

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCD Case No. 16132

CHEVRON U.S.A.

Exhibit #1

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name	⁶ Well Number
	SND 11 14 FED COM 003	4H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
4323	CHEVRON U.S.A. INC.	3526'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	11	24 SOUTH	31 EAST, N.M.P.M.		2539'	NORTH	1770'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	14	24 SOUTH	31 EAST, N.M.P.M.		100'	SOUTH	2178'	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
240			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶		¹⁷ OPERATOR CERTIFICATION	
<p>PROPOSED LAST TAKE POINT</p> <p>X= 681.461 NAD 27 Y= 440.941 LAT. 32.210901 LONG. 103.746623</p> <p>X= 722.645 NAD83 Y= 440.999 LAT. 32.211025 LONG. 103.747105</p>		<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p>	
<p>PROPOSED MID-POINT</p> <p>X= 681.434 NAD 27 Y= 445.892 LAT. 32.224513 LONG. 103.746623</p> <p>X= 722.618 NAD83 Y= 445.951 LAT. 32.224637 LONG. 103.747106</p>		<p>Signature _____ Date 4/30/2018</p> <p>Laura Becerra Printed Name</p> <p>L.Becerra@Chevron.com E-mail Address</p>	
<p>PROPOSED FIRST TAKE POINT</p> <p>X= 681.421 NAD 27 Y= 448.202 LAT. 32.230863 LONG. 103.746624</p> <p>X= 722.605 NAD83 Y= 448.261 LAT. 32.230987 LONG. 103.747107</p>		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>	
<p>CORNER COORDINATES TABLE (NAD 27)</p> <p>A - Y=456436.48, X=678280.36 B - Y=456465.72, X=683556.77 C - Y=445873.60, X=678324.50 D - Y=445905.30, X=683610.86</p>		<p>03/02/2018 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: _____ 23006 Certificate Number</p> <p>05/08/2018</p>	

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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name SND 11 14 FED COM 003	⁶ Well Number 5H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation 3527'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	11	24 SOUTH	31 EAST, N.M.P.M.		2564'	NORTH	1770'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	24 SOUTH	31 EAST, N.M.P.M.		100'	SOUTH	1254'	EAST	EDDY

¹² Dedicated Acres 240	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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<p>¹⁶</p> <table border="1"> <tr> <th>PROPOSED LAST TAKE POINT</th> <th>PROPOSED BOTTOM HOLE LOCATION</th> </tr> <tr> <td>X= 682,385 NAD 27 Y= 440,946 LAT. 32.210903 LONG. 103.743636</td> <td>X= 682,386 NAD 27 Y= 440,716 LAT. 32.210270 LONG. 103.743636</td> </tr> <tr> <td>X= 723,569 NAD83 Y= 441,005 LAT. 32.211026 LONG. 103.744117</td> <td>X= 723,571 NAD83 Y= 440,775 LAT. 32.210394 LONG. 103.744117</td> </tr> </table> <table border="1"> <tr> <th>PROPOSED MID-POINT</th> <th>SND 11 14 FED COM 003 5H WELL</th> </tr> <tr> <td>X= 682,358 NAD 27 Y= 445,898 LAT. 32.224514 LONG. 103.743636</td> <td>X= 681,827 NAD 27 Y= 448,613 LAT. 32.231986 LONG. 103.745305</td> </tr> <tr> <td>X= 723,542 NAD83 Y= 445,957 LAT. 32.224638 LONG. 103.744118</td> <td>X= 723,011 NAD83 Y= 448,672 LAT. 32.232109 LONG. 103.745788</td> </tr> </table> <table border="1"> <tr> <th>PROPOSED FIRST TAKE POINT</th> </tr> <tr> <td>X= 682,345 NAD 27 Y= 448,208 LAT. 32.230864 LONG. 103.743636</td> </tr> <tr> <td>X= 723,529 NAD83 Y= 448,267 LAT. 32.230988 LONG. 103.744119</td> </tr> </table>	PROPOSED LAST TAKE POINT	PROPOSED BOTTOM HOLE LOCATION	X= 682,385 NAD 27 Y= 440,946 LAT. 32.210903 LONG. 103.743636	X= 682,386 NAD 27 Y= 440,716 LAT. 32.210270 LONG. 103.743636	X= 723,569 NAD83 Y= 441,005 LAT. 32.211026 LONG. 103.744117	X= 723,571 NAD83 Y= 440,775 LAT. 32.210394 LONG. 103.744117	PROPOSED MID-POINT	SND 11 14 FED COM 003 5H WELL	X= 682,358 NAD 27 Y= 445,898 LAT. 32.224514 LONG. 103.743636	X= 681,827 NAD 27 Y= 448,613 LAT. 32.231986 LONG. 103.745305	X= 723,542 NAD83 Y= 445,957 LAT. 32.224638 LONG. 103.744118	X= 723,011 NAD83 Y= 448,672 LAT. 32.232109 LONG. 103.745788	PROPOSED FIRST TAKE POINT	X= 682,345 NAD 27 Y= 448,208 LAT. 32.230864 LONG. 103.743636	X= 723,529 NAD83 Y= 448,267 LAT. 32.230988 LONG. 103.744119		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>[Signature]</i> Date: 4/30/2018</p> <p>Printed Name: Laura Becerra</p> <p>E-mail Address: LBecerra@Chevron.com</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: 03/02/2018</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>23006 05/08/2018</p> <p>Certificate Number: 23006</p>
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CORNER COORDINATES TABLE (NAD 27)

A - Y=456436.48, X=678280.36
B - Y=456465.72, X=683556.77
C - Y=445873.60, X=678324.50
D - Y=445905.30, X=683610.86

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name SND 11 14 FED COM 003		⁶ Well Number 6H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.		⁹ Elevation 3528'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	11	24 SOUTH	31 EAST, N.M.P.M.		2589'	NORTH	1770'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	24 SOUTH	31 EAST, N.M.P.M.		100'	SOUTH	330'	EAST	EDDY

¹² Dedicated Acres 240	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

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10

11

12

15

T24S
R31E

14

13

23

24



Legend

-  Tract 1 - 160 Acres
-  Tract 2 - 160 Acres
-  Tract 3 - 160 Acres

SND 11 14 Fed Com 003 #4H

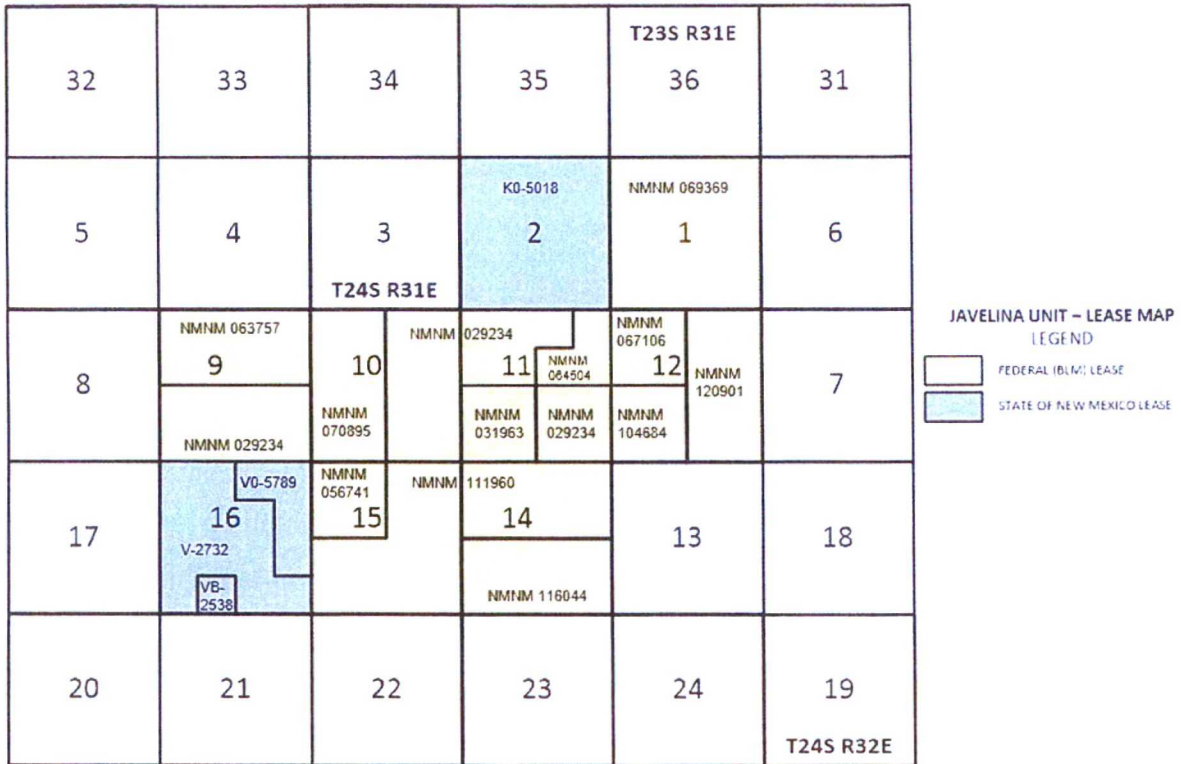
SND 11 14 Fed Com 003 #5H

SND 11 14 Fed Com 003 #6H

OCD Case No. 16132

CHEVRON U.S.A.

Exhibit #2



OCD Case No. 16132

CHEVRON U.S.A.

Exhibit #3



Chris Cooper
Land Representative

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002
Tel 713.372.6778
Email ChrisCooper@chevron.com

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 12, 2018

RECEIVED

MAR 16 2018

Vladin, LLC
Artesia Division Office
105 S. 4th Street
Artesia, NM 88210

EOG A Resources, Inc.
5509 Champions Drive
Midland, Texas 79706

YATES LEGACY, LLC

EOG Resources Assets LLC
5509 Champions Drive
Midland, Texas 79706

Tap Rock Resources
602 Park Point Drive
Suite 200
Golden, Colorado 80401

EOG Y Resources, Inc.
5509 Champions Drive
Midland, Texas 79706

Douglas Cameron McLeod
600 Grant Street, Suite 850
Denver, Colorado 80203

RE: **Proposal To Drill**
SND 11 14 FED COM 003 4H
SND 11 14 FED COM 003 5H
SND 11 14 FED COM 003 6H
S/2 Section 11, Township 24 South, Range 31 East
Section 14, Township 24 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico

Dear Working Interest Owner:

Chevron U.S.A. Inc. ("Chevron") hereby proposes to drill the above-mentioned wells with the surface hole locations, bottom hole locations, and depths as shown in the attached spreadsheet. Chevron will develop this area by pad drilling.

The wells are proposed to drill vertically to a depth of approximately 9,100' and horizontally in a southern direction within the Avalon formation to the referenced bottom hole location. Total measured depth of the wells is proposed to be approximately 15,900' from surface to terminus. Please note that compliance with topography, cultural, and/or environmental concerns, among others, may require modifications to Chevron's intended procedure and/or location.

Enclosed for your review and execution are detailed AFEs for each well, in duplicate, reflecting estimated costs associated with this proposal. If you intend to participate, please execute in the appropriate box on each AFE, for each individual well, and return to the undersigned within 30 days of receipt of this proposal. A governing Operating Agreement for these wells will be sent to you shortly.

Due to lease retention requirements, **Chevron will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division after 30 days of your receipt of this letter.**

This will allow Chevron to move forward with planning and drilling the subject well(s) while allowing time to properly execute a JOA amongst the parties and meet its lease retention obligations.

Please note that Chevron is open to discuss possible trades, assignments, etc. of your working interest in the subject acreage. Should you be interested or have any questions, please feel free to contact me at the information listed above.

Sincerely,

A handwritten signature in black ink, appearing to read 'CCG' or similar, written in a cursive style.

Chris Cooper
Land Representative

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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:

EOG Y RESOURCES INC
5509 CHAMPIONS DRIVE
MIDLAND, TEXAS 79706

2. Article Number
(Transfer from service label)

7012 3460 0000 1658 2098

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

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1. Article Addressed to:

EOG A RESOURCES INC
5509 CHAMPIONS DRIVE
MIDLAND, TEXAS 79706

2. Article Number
(Transfer from service label)

7012 3460 0000 1658 2104

PS Form 3811, July 2013

Domestic Return Receipt

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A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

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1. Article Addressed to:

EOG Resources Assets LLC
5509 Champions Drive
Midland, Texas 79706

2. Article Number
(Transfer from service label)

7012 3460 0000 1658 2081

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

S. Blum

C. Date of Delivery

3-16-18

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

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

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1. Article Addressed to:

TAP ROCK RESOURCES
602 PARK POINT DRIVE
SUITE 200
GILDEN, COLORADO 80401

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

S. Blum

C. Date of Delivery

3/16/18

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

3. Service Type

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1. Article Addressed to:

Viadun LLC
Artesia Division Office
105 S. 4th Street
Artesia, NM 88210

2. Article Number
(Transfer from service label)

7012 3460 0000 1658 1664

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)



C. Date of Delivery

3/16/18

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

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1. Article Addressed to:

Douglas Cameron McLeod
600 Grant Street, Suite 850
Denver, Colorado, 80203

2. Article Number
(Transfer from service label)

7012 3460 0000 1658 2111

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)



C. Date of Delivery

3/16/18

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

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4. Restricted Delivery? (Extra Fee)

☐ Yes



HINGLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 268

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER

Gary W. Larson,
Partner

glarson@hinklelawfirm.com

April 23, 2018

VIA CERTIFIED MAIL

Douglas Cameron McLeod
600 Grant Street, Suite 850
Denver, CO 80203

Re: Chevron U.S.A. Inc. NMOCD Application

Dear Mr. McLeod:

Enclosed is a copy of an application for approval of a 480-acre, non-standard spacing and proration unit and compulsory pooling that Chevron U.S.A. Inc. ("Chevron") has filed with the New Mexico Oil Conservation Division ("the Division"). The proposed non-standard spacing and proration unit is comprised of the E/2 of Section 14 and the SE/4 of Section 11, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, May 17, 2018 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by Chevron's application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, May 10, 2018. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:sm
Enclosure

OCD Case No. 16132

CHEVRON U.S.A.

Exhibit #5

PO BOX 10
ROS WELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88210
575-622-6510
(FAX) 575-746-6316

PO BOX 268
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- 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:

Douglas Cameron McLeod
600 Grant Street, Suite 850
Denver, CO 80203

9590 9402 3526 7275 4728 86

2. Article Number (Transfer from service label)

7013 3020 0000 4640 3221

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Restricted Delivery
- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

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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:

EOG A Resources Inc.
5509 Champions Drive
Midland, TX 79706

9590 9402 3526 7275 4728 79

2. Article Number (Transfer from service label)

7017 0190 0000 8402 4795

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Restricted Delivery
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Domestic Return Receipt

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

EOG Resources Assets, LLC
5509 Champions Drive
Midland, TX 79706

9590 9402 3526 7275 4728 62

2. Article Number (Transfer from service label)

7017 0190 0000 8402 4788

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Restricted Delivery
- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

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- Complete items 1, 2, and 3.
- 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:

EOG Y Resources Inc.
5509 Champions Drive
Midland, TX 79706

9590 9402 3526 7275 4728 55

2. Article Number (Transfer from service label)

7017 0190 0000 8402 3149

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

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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:

Tap Rock Resources
602 Park Point Drive, Suite 200
Golden, CO 80401

9590 9402 3526 7275 4728 48

2. Article Number (Transfer from service label)

7017 0190 0000 8402 3132

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

(NO)

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

(over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

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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:

Vladin, LLC
Artesia Division Office
P.O. Box 100
Artesia, NM 88211-0100

9590 9402 3526 7275 4728 31

2. Article Number (Transfer from service label)

7017 0190 0000 8402 3125

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt



HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 268

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER

Gary W. Larson,
Partner

glarson@hinklelawfirm.com

April 23, 2018

VIA CERTIFIED MAIL

COG Operating LLC
Once Concho Center
600 West Illinois Avenue
Midland, TX 79701

Re: Chevron U.S.A. Inc. NMOCD Application

Dear Sir or Madam:

Enclosed is a copy of an application for approval of a 480-acre, non-standard spacing and proration unit and compulsory pooling that Chevron U.S.A. Inc. ("Chevron") has filed with the New Mexico Oil Conservation Division ("the Division").

The proposed non-standard spacing and proration unit is comprised of the E/2 of Section 14 and SE/4 of Section 11, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. The location of the proposed project area is orthodox. COG Operating LLC's ("COG") interests are not being pooled, but as the owner of an interest in an offset tract, it is entitled to receive notice of Chevron's application.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, May 17, 2018 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. COG is not required to attend this hearing, but as an owner of an interest in an offset tract, it has the right to appear at the hearing and present testimony. If COG does not appear at the hearing it will be precluded from contesting the matter at a later date.

A party appearing in the case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, May 10, 2018. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,


Gary W. Larson

OCD Case No. 16132

CHEVRON U.S.A.

Exhibit #6

GWL:sm
Enclosure

PO BOX 10
ROSWell, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88210
575-622-6510
(FAX) 575-746-6316

PO BOX 268
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

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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:

COG Operating LLC
Once Concho Center
600 West Illinois Avenue
Midland, TX 79701

9590 9402 3019 7124 7225 49

2. Article Number (Transfer from service label)

7013 3020 0000 4640 3306

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

E. Rubalcado

C. Date of Delivery

9/26/18

D. Is delivery address different from item 1?

If YES, enter delivery address below:

- ☐ Yes
☐ No

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Priority Mail Express®

Registered Mail™

Registered Mail Restricted Delivery

Return Receipt for Merchandise

Signature Confirmation™

Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

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- Complete items 1, 2, and 3.
- 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:

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046

9590 9402 3019 7124 7225 32

2. Article Number (Transfer from service label)

7013 3020 0000 4640 3313

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

James E. Beard

C. Date of Delivery

D. Is delivery address different from item 1?

If YES, enter delivery address below:

