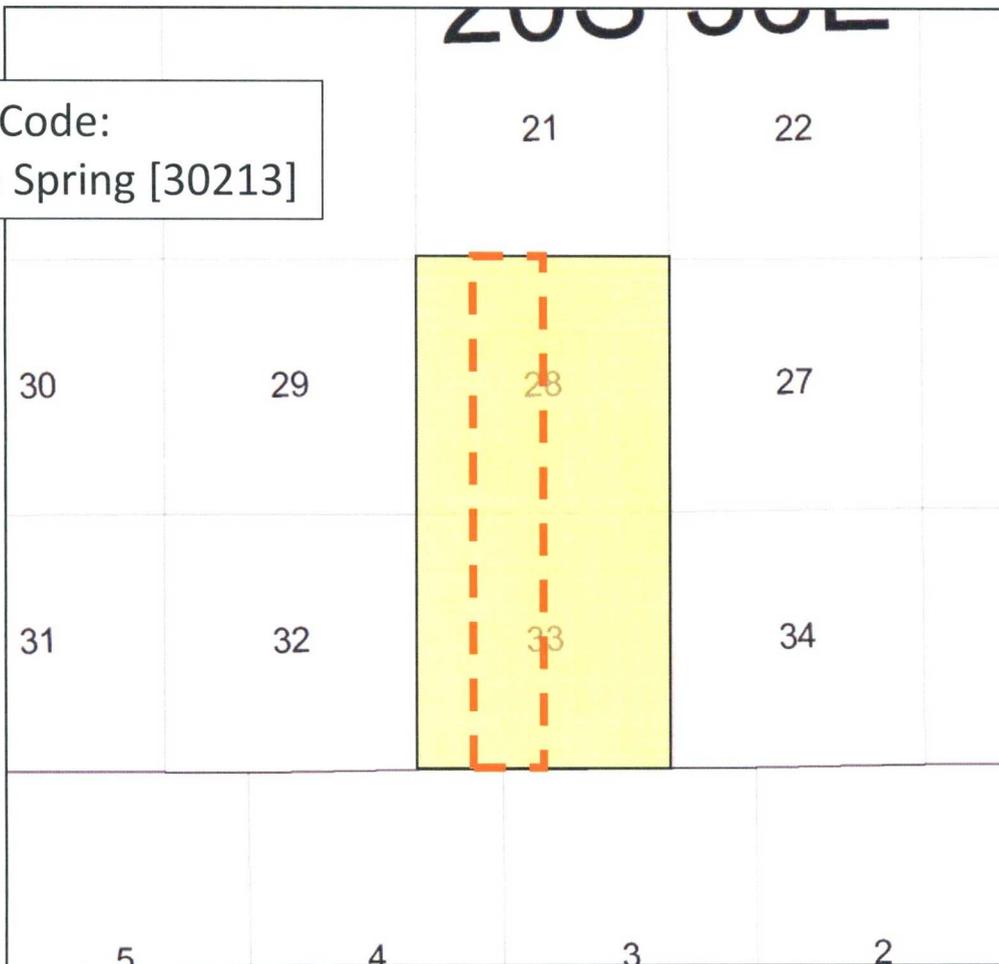
Section 33: E2W2

320.00 Gross Acres

Lea County, NM

Case No. 16483

Pool Code:
Bone Spring [30213]



Working Interest for:

