

September 26, 2022

**VIA CERTIFIED MAIL/ RETURN RECEIPT AND E-MAIL**

Sally Kvansicka ([sallyk@forl.com](mailto:sallyk@forl.com))



FASKEN OIL AND RANCH, LTD.  
601 HOLIDAY HILL ROAD  
MIDLAND, TEXAS 79707

ATTN: Ms. Sally Kvansicka – Land Manager

RE: Horizontal Well Proposals  
Silverback Operating II, LLC: **Morrison #101H, Morrison #102H, Morrison #103H, Morrison #104H**  
N/2 of Section 9-T19S-R25E  
Eddy County, New Mexico

Dear Working Interest Owner,

Silverback Operating II, LLC ("SILVERBACK"), an affiliate of Silverback New Mexico, LLC, hereby proposes to drill and complete the **Morrison #101H, Morrison #102H, Morrison #103H and Morrison #104H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

**Morrison #101H - Horizontal Yeso Well. Eddy County. NM**

- Proposed First Take Point - 340' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location - 340' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600' / 3,000'; Lateral Length: ~4,900'

**Morrison #102H - Horizontal Yeso Well. Eddy County. NM**

- Proposed First Take Point – 1,000' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 1,000' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600' / 3,000'; Lateral Length: ~4,900'

19707 IH 10 West, Suite 201, San Antonio, Texas 78257-1748  
Phone: (405) 312-3930 Email: [lcshow@silverbackexp.com](mailto:lcshow@silverbackexp.com)

**Morrison #103H- Horizontal Yeso Well, Eddy County, NM**

- Proposed First Take Point – 1,660' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 1,660' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600' / 3,000'; Lateral Length: ~4,900'

**Morrison #104H- Horizontal Yeso Well, Eddy County, NM**

- Proposed First Take Point – 2,320' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 2,320' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600' / 3,000'; Lateral Length: ~4,900'

SILVERBACK proposes to form a Drilling Spacing Unit ("DSU") covering the N/2 of Section 9, T19S-R25E, Eddy County, New Mexico, containing 320.00 acres of land, more or less, from the surface to the base of the Yeso formation. In this 320.00-acre DSU covering the N/2 of Section 9, SILVERBACK plans to drill the **Morrison #101H, Morrison #102H, Morrison #103H and Morrison #104H** wells.

It is known that the proposed DSU lands are governed by one (1) existing Joint Operating Agreement covering the proposed depths and lands herein. Joint Operating Agreement dated November 1, 2013 ("JOA 2013"), covers the NW/4 of Section 9 from the surface of the earth down to 3,000' and between Yates Petroleum Corporation, as Operator (SILVERBACK current Operator) and Fasken Land and Minerals, Ltd. et als, as Non-Operators (covers Marshall API #1 & #4, Patrick API #2 wells). SILVERBACK owns the balance of the remaining 200.00 Net Acres in the S/2 of Section 23 outside the 120.00 Net Acres covered by the JOA 1984.

It is SILVERBACK'S desire and request that the current JOA 2013 working interest partners, including, SILVERBACK, execute a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013 wherein this document/agreement extends and covers all of the N/2 of Section 9 as to any horizontal well drilled in the N/2 of Section 9 going forward only. This is a much easier alternative over sending out a new Operating Agreement to basically the partners covering all of the S/2 of Section 9 when the other 160.00 Net Acres being added to the JOA 2013 is owned by basically some of the same WI owners, adding some Spur Energy Partners Holdings, LLC (NE/4), the current Operator under the JOA 2013 and proposed the wells to be drilled. We have enclosed a Revised Exhibit "A" to the JOA 2013 that shows the updated contract area, current interest owners, addresses, leases, etc. that would be added and included as an exhibit to an Amended Agreement SILVERBACK can provide under separate cover. This

Revised Exhibit "A" calculates in a "50/50" tract participation factor that will be modified based on the amount of perforated interval in the NE/4 and NW/4.