- ☐ Yes
☐ No

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Priority Mail Express®

Registered Mail™

Registered Mail Restricted Delivery

Return Receipt for Merchandise

Signature Confirmation™

Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

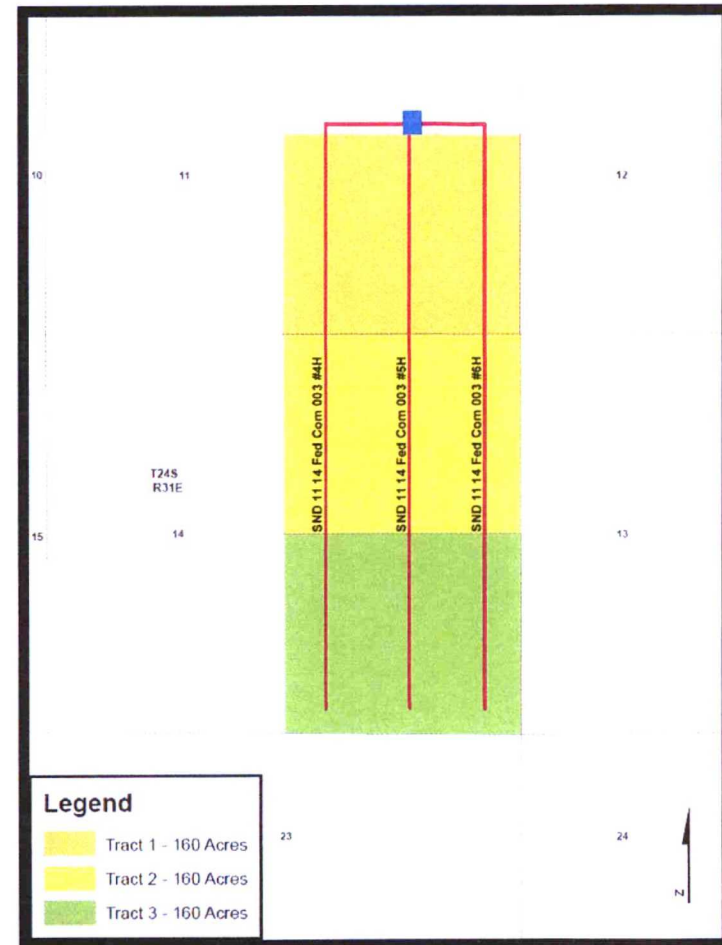
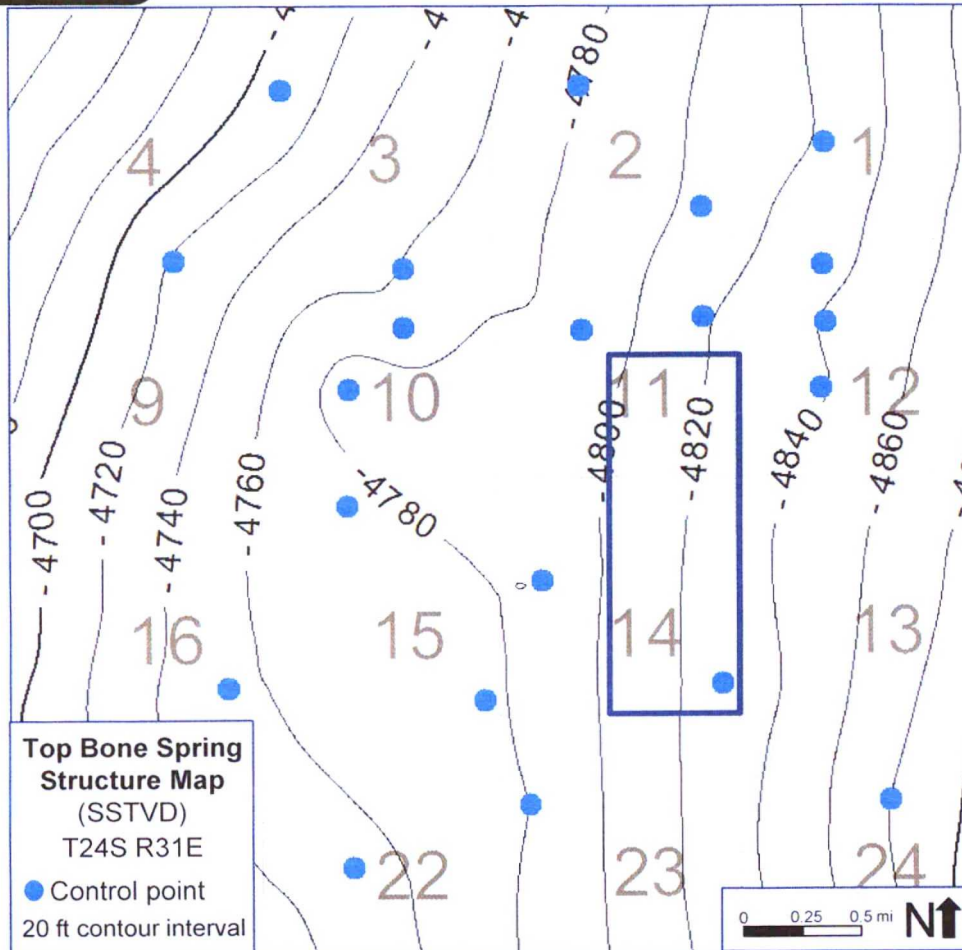
SND 11 14 FED COM 003 4H		State: New Mexico Township/Range: 24S-31E		County: Eddy Section: 11/14	
Time Breakdown		Cost Breakdown			
		Project Cost		\$9,728,720	
	Code	Cost Element	Drilling	Completions	Facilities
Tangibles					
	71900021	Casing (tangible)	485,000		
	71900110	Wellheads (tangible)	37,380	10,500	
	71500100	Surface Lifting Equipment And Materials			
	71900020	WCR - Well Pipe - Tubing Under 2" OD			
	71900021	WCR - Well Pipe - Tubing 2" OD and Over		50,000	
	71900022	WCR - Well Pipe Casing			
	71900100	Well Equipment And Materials		260,000	
		Battery Equipment			50,000
		Frac Pond Equipment			
		Compressor Station Equipment			
		Electrical, Pipelines, Roads, Well Connect			750,000
Intangibles					
	00000000	Company Drilling Equipment			
	74400001	Rig Work	595,000		
	66010100	Company Labor	135,000	105,000	
	70000300	Contract Project Supervision	32,876	60,000	
	71290100	Fuel Diesel	66,500	790,000	
	71290300	Utilities / Potable Water	5,100	1,140,925	
	71900100	Well Equipment & Materials			
	71900500	Materials, Parts, & Supply	84,000		
	72300100	Surface Equipment Rentals	159,974	620,000	
	72300200	Well Service Equipment Rentals	67,830	47,500	
	73400300	Transportation Services, Land & Marine	59,850		
	73400500	Transportation Air			
	74200300	Solid Waste Disposal	73,500		
	74400004	Drilling Fluids	85,000	550,000	
	74400006	Directional Survey & Services	143,000		
	74400007	Drill-Pipe Rental & Bits	136,000		
	74400009	Coil Tubing		250,000	
	74400010	Stimulation / Gravel Pack Material		1,137,285	
	74400011	Pumping Services			
	74400014	Perforating			
	74400015	Slickline Services			
	74400017	Coring			
	74400018	Testing			
	74400019	Logging Wireline			
	74400020	Logging While Drilling (LWD)			
	74400021	Logging Mud	15,000		
	74400024	Cementing			
	74400025	Fishing Services & Tools			
	74500021	Sitework / Locations			
	74500023	Mobilization			
	74500200	Tech Services, Affiliates, & 3rd Party			
	75100500	HES, Permits, & Fees			
	76150600	Communications Telephone	6,500		
	71400100	Chemicals and Treating Agents			
	71900120	Engineering Services (Not Drilling)			
	71900500	Materials, Supply, Repair Parts			
	73200200	Marine Transportation - Allocated			
	73400300	Other Land Transportation Services - Not Rail			
	73400400	ATC - Air Transportation			
	74200300	Solid Waste Disposal			
	74200600	Waste Water Disposal		80,000	
	74400001	WCR - Rig Daywork			
	74400006	WCR - Directional Survey And Service Costs			
	74400010	Stim/Gravel Pack Service (Not Materials)			
	74400011	WCR - Pumping Services		1,210,000	
	74400013	WCR - Equipment Lost In Hole			
	74400014	WCR - Perforating & Electric Line Services		430,000	
		Tangible	Intangible	Total	
Subtotal		\$1,642,880	\$8,085,840	\$9,728,720	
G&A		0.0	0.0	0.0	
Total Cost		\$1,642,880	\$8,085,840	\$9,728,720	
G&A Percentage:		0.00			
Participation & Authorization		Net Acres	Share	Amount	
Chevron U.S.A. Inc.		320	66.66666667%	\$6,485,813	
Devon Energy Production Company, LP		0	0.00000000%	\$0	
Douglas Cameron McLeod		40	14.58333333%	\$1,418,772	
Vladin, LLC		37.5	5.85937500%	\$570,042	
EOG Resources Assets LLC		37.5	5.85937500%	\$570,042	
EOG Y Resources, Inc.		30	4.68750000%	\$456,034	
EOG A Resources, Inc.		15	2.34375000%	\$228,017	
			100.00000000%		
Approved (Print Name)		Approved (Signature)			
		Date			

OCD Case No. 16132
CHEVRON U.S.A.
Exhibit #7

SND 11 14 FED COM 003 SH		State: New Mexico Township/Range: 24S-31E	County: Eddy Section: 11/14
Time Breakdown		Cost Breakdown	
		Project Cost \$9,728,720	
	Code	Cost Element	Drilling Completions Facilities
Tangibles	71900021	Casing (tangible)	485,000
	71900110	Wellheads (tangible)	37,380 10,500
	71500100	Surface Lifting Equipment And Materials	
	71900020	WCR - Well Pipe - Tubing Under 2" OD	
	71900021	WCR - Well Pipe - Tubing 2" OD and Over	50,000
	71900022	WCR - Well Pipe Casing	
	71900100	Well Equipment And Materials	260,000
		Battery Equipment	50,000
		Frac Pond Equipment	
		Compressor Station Equipment	
		Electrical, Pipelines, Roads, Well Connect	750,000
Intangibles	00000000	Company Drilling Equipment	
	74400001	Rig Work	595,000
	66010100	Company Labor	135,000 105,000
	70000300	Contract Project Supervision	32,876 60,000
	71290100	Fuel Diesel	66,500 790,000
	71290300	Utilities / Potable Water	5,100 1,140,925
	71900100	Well Equipment & Materials	
	71900500	Materials, Parts, & Supply	84,000
	72300100	Surface Equipment Rentals	159,974 620,000
	72300200	Well Service Equipment Rentals	67,830 47,500
	73400300	Transportation Services, Land & Marine	59,850
	73400500	Transportation Air	
	74200300	Solid Waste Disposal	73,500
	74400004	Drilling Fluids	85,000 550,000
	74400006	Directional Survey & Services	143,000
	74400007	Drill-Pipe Rental & Bits	136,000
	74400009	Coil Tubing	250,000
	74400010	Stimulation / Gravel Pack Material	1,137,285
	74400011	Pumping Services	
	74400014	Perforating	
	74400015	Slickline Services	
	74400017	Coring	
	74400018	Testing	
	74400019	Logging Wireline	
	74400020	Logging While Drilling (LWD)	
	74400021	Logging Mud	15,000
	74400024	Cementing	
	74400025	Fishing Services & Tools	
	74500021	Sitework / Locations	
	74500023	Mobilization	
	74500200	Tech Services, Affiliates, & 3rd Party	
	75100500	HES, Permits, & Fees	
	76150600	Communications Telephone	6,500
	71400100	Chemicals and Treating Agents	
	71900120	Engineering Services (Not Drilling)	
	71900500	Materials, Supply, Repair Parts	
	73200200	Marine Transportation - Allocated	
	73400300	Other Land Transportation Services - Not Rail	
	73400400	ATC - Air Transportation	
	74200300	Solid Waste Disposal	
	74200600	Waste Water Disposal	80,000
	74400001	WCR - Rig Daywork	
	74400006	WCR - Directional Survey And Service Costs	
	74400010	Stim/Gravel Pack Service (Not Materials)	
	74400011	WCR - Pumping Services	1,210,000
	74400013	WCR - Equipment Lost In Hole	
	74400014	WCR - Perforating & Electric Line Services	430,000
	Tangible	Intangible	Total
Subtotal	\$1,642,880	\$8,085,840	\$9,728,720
G&A	0.0	0.0	0.0
Total Cost	\$1,642,880	\$8,085,840	\$9,728,720
G&A Percentage:	0.00		
Participation & Authorization	Net Acres	Share	Amount
Chevron U.S.A. Inc.	320	66.66666667%	\$6,485,813
Devon Energy Production Company, LP	0	0.00000000%	\$0
Douglas Cameron McLeod	40	14.58333333%	\$1,418,772
Vladin, LLC	37.5	5.85937500%	\$570,042
EOG Resources Assets LLC	37.5	5.85937500%	\$570,042
EOG Y Resources, Inc.	30	4.68750000%	\$456,034
EOG A Resources, Inc.	15	2.34375000%	\$228,017
		100.00000000%	
Approved (Print Name)		Approved (Signature)	
		Date	

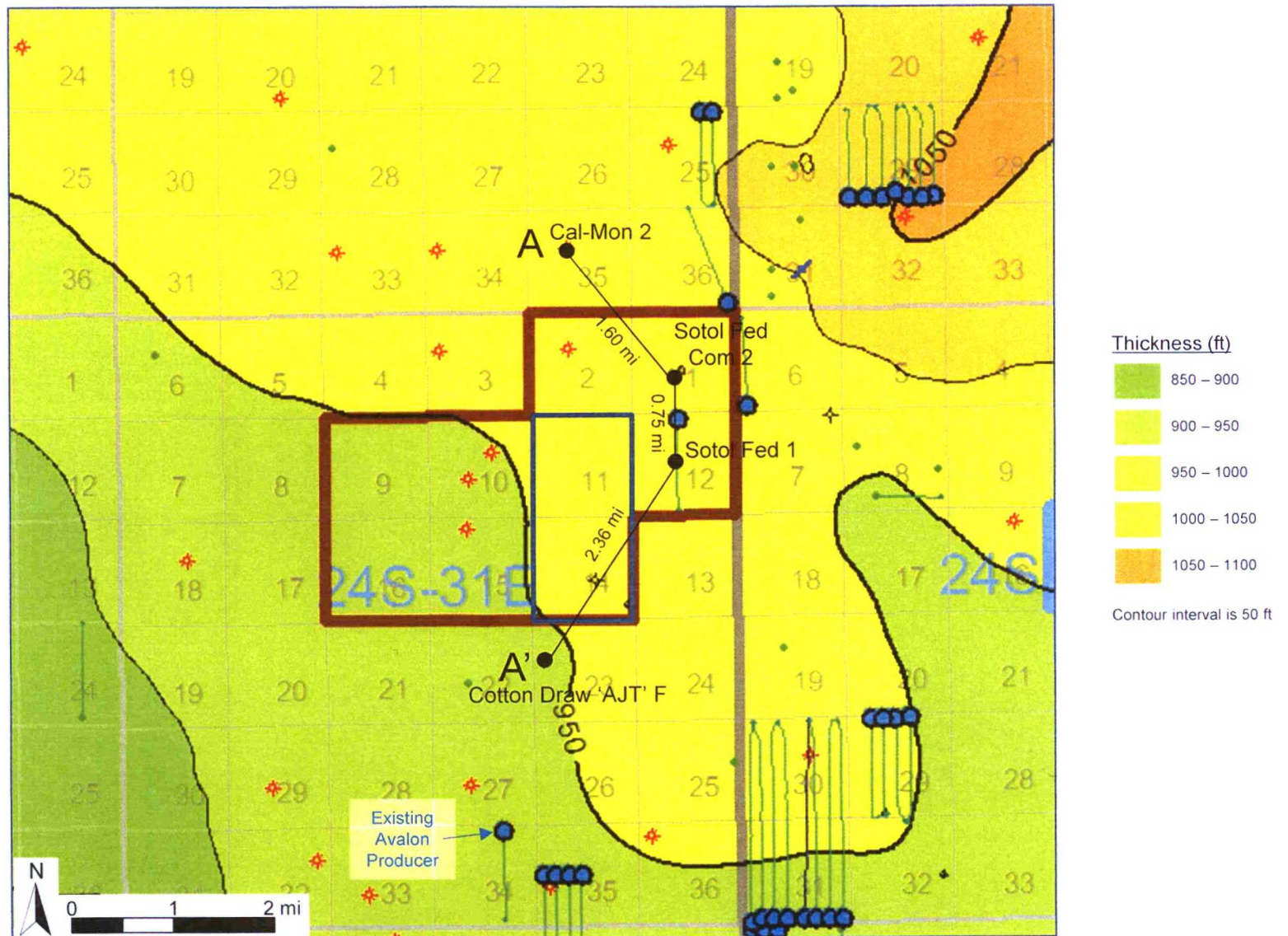
SND 11 14 FED COM 003 6H		State: New Mexico Township/Range: 24S-31E		County: Eddy Section: 11/14	
Time Breakdown		Cost Breakdown			
		Project Cost		\$9,728,720	
	Code	Cost Element	Drilling	Completions	Facilities
Tangibles					
	71900021	Casing (tangible)	485,000		
	71900110	Wellheads (tangible)	37,380	10,500	
	71500100	Surface Lifting Equipment And Materials			
	71900020	WCR - Well Pipe - Tubing Under 2" OD			
	71900021	WCR - Well Pipe - Tubing 2" OD and Over		50,000	
	71900022	WCR - Well Pipe Casing			
	71900100	Well Equipment And Materials		260,000	
		Battery Equipment			50,000
		Frac Pond Equipment			
		Compressor Station Equipment			
		Electrical, Pipelines, Roads, Well Connect			750,000
Intangibles					
	00000000	Company Drilling Equipment			
	74400001	Rig Work	595,000		
	66010100	Company Labor	135,000	105,000	
	70000300	Contract Project Supervision	32,876	60,000	
	71290100	Fuel Diesel	66,500	790,000	
	71290300	Utilities / Potable Water	5,100	1,140,925	
	71900100	Well Equipment & Materials			
	71900500	Materials, Parts, & Supply	84,000		
	72300100	Surface Equipment Rentals	159,974	620,000	
	72300200	Well Service Equipment Rentals	67,830	47,500	
	73400300	Transportation Services, Land & Marine	59,850		
	73400500	Transportation Air			
	74200300	Solid Waste Disposal	73,500		
	74400004	Drilling Fluids	85,000	550,000	
	74400006	Directional Survey & Services	143,000		
	74400007	Drill-Pipe Rental & Bits	136,000		
	74400009	Coil Tubing		250,000	
	74400010	Stimulation / Gravel Pack Material		1,137,285	
	74400011	Pumping Services			
	74400014	Perforating			
	74400015	Slickline Services			
	74400017	Coring			
	74400018	Testing			
	74400019	Logging Wireline			
	74400020	Logging While Drilling (LWD)			
	74400021	Logging Mud	15,000		
	74400024	Cementing			
	74400025	Fishing Services & Tools			
	74500021	Sitework / Locations			
	74500023	Mobilization			
	74500200	Tech Services, Affiliates, & 3rd Party			
	75100500	HES, Permits, & Fees			
	76150600	Communications Telephone	6,500		
	71400100	Chemicals and Treating Agents			
	71900120	Engineering Services (Not Drilling)			
	71900500	Materials, Supply, Repair Parts			
	73200200	Marine Transportation - Allocated			
	73400300	Other Land Transportation Services - Not Rail			
	73400400	ATC - Air Transportation			
	74200300	Solid Waste Disposal			
	74200600	Waste Water Disposal		80,000	
	74400001	WCR - Rig Daywork			
	74400006	WCR - Directional Survey And Service Costs			
	74400010	Stim/Gravel Pack Service (Not Materials)			
	74400011	WCR - Pumping Services		1,210,000	
	74400013	WCR - Equipment Lost In Hole			
	74400014	WCR - Perforating & Electric Line Services		430,000	
		Tangible	Intangible	Total	
Subtotal		\$1,642,880	\$8,085,840	\$9,728,720	
G&A		0.0	0.0	0.0	
Total Cost		\$1,642,880	\$8,085,840	\$9,728,720	
G&A Percentage:		0.00			
Participation & Authorization		Net Acres	Share	Amount	
Chevron U.S.A. Inc.		320	66.66666667%	\$6,485,813	
Devon Energy Production Company, LP		0	0.00000000%	\$0	
Douglas Cameron McLeod		40	14.58333333%	\$1,418,772	
Vladin, LLC		37.5	5.85937500%	\$570,042	
EOG Resources Assets LLC		37.5	5.85937500%	\$570,042	
EOG Y Resources, Inc.		30	4.68750000%	\$456,034	
EOG A Resources, Inc.		15	2.34375000%	\$228,017	
		100.00000000%			
Approved (Print Name)		Approved (Signature)			
		Date			

SND 11 14 Fed Com 003 (Avalon Pad)

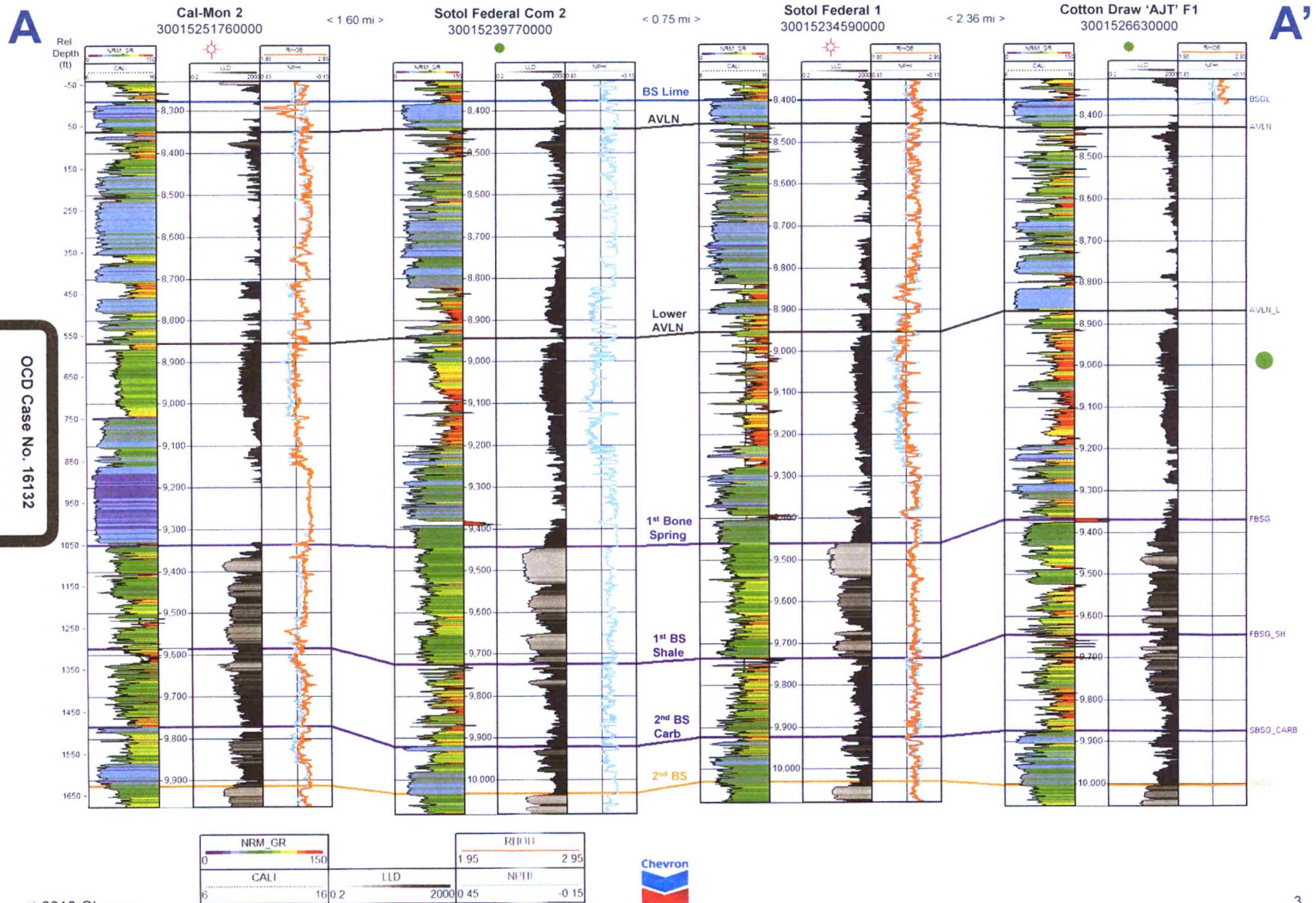


Avalon Shale Gross Thickness Map

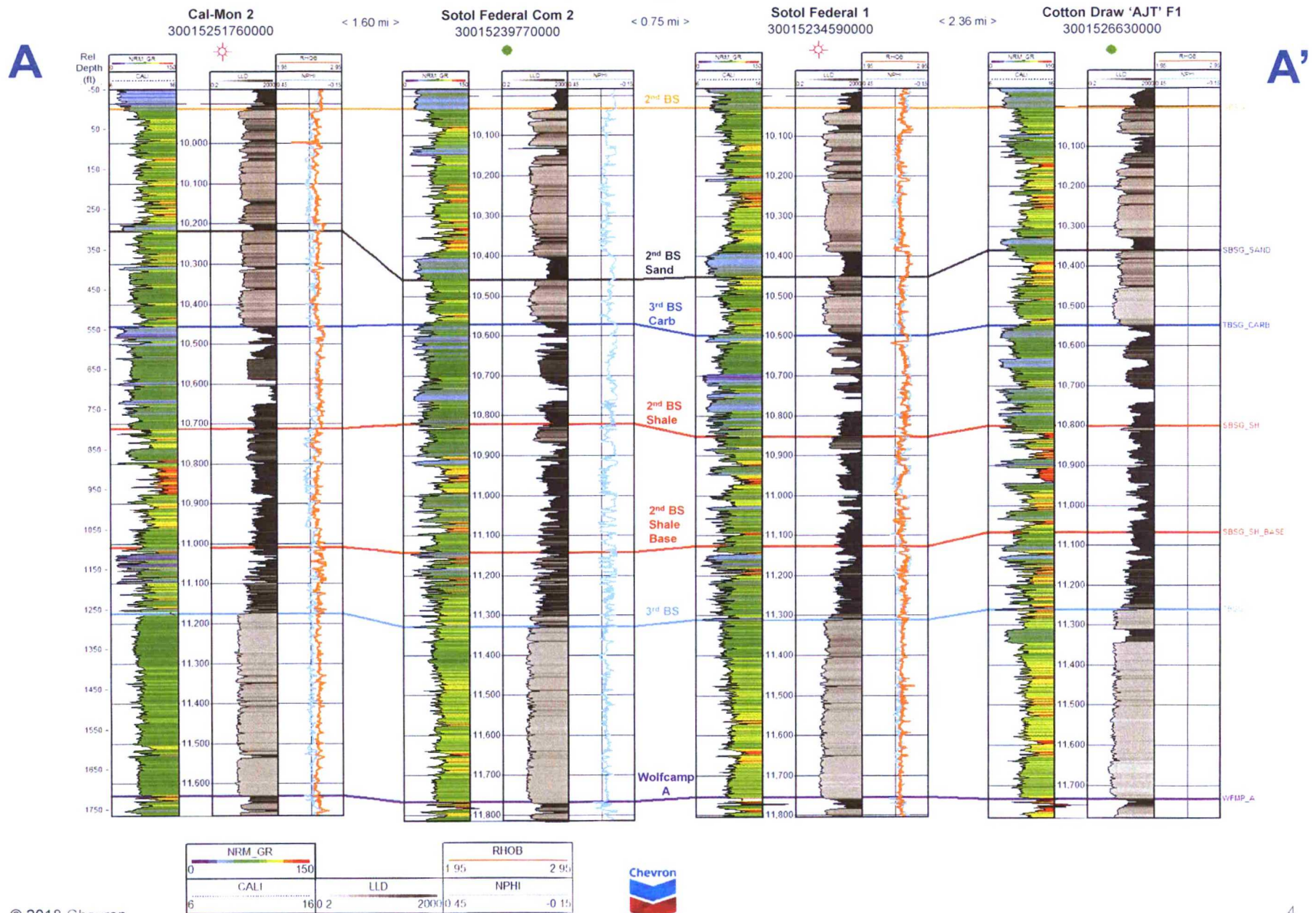
OCD Case No. 16132
CHEVRON U.S.A.
Exhibit #9