Gavilon Fed Com #505H

Gavilon Fed Com #603H

Ascent Energy LLC: 46.09%

Marathon Oil Permian: 21.88%

XTO Holdings LLC: 12.50%

COG Operating LLC: 12.50%

Camterra Resources Partners: 06.25%

John Benedict: 00.78%

Total: 100.00%



Pooling Unit

Sec. 28: E2W2

Sec. 33: E2W2

320.00 Gross Acres

Ascent Energy, LLC



Exhibit

Ascent Energy Pooling Unit Map

Case No. 16483

ATTACHMENT *B*

Township 20 South, Range 33 East

Section 28: E2W2

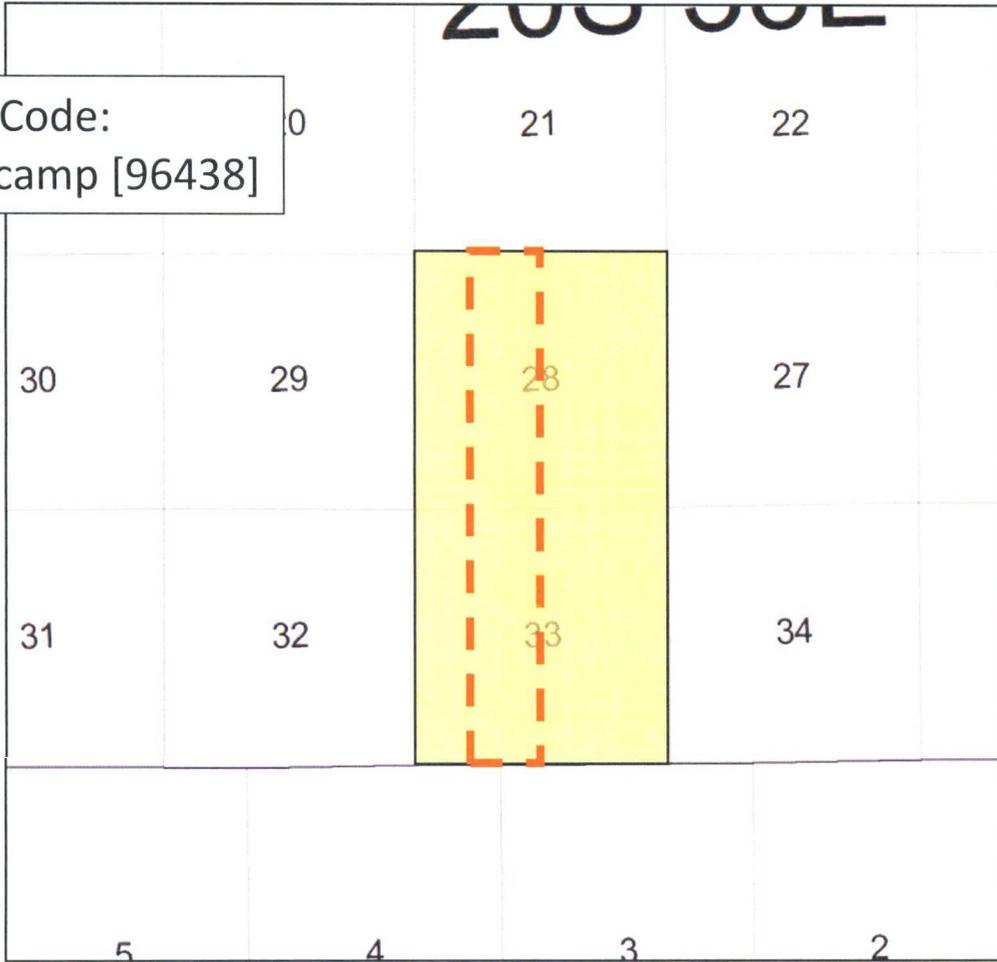
Section 33: E2W2

320.00 Gross Acres

Lea County, NM

Case No. 16485

Pool Code:
Wolfcamp [96438]



Working Interest for:

Gavilon Fed Com #705H

Gavilon Fed Com #706H

Ascent Energy LLC: 46.09%

Marathon Oil Permian: 21.88%

XTO Holdings LLC: 12.50%

COG Operating LLC: 12.50%

Camterra Resources Partners: 06.25%

John Benedict: 00.78%

Total: 100.00%

 Pooling Unit
Sec. 28: E2W2
Sec. 33: E2W2
320.00 Gross Acres

Ascent Energy, LLC 
Exhibit
Ascent Energy Pooling Unit Map
Case No. 16485

ATTACHMENT 



July 31, 2018

Marathon Oil Permian LLC
5555 San Felipe Street
Houston, Texas 77056
Attn: Mr. Matt Brown

RE: Gavilon Development Area
T20S-R30E
Sec. 28: E2W2
Sec. 33: E2W2
320 Gross Acres, more or less
Lea County, New Mexico



Dear Working Interest Owner:

Ascent Energy, LLC ("Ascent") hereby proposes the drilling, completing and equipping the following wells to Marathon Oil Permian LLC ("Marathon") located in Sections 28 and 33 of T20S-R33E, Lea County, New Mexico (the "Wells").

- 1) Gavilon Fed Com #505H (the "505H Well") to test the Bone Spring formation at a total vertical depth of 10,516 and a total measured depth of 21,143'. The proposed surface location of the 505H Well is 125' FSL, 1,988' FWL, T20S-R33E Sec. 33 with a bottom hole location of 100' FNL, 2,178' FWL, T20S-R33E Sec. 28.

The estimated cost associated with the 505H Well is \$9,278,660, as outlined in the enclosed Authority for Expenditure dated July 31, 2018. Ascent's records indicate that Marathon owns a 21.88% working interest in the 505H Well, and Marathon's estimated costs is approximately \$2,030,170.

- 2) Gavilon Fed Com #603H (the "603H Well") to test the Bone Spring formation at a total vertical depth of 11,371' and a total measured depth of 21,998'. The proposed surface location of the 603H Well is 125' FSL, 1,963' FWL, T20S-R33E Sec. 33 with a bottom hole location of 100' FNL, 1,650' FWL, T20S-R33E Sec. 28.

The estimated cost associated with the 603H Well is \$9,373,200, as outlined in the enclosed Authority for Expenditure dated July 31, 2018. Ascent's records indicate that Marathon owns a 21.88% working interest in the 603H Well, and Marathon's estimated costs is approximately \$2,050,856.

- 3) Gavilon Fed Com #705H (the "705H Well") to test the Wolfcamp formation at a total vertical depth of 11,653' and a total measured depth of 22,280'. The proposed surface location of the 705H Well is 125' FSL, 1,913' FWL, T20S-R33E Sec. 33 with a bottom hole location of 100' FNL, 1,650' FWL, T20S-R33E Sec. 28.

The estimated cost associated with the 705H Well is \$9,955,681, as outlined in the enclosed Authority for Expenditure dated July 20, 2018. Ascent's records indicate that Marathon owns a 21.88% working interest in the 705H Well, and Marathon's estimated costs is approximately \$2,178,303.

- 4) Gavilon Fed Com #706H (the "706H Well") to test the Wolfcamp formation at a total vertical depth of 11,494' and a total measured depth of 22,121'. The proposed surface location of the 706H Well is 125' FSL, 2,038' FWL, T20S-R33E Sec. 33 with a bottom hole location of 100' FNL, 2,310' FWL, T20S-R33E Sec. 28.

The estimated cost associated with the 706H Well is \$9,870,392, as outlined in the enclosed Authority for Expenditure dated July 31, 2018. Ascent's records indicate that Marathon owns a 21.88% working interest in the 706H Well, and Marathon's estimated costs is approximately \$2,159,642.

In addition, Ascent proposes the Wells under the terms of a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following basic terms.

- Contract Area:
Township 20 South, Range 33 East
Section 28: E2W2
Section 33: E2W2
- Ascent named as Operator
- 100%/300%/300% non-consent penalties
- \$8,000.00/\$800.00 drilling and producing overhead rates

Please indicate your election in the Wells and return a signed copy within thirty (30) days of receipt of this notice to Ascent. If Marathon is interested in selling its interest in the Contract Area, please contact the undersigned at your earliest convenience.