The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.

SILVERBACK respectfully requests that you select one (1) of the following four (4) options regarding your interest in each of the proposed wells:

- **Option 1:** Participate in the drilling and completion of the proposed well under terms and conditions under JOA 2013; or
- **Option 2:** Not participate in the proposed well (an election of "Non-Consent"); or
- **Option 3 - Term Assignment:** Assign/Lease your leasehold/unleased mineral working interest in the N/2 of Section 9, T19S-R25E, exclusive of existing wellbores, to SILVERBACK through a term assignment and/or lease with a primary term of one (1) year and as long thereafter as production is obtained in paying quantities, and a bonus consideration of \$750 per net mineral acre, delivering a 75% net revenue interest (limited to the surface to the base of the Yeso formation) reserving an ORRI equal to the difference between existing leasehold burdens of record and 25%, proportionally reduced; or
- **Option 4 - Assignment:** Assign/Lease your leasehold/unleased working interest in the N/2 Section 9, T19S-R25E, exclusive of existing wellbores, to SILVERBACK for a bonus consideration of \$ 1,500 per net mineral acre, delivering an 75% leasehold net revenue interest (all rights owned) reserving an ORRI equal to the difference between existing leasehold burdens of record and 25%, proportionally reduced.

Should you elect **Option 1** or **Option 2**, said election will be pursuant to the terms and conditions of governing operating agreement (JOA 2013). In the event you elect to assign/lease your leasehold/unleased interest under the terms outlined above in **Option 3 - Term Assignment**, or **Option 4 - Assignment**, please so indicate by signing the enclosed Assignment Election page. Upon receipt, SILVERBACK will submit an Assignment and/or Lease to you for your review and execution.

SILVERBACK looks forward to working with you on this matter. However, if an agreement cannot be reached within thirty (30) days of the receipt date of this proposal, please be advised SILVERBACK may apply to the New Mexico Oil Conservation Division for additional Compulsory Pooling of any uncommitted interest owners into a spacing unit for the proposed wells.

Please indicate your elections as to each of the Subject Wells in the spaces provided below and execute and return one (1) copy of this letter (together with a signed copy of each AFE for any well(s) you elect to participate in) to the undersigned within thirty (30) days of receipt of this proposal in the self-addressed stamped envelope provided.

Should you have any questions regarding this proposal, please contact Larry K. Coshow at 405-312-3930 or [lcoshow@silverbackexp.com](mailto:lcoshow@silverbackexp.com). Thank you very much for your assistance and cooperation.

Sincerely,

**SILVERBACK NEW MEXICO, LLC**

Larry K. Coshow, CPL  
Contract Landman

Enclosures  
Exhibit "A"  
AFEs

September 26, 2022

**Morrison #101H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the **Morrison #101H** well and has no objection to drilling of said Well and agrees to the formation of the DSU and to the terms of the existing operating agreement as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

\_\_\_\_\_ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the **Morrison #101H** but has no objection to drilling of said well and agrees to the formation of the DSU by SILVERBACK.*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

**Well Insurance:**

\_\_\_\_\_. *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

\_\_\_\_\_ *The undersigned elects to obtain individual Well Insurance coverage.*

\_\_\_\_\_ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

**Company/Individual:** \_\_\_\_\_

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

Name:....\_\_\_\_\_

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

September 26, 2022

**Morrison #102H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the **Morrison #102H** well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

\_\_\_\_\_ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the **Morrison #102H** but has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK.*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

**Well Insurance:**

\_\_\_\_\_ *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

\_\_\_\_\_ *The undersigned elects to obtain individual Well Insurance coverage.*

\_\_\_\_\_ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2022.