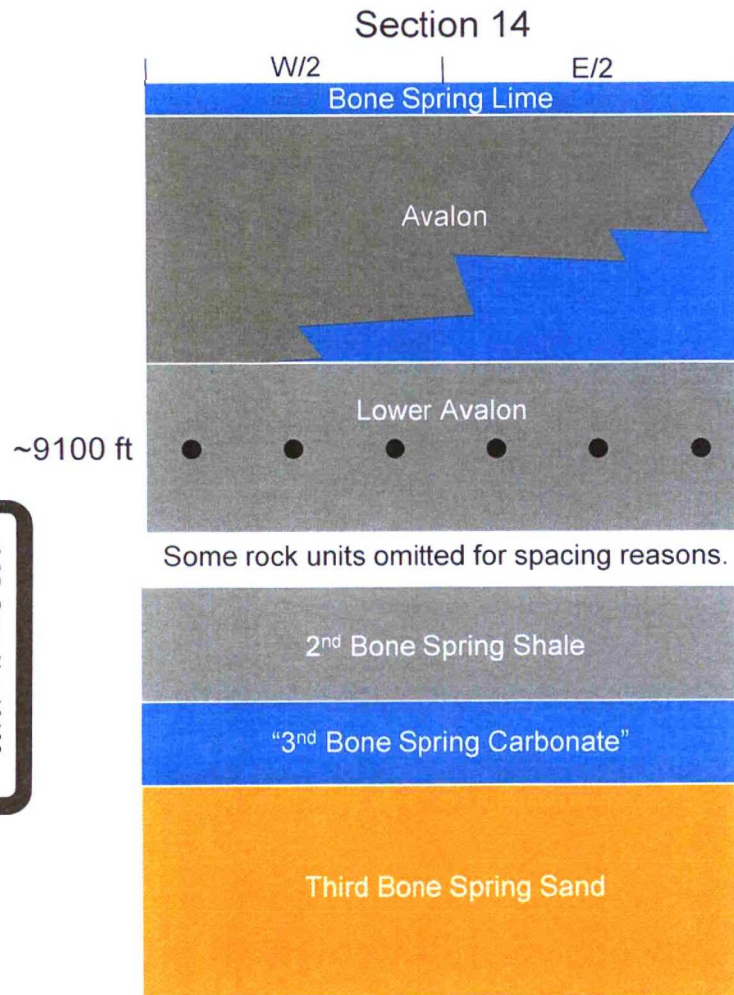
Cross-Section of Bone Spring Formation (upper section)



Cross-Section of Bone Spring Formation (lower section)



Cross-sectional Well Bore Arrangement, Bone Spring



● Chevron well bore (6)

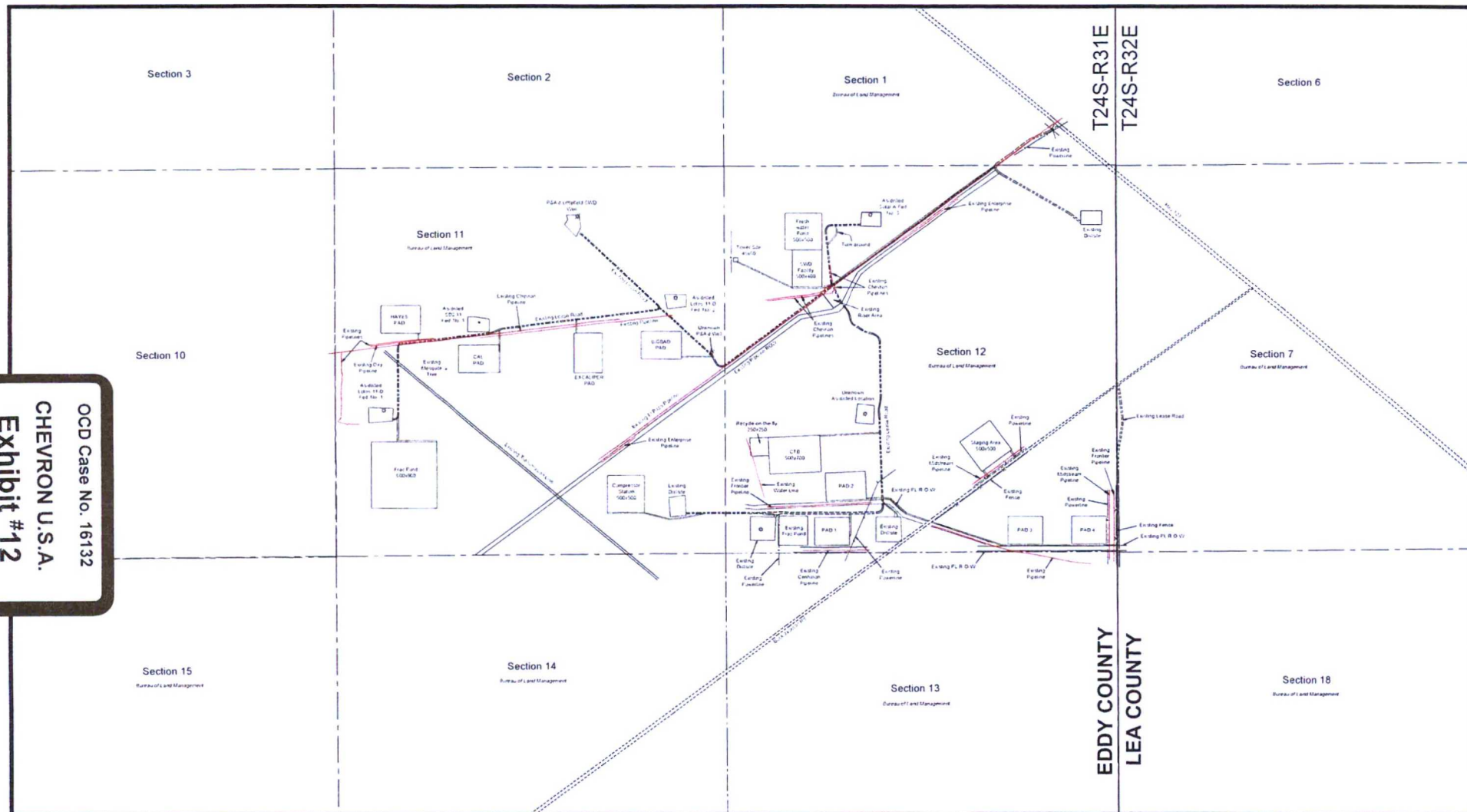
Chevron wells in W/2 of section are not part of hearing but were proposed to Tap Rock on March 13, 2018.

Current as of May 14th, 2018

* This is a conceptual diagram that is not to scale nor fully representative of all lithologies, as many units are heterogeneous in nature.

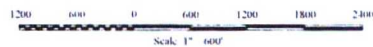
OCD Case No. 16132
CHEVRON U.S.A.
Exhibit #11

OCD Case No. 16132
CHEVRON U.S.A.
Exhibit #12



C. H. Fenstermaker & Associates, LLC
Engineers • Surveyors
Environmental Consultants

Shreveport • New Orleans • Baton Rouge • Lafayette • Houston
135 Regency Square Lafayette, LA 70503
Phone 337 237 2200 Fax 337 232 3790
www.fenstermaker.com



CHEVRON U.S.A. INC.

Base Map of
SAND DUNES WORK AREA

SECTIONS 11, 12 & 15, T24S-R31E & SECTION 7, T24S-R32E
EDDY COUNTY, NEW MEXICO

DRAWN BY	UJG
PROJ MGR	VHV
DATE	09/22/2017
SCALE	1" = 1,000'

REVISIONS			
Seq	Date	Ind	Desc
001	10/25/2017		
002	11/25/2017		
003	04/17/2018		

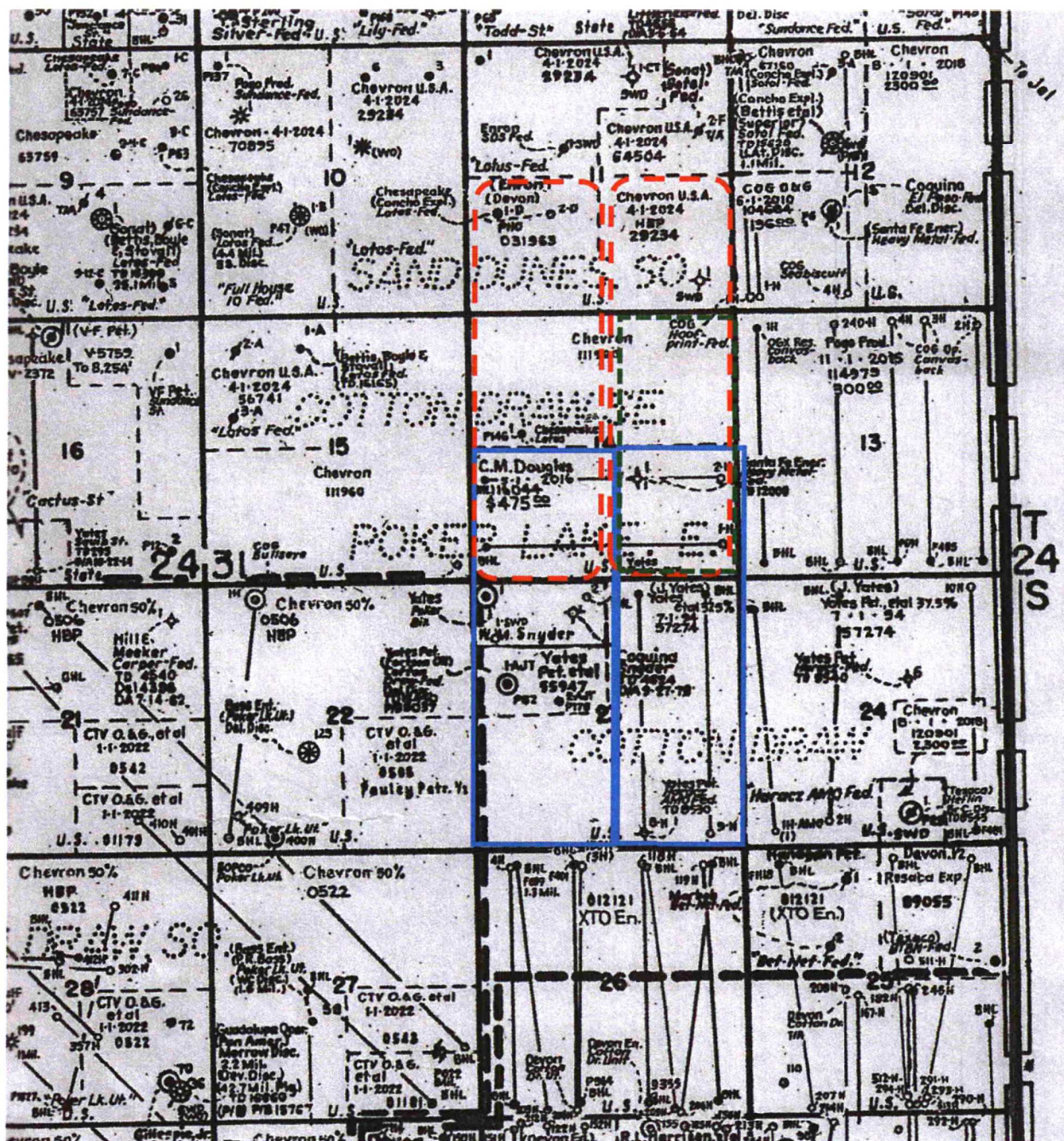
Map Projection: UTM, AS11

FILENAME: T:\001702175394\001702175394\ALBUQUERQUE WORK AREA BASE MAP.dwg

[illegible]

- OCD Case# 16132,16133,16134, 16160
EOG RESOURCES, INC.
May 18, 2018
Ex# 1

**Project Areas – Proposed Wolfcamp Formation
EOG Haracz 23 Federal Wells**



Proposed EOG Wolfcamp Spacing Units Sec 14: S/2 and Sec. 23: All-T24S-R31E



Proposed CVX Wolfcamp C Spacing Units Sec. 14: All and Sec 11: S/2-T24S-R31E



Proposed Tap Rock Wolfcamp Spacing Unit. Sec. 14: E/2E/2-T24S-R31E

OCD Case# 16132,16133,16134, 16160
EOG RESOURCES, INC.

May 18, 2018

Ex# 2

May 16, 2018

Federal Express & Email

Working Interest Owners
Address List Attached

Re: Well Proposal – **Haracz 23 Fed Com #207H**
SHL: Sec. 23 - 220 FSL & 1875 FEL
BHL: Sec. 14 - 2410 FSL & 1875 FEL
T24S-R-31E
Project Area: -Sec. 23: W/2E/2 Sec. 23 and W/2SE/4 Sec. 14
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. (EOG), as Operator, proposes the drilling of the Haracz 23 Fed Com #207H as a horizontal well at the above captioned location, or a legal location as approved by the governing regulatory agency, to a TVD of approximately 9,100 feet and a MD of 16,700 feet approximately to test the Leonard formation ("Operation"). The total cost of the Operation is estimated to be \$6,700,000.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EOG is proposing to drill this well under the terms of a 1989 AAPL form of Operating Agreement which we will provide for your review upon your indication of participation. The Operating Agreements contract lands will cover the project area. The Operating agreement is a model form with the following key provisions:

Non-consent Provisions of 100%/300%.
Drilling and Producing Rates of \$7,500/\$750.
EOG Resources, Inc names as Operator.

If you do not wish to participate, EOG would like to farmout your leasehold under the following industry terms of delivery of an 80.00% Net Revenue Interest for the drilling of your leasehold. This general farmout offer is subject to final EOG management approval and title acceptable to EOG Resources, Inc.

If an agreement cannot be reached within 30 days of the date of this letter, EOG will apply to the New Mexico Oil conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.
energy **opportunity** growth

OCD Case# 16132,16133,16134, 16160
EOG RESOURCES, INC.
May 18, 2018
Ex# 3

If you have any questions, please do not hesitate to contact me at 432-686-3684.

Sincerely,

EOG Resources Inc.



Chuck Moran
Land Advisor

_____ I/We hereby elect to participate in the **Haracz 23 Fed Com #207H**.

_____ I/We hereby elect not to participate in the **Haracz 23 Fed Com #207H**.

Company:

By: _____

Its: _____

Date: _____

Address List
Haracz 23 Fed Com #207H Well Proposal – AFE CE11073
Sec. 23: W/2E/2 Sec. 23 and W/2SE/4 Sec. 14

EOG Y Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG A Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG Resources Assetts LLC
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

Vladin LLC
Attention: Jim Ball
P. O. Box 100
Artesia, NM 88211-0100

Abo Empire, LLC
Attention: Justin McClelland
P. O. Box 900
Artesia, NM 88211-0900

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203



MIDLAND	Printed	5/15/2018
AFE No.	CE11073	Original
Property No.	XXXXXX-000	
EOG W.L.(BCP)	(ACP)	
EOG AFE Amt:	(Drig)	\$2,537,500
	(Land)	\$88,500
	(Completion)	\$3,432,000
	(Facility)	\$435,500
	(Flowback)	\$206,500
	Total Cost	\$6,700,000

AFE Type : DEVELOPMENT DRILLING	AFE Name : Haracz 23 Fed Com #207H D&C	AFE Date : 4/12/2018	Budget Year : 2018
Reg. Lease No. :	Prospect Name : RED HILLS NORTH	TVD / MD : 9100 / 16000	Begin Date :
Location : Section 23-T24S-R31E, 220 FSL & 1,875 FEL,	BHLocation : BH(LATERAL #1): Section 14-T24S-R31E, 2,410 FSL & 1,875 FEL,		
Formation : Leonard B	DD&A Field :		
Operator : EOG RESOURCES INC	County & State : EDDY / NM	Field : UNASSIGNED	Water Depth :
AFE Description : Haracz 23 Fed Com #207H D&C 9,100' TVD TO 16,700' MD IS A 1.5 MILE LATERAL TO BE COMPLETED IN THE LEONARD B FORMATION. THE WELL IS LOCATED IN SECTION 14/23, T24S, R31E IN EDDY CO., NM.	Product : OIL	Days : 0 / 0	

DESCRIPTION	SUB ACT	DRILLING 230	LAND 237	COMPLETION 231	FACILITY 235	FLOWBACK 236	TOTAL
ACCESS LOCATION, ROADS&SURVEY	401	67,000	0	5,000	0	0	72,000
COMP-FLBK-LOCATION AND ROADS	401	0	0	0	0	7,500	7,500
COMP-RIG MOVE	402	0	0	5,000	0	0	5,000
RIG MOVE	402	180,000	0	0	0	0	180,000
FOOTAGE COST	403	0	0	0	0	0	0
DAY WORK COST	404	382,500	0	0	0	0	382,500
BITS & BHA	405	100,000	0	0	0	0	100,000
COMP-BITS & PHA	405	0	0	10,000	0	0	10,000
COMP - FUEL	406	0	0	200,000	0	2,500	202,500
FUEL	406	86,000	0	0	0	0	86,000
WATER	407	18,000	0	450,000	0	0	468,000
COMP-FLBK-CHEMICALS	408	0	0	0	0	3,000	3,000
MUD & CHEMICALS	408	275,000	0	0	0	0	275,000
CEMENTING & SERVICE	409	180,000	0	0	0	0	180,000
COMP- PERFORATING	413	0	0	225,000	0	0	225,000
COMP- STIMULATION	414	0	0	1,900,000	0	0	1,900,000
COMP-TRANSPORTATION	415	0	0	20,000	0	4,000	24,000
TRANSPORTATION	415	36,000	0	0	0	0	36,000
COMP-Completion Overhead	416	0	0	10,000	0	0	10,000
DRILLING OVERHEAD	416	5,000	0	0	0	0	5,000
COMP-EQUIPMENT RENTAL	417	0	0	110,000	0	0	110,000
FLBK-EQUIPMENT RENT/OPERATIONS	417	135,000	0	0	3,000	25,000	163,000
COMP-COMPLETION RIG	418	0	0	20,000	0	0	20,000
OTHER DRILLING EXPENSE	419	10,000	0	0	0	0	10,000
COMP-ENVIRON & SAFETY CHARGES	421	0	0	25,000	0	7,500	32,500
ENVIRONMENTAL & SAFETY	421	15,000	0	0	0	0	15,000
DIRECTIONAL DRILLING	422	225,000	0	0	0	0	225,000
COMP- SUPERVISION	424	0	0	90,000	0	0	90,000
SUPERVISION	424	100,000	0	0	0	0	100,000
COMP- COMMUNICATIONS	431	0	0	3,500	0	0	3,500
TUBULAR INSPECTION/HANDLING	436	15,000	0	0	0	0	15,000
COMP-CASED HOLE LOGGING/TEST	438	0	0	3,500	0	0	3,500
SPECIALTY SERVICES	441	75,000	0	0	0	0	75,000
COMP-WIRELINE SERVICES	442	0	0	7,000	0	0	7,000
COMP-COIL TUBING/NITROGEN	445	0	0	140,000	0	0	140,000
COMP-CONTRACT LABOR MISC	446	0	0	17,000	0	0	17,000
FLBK-DISPOSAL COSTS	447	110,000	0	17,000	0	90,000	217,000
COMP-COMPLETION FLUIDS	448	0	0	10,000	0	0	10,000
TITLE OPINION-DRILL SITE	453	0	7,500	0	0	0	7,500
COMP-FLOWBACK	455	0	0	50,000	0	57,000	107,000
COMP-LAND DRILLSITE TITLE OPINION	480	0	0	0	0	0	0
COMP-LAND ROW DRILLING	482	0	12,500	0	0	0	12,500
COMP-LAND ROW COMPLETION	483	0	12,500	0	0	0	12,500
COMP-LAND SURVEY & DAMAGES DRILL	484	0	20,000	0	0	0	20,000
COMP-LAND SURVEY & DAMAGES COMP	485	0	20,000	0	0	0	20,000
COMP-REG-PERMIT FEE/ENV SURV&ASSESS	486	0	16,000	0	0	0	16,000
TOTAL INTANGIBLES		\$2,014,500	\$88,500	\$3,318,000	\$3,000	\$196,500	\$5,620,500

	UOM	QTY	SIZE	SIZE	GRADE	102					
SURFACE CASING						102	28,000	0	0	0	28,000
INTERMEDIATE CASING						103	120,000	0	0	0	120,000
PRODUCTION CASING						104	300,000	0	0	0	300,000
COMP-TUBING						106	0	44,000	0	0	44,000
WELLHEAD EQUIPMENT						107	75,000	0	60,000	0	135,000
COMP-FAC-FLOW LINES						109	0	0	150,000	0	150,000
COMP-FAC-VALVES & FITTINGS						110	0	0	31,000	0	31,000
COMP-VALVES & FITTINGS						110	0	0	2,500	10,000	12,500
COMP-PUMP						113	0	0	7,500	0	7,500
EQUIP/SUBSURFACE											
COMP-FAC-HEATERS,TREATRS,SEPRS						115	0	0	0	88,000	88,000
COMP-FAC-METERING EQUIPMENT						118	0	0	0	24,000	24,000
COMP-FAC-CONSTRUCTION COST						122	0	0	0	125,000	125,000
COMP-FAC-LAB/ELEC MEAS/AUTOMA						124	0	0	0	1,000	1,000
COMP-FAC-INSTRUMENT/ELECTRIC						128	0	0	0	5,000	5,000
COMP-FAC-TRANSPORTATION						415	0	0	0	3,000	3,000
COMP-FAC-ENVIRONMENTAL & SAFETY						421	0	0	0	2,500	2,500
COMP-FAC-ELECTRICAL LABOR						471	0	0	0	3,000	3,000
TOTAL TANGIBLES							\$523,000	\$0	\$114,000	\$432,500	\$1,079,500
TOTAL COST							\$2,537,500	\$88,500	\$3,432,000	\$435,500	\$6,700,000

By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date

May 16, 2018

Federal Express & Email

Working Interest Owners
Address List Attached

Re: Well Proposal – **Haracz 23 Fed Com #209H**
SHL: Sec. 23 - 220 FSL & 633 FEL
BHL: Sec. 14 - 2410 FSL & 865 FEL
T24S-R-31E
Project Area: -Sec. 23: E/2E/2 Sec. 23 and E/2SE/4 Sec. 14
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. (EOG), as Operator, proposes the drilling of the Haracz 23 Fed Com #209H as a horizontal well at the above captioned location, or a legal location as approved by the governing regulatory agency, to a TVD of approximately 9,100 feet and a MD of 16,700 feet approximately to test the Leonard formation ("Operation"). The total cost of the Operation is estimated to be \$6,700,000.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EOG is proposing to drill this well under the terms of a 1989 AAPL form of Operating Agreement which we will provide for your review upon your indication of participation. The Operating Agreements contract lands will cover the project area. The Operating agreement is a model form with the following key provisions:

Non-consent Provisions of 100%/300%.
Drilling and Producing Rates of \$7,500/\$750.
EOG Resources, Inc names as Operator.