Ascent looks forward to working with Marathon on this matter and may file for compulsory pooling in the near future to pool any uncommitted working interest owners. If you have any questions or concerns, please do not hesitate to contact the undersigned at (720) 710-8923 or lzink@ascentenergy.us.

Very Truly Yours,



Lee Zink
Land Manager
Ascent Energy, LLC
1621 18th Street, Suite 200
Denver, CO 80202

Enclosure(s): Gavilon Fed Com #505H AFE
Gavilon Fed Com #603H AFE
Gavilon Fed Com #705H AFE
Gavilon Fed Com #706H AFE
Draft 2015 Horizontal AAPL Form 610 Operating Agreement (email only)

Well Election(s)

___ Marathon hereby elects to participate in the proposed Gavilon Fed Com 505H by paying its proportionate share of the costs outlined on the associated AFE.

___ Marathon hereby elects not to participate in the proposed Gavilon Fed Com 505H.

___ Marathon hereby elects to participate in the proposed Gavilon Fed Com 603H by paying its proportionate share of the costs outlined on the associated AFE.

___ Marathon hereby elects not to participate in the proposed Gavilon Fed Com 603H.

___ Marathon hereby elects to participate in the proposed Gavilon Fed Com 705H by paying its proportionate share of the costs outlined on the associated AFE.

___ Marathon hereby elects not to participate in the proposed Gavilon Fed Com 705H.

___ Marathon hereby elects to participate in the proposed Gavilon Fed Com 706H by paying its proportionate share of the costs outlined on the associated AFE.

___ Marathon hereby elects not to participate in the proposed Gavilon Fed Com 706H.

Working Interest Owner:

Marathon Oil Permian LLC

By: _____

Title: _____

Date: _____

Ascent Energy, LLC

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER <u>Gavilon Fed Com 505H</u>	BUD YEAR <u>2018</u>	DATE <u>July 31, 2018</u>
AFE NO. _____	CATEGORY <u>D&C</u>	SUPPLEMENT NO. _____
FIELD <u>Hat Mesa</u>	REGION <u>Delaware Basin</u>	LEGAL: <u>20S 33E</u>
OPERATOR <u>Ascent Energy, LLC</u>	WELL NO. _____	W.I. _____
OBJECTIVE <u>2nd Bone Spring</u>	STATE <u>NM</u>	MD/TVD <u>+/-21,143/10,516'</u>
ESTIMATED PROJECT START DATE: <u>1Q2019</u>		

DESCRIPTION: Drill a 10,360' lateral in the 2nd Bone Spring and frac with 62 stages. Assumes 4 string design.

INTANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8305 101	Location Cleanup & Damages			\$125,000	\$125,000
8305 102	Riq Move - MIRU, RDMO			\$100,000	100,000
8305 103	Riq Contractor-Daywork/FT			\$696,000	696,000
8305 104	Riq Contractor-Turnkey				0
8305 105	Power & Fuel			\$130,000	130,000
8305 106	Drill Fluids & Chemicals			\$125,000	125,000
8305 107	Bits, Reamer, Stabilizers			\$105,000	105,000
8305 108	Cement & Cementing Services			\$210,000	210,000
8305 109	Mud Logging			\$80,000	80,000
8305 110	Open Hole Logging			\$30,000	30,000
8305 111	Csg Crews & Tools			\$95,000	95,000
8305 112	Directional Tools & Service			\$210,000	210,000
8305 114	Form Eval - Well Testng DST - Coring, Sampling				0
8305 115	Tubular Inspection			\$20,000	20,000
8305 116	Equipment Rentals			\$330,000	330,000
8305 117	Contract Labor & Services			\$125,000	125,000
8305 118	Wellsite Consultants			\$116,000	116,000
8305 119	Company Supervison & Labor				0
8305 120	Transportation			\$20,000	20,000
8305 121	Mud, Cuttings & Water Disposal			\$80,000	80,000
8305 122	Insurance			\$40,410	40,410
8305 123	Overhead			\$25,000	25,000
8305 124	Water & Water Well			\$50,000	50,000
8305 125	Unanticipated MjrExp (Fishing)				0
8305 126	Legal			\$50,000	50,000
8305 127	Outside Operated Other				0
8305 128	Permits			\$20,000	20,000
8305 129	Environmental & Safety			\$20,000	20,000
8305 130	Plugging				0
	SUBTOTAL			\$2,802,410	\$2,802,410
8305 199	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE DRILLING COSTS			\$2,802,410	\$2,802,410

INTANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8306 201	Location & Cleanup			\$10,000	\$10,000
8306 202	Power & Fuel			10,000	10,000
8306 203	Compl Fluids & Chemicals			45,000	45,000
8306 204	Bits, Reamer, Stabilizers				0
8306 205	Cement & Cementing Svcs				0
8306 206	Logging & Perforation Svcs			275,000	275,000
8306 207	Csq Crews & Tools-Drive Hammer				0
8306 208	Directional Tools & Svcs				0
8306 209	Formation Stimulatn Acid Frac			3,500,000	3,500,000
8306 210	Formation Evaluation				0
8306 211	Tubular Inspection				0
8306 212	Equipment Rentals			200,000	200,000
8306 213	Contract Labor & Services				0
8306 214	Wellsite Consultant			120,000	120,000
8306 215	Company Supervision & Labor				0
8306 216	Transportation			20,000	20,000
8306 217	Mud Cuttings & Water Disposal			15,000	15,000
8306 218	Insurance				0
8306 219	Overhead				0
8306 220	Water & Water Well			641,250	641,250
8306 221	Unanticipated MajExp Fishing				0
8306 222	Coil Tubing Services			95,000	95,000
8306 223	Misc Supplies & Materials			35,000	35,000
8306 224	Flowback Testing			75,000	75,000
8306 225	Legal & Permits			5,000	5,000
8306 226	Environmental & Safety Costs				0
8306 227	Plugging				0
8306 228	Completion Riq			30,000	30,000
	SUBTOTAL			\$5,076,250	\$5,076,250
8306 299	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE COMPLETION COSTS			\$5,076,250	\$5,076,250
	SUB-TOTAL INTANGIBLE COSTS			\$2,802,410	\$7,878,660