**Company/Individual:** \_\_\_\_\_

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

Name:....\_\_\_\_\_

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

September 26, 2022

**Morrison #103H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the **Morrison #103H** well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

\_\_\_\_\_ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the **Morrison #103H**, but has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

**Well Insurance:**

\_\_\_\_\_ *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

\_\_\_\_\_ *The undersigned elects to obtain individual Well Insurance coverage.*

\_\_\_\_\_ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2022.

**Company/Individual:** \_\_\_\_\_

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

Name: ...\_\_\_\_\_

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



September 26, 2022

**Morrison #104H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the **Morrison #104H** well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

\_\_\_\_\_ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the **Morrison #104H**, but has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

**Well Insurance:**

\_\_\_\_\_ *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

\_\_\_\_\_ *The undersigned elects to obtain individual Well Insurance coverage.*

\_\_\_\_\_ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this \_\_\_\_day of \_\_\_\_\_, 2022.

**Company/Individual:** \_\_\_\_\_

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

Name: ...\_\_\_\_\_

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





## Authority for Expenditure

**D&C AFE#:** 10057D  
**Facilities AFE#:** 10057F  
**Lease:** Morrison  
**Well Name:** Morrison 101H  
**County:** Eddy  
**State:** NM  
**SHL:** 19S-25E-9; 30 FNL, 100 FEL  
**BHL:** 19S-25E-9; 340 FNL, 100 FWL

**Date:** Sep 19, 2022

**Target:** Paddock  
**Project MD/TVD:** 8600 / 3000  
**Lateral Length:** 4900

	<b>Total</b>
<b>DRILLING:</b>	<b>\$1,817,284.00</b>
<b>COMPLETIONS:</b>	<b>\$3,002,470.00</b>
<b>FACILITIES:</b>	<b>\$930,028.00</b>
<b>COMPLETED WELL COST:</b>	<b>5,749,782.00</b>

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
Tangible Drilling			\$ 476,067.00	\$ -	\$ 476,067.00
	850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708
	850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836
	850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523
Tangible Completion			\$ -	\$ 103,537.00	\$ 103,537.00
	860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355
	860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232
	860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950
TOTAL TANGIBLE D&C COSTS >>>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
Intangible Drilling			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
	830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160
	830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297
	830.170	IDC - INSPECTIONS	\$ 18,343	\$ -	\$ 18,343
	830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
	830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935
	830.115	IDC - COMPANY LABOR	\$ 4,800	\$ -	\$ 4,800
	830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573
	830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790
	830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160
	830.060	IDC - BITS, TOOLS, STABILIZERS	\$ 44,239	\$ -	\$ 44,239
	830.010	IDC - PERMITS, LICENSES, ETC	\$ 2,158	\$ -	\$ 2,158
	830.030	IDC - DAMAGES/ROW	\$ 43,160	\$ -	\$ 43,160
	830.035	IDC - MOBILIZATION/DEMobilizATN	\$ 85,781	\$ -	\$ 85,781
	830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
	830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
	830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442
	830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872
	830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064
	830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107
	830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254
	830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589
	830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199
	830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948
	830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414