If you do not wish to participate, EOG would like to farmout your leasehold under the following industry terms of delivery of an 80.00% Net Revenue Interest for the drilling of your leasehold. This general farmout offer is subject to final EOG management approval and title acceptable to EOG Resources, Inc.

If an agreement cannot be reached within 30 days of the date of this letter, EOG will apply to the New Mexico Oil conservation Division for compulsory pooling of your interest into a spacing unit for the prose well if uncommitted at such time.
energy **opportunity** growth

OCD Case# 16132,16133,16134, 16160
EOG RESOURCES, INC.
May 18, 2018
Ex# 4

If you have any questions, please do not hesitate to contact me at 432-686-3684.

Sincerely,

EOG Resources Inc.



Chuck Moran
Land Advisor

_____ I/We hereby elect to participate in the **Haracz 23 Fed Com #209H**.

_____ I/We hereby elect not to participate in the **Haracz 23 Fed Com #209H**.

Company:

By: _____

Its: _____

Date: _____

Address List
Haracz 23 Fed Com #209H Well Proposal – AFE CE11074
Sec. 23: E/2E/2 Sec. 23 and E/2SE/4 Sec. 14

EOG Y Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG A Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG Resources Assetts LLC
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

Vladin LLC
Attention: Jim Ball
P. O. Box 100
Artesia, NM 88211-0100

Abo Empire, LLC
Attention: Justin McClelland
P. O. Box 900
Artesia, NM 88211-0900

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203



MIDLAND	Printed	5/15/2018
AFE No.	CE11074	Original
Property No.	XXXXXX-000	
EOG W.L.(BCP)	(ACP)	
EOG AFE Amt:	(Drig)	\$2,537,500
	(Land)	\$88,500
	(Completion)	\$3,432,000
	(Facility)	\$435,500
	(Flowback)	\$206,500
	Total Cost	\$6,700,000

AFE Type :	DEVELOPMENT DRILLING	AFE Name :	Haracz 23 Fed Com #209H D&C	AFE Date :	4/12/2018	Budget Year :	2018
Reg. Lease No. :		Prospect Name :	RED HILLS NORTH	TVD / MD :	9100 / 16700	Begin Date :	
Location :	Section 23-T24S-R31E, 220 FSL & 633 FEL,			BHLocation :	BH(LATERAL #1): Section 14-T24S-R31E, 2,410 FSL & 865 FEL,		
Formation :	Leonard B			DD&A Field :			
Operator :	EOG RESOURCES INC	County & State :	EDDY / NM	Field :	UNASSIGNED	Water Depth :	
AFE Description :	Haracz 23 Fed Com #209H D&C 9,100' TVD TO 16,700' MD IS A 1.5 MILE LATERAL TO BE COMPLETED IN THE LEONARD B FORMATION. THE WELL IS LOCATED IN SECTION 14/23, T24S, R31E IN EDDY CO., NM.			Product :	OIL	Days :	0 / 0

DESCRIPTION	SUB ACT	DRILLING 230	LAND 237	COMPLETION 231	FACILITY 235	FLOWBACK 236	TOTAL
ACCESS LOCATION, ROADS&SURVEY	401	67,000	0	5,000	0	0	72,000
COMP-FLBK-LOCATION AND ROADS	401	0	0	0	0	7,500	7,500
COMP-RIG MOVE	402	0	0	5,000	0	0	5,000
RIG MOVE	402	180,000	0	0	0	0	180,000
FOOTAGE COST	403	0	0	0	0	0	0
DAY WORK COST	404	382,500	0	0	0	0	382,500
BITS & BHA	405	100,000	0	0	0	0	100,000
COMP-BITS & PHA	405	0	0	10,000	0	0	10,000
COMP - FUEL	406	0	0	200,000	0	2,500	202,500
FUEL	406	86,000	0	0	0	0	86,000
WATER	407	18,000	0	450,000	0	0	468,000
COMP-FLBK-CHEMICALS	408	0	0	0	0	3,000	3,000
MUD & CHEMICALS	408	275,000	0	0	0	0	275,000
CEMENTING & SERVICE	409	180,000	0	0	0	0	180,000
COMP- PERFORATING	413	0	0	225,000	0	0	225,000
COMP- STIMULATION	414	0	0	1,900,000	0	0	1,900,000
COMP-TRANSPORTATION	415	0	0	20,000	0	4,000	24,000
TRANSPORTATION	415	36,000	0	0	0	0	36,000
COMP-Completion Overhead	416	0	0	10,000	0	0	10,000
DRILLING OVERHEAD	416	5,000	0	0	0	0	5,000
COMP-EQUIPMENT RENTAL	417	0	0	110,000	0	0	110,000
FLBK-EQUIPMENT RENT/OPERATIONS	417	135,000	0	0	3,000	25,000	163,000
COMP-COMPLETION RIG	418	0	0	20,000	0	0	20,000
OTHER DRILLING EXPENSE	419	10,000	0	0	0	0	10,000
COMP-ENVIRON & SAFETY CHARGES	421	0	0	25,000	0	7,500	32,500
ENVIRONMENTAL & SAFETY	421	15,000	0	0	0	0	15,000
DIRECTIONAL DRILLING & SAFETY	422	225,000	0	0	0	0	225,000
COMP- SUPERVISION	424	0	0	90,000	0	0	90,000
SUPERVISION	424	100,000	0	0	0	0	100,000
COMP- COMMUNICATIONS	431	0	0	3,500	0	0	3,500
TUBULAR INSPECTION/HANDLING	436	15,000	0	0	0	0	15,000
COMP-CASED HOLE LOGGING/TEST	438	0	0	3,500	0	0	3,500
SPECIALTY SERVICES	441	75,000	0	0	0	0	75,000
COMP-WIRELINE SERVICES	442	0	0	7,000	0	0	7,000
COMP-COIL TUBING/NITROGEN	445	0	0	140,000	0	0	140,000
COMP-CONTRACT LABOR MISC	446	0	0	17,000	0	0	17,000
FLBK-DISPOSAL COSTS	447	110,000	0	17,000	0	90,000	217,000
COMP-COMPLETION FLUIDS	448	0	0	10,000	0	0	10,000
TITLE OPINION-DRILL SITE	453	0	7,500	0	0	0	7,500
COMP-FLOWBACK	455	0	0	50,000	0	57,000	107,000
COMP-LAND DRILLSITE TITLE OPINION	480	0	0	0	0	0	0
COMP-LAND ROW DRILLING	482	0	12,500	0	0	0	12,500
COMP-LAND ROW COMPLETION	483	0	12,500	0	0	0	12,500
COMP-LAND SURVEY & DAMAGES	484	0	20,000	0	0	0	20,000
DRILL							
COMP-LAND SURVEY & DAMAGES	485	0	20,000	0	0	0	20,000
COMP							
COMP-REG-PERMIT FEE/ENV SURV&ASSESS	486	0	16,000	0	0	0	16,000
TOTAL INTANGIBLES		\$2,014,500	\$88,500	\$3,318,000	\$3,000	\$196,500	\$5,620,500

	UOM	QTY	SIZE	SIZE	GRADE	RATE						
SURFACE CASING						102	28,000	0	0	0	0	28,000
INTERMEDIATE CASING						103	120,000	0	0	0	0	120,000
PRODUCTION CASING						104	300,000	0	0	0	0	300,000
COMP-TUBING						106	0	0	44,000	0	0	44,000
WELLHEAD EQUIPMENT						107	75,000	0	60,000	0	0	135,000
COMP-FAC-FLOW LINES						109	0	0	0	150,000	0	150,000
COMP-FAC-VALVES & FITTINGS						110	0	0	0	31,000	0	31,000
COMP-VALVES & FITTINGS						110	0	0	2,500	0	10,000	12,500
COMP-PUMP						113	0	0	7,500	0	0	7,500
EQUIP/SUBSURFACE												
COMP-FAC-HEATERS,TREATRS,SEPRS						115	0	0	0	88,000	0	88,000
COMP-FAC-METERING EQUIPMENT						118	0	0	0	24,000	0	24,000
COMP-FAC-CONSTRUCTION COST						122	0	0	0	125,000	0	125,000
COMP-FAC-LAB/ELEC MEAS/AUTOMA						124	0	0	0	1,000	0	1,000
COMP-FAC-INSTRUMENT/ELECTRIC						128	0	0	0	5,000	0	5,000
COMP-FAC-TRANSPORTATION						415	0	0	0	3,000	0	3,000
COMP-FAC-ENVIRONMENTAL & SAFETY						421	0	0	0	2,500	0	2,500
COMP-FAC-ELECTRICAL LABOR						471	0	0	0	3,000	0	3,000
TOTAL TANGIBLES							\$523,000	\$0	\$114,000	\$432,500	\$10,900	\$1,079,500
TOTAL COST							\$2,537,500	\$88,500	\$3,432,000	\$435,500	\$206,500	\$6,700,000

By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date

May 16, 2018

Federal Express & Email

Working Interest Owners
Address List Attached

Re: Well Proposal – **Haracz 23 Fed Com #603H**
SHL: Sec. 23 - 280 FSL & 2001 FEL
BHL: Sec. 14 - 2410 FSL & 2125 FEL
T24S-R-31E
Project Area: -Sec. 23: W/2E/2 Sec. 23 and W/2SE/4 Sec. 14
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. (EOG), as Operator, proposes the drilling of the Haracz 23 Fed Com #603H as a horizontal well at the above captioned location, or a legal location as approved by the governing regulatory agency, to a TVD of approximately 11,730 feet and a MD of 19,300 feet approximately to test the Third Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$7,425,827.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EOG is proposing to drill this well under the terms of a 1989 AAPL form of Operating Agreement which we will provide for your review upon your indication of participation. The Operating Agreements contract lands will cover the project area. The Operating agreement is a model form with the following key provisions:

Non-consent Provisions of 100%/300%.
Drilling and Producing Rates of \$7,500/\$750.
EOG Resources, Inc names as Operator.

If you do not wish to participate, EOG would like to farmout your leasehold under the following industry terms of delivery of an 80.00% Net Revenue Interest for the drilling of your leasehold. This general farmout offer is subject to final EOG management approval and title acceptable to EOG Resources, Inc.

If an agreement cannot be reached within 30 days of the date of this letter, EOG will apply to the New Mexico Oil conservation Division for compulsory pooling of your interest into a spacing unit for the prose well if uncommitted at such time.

energy **opportunity** growth

Address List

Haracz 23 Fed Com #603H Well Proposal – AFE CE11076
Sec. 23: W/2E/2 Sec. 23 and W/2SE/4 Sec. 14

EOG Y Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG A Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG Resources Assets LLC
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

Vladin LLC
Attention: Jim Ball
P. O. Box 100
Artesia, NM 88211-0100

Abo Empire, LLC
Attention: Justin McClelland
P. O. Box 900
Artesia, NM 88211-0900

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203



MIDLAND		Printed 5/15/2018
AFE No.	CE11076	Original
Property No.	XXXXXX-000	
EOG WJL(BCP)	(ACP)	
EOG AFE Amt:	(Drig)	\$2,869,000
	(Land)	\$81,000
	(Completion)	\$3,848,327
	(Facility)	\$212,500
	(Flowback)	\$415,000
	Total Cost	\$7,425,827

AFE Type : DEVELOPMENT DRILLING	AFE Name : Haracz 23 Fed Com #603H D&C	AFE Date : 4/12/2018	Budget Year : 2018
Reg. Lease No. :	Prospect Name : RED HILLS NORTH	TVD / MD : 11730 / 19300	Begin Date :
Location : Section 23-T24S-R31E, 280 FSL & 2,001 FWL,	BHLocation : BH(LATERAL #1): Section 14-T24S-R31E, 2,410 FSL & 2,125 FEL,		
Formation : 3rd Bone Spring	DD&A Field :		
Operator : EOG RESOURCES INC	County & State : EDDY / NM	Field : UNASSIGNED	Water Depth :
AFE Description : Haracz 23 Fed Com #603H D&C 11,730' TVD TO 19,300' MD IS A 1.5 MILE LATERAL TO BE COMPLETED IN THE 3RD BONE SPRING FORMATION. THE WELL IS LOCATED IN SECTION 14/23, T24S, R31E IN EDDY CO., NM.	Product : OIL	Days : 0 / 0	

DESCRIPTION	SUB ACT	DRILLING 238	LAND 237	COMPLETION 231	FACILITY 235	FLOWBACK 236	TOTAL
ACCESS LOCATION, ROADS&SURVEY	401	80,000	0	5,000	0	0	85,000
COMP-FLBK-LOCATION AND ROADS	401	0	0	0	0	15,000	15,000
COMP-RIG MOVE	402	0	0	5,000	0	0	5,000
RIG MOVE	402	110,000	0	0	0	0	110,000
FOOTAGE COST	403	30,000	0	0	0	0	30,000
DAY WORK COST	404	380,000	0	0	0	0	380,000
BITS & BHA	405	120,000	0	0	0	0	120,000
COMP-BITS & PHA	406	0	0	15,000	0	0	15,000
COMP - FUEL	406	0	0	235,832	0	5,000	240,832
FUEL	406	73,000	0	0	0	0	73,000
WATER	407	90,000	0	508,848	0	0	598,848
COMP-FLBK-CHEMICALS	408	0	0	0	0	3,000	3,000
MUD & CHEMICALS	408	360,000	0	0	0	0	360,000
CEMENTING & SERVICE	409	185,000	0	0	0	0	185,000
COMP- PERFORATING	413	0	0	262,500	0	0	262,500
COMP- STIMULATION	414	0	0	2,074,929	0	0	2,074,929
COMP-TRANSPORTATION	415	0	0	20,000	0	500	20,500
TRANSPORTATION	415	28,000	0	0	0	0	28,000
COMP-Completion Overhead	416	0	0	10,000	0	0	10,000
DRILLING OVERHEAD	416	5,000	0	0	0	0	5,000
COMP-EQUIPMENT RENTAL	417	0	0	80,000	0	0	80,000
FLBK-EQUIPMENT RENT/OPERATIONS	417	125,000	0	0	3,000	65,000	193,000
COMP-COMPLETION RIG	418	0	0	20,000	0	0	20,000
OTHER DRILLING EXPENSE	419	1,500	0	0	0	0	1,500
COMP-ENVIRON & SAFETY CHARGES	421	0	0	25,000	0	1,500	26,500
ENVIRONMENTAL & SAFETY	421	6,500	0	0	0	0	6,500
DIRECTIONAL DRILLING	422	285,000	0	0	0	0	285,000
COMP- SUPERVISION	424	0	0	119,800	0	0	119,800
SUPERVISION	424	115,000	0	0	0	4,500	119,500
COMP- COMMUNICATIONS	431	0	0	5,000	0	0	5,000
TUBULAR INSPECTION/HANDLING	436	10,000	0	0	0	0	10,000
COMP-CASED HOLE LOGGING/TEST	438	0	0	5,000	0	0	5,000
SPECIALTY SERVICES	441	73,000	0	0	0	0	73,000
COMP-WIRELINE SERVICES	442	0	0	7,500	0	0	7,500
COMP-COIL TUBING/NITROGEN	445	0	0	202,720	0	0	202,720
COMP-CONTRACT LABOR MISC	446	0	0	20,000	0	500	20,500
FLBK-DISPOSAL COSTS	447	28,000	0	20,000	0	245,000	293,000
COMP-COMPLETION FLUIDS	448	0	0	10,000	0	0	10,000
TITLE OPINION-DRILL SITE	453	10,000	10,000	0	0	0	20,000
COMP-FLOWBACK	465	0	0	50,000	0	55,000	105,000
COMP-LAND DRILLSITE TITLE OPINION	480	0	0	0	0	0	0
COMP-LAND ROW DRILLING	482	0	7,500	0	0	0	7,500
COMP-LAND ROW COMPLETION	483	0	7,500	0	0	0	7,500
COMP-LAND SURVEY & DAMAGES	484	0	20,000	0	0	0	20,000
DRILL							
COMP-LAND SURVEY & DAMAGES	485	0	20,000	0	0	0	20,000
COMP							
COMP-REG-PERMIT FEE/ENV SURV&ASSESS	486	0	15,000	0	0	0	15,000
TOTAL INTANGIBLES		\$2,125,000	\$81,000	\$3,701,927	\$3,000	\$395,000	\$6,305,927

	UOM	QTY	SIZE	SIZE	GRADE	RATE						
SURFACE CASING						102	27,000	0	0	0	0	27,000
INTERMEDIATE CASING						103	225,000	0	0	0	0	225,000
PRODUCTION CASING						104	480,000	0	0	0	0	480,000
COMP-TUBING						106	0	0	58,800	0	0	58,800
WELLHEAD EQUIPMENT						107	32,000	0	60,000	0	0	92,000
COMP-FAC-FLOW LINES						109	0	0	0	16,000	0	16,000
COMP-FAC-VALVES & FITTINGS						110	0	0	0	31,000	0	31,000
COMP-VALVES & FITTINGS						110	0	0	2,500	0	20,000	22,500
COMP-PUMP EQUIP/SUBSURFACE						113	0	0	25,000	0	0	25,000
COMP-FAC-HEATERS, TREATRS, SEPRS						115	0	0	0	88,000	0	88,000
COMP-FAC-METERING EQUIPMENT						118	0	0	0	24,000	0	24,000
COMP-FAC-CONSTRUCTION COST						122	0	0	0	36,000	0	36,000
COMP-FAC-LABR/ELEC MEAS/AUTOMA						124	0	0	0	1,000	0	1,000
COMP-FAC-INSTRUMENT/ELECTRIC						128	0	0	0	5,000	0	5,000
COMP-FAC-TRANSPORTATION						415	0	0	0	3,000	0	3,000
COMP-FAC-ENVIRONMENTAL & SAFETY						421	0	0	0	2,500	0	2,500
COMP-FAC-ELECTRICAL LABOR						471	0	0	0	3,000	0	3,000
TOTAL TANGIBLES							\$744,000	\$0	\$146,400	\$209,500	\$20,000	\$1,119,900
TOTAL COST							\$2,869,900	\$81,000	\$3,848,327	\$212,500	\$415,000	\$7,425,827

By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date

May 16, 2018

Federal Express & Email

Working Interest Owners
Address List Attached

Re: Well Proposal – **Haracz 23 Fed Com #615H**
SHL: Sec. 23 - 220 FSL & 376 FEL
BHL: Sec. 14 - 2410 FSL & 615 FEL
T24S-R-31E
Project Area: -Sec. 23: E/2E/2 Sec. 23 and E/2SE/4 Sec. 14
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. (EOG), as Operator, proposes the drilling of the Haracz 23 Fed Com #615H as a horizontal well at the above captioned location, or a legal location as approved by the governing regulatory agency, to a TVD of approximately 11,300 feet and a MD of 19,000 feet approximately to test the Third Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$7,425,827.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EOG is proposing to drill this well under the terms of a 1989 AAPL form of Operating Agreement which we will provide for your review upon your indication of participation. The Operating Agreements contract lands will cover the project area. The Operating agreement is a model form with the following key provisions:

Non-consent Provisions of 100%/300%.
Drilling and Producing Rates of \$7,500/\$750.
EOG Resources, Inc names as Operator.

If you do not wish to participate, EOG would like to farmout your leasehold under the following industry terms of delivery of an 80.00% Net Revenue Interest for the drilling of your leasehold. This general farmout offer is subject to final EOG management approval and title acceptable to EOG Resources, Inc.

If an agreement cannot be reached within 30 days of the date of this letter, EOG will apply to the New Mexico Oil conservation Division for compulsory pooling of your interest into a spacing unit for the prose well if uncommitted at such time.
energy **opportunity** growth

If you have any questions, please do not hesitate to contact me at 432-686-3684.

Sincerely,

EOG Resources Inc.