ATTACHMENT E

TANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8308 301	Drive Pipe Conductor Casing	\$ -	0	\$20,000	\$20,000
8308 302	Surface Casing	\$ -	0	\$50,000	50,000
8308 303	Intermediate Casing	\$ -	0	\$125,000	125,000
8308 304	Intermediate Casing	\$ -	0	\$150,000	150,000
8308 305	Subs Flt Eqpt Centralizers Etc				0
8308 306	Casinghead Drilling Spool			\$60,000	60,000
8308 307	Sub Surface Equipment				0
8308 308	Outside Operated Other				0
	SUB-TOTAL TANGIBLE DRILLING COSTS			\$405,000	\$405,000

TANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8309 401	Production Casing	\$ -	0	340,000	\$340,000
8309 402	Tubing	\$ -	0	40,000	40,000
8309 403	Subs Flt Eqpt Centralizers Etc				0
8309 404	Sub Surface Equipment			30,000	30,000
8309 405	Xmas Tree Upper Section			60,000	60,000
8309 406	Outside Operated Other				0
SUB-TOTAL TANGIBLE COMPLETION COSTS				\$470,000	\$470,000
SUB-TOTAL INTANGIBLE COSTS				\$405,000	\$875,000
SUB-TOTAL INTANGIBLE & TANGIBLE COSTS				\$3,207,410	\$8,753,660

PRODUCTION EQUIPMENT COSTS

ACCT.	DESCRIPTION	COMPLETION	TOTAL WELL COST
8311 501	Artificial Lift Equipment	\$15,000	\$15,000
8311 502	Prime Mover Electric Gas		0
8311 503	Sales Gathering Line		0
8311 504	Separation Equipment	50,000	50,000
8311 505	Oil Treating Heating Equipment		0
8311 506	Gas Treating Dehy Equipment		0
8311 507	Tanks	70,000	70,000
8311 508	Meters	55,000	55,000
8311 509	Electrical Equip Install	20,000	20,000
8311 510	Compressor		0
8311 511	Flowlines	50,000	50,000
8311 512	Labor	130,000	130,000
8311 513	Trucks Hauling Transportation		0
8311 514	Buildings		0
8311 515	Roads & Locations	10,000	10,000
8311 516	Manifolds & Headers	15,000	15,000
8311 517	Chemical Injection System		0
8311 518	Piping & Valves	50,000	50,000
8311 519	Welding		0
8311 520	Surface Pumps	5,000	5,000
8311 521	Filters		0
8311 522	Outside Operated Other		0
8311 523	Environmental & Safety	10,000	10,000
8311 524	Engineering Supervision	30,000	30,000
8311 525	Surface Facilities	15,000	15,000
SUB-TOTAL PRODUCTION EQUIPMENT		\$525,000	\$525,000
SUB-TOTAL INTANGIBLE COSTS (PAGE 1)		\$2,802,410	\$7,878,660
SUB-TOTAL TANGIBLE COSTS (PAGE 2)		\$405,000	\$875,000
GRAND TOTAL		\$3,207,410	\$9,278,660
LESS OUTSIDE INTERESTS		\$3,207,410	\$9,278,660
TOTAL NET COSTS		\$0	\$0

Notice to Nonoperator: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

PREPARED BY		DATE	
APPROVED		DATE	
APPROVED		DATE	
APPROVED		DATE	

GROSS AFE AMOUNT - DRY HOLE	\$3,207,410
NET DRYHOLE AFE AMOUNT	\$0
NET ASSET TRANSFERS	\$0
CASH OUTLAY THIS AFE	\$0
PREVIOUS AFE'S ISSUED	\$0
TOTAL CASH OUTLAY	\$0

WORKING INTEREST APPROVAL

COMPANY	WORKING INTEREST	APPROVED BY	DATE

Ascent Energy, LLC

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER Gavilon Fed Com 603H	BUD YEAR 2018	DATE July 31, 2018
AFE NO. _____	CATEGORY D&C	SUPPLEMENT NO. _____
FIELD Hat Mesa	REGION Delaware Basin	LEGAL: 20S 33E
OPERATOR Ascent Energy, LLC	WELL NO. _____	W.I. _____
OBJECTIVE 3rd Bone Spring	STATE NM	MD/TVD +/-21,998/11,371'

ESTIMATED PROJECT START DATE: **1Q2019**

DESCRIPTION: Drill a 10,360' lateral in the 3rd Bone Spring and frac with 62 stages. Assumes 4 string design.

INTANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8305 101	Location Cleanup & Damages			\$125,000	\$125,000
8305 102	Rig Move - MIRU, RDMO			\$100,000	100,000
8305 103	Rig Contractor-Daywork/FT			\$720,000	720,000
8305 104	Rig Contractor-Turnkey				0
8305 105	Power & Fuel			\$140,000	140,000
8305 106	Drill Fluids & Chemicals			\$135,000	135,000
8305 107	Bits, Reamer, Stabilizers			\$110,000	110,000
8305 108	Cement & Cementing Services			\$215,000	215,000
8305 109	Mud Logging			\$82,000	82,000
8305 110	Open Hole Logging			\$30,000	30,000
8305 111	Csg Crews & Tools			\$100,000	100,000
8305 112	Directional Tools & Service			\$220,000	220,000
8305 114	Form Eval - Well Testing DST - Coring, Sampling				0
8305 115	Tubular Inspection			\$20,000	20,000
8305 116	Equipment Rentals			\$340,000	340,000
8305 117	Contract Labor & Services			\$135,000	135,000
8305 118	Wellsite Consultants			\$120,000	120,000
8305 119	Company Supervision & Labor				0
8305 120	Transportation			\$20,000	20,000
8305 121	Mud, Cuttings & Water Disposal			\$90,000	90,000
8305 122	Insurance			\$41,950	41,950
8305 123	Overhead			\$25,000	25,000
8305 124	Water & Water Well			\$55,000	55,000
8305 125	Unanticipated MjrExp (Fishing)				0
8305 126	Legal			\$50,000	50,000
8305 127	Outside Operated Other				0
8305 128	Permits			\$20,000	20,000
8305 129	Environmental & Safety			\$20,000	20,000
8305 130	Plugging				0
	SUBTOTAL			\$2,913,950	\$2,913,950
8305 199	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE DRILLING COSTS			\$2,913,950	\$2,913,950

INTANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8306 201	Location & Cleanup			\$10,000	\$10,000
8306 202	Power & Fuel			10,000	10,000
8306 203	Compl Fluids & Chemicals			45,000	45,000
8306 204	Bits, Reamer, Stabilizers				0
8306 205	Cement & Cementing Svcs				0
8306 206	Logging & Perforation Svcs			275,000	275,000
8306 207	Csg Crews & Tools-Drive Hammer				0
8306 208	Directional Tools & Svcs				0
8306 209	Formation Stimulatn Acid Frac			3,500,000	3,500,000
8306 210	Formation Evaluation				0
8306 211	Tubular Inspection				0
8306 212	Equipment Rentals			165,000	165,000
8306 213	Contract Labor & Services				0
8306 214	Wellsite Consultant			120,000	120,000
8306 215	Company Supervision & Labor				0
8306 216	Transportation			20,000	20,000
8306 217	Mud Cuttings & Water Disposal			15,000	15,000
8306 218	Insurance				0
8306 219	Overhead				0
8306 220	Water & Water Well			641,250	641,250
8306 221	Unanticipated MajExp Fishing				0
8306 222	Coil Tubing Services			95,000	95,000
8306 223	Misc Supplies & Materials			35,000	35,000
8306 224	Flowback Testing			75,000	75,000
8306 225	Legal & Permits			5,000	5,000
8306 226	Environmental & Safety Costs				0
8306 227	Plugging				0
8306 228	Completion Rig	\$ -	0	30,000	30,000
	SUBTOTAL			\$5,041,250	\$5,041,250
8306 299	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE COMPLETION COSTS			\$5,041,250	\$5,041,250
	SUB-TOTAL INTANGIBLE COSTS			\$2,913,950	\$7,955,200

TANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8308 301	Drive Pipe Conductor Casing	\$ -	0	\$20,000	\$20,000
8308 302	Surface Casing	\$ -	0	\$50,000	50,000
8308 303	Intermediate Casing	\$ -	0	\$125,000	125,000
8308 304	Intermediate Casing	\$ -	0	\$150,000	150,000
8308 305	Subs Flt Eqt Centralizers Etc				0
8308 306	Casinghead Drilling Spool			\$60,000	60,000
8308 307	Sub Surface Equipment				0
8308 308	Outside Operated Other				0
	SUB-TOTAL TANGIBLE DRILLING COSTS			\$405,000	\$405,000

TANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8309 401	Production Casing	\$ -	0	355,000	\$355,000
8309 402	Tubing	\$ -	0	43,000	43,000
8309 403	Subs Flt Eqpt Centralizers Etc				0
8309 404	Xmas Surface Equipment			30,000	30,000
8309 405	Xmas Tree Upper Section			60,000	60,000
8309 406	Outside Operated Other				0
SUB-TOTAL TANGIBLE COMPLETION COSTS				\$488,000	\$488,000
SUB-TOTAL TANGIBLE COSTS				\$405,000	\$893,000
SUB-TOTAL INTANGIBLE & TANGIBLE COSTS				\$3,318,950	\$5,529,250

PRODUCTION EQUIPMENT COSTS

ACCT.	DESCRIPTION	COMPLETION	TOTAL WELL COST
8311 501	Artificial Lift Equipment	\$15,000	\$15,000
8311 502	Prime Mover Electric Gas		0
8311 503	Sales Gathering Line		0
8311 504	Separation Equipment	50,000	50,000
8311 505	Oil Treating Heating Equipment		0
8311 506	Gas Treating Dehy Equipment		0
8311 507	Tanks	70,000	70,000
8311 508	Meters	55,000	55,000
8311 509	Electrical Equip Install	20,000	20,000
8311 510	Compressor		0
8311 511	Flowlines	50,000	50,000
8311 512	Labor	130,000	130,000
8311 513	Trucks Hauling Transportation		0
8311 514	Buildings		0
8311 515	Roads & Locations	10,000	10,000
8311 516	Manifolds & Headers	15,000	15,000
8311 517	Chemical Injection System		0
8311 518	Piping & Valves	50,000	50,000
8311 519	Welding		0
8311 520	Surface Pumps	5,000	5,000
8311 521	Filters		0
8311 522	Outside Operated Other		0
8311 523	Environmental & Safety	10,000	10,000
8311 524	Engineering Supervision	30,000	30,000
8311 525	Surface Facilities	15,000	15,000
SUB-TOTAL PRODUCTION EQUIPMENT		\$525,000	\$525,000
SUB-TOTAL INTANGIBLE COSTS (PAGE 1)		\$2,913,950	\$7,955,200
SUB-TOTAL TANGIBLE COSTS (PAGE 2)		\$405,000	\$893,000
GRAND TOTAL		\$3,318,950	\$9,373,200
LESS OUTSIDE INTERESTS		\$3,318,950	\$9,373,200
TOTAL NET COSTS		\$0	\$0