## Authority for Expenditure

	830.130	IDC - MANCAMP	\$	30,775	\$	-	\$	30,775
	830.185	IDC - WELL CONTROL INSURANCE	\$	10,790	\$	-	\$	10,790
	830.065	IDC - FUEL, POWER	\$	54,293	\$	-	\$	54,293
	830.140	IDC - MUD AUXILLARY	\$	19,662	\$	-	\$	19,662
	830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$	15,281	\$	-	\$	15,281
	830.135	IDC - SOLIDS CONTROL	\$	41,111	\$	-	\$	41,111
	830.215	IDC - MUD - BRINE	\$	13,017	\$	-	\$	13,017
	830.120	IDC - CONTRACT LABOR	\$	27,838	\$	-	\$	27,838
<b>Intangible Completion</b>			\$	-	\$	<b>2,898,933.00</b>	\$	<b>2,898,933.00</b>
	840.070	ICC - DRILL WATER	\$	-	\$	226,590	\$	226,590
	840.120	ICC - CONTRACT LABOR	\$	-	\$	11,276	\$	11,276
	840.090	ICC - EQUIPMENT RENTALS SURFACE	\$	-	\$	118,906	\$	118,906
	840.025	ICC - ROAD, LOCATIONS	\$	-	\$	1,241	\$	1,241
	840.055	ICC - CHEMICALS	\$	-	\$	223,894	\$	223,894
	840.065	ICC - FUEL, POWER	\$	-	\$	221,423	\$	221,423
	840.166	ICC - ENVIRONMENTAL/SAFETY	\$	-	\$	2,698	\$	2,698
	840.125	ICC - EQUIPMENT RENTALS	\$	-	\$	16,994	\$	16,994
	840.156	ICC - STIMULATION	\$	-	\$	728,325	\$	728,325
	840.108	ICC - TRANSPORTATION	\$	-	\$	1,295	\$	1,295
	840.050	ICC - PROPPANT	\$	-	\$	819,366	\$	819,366
	840.160	ICC - WELL TESTING	\$	-	\$	67,977	\$	67,977
	840.180	ICC - OVERHEAD	\$	-	\$	6,417	\$	6,417
	840.091	ICC - MANCAMP	\$	-	\$	18,570	\$	18,570
	840.107	ICC - SALTWATER DISPOSAL	\$	-	\$	6,099	\$	6,099
	840.071	ICC - WATER TRANSFER	\$	-	\$	21,580	\$	21,580
	840.145	ICC - PERFORATING/WIRELINE SERV	\$	-	\$	192,170	\$	192,170
	840.130	ICC - COMPLETION RIG	\$	-	\$	4,894	\$	4,894
	840.035	ICC - PUMP DOWN	\$	-	\$	45,102	\$	45,102
	840.175	ICC - SUPERVISION	\$	-	\$	3,884	\$	3,884
	840.177	ICC - CONSULTING SERVICES	\$	-	\$	140,810	\$	140,810
	840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$	-	\$	19,422	\$	19,422
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,341,217.00</b>	\$	<b>2,898,933.00</b>	\$	<b>4,240,150.00</b>
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,817,284.00</b>	\$	<b>3,002,470.00</b>	\$	<b>4,819,754.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

<b>TANGIBLE FACILITY COSTS</b>			<b>Facility</b>		<b>Total</b>	
<b>Tangible Facilities</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$	15,000	\$	15,000
	865.070	TFC - AIR COMPRESSION	\$	8,775	\$	8,775
	865.075	TFC - INSTRUMENT/ELECT PANELS	\$	17,307	\$	17,307
	865.025	TFC - LACT UNIT	\$	45,033	\$	45,033
	865.045	TFC - PUMP/SUPPLIES	\$	28,350	\$	28,350
	865.020	TFC - METERING EQUIPMENT	\$	34,166	\$	34,166
	865.200	TFC - CONTINGENCY	\$	42,996	\$	42,996
	865.065	TFC - FLARE/COMBUSTOR	\$	9,315	\$	9,315
	865.055	TFC - FLOWLINES	\$	12,150	\$	12,150
	865.040	TFC - CONTAINMENT	\$	7,500	\$	7,500
	865.005	TFC - VESSELS	\$	221,250	\$	221,250



## Authority for Expenditure

	865.030	TFC - TANKS	\$	68,709	\$	68,709
	865.035	TFC - ELECTRICAL FACILITY	\$	46,305	\$	46,305
	865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$	79,380	\$	79,380
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
<b>INTANGIBLE FACILITY COSTS</b>				<b>Facility</b>		<b>Total</b>
<b>Intangible Facilities</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$	152,500	\$	152,500
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$	14,500	\$	14,500
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$	49,896	\$	49,896
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$	12,500	\$	12,500
	845.025	IFC - CONTRACT LABOR PIPELINE	\$	18,533	\$	18,533
	845.050	IFC - TRANSPORTATION/TRUCKING	\$	27,113	\$	27,113
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$	15,000	\$	15,000
	845.020	IFC - ENVIRONMENTAL	\$	3,750	\$	3,750
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>930,028.00</b>	\$	<b>930,028.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