Chuck Moran
Land Advisor

_____ I/We hereby elect to participate in the **Haracz 23 Fed Com #615H**.

_____ I/We hereby elect not to participate in the **Haracz 23 Fed Com #615H**.

Company:

By: _____

Its: _____

Date: _____

Address List
Haracz 23 Fed Com #615H Well Proposal – AFE CE11078
Sec. 23: E/2E/2 Sec. 23 and E/2SE/4 Sec. 14

EOG Y Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG A Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG Resources Assetts LLC
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

Vladin LLC
Attention: Jim Ball
P. O. Box 100
Artesia, NM 88211-0100

Abo Empire, LLC
Attention: Justin McClelland
P. O. Box 900
Artesia, NM 88211-0900

The Allar Company
Attention: Jack Graham
P. O. Box 1567
Graham, TX 76450-1567

Sonic Oil & Gas LP
Attention: Land Manager
P. O. Box 1240
Graham, TX 76450-7240

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203

Oxy Y-1 Company
Attention: Land Manager Permian Basin
5 Greenway Plaza, Suite 110
Houston, Texas 77046-0521



MIDLAND	Printed	5/15/2018
AFE No.	CE11078	Original
Property No.	XXXXXX-000	
EOG W.L.(BCP)	(ACP)	
EOG AFE Amt:	(Drig)	\$2,869,000
	(Land)	\$81,000
	(Completion)	\$3,848,327
	(Facility)	\$212,500
	(Flowback)	\$415,000
	Total Cost	\$7,425,827

AFE Type : DEVELOPMENT DRILLING	AFE Name : Haracz 23 Fed Com #615H D&C	AFE Date : 4/12/2018	Budget Year : 2018
Reg. Lease No. :	Prospect Name : RED HILLS NORTH	TVD / MD : 11,300 / 19,000	Begin Date :
Location : Section 23-T24S-R31E, 220 FSL & 376 FEL	BHLocation : BH(LATERAL #1): Section 14-T24S-R31E, 2,410 FSL & 615 FEL	DD&A Field :	
Formation : 3rd Bone Spring	County & State : EDDY / NM	Field : UNASSIGNED	Water Depth :
Operator : EOG RESOURCES INC		Product : OIL	Days : 0 / 0
AFE Description : Haracz 23 Fed Com #615H D&C 11,300' TVD TO 19,000' MD IS A 1.5 MILE LATERAL TO BE COMPLETED IN THE 3RD BONE SPRING FORMATION. THE WELL IS LOCATED IN SECTION 14/23, T24S, R31E IN EDDY CO., NM.			

DESCRIPTION	SUB ACT	DRILLING 230	LAND 237	COMPLETION 231	FACILITY 235	FLOWBACK 236	TOTAL
ACCESS LOCATION, ROADS&SURVEY	401	80,000	0	5,000	0	0	85,000
COMP-FLBK-LOCATION AND ROADS	401	0	0	0	0	15,000	15,000
COMP-RIG MOVE	402	0	0	5,000	0	0	5,000
RIG MOVE	402	110,000	0	0	0	0	110,000
FOOTAGE COST	403	30,000	0	0	0	0	30,000
DAY WORK COST	404	380,000	0	0	0	0	380,000
BITS & BHA	405	120,000	0	0	0	0	120,000
COMP-BITS & PHA	405	0	0	15,000	0	0	15,000
COMP - FUEL	406	0	0	235,832	0	5,000	240,832
FUEL	406	73,000	0	0	0	0	73,000
WATER	407	90,000	0	508,846	0	0	598,846
COMP-FLBK-CHEMICALS	408	0	0	0	0	3,000	3,000
MUD & CHEMICALS	408	360,000	0	0	0	0	360,000
CEMENTING & SERVICE	409	185,000	0	0	0	0	185,000
COMP- PERFORATING	413	0	0	262,500	0	0	262,500
COMP- STIMULATION	414	0	0	2,074,929	0	0	2,074,929
COMP-TRANSPORTATION	415	0	0	20,000	0	500	20,500
TRANSPORTATION	415	28,000	0	0	0	0	28,000
COMP-Completion Overhead	416	0	0	10,000	0	0	10,000
DRILLING OVERHEAD	416	5,000	0	0	0	0	5,000
COMP-EQUIPMENT RENTAL	417	0	0	80,000	0	0	80,000
FLBK-EQUIPMENT	417	125,000	0	0	3,000	65,000	193,000
RENT/OPERATIONS	418	0	0	20,000	0	0	20,000
COMP-COMPLETION RIG	419	1,500	0	0	0	0	1,500
OTHER DRILLING EXPENSE	421	0	0	25,000	0	1,500	26,500
COMP-ENVIRON & SAFETY CHARGES	421	6,500	0	0	0	0	6,500
ENVIRONMENTAL & SAFETY	422	295,000	0	0	0	0	295,000
DIRECTIONAL DRILLING	424	0	0	119,800	0	0	119,800
COMP- SUPERVISION	424	115,000	0	0	0	4,500	119,500
SUPERVISION	431	0	0	5,000	0	0	5,000
COMP- COMMUNICATIONS	436	10,000	0	0	0	0	10,000
TUBULAR INSPECTION/HANDLING	438	0	0	5,000	0	0	5,000
COMP-CASED HOLE LOGGING/TEST	441	73,000	0	0	0	0	73,000
SPECIALTY SERVICES	442	0	0	7,500	0	0	7,500
COMP-WIRELINE SERVICES	445	0	0	202,720	0	0	202,720
COMP-COIL TUBING/NITROGEN	446	0	0	20,000	0	500	20,500
COMP-CONTRACT LABOR MISC	447	28,000	0	20,000	0	245,000	293,000
FLBK-DISPOSAL COSTS	448	0	0	10,000	0	0	10,000
COMP-COMPLETION FLUIDS	453	10,000	10,000	0	0	0	20,000
TITLE OPINION-DRILL SITE	465	0	0	50,000	0	55,000	105,000
COMP-FLOWBACK	480	0	0	0	0	0	0
COMP-LAND DRILLSITE TITLE OPINION	482	0	7,500	0	0	0	7,500
COMP-LAND ROW DRILLING	483	0	7,500	0	0	0	7,500
COMP-LAND ROW COMPLETION	484	0	20,000	0	0	0	20,000
COMP-LAND SURVEY & DAMAGES	485	0	20,000	0	0	0	20,000
DRILL	486	0	16,000	0	0	0	16,000
COMP-LAND SURVEY & DAMAGES							
COMP							
COMP-REG-PERMIT FEE/ENV							
SURV&ASSESS							
TOTAL INTANGIBLES		\$2,125,000	\$81,000	\$3,761,927	\$3,000	\$395,000	\$6,366,927

	UOM	QTY	SIZE	SIZE	GRADE	RATE						
SURFACE CASING						102	27,000	0	0	0	0	27,000
INTERMEDIATE CASING						103	225,000	0	0	0	0	225,000
PRODUCTION CASING						104	480,000	0	0	0	0	480,000
COMP-TUBING						106	0	58,900	0	0	0	58,900
WELLHEAD EQUIPMENT						107	32,000	0	80,000	0	0	92,000
COMP-FAC-FLOW LINES						109	0	0	0	16,000	0	16,000
COMP-FAC-VALVES & FITTINGS						110	0	0	0	31,000	0	31,000
COMP-VALVES & FITTINGS						110	0	0	2,500	0	20,000	22,500
COMP-PUMP EQUIP/SUBSURFACE						113	0	0	25,000	0	0	25,000
COMP-FAC-HEATERS,TREATRS,SEPRS						115	0	0	0	88,000	0	88,000
COMP-FAC-METERING EQUIPMENT						118	0	0	0	24,000	0	24,000
COMP-FAC-CONSTRUCTION COST						122	0	0	0	36,000	0	36,000
COMP-FAC-LABR/LEC MEAS/AUTOMA						124	0	0	0	1,000	0	1,000
COMP-FAC-INSTRUMENT/ELECTRIC						128	0	0	0	5,000	0	5,000
COMP-FAC-TRANSPORTATION						415	0	0	0	3,000	0	3,000
COMP-FAC-ENVIRONMENTAL & SAFETY						421	0	0	0	2,500	0	2,500
COMP-FAC-ELECTRICAL LABOR						471	0	0	0	3,000	0	3,000
TOTAL TANGIBLES							\$744,000	\$0	\$146,400	\$209,500	\$20,000	\$1,119,900
TOTAL COST							\$2,869,000	\$81,000	\$3,848,327	\$212,500	\$415,000	\$7,425,827

By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date

May 16, 2018

Federal Express & Email

Working Interest Owners
Address List Attached

Re: Well Proposal – **Haracz 23 Fed Com #715H**
SHL: Sec. 23 - 220 FSL & 343 FEL
BHL: Sec. 14 - 2410 FSL & 610 FEL
T24S-R-31E
Project Area: -Sec. 23: E/2 Sec. 23 and SE/4 Sec. 14
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. (EOG), as Operator, proposes the drilling of the Haracz 23 Fed Com #715H as a horizontal well at the above captioned location, or a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,050 feet and a MD of 19,700 feet approximately to test the Wolfcamp formation ("Operation"). The total cost of the Operation is estimated to be \$7,425,827.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EOG is proposing to drill this well under the terms of a 1989 AAPL form of Operating Agreement which we will provide for your review upon your indication of participation. The Operating Agreements contract lands will cover the project area. The Operating agreement is a model form with the following key provisions:

Non-consent Provisions of 100%/300%.
Drilling and Producing Rates of \$7,500/\$750.
EOG Resources, Inc names as Operator.

If you do not wish to participate, EOG would like to farmout your leasehold under the following industry terms of delivery of an 80.00% Net Revenue Interest for the drilling of your leasehold. This general farmout offer is subject to final EOG management approval and title acceptable to EOG Resources, Inc.

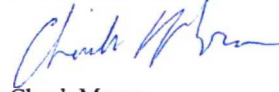
If an agreement cannot be reached within 30 days of the date of this letter, EOG will apply to the New Mexico Oil conservation Division for compulsory pooling of your interest into a spacing unit for the prose well if uncommitted at such time.

energy **opportunity** growth

If you have any questions, please do not hesitate to contact me at 432-686-3684.

Sincerely,

EOG Resources Inc.



Chuck Moran
Land Advisor

_____ I/We hereby elect to participate in the **Haracz 23 Fed Com #715H**.

_____ I/We hereby elect not to participate in the **Haracz 23 Fed Com #715H**.

Company:

By: _____

Its: _____

Date: _____

Address List
Haracz 23 Fed Com #715H Well Proposal – AFE CE11081
Sec. 23: E/2 Sec. 23 and SE/4 Sec. 14

EOG Y Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG A Resources, Inc.
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

EOG Resources Assets LLC
Attention: Land Manager
5509 Champions Drive
Midland, TX 79706

Vladin LLC
Attention: Jim Ball
P. O. Box 100
Artesia, NM 88211-0100

Abo Empire, LLC
Attention: Justin McClelland
P. O. Box 900
Artesia, NM 88211-0900

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203



MIDLAND Printed 5/15/2018

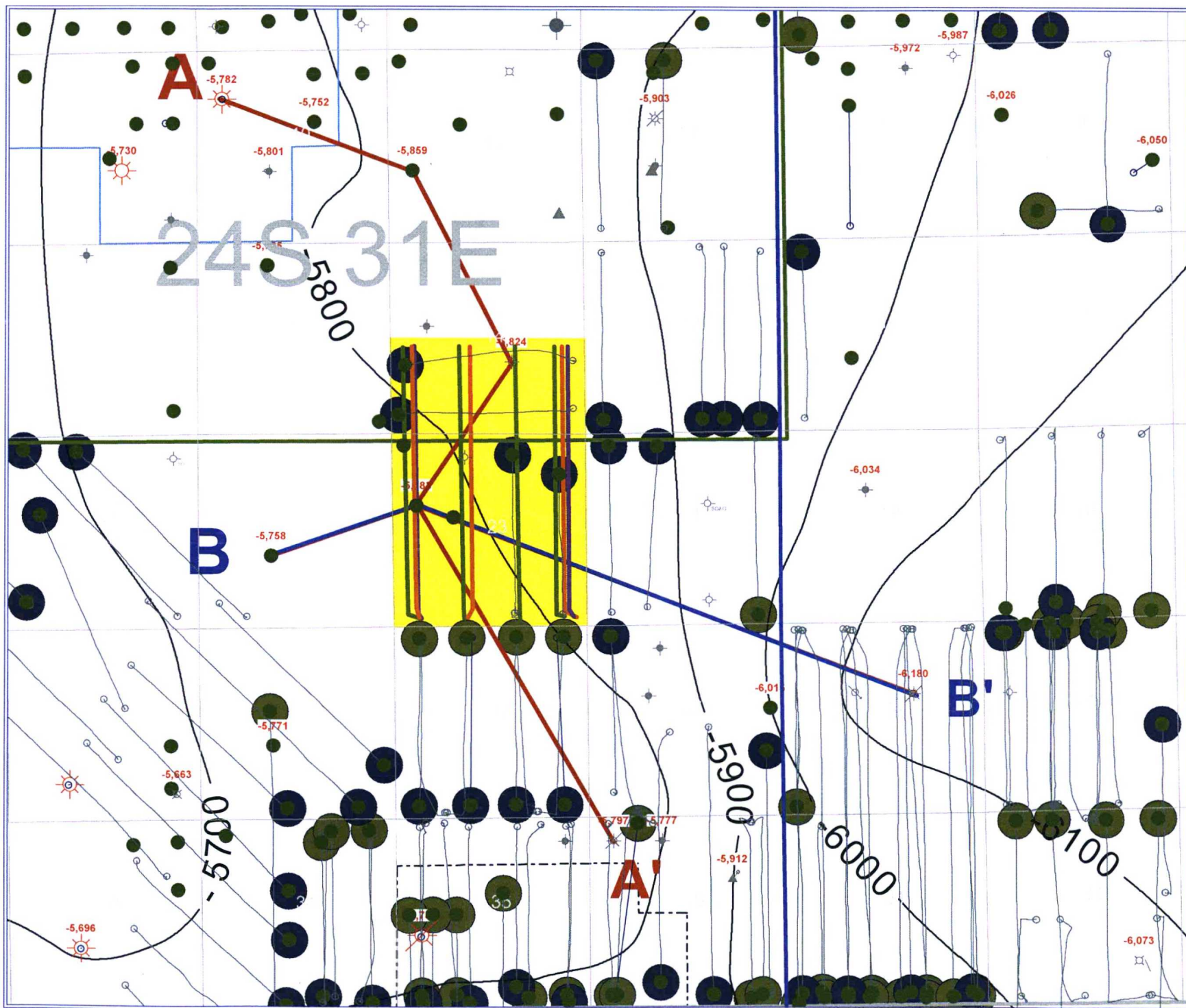
AFE No.	CE11081	Original
Property No.	XXXXXX-000	
EOG W.L.(BCP)	(ACP)	
EOG AFE Amt:	(Drig)	\$2,869,000
	(Land)	\$81,000
	(Completion)	\$3,848,327
	(Facility)	\$212,500
	(Flowback)	\$415,000
	Total Cost	\$7,425,827

AFE Type :	DEVELOPMENT DRILLING	AFE Name :	Haracz 23 Fed Com #715H D&C	AFE Date :	4/12/2018	Budget Year :	2018
Reg. Lease No. :		Prospect Name :	RED HILLS NORTH	TVD / MD :	12050 / 19700	Begin Date :	
Location :	Section 23-T24S-R31E, 220 FSL & 343 FEL	BHLocation :	BH(LATERAL #1): Section 14-T24S-R31E, 2,410 FSL & 610 FEL				
Formation :	WOLFCAMP	DD&A Field :					
Operator :	EOG RESOURCES INC	County & State :	EDDY / NM	Field :	UNASSIGNED	Water Depth :	
AFE Description :	Haracz 23 Fed Com #715H D&C 12,050' TVD TO 19,700' MD IS A 1.5 MILE LATERAL TO BE COMPLETED IN THE WOLFCAMP FORMATION. THE WELL IS LOCATED IN SECTION 14/23, T24S, R31E IN EDDY CO., NM.				Product :	OIL	Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING 230	LAND 237	COMPLETION 231	FACILITY 235	FLOWBACK 236	TOTAL
ACCESS LOCATION, ROADS&SURVEY	401	80,000	0	5,000	0	0	85,000
COMP-FLBK-LOCATION AND ROADS	401	0	0	0	0	15,000	15,000
COMP-RIG MOVE	402	0	0	5,000	0	0	5,000
RIG MOVE	402	110,000	0	0	0	0	110,000
FOOTAGE COST	403	30,000	0	0	0	0	30,000
DAY WORK COST	404	380,000	0	0	0	0	380,000
BITS & BHA	405	120,000	0	0	0	0	120,000
COMP-BITS & PHA	405	0	0	15,000	0	0	15,000
COMP - FUEL	406	0	0	235,832	0	5,000	240,832
FUEL	406	73,000	0	0	0	0	73,000
WATER	407	90,000	0	508,848	0	0	598,848
COMP-FLBK-CHEMICALS	408	0	0	0	0	3,000	3,000
MUD & CHEMICALS	408	360,000	0	0	0	0	360,000
CEMENTING & SERVICE	409	185,000	0	0	0	0	185,000
COMP-PERFORATING	413	0	0	262,500	0	0	262,500
COMP-STIMULATION	414	0	0	2,074,929	0	0	2,074,929
COMP-TRANSPORTATION	415	0	0	20,000	0	500	20,500
TRANSPORTATION	415	28,000	0	0	0	0	28,000
COMP-Completion Overhead	416	0	0	10,000	0	0	10,000
DRILLING OVERHEAD	416	5,000	0	0	0	0	5,000
COMP-EQUIPMENT RENTAL	417	0	0	80,000	0	0	80,000
FLBK-EQUIPMENT	417	125,000	0	0	3,000	65,000	193,000
RENT/OPERATIONS	418	0	0	20,000	0	0	20,000
COMP-COMPLETION RIG	419	1,500	0	0	0	0	1,500
OTHER DRILLING EXPENSE	421	0	0	25,000	0	1,500	26,500
COMP-ENVIRON & SAFETY CHARGES	421	6,500	0	0	0	0	6,500
ENVIRONMENTAL & SAFETY	422	295,000	0	0	0	0	295,000
DIRECTIONAL DRILLING	424	0	0	119,600	0	0	119,600
COMP-SUPERVISION	424	115,000	0	0	0	4,500	119,500
SUPERVISION	431	0	0	5,000	0	0	5,000
COMP-COMMUNICATIONS	436	10,000	0	0	0	0	10,000
TUBULAR INSPECTION/HANDLING	436	0	0	5,000	0	0	5,000
COMP-CASED HOLE LOGGING/TEST	441	73,000	0	0	0	0	73,000
SPECIALTY SERVICES	442	0	0	7,500	0	0	7,500
COMP-WIRELINE SERVICES	445	0	0	202,720	0	0	202,720
COMP-COIL TUBING/NITROGEN	446	0	0	20,000	0	500	20,500
COMP-CONTRACT LABOR MISC	447	28,000	0	20,000	0	245,000	293,000
FLBK-DISPOSAL COSTS	448	0	0	10,000	0	0	10,000
COMP-COMPLETION FLUIDS	453	10,000	10,000	0	0	0	20,000
TITLE OPINION-DRILL SITE	455	0	0	50,000	0	55,000	105,000
COMP-FLOWBACK	480	0	0	0	0	0	0
COMP-LAND DRILLSITE TITLE OPINION	482	0	7,500	0	0	0	7,500
COMP-LAND ROW DRILLING	483	0	7,500	0	0	0	7,500
COMP-LAND ROW COMPLETION	484	0	20,000	0	0	0	20,000
COMP-LAND SURVEY & DAMAGES	485	0	20,000	0	0	0	20,000
DRILL	486	0	16,000	0	0	0	16,000
COMP-LAND SURVEY & DAMAGES							
COMP							
COMP-REG-PERMIT FEE/ENV							
SURV&ASSESS							
TOTAL INTANGIBLES		\$2,125,000	\$81,000	\$3,701,927	\$3,900	\$395,000	\$6,305,927

	UOM	QTY	SIZE	SIZE	GRADE	RATE						
SURFACE CASING						102	27,000	0	0	0	0	27,000
INTERMEDIATE CASING						103	225,000	0	0	0	0	225,000
PRODUCTION CASING						104	460,000	0	0	0	0	460,000
COMP-TUBING						106	0	0	58,900	0	0	58,900
WELLHEAD EQUIPMENT						107	32,000	0	60,000	0	0	92,000
COMP-FAC-FLOW LINES						109	0	0	0	16,000	0	16,000
COMP-FAC-VALVES & FITTINGS						110	0	0	0	31,000	0	31,000
COMP-VALVES & FITTINGS						110	0	0	2,500	0	20,000	22,500
COMP-PUMP						113	0	0	25,000	0	0	25,000
EQUIP/SUBSURFACE						115	0	0	0	68,000	0	68,000
COMP-FAC-HEATERS,TREATRS,SEPRS						118	0	0	0	24,000	0	24,000
COMP-FAC-METERING						122	0	0	0	36,000	0	36,000
EQUIPMENT						124	0	0	0	1,000	0	1,000
COMP-FAC-CONSTRUCTION						128	0	0	0	5,000	0	5,000
COST						415	0	0	0	3,000	0	3,000
COMP-FAC-LABR/ELEC						421	0	0	0	2,500	0	2,500
MEAS/AUTOMA						471	0	0	0	3,000	0	3,000
COMP-FAC-INSTRUMENT/ELECTRIC												
COMP-FAC-TRANSPORTATION												
COMP-FAC-ENVIRONMENTAL												
& SAFETY												
COMP-FAC-ELECTRICAL												
LABOR												
TOTAL TANGIBLES							\$744,000	\$0	\$146,400	\$209,500	\$20,000	\$1,119,900
TOTAL COST							\$2,869,000	\$81,000	\$3,848,327	\$212,500	\$415,000	\$7,425,827