Notice to Nonoperator: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

PREPARED BY	DATE
APPROVED	DATE
APPROVED	DATE
APPROVED	DATE

GROSS AFE AMOUNT - DRY HOLE	\$3,318,950
NET DRYHOLE AFE AMOUNT	\$0
NET ASSET TRANSFERS	\$0
CASH OUTLAY THIS AFE	\$0
PREVIOUS AFE'S ISSUED	\$0
TOTAL CASH OUTLAY	\$0

WORKING INTEREST APPROVAL

COMPANY	WORKING INTEREST	APPROVED BY	DATE

Ascent Energy, LLC

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER <u>Gavilon Fed Com 705H</u>	BUD YEAR <u>2018</u>	DATE <u>July 31, 2018</u>
AFE NO. _____	CATEGORY <u>D&C</u>	SUPPLEMENT NO. _____
FIELD <u>Hat Mesa</u>	REGION <u>Delaware Basin</u>	LEGAL: <u>20S 33E</u>
OPERATOR <u>Ascent Energy, LLC</u>	WELL NO. _____	W. I. _____
OBJECTIVE <u>WolfCamp A</u>	STATE <u>NM</u>	MD/TVD <u>+/-22,280'/11,653'</u>

ESTIMATED PROJECT START DATE: 1Q2019

DESCRIPTION: Drill a 10,360' lateral in the Wolfcamp A and frac with 62 stages. Assumes 4 string design.

INTANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8305 101	Location Cleanup & Damages			\$125,000	\$125,000
8305 102	Riq Move - MRU, RDMO			\$100,000	100,000
8305 103	Riq Contractor-Daywork/FT			\$792,000	792,000
8305 104	Riq Contractor-Turnkey				0
8305 105	Power & Fuel			\$150,000	150,000
8305 106	Drill Fluids & Chemicals			\$200,000	200,000
8305 107	Bits, Reamer, Stabilizers			\$130,000	130,000
8305 108	Cement & Cementing Services			\$230,000	230,000
8305 109	Mud Logging			\$88,000	88,000
8305 110	Open Hole Logging			\$30,000	30,000
8305 111	Csg Crews & Tools			\$130,000	130,000
8305 112	Directional Tools & Service			\$235,000	235,000
8305 114	Form Eval - Well Testing DST - Coring, Sampling				0
8305 115	Tubular Inspection			\$20,000	20,000
8305 116	Equipment Rentals			\$350,000	350,000
8305 117	Contract Labor & Services			\$145,000	145,000
8305 118	Wellsite Consultants			\$132,000	132,000
8305 119	Company Supervision & Labor				0
8305 120	Transportation			\$20,000	20,000
8305 121	Mud Cuttings & Water Disposal			\$120,000	120,000
8305 122	Insurance			\$42,431	42,431
8305 123	Overhead			\$25,000	25,000
8305 124	Water & Water Well			\$55,000	55,000
8305 125	Unanticipated MjrExp (Fishing)				0
8305 126	Legal			\$50,000	50,000
8305 127	Outside Operated Other				0
8305 128	Permits			\$20,000	20,000
8305 129	Environmental & Safety			\$20,000	20,000
8305 130	Plugging				0
	SUBTOTAL			\$3,209,431	\$3,209,431
8305 199	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE DRILLING COSTS			\$3,209,431	\$3,209,431

INTANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8306 201	Location & Cleanup			\$10,000	\$10,000
8306 202	Power & Fuel			10,000	10,000
8306 203	Compl Fluids & Chemicals			45,000	45,000
8306 204	Bits, Reamer, Stabilizers				0
8306 205	Cement & Cementing Svcs				0
8306 206	Logging & Perforation Svcs			275,000	275,000
8306 207	Csg Crews & Tools-Drive Hammer				0
8306 208	Directional Tools & Svcs				0
8306 209	Formation Stimulatn Acid Frac			3,600,000	3,600,000
8306 210	Formation Evaluation				0
8306 211	Tubular Inspection				0
8306 212	Equipment Rentals			165,000	165,000
8306 213	Contract Labor & Services				0
8306 214	Wellsite Consultant			120,000	120,000
8306 215	Company Supervision & Labor				0
8306 216	Transportation			20,000	20,000
8306 217	Mud Cuttings & Water Disposal			15,000	15,000
8306 218	Insurance				0
8306 219	Overhead				0
8306 220	Water & Water Well			641,250	641,250
8306 221	Unanticipated MjrExp Fishing				0
8306 222	Coil Tubing Services			95,000	95,000
8306 223	Misc Supplies & Materials			35,000	35,000
8306 224	Flowback Testing			75,000	75,000
8306 225	Legal & Permits			5,000	5,000
8306 226	Environmental & Safety Costs				0
8306 227	Plugging				0
8306 228	Completion Riq			30,000	30,000
	SUBTOTAL			\$5,141,250	\$5,141,250
8306 299	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE COMPLETION COSTS			\$5,141,250	\$5,141,250
	SUB-TOTAL INTANGIBLE COSTS			\$3,209,431	\$8,350,681

TANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8308 301	Drive Pipe Conductor Casing	\$ -	0	\$20,000	\$20,000
8308 302	Surface Casing	\$ -	0	\$50,000	50,000
8308 303	Intermediate Casing	\$ -	0	\$125,000	125,000
8308 304	Intermediate Casing	\$ -	0	\$330,000	330,000
8308 305	Subs Fit Eqpt Centralizers Etc				0
8308 306	Casinghead Drilling Spool			\$60,000	60,000
8308 307	Sub Surface Equipment				0
8308 308	Outside Operated Other				0
	SUB-TOTAL TANGIBLE DRILLING COSTS			\$585,000	\$585,000

TANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8309 401	Production Casing	\$ -	0	360,000	\$360,000
8309 402	Tubing	\$ -	0	45,000	45,000
8309 403	Subs Flt Eqpt Centralizers Etc				0
8309 404	Sub Surface Equipment			30,000	30,000
8309 405	Xmas Tree Upper Section			60,000	60,000
8309 406	Outside Operated Other				0
SUB-TOTAL TANGIBLE COMPLETION COSTS				\$495,000	\$495,000
SUB-TOTAL TANGIBLE COSTS				\$585,000	\$1,080,000
SUB-TOTAL INTANGIBLE & TANGIBLE COSTS				\$3,794,431	\$5,636,250

PRODUCTION EQUIPMENT COSTS

ACCT.	DESCRIPTION	COMPLETION	TOTAL WELL COST
8311 501	Artificial Lift Equipment	\$15,000	\$15,000
8311 502	Prime Mover Electric Gas		0
8311 503	Sales Gathering Line		0
8311 504	Separation Equipment	50,000	50,000
8311 505	Oil Treating Heating Equipment		0
8311 506	Gas Treating Dehy Equipment		0
8311 507	Tanks	70,000	70,000
8311 508	Meters	55,000	55,000
8311 509	Electrical Equip Install	20,000	20,000
8311 510	Compressor		0
8311 511	Flowlines	50,000	50,000
8311 512	Labor	130,000	130,000
8311 513	Trucks Hauling Transportation		0
8311 514	Buildings		0
8311 515	Roads & Locations	10,000	10,000
8311 516	Manifolds & Headers	15,000	15,000
8311 517	Chemical Injection System		0
8311 518	Piping & Valves	50,000	50,000
8311 519	Welding		0
8311 520	Surface Pumps	5,000	5,000
8311 521	Filters		0
8311 522	Outside Operated Other		0
8311 523	Environmental & Safety	10,000	10,000
8311 524	Engineering Supervision	30,000	30,000
8311 525	Surface Facilities	15,000	15,000
SUB-TOTAL PRODUCTION EQUIPMENT		\$525,000	\$525,000
SUB-TOTAL INTANGIBLE COSTS (PAGE 1)		\$3,209,431	\$5,141,250
SUB-TOTAL TANGIBLE COSTS (PAGE 2)		\$585,000	\$495,000
GRAND TOTAL		\$3,794,431	\$6,161,250
LESS OUTSIDE INTERESTS		\$3,794,431	\$6,161,250
TOTAL NET COSTS		\$0	\$0

Notice to Nonoperator: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

PREPARED BY		DATE	
APPROVED		DATE	
APPROVED		DATE	
APPROVED		DATE	

GROSS AFE AMOUNT - DRY HOLE	\$3,794,431
NET DRYHOLE AFE AMOUNT	\$0
NET ASSET TRANSFERS	\$0
CASH OUTLAY THIS AFE	\$0
PREVIOUS AFE'S ISSUED	\$0
TOTAL CASH OUTLAY	\$0

WORKING INTEREST APPROVAL

COMPANY	WORKING INTEREST	APPROVED BY	DATE

Ascent Energy, LLC

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (AFE)

COST CENTER Gavilon Fed Com 706H	BUD YEAR 2018	DATE July 31, 2018
AFE NO. _____	CATEGORY D&C	SUPPLEMENT NO. _____
FIELD Hat Mesa	REGION Delaware Basin	LEGAL: 205 33E
OPERATOR Ascent Energy, LLC	WELL NO. _____	W.I. _____
OBJECTIVE WolfCamp XY	STATE NM	MD/TVD +/-22,121'/11,494'

ESTIMATED PROJECT START DATE: **1Q2019**

DESCRIPTION: Drill a 10,360' lateral in the Wolfcamp XY and frac with 62 stages. Assumes 4 string design.

INTANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8305 101	Location Cleanup & Damages			\$125,000	\$125,000
8305 102	Riq Move - MIRU, RDMO			\$100,000	100,000
8305 103	Riq Contractor-Daywork/FT			\$768,000	768,000
8305 104	Riq Contractor-Turnkey				0
8305 105	Power & Fuel			\$145,000	145,000
8305 106	Drill Fluids & Chemicals			\$190,000	190,000
8305 107	Bits, Reamer, Stabilizers			\$125,000	125,000
8305 108	Cement & Cementing Services			\$225,000	225,000
8305 109	Mud Logging			\$86,000	86,000
8305 110	Open Hole Logging			\$30,000	30,000
8305 111	Csg Crews & Tools			\$125,000	125,000
8305 112	Directional Tools & Service			\$230,000	230,000
8305 114	Form Eval - Well Testing DST - Coring, Sampling				0
8305 115	Tubular Inspection			\$20,000	20,000
8305 116	Equipment Rentals			\$345,000	345,000
8305 117	Contract Labor & Services			\$140,000	140,000
8305 118	Wellsite Consultants			\$128,000	128,000
8305 119	Company Supervision & Labor				0
8305 120	Transportation			\$20,000	20,000
8305 121	Mud Cuttings & Water Disposal			\$115,000	115,000
8305 122	Insurance			\$42,142	42,142
8305 123	Overhead			\$25,000	25,000
8305 124	Water & Water Well			\$55,000	55,000
8305 125	Unanticipated MjrExp (Fishing)				0
8305 126	Legal			\$50,000	50,000
8305 127	Outside Operated Other				0
8305 128	Permits			\$20,000	20,000
8305 129	Environmental & Safety			\$20,000	20,000
8305 130	Plugging				0
	SUBTOTAL			\$3,129,142	\$3,129,142
8305 199	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE DRILLING COSTS			\$3,129,142	\$3,129,142

INTANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8306 201	Location & Cleanup			\$10,000	\$10,000
8306 202	Power & Fuel			10,000	10,000
8306 203	Compl Fluids & Chemicals			45,000	45,000
8306 204	Bits, Reamer, Stabilizers				0
8306 205	Cement & Cementing Svcs				0
8306 206	Logging & Perforation Svcs			275,000	275,000
8306 207	Csg Crews & Tools-Drive Hammer				0
8306 208	Directional Tools & Svcs				0
8306 209	Formation Stimulatn Acid Frac			3,600,000	3,600,000
8306 210	Formation Evaluation				0
8306 211	Tubular Inspection				0
8306 212	Equipment Rentals			165,000	165,000
8306 213	Contract Labor & Services				0
8306 214	Wellsite Consultant			120,000	120,000
8306 215	Company Supervision & Labor				0
8306 216	Transportation			20,000	20,000
8306 217	Mud Cuttings & Water Disposal			15,000	15,000
8306 218	Insurance				0
8306 219	Overhead				0
8306 220	Water & Water Well			641,250	641,250
8306 221	Unanticipated MajExp Fishing				0
8306 222	Coil Tubing Services			95,000	95,000
8306 223	Misc Supplies & Materials			35,000	35,000
8306 224	Flowback Testing			75,000	75,000
8306 225	Legal & Permits			5,000	5,000
8306 226	Environmental & Safety Costs				0
8306 227	Plugging				0
8306 228	Completion Riq			30,000	30,000
	SUBTOTAL			\$5,141,250	\$5,141,250
8306 299	CONTINGENCY (%) 0.00%			0	0
	SUB-TOTAL INTANGIBLE COMPLETION COSTS			\$5,141,250	\$5,141,250
	SUB-TOTAL INTANGIBLE COSTS			\$3,129,142	\$8,270,392

TANGIBLE DRILLING COSTS

ACCT.	DESCRIPTION	Rate	Units	DRYHOLE	TOTAL WELL COST
8308 301	Drive Pipe Conductor Casing	\$ -	0	\$20,000	\$20,000
8308 302	Surface Casing	\$ -	0	\$50,000	50,000
8308 303	Intermediate Casing	\$ -	0	\$125,000	125,000
8308 304	Intermediate Casing	\$ -	0	\$330,000	330,000
8308 305	Subs Fit Eqpt Centralizers Etc				0
8308 306	Casinghead Drilling Spool			\$60,000	60,000
8308 307	Sub Surface Equipment				0
8308 308	Outside Operated Other				0
	SUB-TOTAL TANGIBLE DRILLING COSTS			\$585,000	\$585,000

TANGIBLE COMPLETION COSTS

ACCT.	DESCRIPTION	Rate	Units	COMPLETION	TOTAL WELL COST
8309 401	Production Casing	\$ -	0	355,000	\$355,000
8309 402	Tubing	\$ -	0	45,000	45,000
8309 403	Subs Flt Eqpt Centralizers Etc				0
8309 404	Sub Surface Equipment			30,000	30,000
8309 405	Xmas Tree Upper Section			60,000	60,000
8309 406	Outside Operated Other				0
SUB-TOTAL TANGIBLE COMPLETION COSTS				\$490,000	\$490,000
SUB-TOTAL TANGIBLE COSTS				\$585,000	\$1,075,000
SUB-TOTAL INTANGIBLE & TANGIBLE COSTS				\$3,714,142	\$5,631,250

PRODUCTION EQUIPMENT COSTS

ACCT.	DESCRIPTION	COMPLETION	TOTAL WELL COST
8311 501	Artificial Lift Equipment	\$15,000	\$15,000
8311 502	Prime Mover Electric Gas		0
8311 503	Sales Gathering Line		0
8311 504	Separation Equipment	50,000	50,000
8311 505	Oil Treating Heating Equipment		0
8311 506	Gas Treating Dehy Equipment		0
8311 507	Tanks	70,000	70,000
8311 508	Meters	55,000	55,000
8311 509	Electrical Equip Install	20,000	20,000
8311 510	Compressor		0
8311 511	Flowlines	50,000	50,000
8311 512	Labor	130,000	130,000
8311 513	Trucks Hauling Transportation		0
8311 514	Buildings		0
8311 515	Roads & Locations	10,000	10,000
8311 516	Manifolds & Headers	15,000	15,000
8311 517	Chemical Injection System		0
8311 518	Piping & Valves	50,000	50,000
8311 519	Welding		0
8311 520	Surface Pumps	5,000	5,000
8311 521	Filters		0
8311 522	Outside Operated Other		0
8311 523	Environmental & Safety	10,000	10,000
8311 524	Engineering Supervision	30,000	30,000
8311 525	Surface Facilities	15,000	15,000
SUB-TOTAL PRODUCTION EQUIPMENT			\$525,000
SUB-TOTAL INTANGIBLE COSTS (PAGE 1)			\$3,129,142
SUB-TOTAL TANGIBLE COSTS (PAGE 2)			\$585,000
GRAND TOTAL			\$3,714,142
LESS OUTSIDE INTERESTS			\$6,156,250
TOTAL NET COSTS			\$9,870,392

Notice to Nonoperator: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

PREPARED BY	DATE
APPROVED	DATE
APPROVED	DATE
APPROVED	DATE

GROSS AFE AMOUNT - DRY HOLE	\$3,714,142
NET DRYHOLE AFE AMOUNT	\$0
NET ASSET TRANSFERS	\$0
CASH OUTLAY THIS AFE	\$0
PREVIOUS AFE'S ISSUED	\$0
TOTAL CASH OUTLAY	\$0

WORKING INTEREST APPROVAL

COMPANY	WORKING INTEREST	APPROVED BY	DATE