By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date



Horizontal Producing Formation

- DLWR
- BSG

Proposed Horizontal Wells

- LNRD
- TBSG
- WFMP

OCD Case# 16132,16133,16134, 16160
 EOG RESOURCES, INC.
 May 18, 2018
 Ex# 8

eog resources

NM Delaware Basin

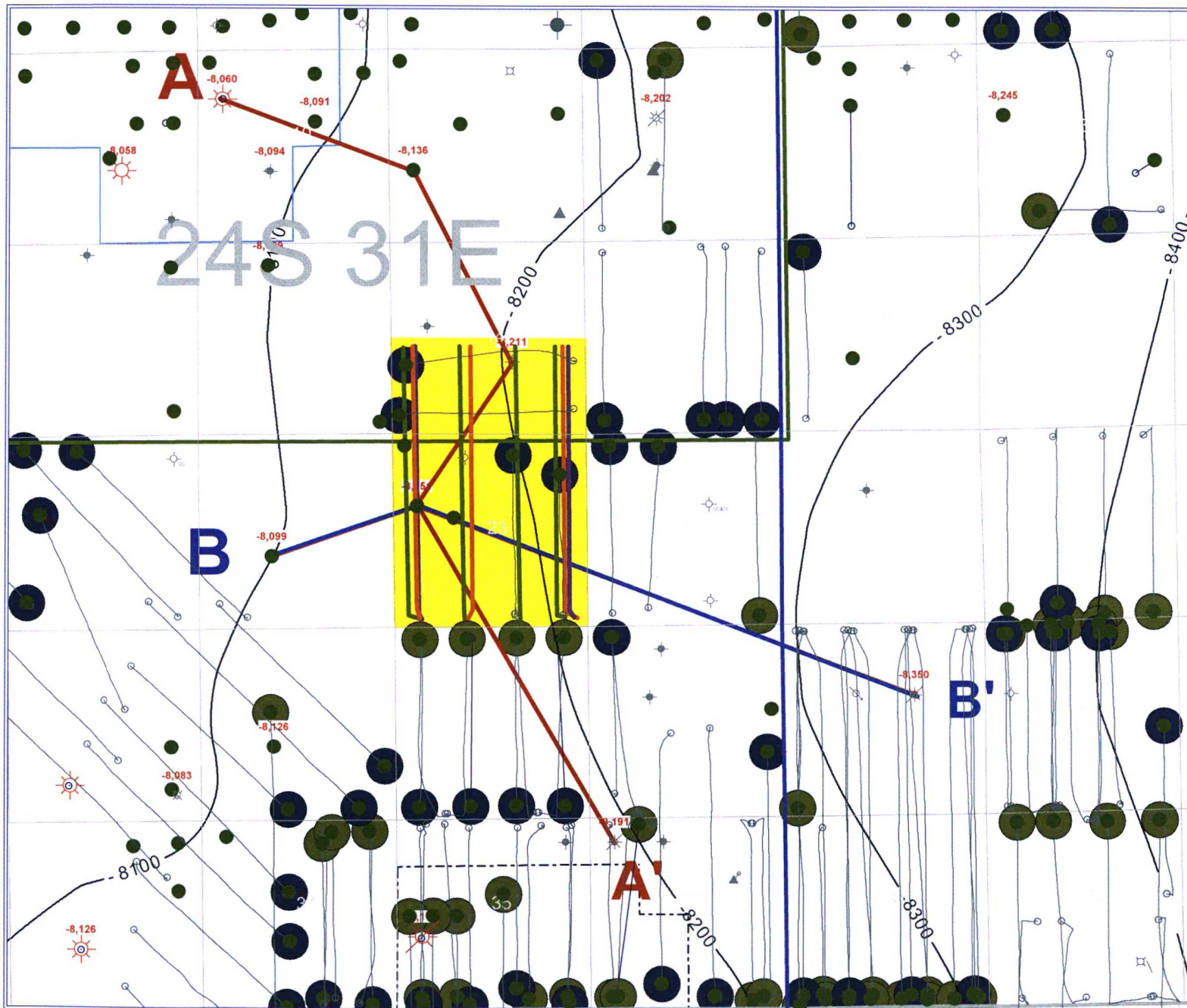
FBSG Structure

SSTVD

0 2,000 4,000
 FEET

POSTED WELL DATA
 FMTOPS - FBSG(QDS) (SS)

CONTOURS
 FMTOPS - FBSG (QDS) - FBSG
 FMTOP/FBSG(QDS) (SS)
 Contour Interval = 100



Horizontal Producing Formation

- DLWR
- BSG

Proposed Horizontal Wells

- LNRD
- TBSG
- WFMP

eogresources

NM Delaware Basin

WFMP Structure

SSTVD

0 2,000 4,000
FEET

POSTED WELL DATA
FMTOPS - WFMP (GDS) (SS)

CONTOURS
FMTOPS - WFMP (GDS) - WOLF CAMP
FITCHSWAMP (GDS) GRID
Contour Interval = 100

FULL HOUSE 10 FEDERAL #1 LOTOS '11-D' FEDERAL #1 HEAVY METAL '14' FEDERAL #1 COTTON DRAW 'AJT' FEDERAL #1 COTTON DRAW #90

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ELEV_KB 3.531

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ELEV_KB 3.612

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A (N)

A' (S)

Target

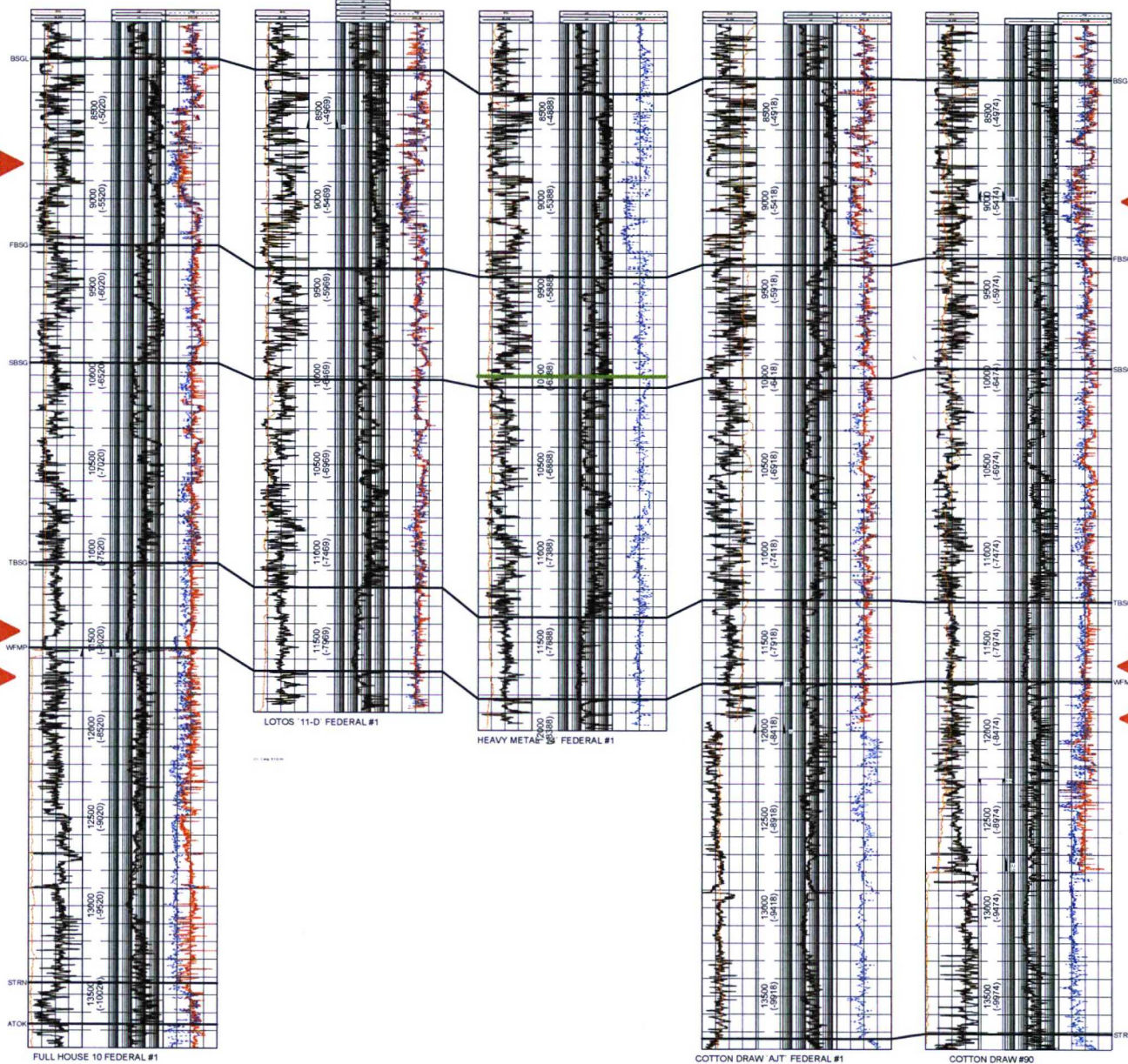
Target

Target

Target

Target

Target



POKER LAKE UNIT #123 COTTON DRAW 'AJT' FEDERAL #1 PADUCA FEDERAL #1

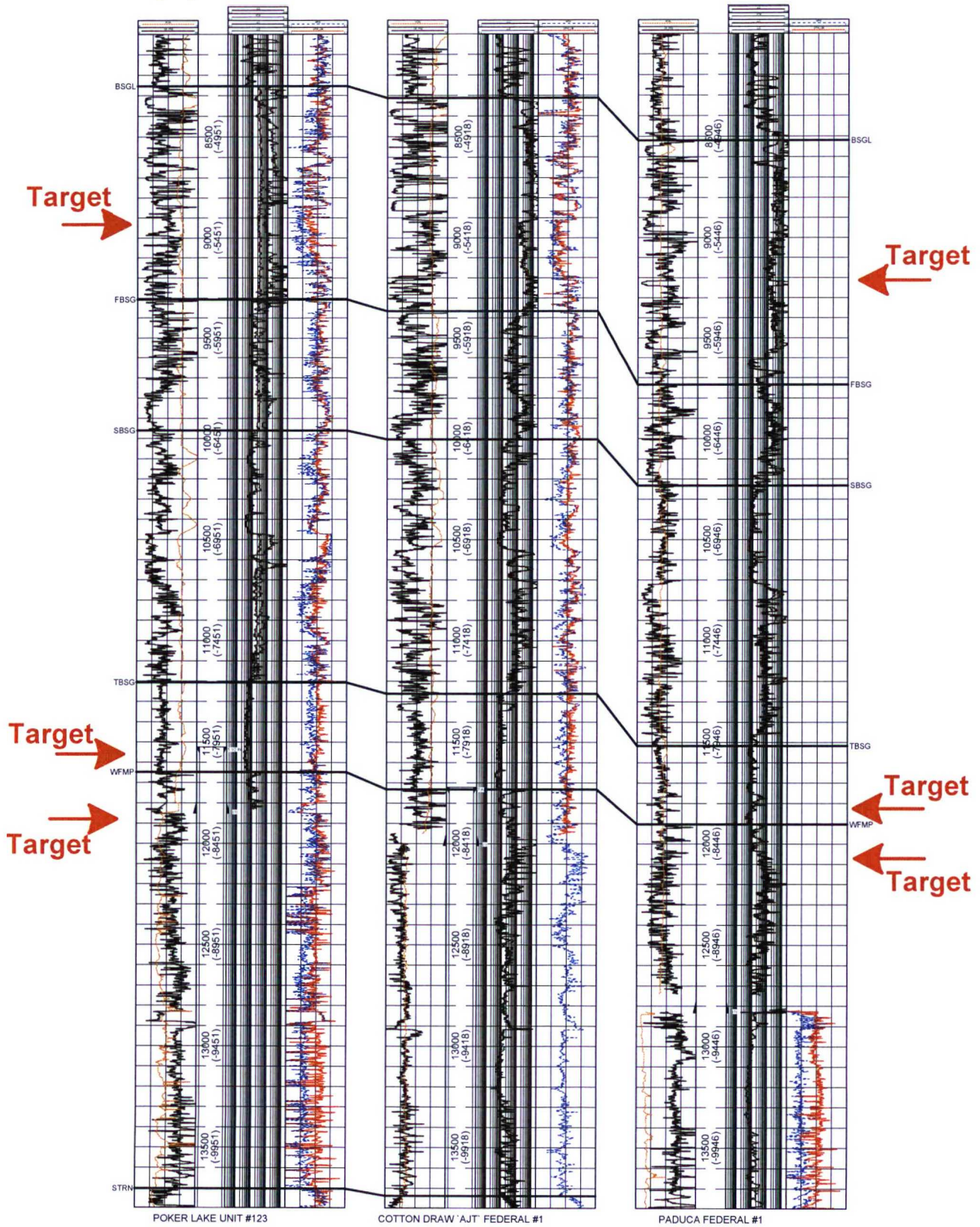
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ELEV_KB : 3,582

30025262340000
ELEV_KB : 3,554

B (W)

B' (E)

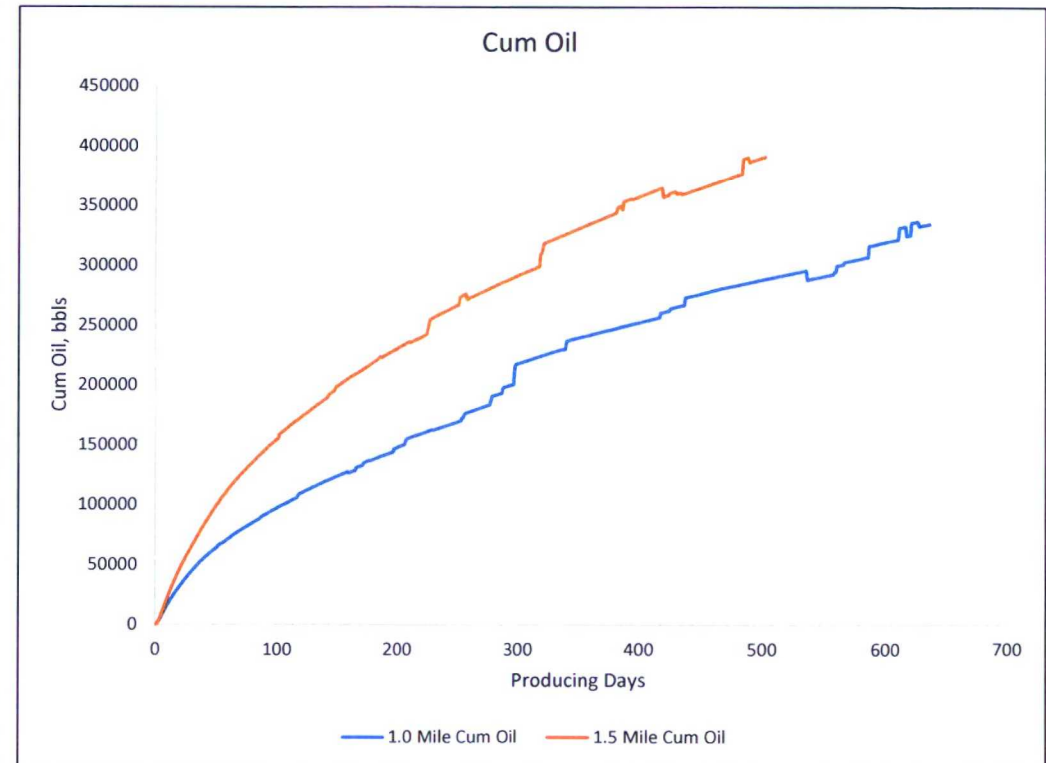
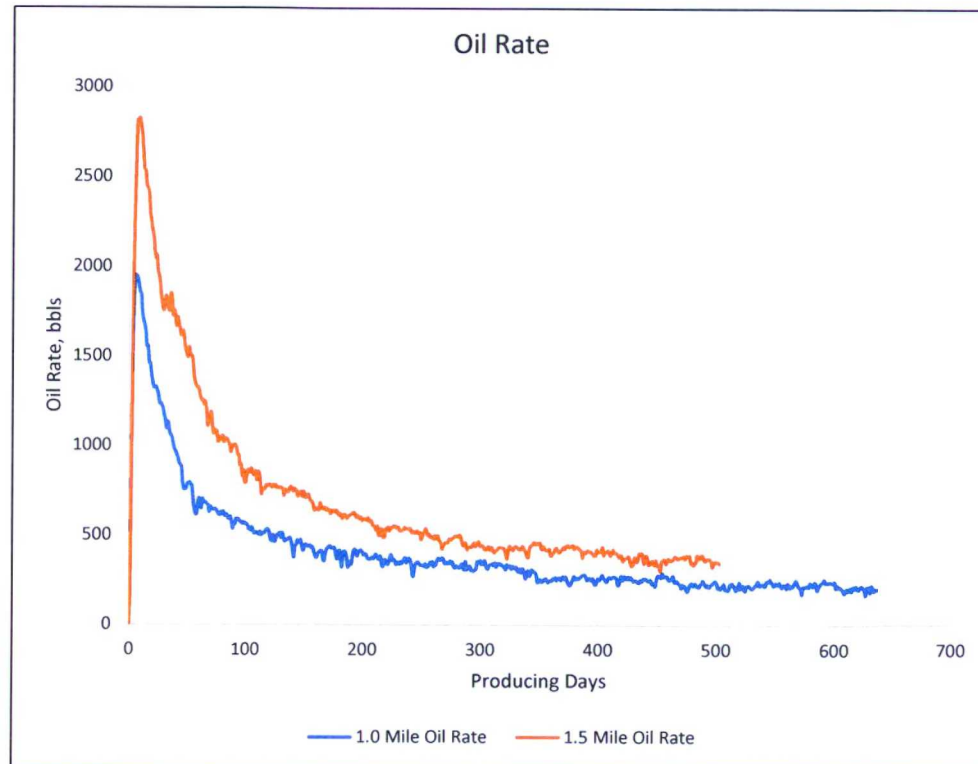


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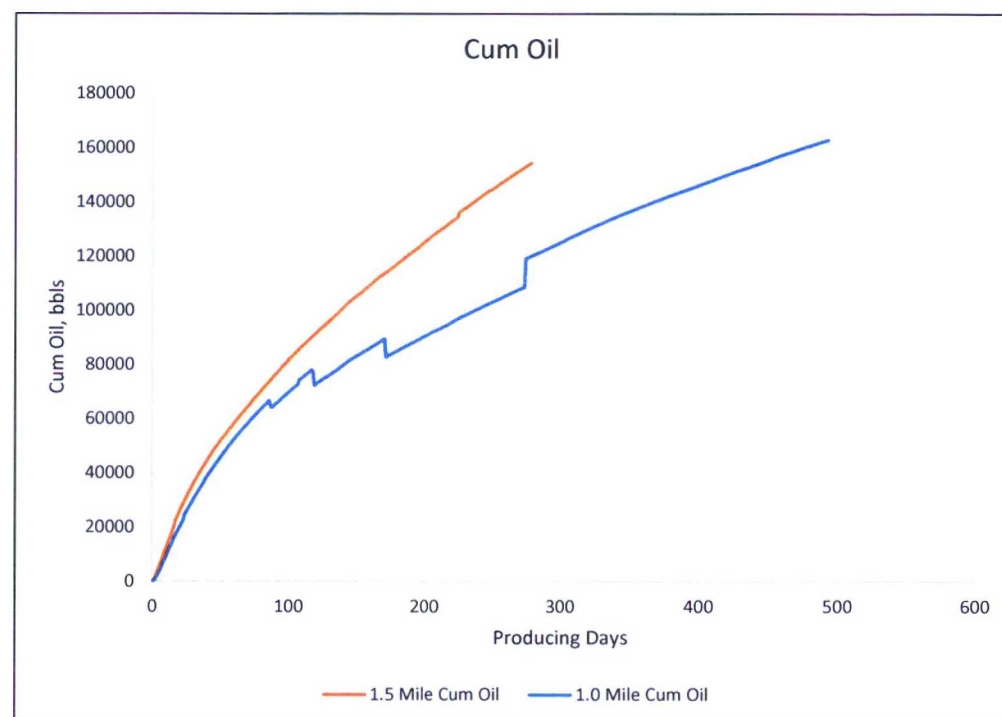
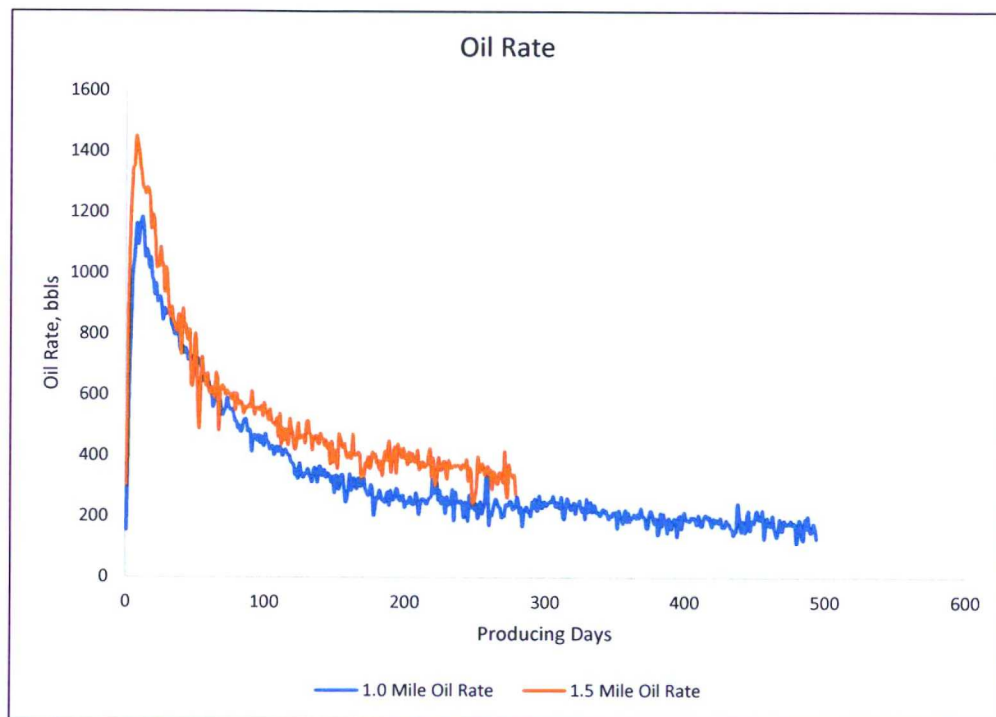
(1) Log 150N

(1) Log 150N

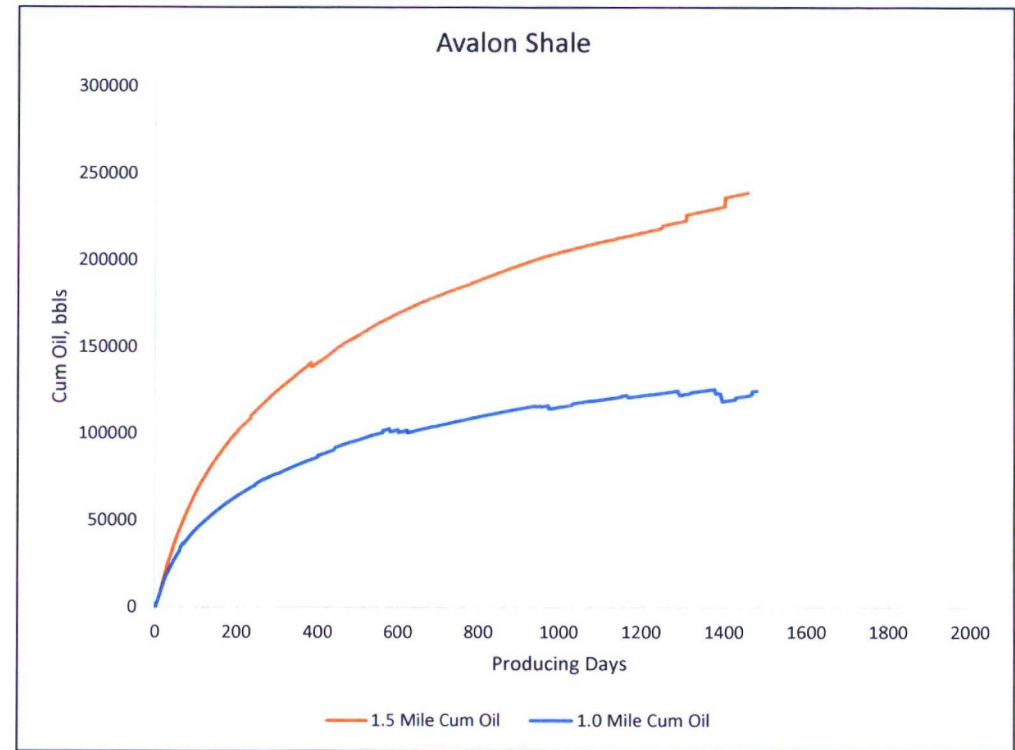
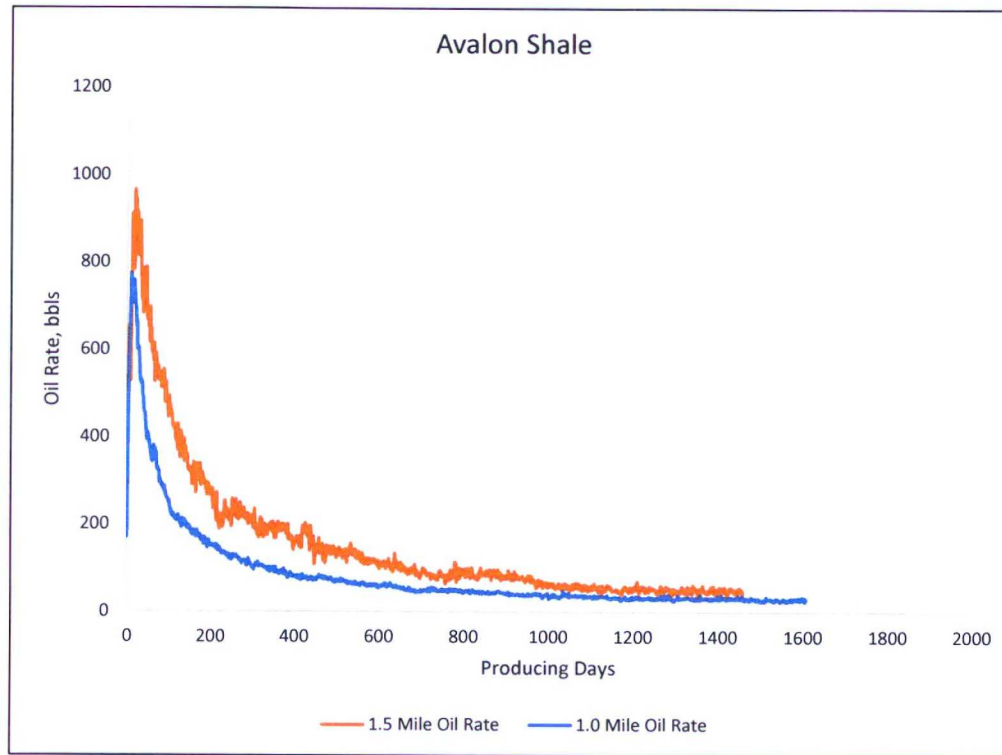
Wolfcamp



Third Bone Spring Sand



Avalon Shale



Economics

<u>Wolfcamp</u>			<u>Third Bone</u>			<u>Avalon</u>		
	1.5 Mile	1.0 Mile		1.5 Mile	1.0 Mile		1.5 Mile	1.0 Mile
Drilling	\$2,869,000	\$2,569,000	Drilling	\$2,869,000	\$2,569,000	Drilling	\$2,537,500	\$2,250,000
Completions	\$3,848,327	\$2,848,327	Completions	\$3,848,327	\$2,848,327	Completions	\$3,432,000	\$2,432,000
Facilities	\$212,500	\$212,500	Facilities	\$212,500	\$212,500	Facilities	\$435,500	\$435,500
Land	\$81,000	\$81,000	Land	\$81,000	\$81,000	Land	\$88,500	\$88,500
Flowback	\$415,000	\$375,000	Flowback	\$415,000	\$375,000	Flowback	\$206,500	\$195,500
Total	\$7,425,827	\$6,085,827	Total	\$7,425,827	\$6,085,827	Total	\$6,700,000	\$5,401,500
TLL	7100	4500	TLL	7100	4500	TLL	7100	4500
EUR	978000	596000	EUR	646000	401000	EUR	413000	227000
EUR/FT	137.75	132.44	EUR/FT	90.99	89.11	EUR/FT	58.17	50.44
NPV10	\$18,490,204	\$9,902,476	NPV10	\$9,095,599	\$4,910,006	NPV10	\$5,588,541	\$1,699,224
NPV10/FT	\$2,604	\$2,201	NPV10/FT	\$1,281	\$1,091	NPV10/FT	\$787	\$378
Cost/FT	\$1,046	\$1,352	Cost/FT	\$1,046	\$1,352	Cost/FT	\$944	\$1,200

May 17, 2018

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

Via email

Attn: Chris Cooper

Re: SND 11 14 Fed Com 002 4H
SND 11 14 Fed Com 002 5H
SND 11 14 Fed Com 002 6H
SND 11 14 Fed Com 003 4H
SND 11 14 Fed Com 003 5H
SND 11 14 Fed Com 003 6H
Township 24 South, Range 31 East
Sections 11 & 14
Eddy County, New Mexico

Dear Mr. Cooper:

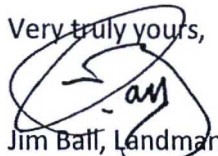
By your letter of March 21, 2018, Vladin, LLC was provided with Chevron's revised AFEs for the drilling of the six Avalon formation wells referenced above. Those AFEs were approved by Vladin, LLC on April 2, 2018 and returned to you by our transmittal letter dated April 6, 2018. Chevron has provided a JOA to Vladin, LLC for our consideration and it is currently being reviewed.

Since the time Chevron initially proposed the wells, four competing and conflicting compulsory pooling applications potentially affecting Sections 11 and 14 (and other lands) have been filed with NMOCD by Chevron, U.S.A. Inc. and Tap Rock Resources, LLC. EOG Resources, Inc. has also submitted proposals for 34 wells to be drilled across the S/2 of Section 14 and all of Section 23. It is anticipated that EOG will also apply to NMOCD for regulatory approvals for its wells and spacing units. A consolidated hearing on the conflicting development proposals is scheduled before NMOCD on May 18, 2018. It cannot presently be determined how or when NMOCD may rule on these matters.

Needless to say, the recent developments have introduced a significant amount of uncertainty into the prospects for the future development of the lands involved and the decision-making process for all interest owners has become clouded. As a consequence, Vladin, LLC has determined that its previous approvals of Chevron's AFEs should be, and hereby are, revoked pending our assessment of the evidence to be presented at the NMOCD hearing. The approvals may be subject to reinstatement following our evaluation of all matters affecting the subject lands.

Thank you for your cooperation and understanding.

Very truly yours,



Jim Ball, Landman

Yates Holdings LLP and Vladin, LLC

NMOCD CASE Nos. 16132, 16133,
16134, 16160
Vladin, LLC
Exhibit No. 1
May 18, 2018

{01023952-1}

April 25, 2018

Via Federal Express/Email

Mr. Douglas McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, Colorado 80203

Re: Plan of Development
S/2 Sec. 14 and All Sec. 23, T24S-R31E
Eddy County, New Mexico

RECEIVED
APR 26 2018

Dear Mr. McLeod:

EOG Resources, Inc. has become aware of certain well proposals that are targeting and developing acreage in the S/2 of Sec. 14-T24S-R31E. Additionally, we understand force pooling actions are being filed with the New Mexico Oil Conservation Division. These well proposals are and force pooling actions conflict with EOG Resources plans for developing its interests in Sec. 23 and the S/2 of Sec. 14, T24S-R31E. EOG is in process of permitting wells to protect its correlative rights and will not be joining in or supporting the current proposals. Furthermore, EOG will very quickly be sending out its own well proposals that we are seeking your support of.


This letter is to inform you of EOG's development plans and provide you the ability to review our planned wells. Set forth on Exhibit A to this letter, you will find the planned Well Name, planned Surface and Bottom Hole Location, the Estimated Well Cost, Target Formation, Well's TVD and Well's MVD. In total we believe ten (10) Leonard wells, nine (9) Third Bone Spring wells, and fifteen (15) Wolfcamp wells should be drilled to adequately develop the respective formations.

EOG believes its development plans for the Bone Spring and Wolfcamp formations in the S/2 of Sec. 14 and All of Sec. 23 is the best plan for developing the lands and will yield the most recovery of reserves at a lower cost. Understanding, other operators have sent you well proposals with AFE's and that you may have signed AFE's indicating your intentions to participate, we are asking you to withdraw your signature/approval from any AFE you have signed. Further, we request you to support EOG's development plan. We will be sending well proposals shortly for the initial wells.

If you have any questions, please contact me at 432-686-3684 or by email at Charles_moran@eogresources.com.

Very truly yours,

EOG RESOURCES, INC.



Chuck Moran
Land Advisor

Exhibit A
Haracz Wells
T24S-R31E, Eddy County

Well Name	SHL Sec	SHL Call	BHL Sec	BHL Call	Target	TVD	MD	Estimated Cost
Haracz 23 Fed Com #201H	23	220 FSL & 600 FWL	14	230 FNL & 360 FWL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #202H	23	220 FSL & 633 FWL	14	230 FNL & 865 FWL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #203H	23	220 FSL & 1842 FWL	14	230 NFL & 1370 FWL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #204H	23	220 FSL & 1875 FWL	14	230 FNL & 1875 FWL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #205H	23	220 FSL & 1908 FWL	14	230 FNL & 2380 FWL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #206H	23	220 FSL & 1908 FEL	14	230 FNL & 2380 FEL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #207H	23	220 FSL & 1875 FEL	14	230 FNL & 1875 FEL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #208H	23	220 FSL & 1842 FEL	14	230 FNL & 1370 FEL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #209H	23	220 FSL & 633 FEL	14	230 FNL & 865 FEL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #210H	23	220 FSL & 600 FEL	14	230 FNL & 360 FEL	Leonard	9,100	16,700	\$ 6,700,000.00
Haracz 23 Fed Com #601H	23	220 FSL & 1033 FWL	14	230 FNL & 1115 FWL	Third Bone Spring	11,730	19,300	\$ 6,700,000.00
Haracz 23 Fed Com #602H	23	280 FSL & 2001 FWL	14	230 FNL & 2125 FWL	Third Bone Spring	11,730	19,300	\$ 6,700,000.00
Haracz 23 Fed Com #603H	23	280 FSL & 2001 FWL	14	230 FNL & 2125 FWL	Third Bone Spring	11,730	19,300	\$ 6,700,000.00
Haracz 23 Fed Com #604H	23	280 FSL & 726 FEL	14	230 FNL & 1115 FEL	Third Bone Spring	11,730	19,300	\$ 6,700,000.00
Haracz 23 Fed Com #611H	23	280 FSL & 726 FWL	14	230 FNL & 615 FWL	Third Bone Spring	11,250	19,000	\$ 6,700,000.00
Haracz 23 Fed Com #612H	23	220 FSL & 1633 FWL	14	230 FNL & 1625 FWL	Third Bone Spring	11,250	19,000	\$ 6,700,000.00
Haracz 23 Fed Com #613H	23	220 FSL & 2577 FEL	14	230 FNL & 2610 FEL	Third Bone Spring	11,300	19,000	\$ 6,700,000.00
Haracz 23 Fed Com #614H	23	220 FSL & 1633 FEL	14	230 FNL & 1625 FEL	Third Bone Spring	11,300	19,000	\$ 6,700,000.00
Haracz 23 Fed Com #615H	23	220 FSL & 376 FEL	14	230 FNL & 615 FEL	Third Bone Spring	11,300	19,000	\$ 6,700,000.00
Haracz 23 Fed Com #701H	23	220 FSL & 300 FWL	14	230' FNL & 360 FWL	Wolfcamp	13,100	19,400	\$ 8,053,827.00
Haracz 23 Fed Com #702H	23	220 FSL & 1000 FWL	14	230 FNL & 865 FWL	Wolfcamp	11,860	19,400	\$ 7,425,827.00
Haracz 23 Fed Com #703H	23	220 FSL & 1066 FWL	14	230 FNL & 1370 FWL	Wolfcamp	11,880	19,400	\$ 7,425,827.00
Haracz 23 Fed Com #704H	23	280 FSL & 1968 FWL	14	230 FNL & 1875 FWL	Wolfcamp	11,900	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #705H	23	280 FSL & 2034 FWL	14	230 FNL & 2380 FWL	Wolfcamp	11,900	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #706H	23	280 FSL & 2034 FEL	14	230 FNL & 2380 FEL	Wolfcamp	11,910	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #707H	23	280 FSL & 1968 FEL	14	230 FNL & 1875 FEL	Wolfcamp	11,920	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #708H	23	280 FSL & 759 FEL	14	230 FNL & 1370 FEL	Wolfcamp	11,930	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #709H	23	280 FSL & 693 FEL	14	230 FNL & 865 FEL	Wolfcamp	11,940	19,500	\$ 7,425,827.00
Haracz 23 Fed Com #710H	23	220 FSL & 310 FEL	14	230 FNL & 360 FEL	Wolfcamp	11,950	19,550	\$ 7,425,827.00
Haracz 23 Fed Com #711H	23	280 FSL & 693 FWL	14	230 FNL & 610 FWL	Wolfcamp	12,000	19,600	\$ 7,425,827.00
Haracz 23 Fed Com #712H	23	220 FSL & 1600 FWL	14	230 FNL & 1620 FWL	Wolfcamp	12,000	19,600	\$ 7,425,827.00
Haracz 23 Fed Com #713H	23	220 FSL & 2610 FEL	14	230 FNL & 2610 FWL	Wolfcamp	12,000	19,600	\$ 7,425,827.00
Haracz 23 Fed Com #714H	23	220 FSL & 1600 FEL	14	230 FNL & 162 FEL	Wolfcamp	12,000	19,600	\$ 7,425,827.00
Haracz 23 Fed Com #715H	23	220 FSL & 343 FEL	14	230 FNL & 610 FEL	Wolfcamp	12,050	19,700	\$ 7,425,827.00

Douglas C. McLeod

600 Grant Street, Suite 850 Denver, CO 80203 | 303-893-5400 | dcmcleod@gmail.com

November 22, 2017

Sent via E-mail and Certified Mail Return Receipt Requested

Tap Rock Operating, LLC
602 Park Point Dr., Suite 200
Golden, CO 80410

Re: Well Proposals for Double Diamond 24S31E1414 Nos. 228H, 234H, 238H, and 224H, proposed to develop Lease NM116044, S/2 of Section 14, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, only as to those interests lying below 10,000'.

Dear Ms. Hixson:

The purpose of this letter is to present several objections to Tap Rock Operating, LLC's ("TRO") proposed development plans for the Double Diamond 24S 31E 1414 Nos. 228H, 234H, 238H and 224H wells. I have executed and enclosed herewith an AFE for each of these wells to ensure that my interests will not be carried. These elections, however, are being submitted under protest, as I have significant concerns regarding these proposals. My concerns are being raised with TRO at the outset to ensure that my correlative rights are adequately protected within the Lease, and if necessary I reserve the right to raise any concerns or objections to TRO's development plans with the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management.

I am concerned that the proposed unit for these wells will only consist of 640-acres. TRO previously represented two-mile laterals within a 1280-acre unit as ideal for the target horizons. I agree that 1280-acre spacing is the better way to develop the acreage.

I believe that it will be more cost-effective to drill two-mile laterals vs. one-mile laterals for the following reasons:

1. Drilling a two-mile lateral in a 1280-acre unit will allow a seven percent greater length of open hole than the combined length of (two) one-mile laterals due the addition of 660' (2 X 330') of setback difference between the two alternatives. Assuming that a one-mile lateral has an Estimated Ultimate Recovery (EUR) of 500,000 barrels of oil, an estimated 2.1 MMBO of additional oil recovery could occur in a 1280-acre unit compared to two 640-acre units resulting from the exploitation of the setbacks. The value of this additional oil would be \$107MM at an oil price of \$50/bbl.
2. It appears that there are internal inconsistencies between the TRO one-mile and two-mile lateral AFEs. For example, water cost under completion on the one-mile lateral and two-mile lateral AFEs is listed at \$221,000 and \$643,500 respectively, a ratio of 0.34. For the same frac design, the ratio between these figures would be expected to be 0.46, considering the use of 21 and 46 frac stages for the one-mile and two-mile laterals as stated on the AFEs. Similar inconsistencies also occur for the Stimulation, Water Transfer/Flowback Services/Disposal, and

CTU/Workover Rig/Swab line items. The effect of these inconsistencies is to either understate the one-mile lateral AFE costs or overstate the two-mile AFE costs, which is important when comparing the two alternatives.

3. Even without considering the above apparent inconsistencies, based on the TRO September 12, 2017 well proposals, drilling and completion costs for a two-mile lateral were estimated at \$10.5MM. TRO's October 30, 2017 well proposals to drill and complete one-mile laterals is \$6.2MM. The combined cost for two one-mile laterals would be \$12.4MM or 18 percent more than one two-mile lateral. Multiplied by the full unit development yields a cost savings of \$57MM for development of one 1280-acre unit compared to two 640-acre units.
4. There is an industry trend of increasing lateral lengths in unconventional plays throughout the U.S. This has been occurring for the Bone Spring and Wolfcamp in the Permian and Delaware Basins of Texas and New Mexico. Driving the trend for increasing lateral lengths are better economics, more efficient recovery of reserves, and increased exposure of the laterals to reservoir rock and natural fractures.
5. The TRO Double Diamond 24S31E1414 Nos. 228H, 234H, 238H, and 224H proposals target the Wolfcamp B and Wolfcamp B lower formations, that have been sparsely drilled in this portion of Eddy County. The limited Wolfcamp completions in the area have targeted the shallower Wolfcamp A formation, as did the earlier TRO well proposals for Double Diamond 24S31E1411 #201H and #208H. The Wolfcamp B tends to be more thinly bedded and have higher shale content than the Wolfcamp A target zones.

These are significant risks that some of the Wolfcamp zones (at least four) under the lease may be economic if developed by two-mile laterals, but uneconomic with one-mile laterals. Should this be the case, 640-acre spacing would result in some zones left undeveloped, and oil left in the ground.

Therefore, drilling two-mile laterals will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

I previously signed and returned two AFE's proposed by TRO (Double #201H and #208H) based on a 1280-acre unit for the Wolfcamp. To my knowledge, these AFEs have never been rescinded and are still in effect. I object to having two sets of incompatible AFEs in effect at the same time.

I wish to resolve these concerns with TRO prior to any development taking place on the Lease. Please contact me at your convenience at 303-378-5569 to discuss the above issues. In addition, in the event compulsory pooling or other approvals are required to be obtained from the NMOCD, I request that I be notified of any such applications.

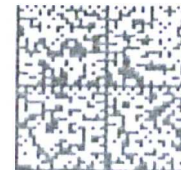
Regards,



Douglas C. McLeod

ETROGULF CORPORATION
1 GRANT STREET, SUITE 850
DENVER, CO 80203

7015 3010 0002 3159 4629



US POSTAGE
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Street and Apt. 602 Park Point Dr., Suite 200	
City, State, ZIP Golden, CO 80401	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Tap Rock Operating, LLC
602 Park Point Dr., Suite 200
Golden, CO 80401

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GOLDEN, CO 80401

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November 24, 2017, 12:31 am

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Product Information





October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #224H**

SHL: Sec 14, T24S, R31E - 275' FSL, 910' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 990' FEL



VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,350 feet subsurface to evaluate the Wolfcamp B Formation. The proposed well will have a measured depth (MD) of approximately 17,350 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #224H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #224H

☐ I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *Douglas Cameron McLeod*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-6090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #224	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17350/12350'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	510,000	-	-	510,000
Cementing Services/Equipment	128,000	-	-	128,000
Bits/Drill Out Assemblies	88,500	30,000	-	98,500
Fluid Circulation Equipment/Services	47,770	-	-	47,770
Fluids/Chemicals	71,050	30,000	-	101,050
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	105,000	105,000	-	210,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	84,000	84,400	10,000	158,400
Freight/Transportation	30,000	18,500	20,000	68,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	71,400	98,350	-	169,750
Rental - Living Quarters	48,200	18,080	-	66,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	16,000	1,500	28,500
Insurance	31,880	-	-	31,880
Contingency	185,095	235,149	4,800	425,044
TOTAL INTANGIBLES :	\$ 2,036,045	\$ 2,815,879	\$ 62,800	\$ 4,904,724
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	335,950	-	-	335,950
Production Casing	305,000	-	-	305,000
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 874,840	\$ -	\$ 419,000	\$ 1,293,840
TOTAL COSTS :	\$ 2,910,885	\$ 2,815,879	\$ 471,800	\$ 6,198,564

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	
VP - Land & Legal _____	VP - Business Development _____	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>DOUBLE DIAMOND FED 24S31E1414 #224</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Tax ID: <u>379547934</u>
Date: <u>11/14/2017</u>	
Approval: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #238H**

SHL: Sec 14, T24S, R31E - 275' FSL, 800' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 330' FEL

RECEIVED
NOV 01 2017

VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,850 feet subsurface to evaluate the Wolfcamp B Lower Formation. The proposed well will have a measured depth (MD) of approximately 17,850 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #238H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #238H

☐ I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #238	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17850'/12850'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B Lower

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	527,000	-	-	527,000
Cementing Services/Equipment	126,000	-	-	126,000
Bits/Drill Out Assemblies	66,500	30,000	-	96,500
Fluid Circulation Equipment/Services	49,320	-	-	49,320
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	110,000	105,000	-	215,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	64,400	10,000	165,400
Freight/Transportation	30,000	18,500	20,000	68,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	88,400	98,350	-	186,750
Rental - Living Quarters	51,200	18,080	-	69,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	18,000	1,500	28,500
Insurance	32,220	-	-	32,220
Contingency	180,204	235,149	4,800	420,153
TOTAL INTANGIBLES:	\$ 2,092,244	\$ 2,815,879	\$ 52,800	\$ 4,960,923
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,880	-	-	4,880
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	138,250	-	-	138,250
2nd Intermediate Casing	349,450	-	-	349,450
Production Casing	312,200	-	-	312,200
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hangers/Plugs	-	-	-	-
Tools	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES:	\$ 856,540	\$ -	\$ 419,000	\$ 1,275,540
TOTAL COSTS:	\$ 2,948,784	\$ 2,815,879	\$ 471,800	\$ 6,236,463

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	
VP - Land & Legal _____	VP - Business Development _____	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>DOUBLE AS CARNERON MCLEOD</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Tax ID: <u>375547720</u>
Approval: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #234H**

SHL: Sec 14, T24S, R31E - 275' FSL, 940' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 990' FEL



VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,850 feet subsurface to evaluate the Wolfcamp B Lower Formation. The proposed well will have a measured depth (MD) of approximately 17,850 feet.

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TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #234H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #234H

☐ I/We wish to sell our interest at the terms listed herein

Company: DOUGLAS CAMERON MCLEOD

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

802 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #234	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17850/12850'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B Lower

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	527,000	-	-	527,000
Cementing Services/Equipment	128,000	-	-	128,000
Bits/Drill Out Assemblies	68,500	30,000	-	98,500
Fluid Circulation Equipment/Services	49,320	-	-	49,320
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	110,000	105,000	-	215,000
Water	30,000	231,000	-	261,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	64,400	10,000	165,400
Freight/Transportation	30,000	16,500	20,000	66,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	68,400	98,350	-	166,750
Rental - Living Quarters	51,200	18,080	-	69,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Stickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	18,000	1,500	29,500
Insurance	32,220	-	-	32,220
Contingency	190,204	235,149	4,800	430,153
TOTAL INTANGIBLES:	\$ 2,082,244	\$ 2,815,879	\$ 52,800	\$ 4,960,923
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	138,250	-	-	138,250
2nd Intermediate Casing	349,450	-	-	349,450
Production Casing	312,200	-	-	312,200
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES:	\$ 895,540	\$ -	\$ 419,000	\$ 1,314,540
TOTAL COSTS:	\$ 2,987,784	\$ 2,815,879	\$ 471,800	\$ 6,275,463

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Sensor Geologist _____
RCL	RRT	AS
CFO _____	VP - Operations _____	
VRS	AMB	
VP - Land & Legal _____	VP - Business Development _____	
CS	SG	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>DOUBLE DIAMOND CAMERON</u>	Signed by: <u>[Signature]</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Date: <u>11/14/2017</u>	Tax ID: <u>379531284</u>
Approval: <input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

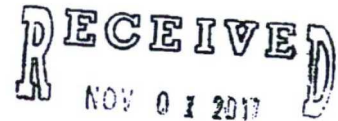
Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #228H**

SHL: Sec 14, T24S, R31E - 275' FSL, 830' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 330' FEL

VIA Certified Mail # 7017 0190 0000 4060 5211



Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,350 feet subsurface to evaluate the Wolfcamp B Formation. The proposed well will have a measured depth (MD) of approximately 17,350 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

✓ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #228H

 I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #228H

 I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #228	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17350/12350
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	510,000	-	-	510,000
Cementing Services/Equipment	128,000	-	-	128,000
Bits/Drill Out Assemblies	66,500	30,000	-	96,500
Fluid Circulation Equipment/Services	47,770	-	-	47,770
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	105,000	105,000	-	210,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	84,000	84,400	10,000	158,400
Freight/Transportation	30,000	16,500	20,000	66,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	71,400	98,350	-	169,750
Rental - Living Quarters	48,200	18,080	-	66,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,354,000	-	1,354,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,800	16,000	1,500	28,500
Insurance	31,690	-	-	31,690
Contingency	185,095	235,149	4,800	425,044
TOTAL INTANGIBLES :	\$ 2,036,045	\$ 2,815,879	\$ 52,800	\$ 4,904,724
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	138,250	-	-	138,250
2nd Intermediate Casing	335,950	-	-	335,950
Production Casing	305,000	-	-	305,000
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial LIFT Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	8,000	8,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 874,840	\$ -	\$ 419,000	\$ 1,293,840
TOTAL COSTS :	\$ 2,910,885	\$ 2,815,879	\$ 471,800	\$ 6,198,564

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO	VP - Exploration	Senior Geologist
RCL	RRT	AS
CFO	VP - Operations	
WRS	AMB	
VP - Land & Legal	VP - Business Development	
CS	SG	

NON OPERATING PARTNER APPROVAL:

Company Name:	Douglas M. Wood	Title:	OWNER
Working Interest (%):	50%	Date:	11/14/2017
Approval:	Yes	No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



9/12/2017

Douglas Cameron McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203



RE: **Well Proposal -Double Diamond 24S31E1411 #201H**

SHL: Sec 14, T24S, R31E - 305' FSL, 630' FWL

BHL: Sec 11, T24S, R31E - 200' FNL, 330' FWK

VIA Certified Mail # 7017 0530 0000 4608 1471

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11825 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 22000 feet.

Regarding the above, enclosed for your further handling is our AFE dated 9/7/2017 for the captioned proposed well. In the event Douglas Cameron McLeod elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible.

TRO is proposing to drill this well under the terms of the executed Joint Operating Agreement dated June 1, 2017 covering the S/2 of Section 11, Township 24 South, Range 31 East, Eddy County, New Mexico.

Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures



_____/We elect to participate in the drilling and completing of the Double Diamond
24S31E1411 #201H

_____/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1411 #201H

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 7, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond 24S31E1411 #201H	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	22000'/11825'
STATE:	New Mexico	LATERAL LENGTH:	9,750
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp A "X/Y"

REMARKS: Drill and complete a horizontal Wolfcamp with 46 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	10,000	8,000	126,000
Drilling (Contractor & Mob)	570,000	-	-	570,000
Cementing Services/Equipment	151,000	-	-	151,000
Bits/Drill Out Assemblies	87,500	60,000	-	147,500
Fluid Circulation Equipment/Services	52,670	-	-	52,670
Fluids/Chemicals	81,000	60,000	5,000	146,000
Fluids/Cuttings/Wastewater Disposal	172,500	-	-	172,500
Fuel/Power	120,000	230,000	-	350,000
Water	14,000	643,500	-	657,500
Directional Drilling, Surveys	285,000	-	-	285,000
Mud Logging	25,500	-	-	25,500
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	130,400	34,000	255,400
Freight/Transportation	30,000	31,500	15,000	76,500
Labor	148,500	25,500	8,500	182,500
Supplies	-	80,900	-	80,900
Rental - Surface Equipment	81,600	162,850	-	244,450
Rental - Living Quarters	51,200	49,380	-	100,580
Rental - Downhole Equipment	35,000	-	-	35,000
CTU/Workover Rig/Swab	-	420,000	-	420,000
Perforating/Wireline/Slickline	-	206,500	-	206,500
Temporary Packers/Plugs	-	54,000	-	54,000
High Pressure Pump Truck	-	88,000	-	88,000
Stimulation	-	3,404,000	-	3,404,000
Water Transfer/Flowback Services/Disposal	-	387,500	-	387,500
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	12,500	26,000	1,500	40,000
Insurance	39,600	-	-	39,600
Contingency	217,847	608,753	7,200	833,800
TOTAL INTANGIBLES :	\$ 2,396,317	\$ 6,686,283	\$ 79,200	\$ 9,161,800
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	314,900	-	-	314,900
Production Casing	368,000	-	-	368,000
Tubing	-	-	-	-
Wellhead	55,000	-	37,000	92,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	110,000	110,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	10,000	10,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 919,780	\$ -	\$ 426,000	\$ 1,345,780
TOTAL COSTS :	\$ 3,316,107	\$ 6,686,283	\$ 505,200	\$ 10,507,590

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	AS _____
VP - Land & Legal _____	VP - Business Development _____	
RCL _____	RRT _____	
WRS _____	AMB _____	
CS _____	SG _____	

NON OPERATING PARTNER APPROVAL:

Company Name: _____	Signed by: _____	Title: _____
Working Interest (%): _____	Date: _____	Tax ID: _____
Approval: _____ Yes _____ No (mark one)		

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



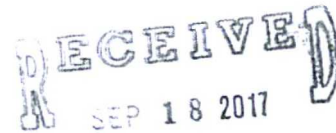
9/12/2017

Douglas Cameron McLeod
C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal - Double Diamond 24S31E1411 #208H**

SHL: Sec 14, T24S, R31E - 305' FSL, 830' FEL

BHL: Sec 11, T24S, R31E - 200' FNL, 330' FEL



VIA Certified Mail # 7017 0530 0000 4608 1495

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11825 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 22000 feet.

Regarding the above, enclosed for your further handling is our AFE dated 9/7/2017 for the captioned proposed well. In the event Douglas Cameron McLeod elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible.

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Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures



_____ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1411 #208H

_____ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1411 #208H

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 7, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond 24S31E1411 #208H	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	22000/11825'
STATE:	New Mexico	LATERAL LENGTH:	9,750
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp A "X/Y"

REMARKS: Drill and complete a horizontal Wolfcamp with 46 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	10,000	8,000	126,000
Drilling (Contractor & Mob)	570,000	-	-	570,000
Cementing Services/Equipment	151,000	-	-	151,000
Bits/Drill Out Assemblies	87,500	60,000	-	147,500
Fluid Circulation Equipment/Services	52,670	-	-	52,670
Fluids/Chemicals	81,000	60,000	5,000	146,000
Fluids/Cuttings/Wastewater Disposal	172,500	-	-	172,500
Fuel/Power	120,000	230,000	-	350,000
Water	14,000	643,500	-	657,500
Directional Drilling, Surveys	265,000	-	-	265,000
Mud Logging	25,500	-	-	25,500
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	130,400	34,000	255,400
Freight/Transportation	30,000	31,500	15,000	76,500
Labor	148,500	25,500	8,500	182,500
Supplies	-	80,900	-	80,900
Rental - Surface Equipment	81,800	162,850	-	244,650
Rental - Living Quarters	51,200	49,380	-	100,580
Rental - Downhole Equipment	35,000	-	-	35,000
CTU/Workover Rig/Swab	-	420,000	-	420,000
Perforating/Wireline/Slickline	-	206,500	-	206,500
Temporary Packers/Plugs	-	54,000	-	54,000
High Pressure Pump Truck	-	88,000	-	88,000
Stimulation	-	3,404,000	-	3,404,000
Water Transfer/Flowback Services/Disposal	-	387,500	-	387,500
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	12,500	26,000	1,500	40,000
Insurance	39,600	-	-	39,600
Contingency	217,847	608,753	7,200	833,800
TOTAL INTANGIBLES :	\$ 2,396,317	\$ 6,686,283	\$ 79,200	\$ 9,161,800

TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	314,900	-	-	314,900
Production Casing	366,000	-	-	366,000
Tubing	-	-	-	-
Wellhead	55,000	-	37,000	92,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	110,000	110,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	10,000	10,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 919,790	\$ -	\$ 426,000	\$ 1,345,790
TOTAL COSTS :	\$ 3,316,107	\$ 6,686,283	\$ 505,200	\$ 10,507,590

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
RCL	RRT	AS
CFO _____	VP - Operations _____	
WRS	AMB	
VP - Land & Legal _____	VP - Business Development _____	
CS	SG	

NON OPERATING PARTNER APPROVAL:

Company Name: _____	Signed by: _____	Title: _____
Working Interest (%): _____	Date: _____	Tax ID: _____
Approval: Yes _____ No _____ (mark one)		

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #228H**

SHL: Sec 14, T24S, R31E - 275' FSL, 830' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 330' FEL

VIA Certified Mail # 7017 0190 0000 4060 5211



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- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

✓ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #228H

 I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #228H

 I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #228	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17350/12350'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	510,000	-	-	510,000
Cementing Services/Equipment	128,000	-	-	128,000
Bits/Drill Out Assemblies	65,500	30,000	-	95,500
Fluid Circulation Equipment/Services	47,770	-	-	47,770
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	105,000	105,000	-	210,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	84,000	64,400	10,000	158,400
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Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	71,400	96,350	-	167,750
Rental - Living Quarters	48,200	18,080	-	66,280
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CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	16,000	1,500	28,500
Insurance	31,680	-	-	31,680
Contingency	185,065	235,146	4,800	425,044
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Surface Casing	42,750	-	-	42,750
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2nd Intermediate Casing	335,950	-	-	335,950
Production Casing	305,000	-	-	305,000
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial LIFT Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 874,840	\$ -	\$ 419,000	\$ 1,293,840
TOTAL COSTS :	\$ 2,910,885	\$ 2,815,879	\$ 471,800	\$ 6,198,564

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	
VP - Land & Legal _____	VP - Business Development _____	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>Douglas McClellan</u>	Signed by: <u>[Signature]</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Date: <u>11/14/2017</u>	Tax ID: <u>379547934</u>
Approval: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #234H**

SHL: Sec 14, T24S, R31E - 275' FSL, 940' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 990' FEL



VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,850 feet subsurface to evaluate the Wolfcamp B Lower Formation. The proposed well will have a measured depth (MD) of approximately 17,850 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #234H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #234H

☐ I/We wish to sell our interest at the terms listed herein

Company: DOUGLAS CAMERON MCLEOD

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #234	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17850'/12850'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B Lower

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	527,000	-	-	527,000
Cementing Services/Equipment	126,000	-	-	126,000
Bits/Drill Out Assemblies	66,500	30,000	-	96,500
Fluid Circulation Equipment/Services	49,320	-	-	49,320
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	110,000	105,000	-	215,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	64,400	10,000	165,400
Freight/Transportation	30,000	16,500	20,000	66,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	86,400	98,350	-	184,750
Rental - Living Quarters	51,200	18,080	-	69,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	86,000	-	86,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	18,000	1,500	28,500
Insurance	32,220	-	-	32,220
Contingency	190,204	235,149	4,800	430,153
TOTAL INTANGIBLES :	\$ 2,092,244	\$ 2,815,879	\$ 62,800	\$ 4,960,923
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	349,450	-	-	349,450
Production Casing	312,200	-	-	312,200
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 895,540	\$ -	\$ 419,000	\$ 1,314,540
TOTAL COSTS :	\$ 2,987,784	\$ 2,815,879	\$ 471,800	\$ 6,275,463

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	AS _____
VP - Land & Legal _____	VP - Business Development _____	
RCL _____	RRT _____	
WRS _____	AMB _____	
CS _____	SG _____	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>DOUBLE AS CAMERON MCLEOD</u>	Signed by: <u>[Signature]</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Date: <u>11/14/2017</u>	Tax ID: <u>379537984</u>
Approval: <input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #238H**

SHL: Sec 14, T24S, R31E - 275' FSL, 800' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 330' FEL

RECEIVED
NOV 01 2017

VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,850 feet subsurface to evaluate the Wolfcamp B Lower Formation. The proposed well will have a measured depth (MD) of approximately 17,850 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #238H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #238H

☐ I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *Douglas Cameron McLeod*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #238	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17850'/12850'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B Lower

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	527,000	-	-	527,000
Cementing Services/Equipment	126,000	-	-	126,000
Bits/Drill Out Assemblies	66,500	30,000	-	96,500
Fluid Circulation Equipment/Services	49,320	-	-	49,320
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	110,000	105,000	-	215,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	91,000	64,400	10,000	165,400
Freight/Transportation	30,000	16,500	20,000	66,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	88,400	88,350	-	176,750
Rental - Living Quarters	51,200	18,080	-	69,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,554,000	-	1,554,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	18,000	1,500	28,500
Insurance	32,220	-	-	32,220
Contingency	190,254	235,149	4,800	430,153
TOTAL INTANGIBLES :	\$ 2,092,244	\$ 2,815,879	\$ 52,800	\$ 4,960,923
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,890	-	-	4,890
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	348,450	-	-	348,450
Production Casing	312,200	-	-	312,200
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 896,540	\$ -	\$ 419,000	\$ 1,314,540
TOTAL COSTS :	\$ 2,987,784	\$ 2,815,879	\$ 471,800	\$ 6,275,463

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - Exploration _____	Senior Geologist _____
CFO _____	VP - Operations _____	AS _____
VP - Land & Legal _____	VP - Business Development _____	
RCL _____	RRT _____	
WRS _____	AMB _____	
CS _____	SG _____	

NON OPERATING PARTNER APPROVAL:

Company Name: <u>DOUBLE AS CAVENES</u>	Title: <u>OWNER</u>
Working Interest (%): <u>50%</u>	Tax ID: <u>379547934</u>
Date: <u>10/27/17</u>	
Approval: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.



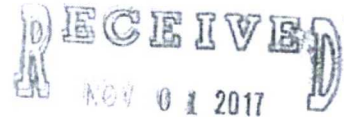
October 30, 2017

Douglas Cameron McLeod C/O Petrogulf Corporation
600 Grant Street, Suite 850
Denver, CO 80203

RE: **Well Proposal – Double Diamond 24S31E1414 #224H**

SHL: Sec 14, T24S, R31E - 275' FSL, 910' FEL

BHL: Sec 14, T24S, R31E - 200' FNL, 990' FEL



VIA Certified Mail # 7017 0190 0000 4060 5211

Ladies and Gentlemen:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the captioned well at the above referenced surface hole location (SHL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 12,350 feet subsurface to evaluate the Wolfcamp B Formation. The proposed well will have a measured depth (MD) of approximately 17,350 feet.

Regarding the above, enclosed for your further handling is our AFE dated October 27, 2017 for the captioned proposed well. In the event Douglas Cameron McLeod C/O Petrogulf Corporation elects to participate in the proposed well, please execute the enclosed AFE and return to me as soon as possible. Your interest in this well is 5.00%.

TRO is proposing to drill this well under the terms of the AAPL Form 610-1989 Operating Agreement. The Operating Agreement covers the E2 of Section 14, Township 24 South, Range 31 East, Eddy County, New Mexico; a fully executable copy will be sent for your execution should you choose to participate.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- 20% royalty interest
- \$1,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.



Should you have any questions regarding the above, please contact the undersigned.

Sincerely,
TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson
Land Analyst
Office: 720-460-3316
ehixson@taprk.com
Enclosures

☒ I/We elect to participate in the drilling and completing of the Double Diamond
24S31E1414 #224H

☐ I/We elect not to participate in the drilling and completing of the Double Diamond
24S31E1414 #224H

☐ I/We wish to sell our interest at the terms listed herein

Company: N/A

By: *[Signature]*

Printed Name: DOUGLAS CAMERON MCLEOD

Title: OWNER

Date: 11/14/2017

Tap Rock Operating

602 Park Point Drive • SUITE 200 • Golden, CO 80401

Phone (720) 772-5090

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 27, 2017	AFE NO.:	XXX
WELL NAME:	Double Diamond Fed 24S31E1414 #224	FIELD:	Purple Sage
LOCATION:	Caverns	MD/TVD:	17350'/12350'
STATE:	New Mexico	LATERAL LENGTH:	4,500
COUNTY:	Eddy	GEOLOGIC TARGET:	Wolfcamp B

REMARKS: Drill and complete a horizontal lower Wolfcamp with 21 stages

INTANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Land (Legal, Regulatory, Surface, Survey)	41,900	3,000	-	44,900
Location/Pit Construction	108,000	-	8,000	116,000
Drilling (Contractor & Mob)	510,000	-	-	510,000
Cementing Services/Equipment	126,000	-	-	126,000
Bits/Drill Out Assemblies	66,500	30,000	-	96,500
Fluid Circulation Equipment/Services	47,770	-	-	47,770
Fluids/Chemicals	71,000	30,000	-	101,000
Fluids/Cuttings/Wastewater Disposal	125,000	-	-	125,000
Fuel/Power	105,000	105,000	-	210,000
Water	30,000	221,000	-	251,000
Directional Drilling, Surveys	151,000	-	-	151,000
Mud Logging	15,000	-	-	15,000
Logging/Formation Evaluation	-	4,500	-	4,500
Rig Supervision/Engineering	64,000	64,400	10,000	138,400
Freight/Transportation	30,000	16,500	20,000	66,500
Labor	128,500	13,000	8,500	150,000
Supplies	-	34,400	-	34,400
Rental - Surface Equipment	71,400	96,350	-	167,750
Rental - Living Quarters	48,200	18,080	-	66,280
Rental - Downhole Equipment	49,000	-	-	49,000
CTU/Workover Rig/Swab	-	80,000	-	80,000
Perforating/Wireline/Slickline	-	88,000	-	88,000
Temporary Packers/Plugs	-	22,000	-	22,000
High Pressure Pump Truck	-	41,500	-	41,500
Stimulation	-	1,564,000	-	1,564,000
Water Transfer/Flowback Services/Disposal	-	145,000	-	145,000
Permanent Equipment Installation	-	-	-	-
Plugging & Abandonment	-	-	-	-
Overhead	11,000	16,000	1,500	28,500
Insurance	31,680	-	-	31,680
Contingency	185,095	235,149	4,800	425,044
TOTAL INTANGIBLES :	\$ 2,036,046	\$ 2,816,879	\$ 62,800	\$ 4,904,724
TANGIBLE COSTS	DRILLING	COMPLETION	PRODUCTION	TOTAL COSTS
Conductor Casing	4,880	-	-	4,880
Surface Casing	42,750	-	-	42,750
1st Intermediate Casing	136,250	-	-	136,250
2nd Intermediate Casing	335,950	-	-	335,950
Production Casing	305,000	-	-	305,000
Tubing	-	-	-	-
Wellhead	50,000	-	37,000	87,000
Permanent Packers/Hanger/Plugs	-	-	-	-
Tanks	-	-	88,000	88,000
Production Vessels	-	-	89,000	89,000
Compressor	-	-	-	-
Surface Flowlines	-	-	25,000	25,000
Gathering Lines	-	-	25,000	25,000
Valves/Controllers	-	-	25,000	25,000
Artificial Lift Equipment	-	-	-	-
Instrumentation/Measurement	-	-	12,500	12,500
Electrical/Grounding/Safety Equipment	-	-	6,000	6,000
Permanent Equipment Installation	-	-	111,500	111,500
Other - Surface	-	-	-	-
Other - Downhole	-	-	-	-
TOTAL TANGIBLES :	\$ 874,840	\$ -	\$ 419,000	\$ 1,293,840
TOTAL COSTS :	\$ 2,910,885	\$ 2,816,879	\$ 471,800	\$ 6,198,564

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO	VP - Exploration	Senior Geologist
RCL	RRT	AS
CFO	VP - Operations	
WRS	AMB	
VP - Land & Legal	VP - Business Development	
CS	SG	

NON OPERATING PARTNER APPROVAL:

Company Name:	Double Diamond Fed 24S31E1414 #224	Title:	OWNER
Working Interest (%):	50%	Date:	11/14/2017
Approval:	Yes	Tax ID:	379547934
	No (mark one)		

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.