\_\_\_\_\_

Date:

\_\_\_\_\_

Approved By:

\_\_\_\_\_

Title:

\_\_\_\_\_

Printed Name:

\_\_\_\_\_

We elect to carry our own well control insurance:  
We elect to take our proportionate share of non-  
consenting interest:

Yes / No  
Yes / No

(circle one)  
(circle one)



## Authority for Expenditure

**D&C AFE#:** 10058D  
**Facilities AFE#:** 10058F  
**Lease:** Morrison  
**Well Name:** Morrison 102H  
**County:** Eddy  
**State:** NM  
**SHL:** 19S-25E-9; 1000 FNL, 100 FEL  
**BHL:** 19S-25E-9; 1000 FNL, 100 FWL

**Date:** Sep 19, 2022

**Target:** Paddock  
**Project MD/TVD:** 8600 / 3000  
**Lateral Length:** 4900

	<b>Total</b>
<b>DRILLING:</b>	<b>\$1,817,284.00</b>
<b>COMPLETIONS:</b>	<b>\$3,002,470.00</b>
<b>FACILITIES:</b>	<b>\$930,028.00</b>
<b>COMPLETED WELL COST:</b>	<b>5,749,782.00</b>

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
Tangible Drilling			\$ 476,067.00	\$ -	\$ 476,067.00
	850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836
	850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708
	850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523
Tangible Completion			\$ -	\$ 103,537.00	\$ 103,537.00
	860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355
	860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232
	860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950
TOTAL TANGIBLE D&C COSTS >>>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
Intangible Drilling			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
	830.035	IDC - MOBILIZATION/DEMOLIZATN	\$ 85,781	\$ -	\$ 85,781
	830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254
	830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589
	830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
	830.030	IDC - DAMAGES/ROW	\$ 43,160	\$ -	\$ 43,160
	830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199
	830.010	IDC - PERMITS,LICENSES,ETC	\$ 2,158	\$ -	\$ 2,158
	830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
	830.065	IDC - FUEL, POWER	\$ 54,293	\$ -	\$ 54,293
	830.130	IDC - MANCAMP	\$ 30,775	\$ -	\$ 30,775
	830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160
	830.060	IDC - BITS, TOOLS, STABILIZERS	\$ 44,239	\$ -	\$ 44,239
	830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297
	830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
	830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573
	830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111
	830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948
	830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107
	830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662
	830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790
	830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414
	830.115	IDC - COMPANY LABOR	\$ 4,800	\$ -	\$ 4,800
	830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790
	830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064



## Authority for Expenditure

	830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872
	830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$ 15,281	\$ -	\$ 15,281
	830.170	IDC - INSPECTIONS	\$ 18,343	\$ -	\$ 18,343
	830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838
	830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160
	830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442
	830.215	IDC - MUD - BRINE	\$ 13,017	\$ -	\$ 13,017
	830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935
<b>Intangible Completion</b>			\$ -	\$ 2,898,933.00	\$ 2,898,933.00
	840.166	ICC - ENVIRONMENTAL/SAFETY	\$ -	\$ 2,698	\$ 2,698
	840.125	ICC - EQUIPMENT RENTALS	\$ -	\$ 16,994	\$ 16,994
	840.090	ICC - EQUIPMENT RENTALS SURFACE	\$ -	\$ 118,906	\$ 118,906
	840.120	ICC - CONTRACT LABOR	\$ -	\$ 11,276	\$ 11,276
	840.156	ICC - STIMULATION	\$ -	\$ 728,325	\$ 728,325
	840.107	ICC - SALTWATER DISPOSAL	\$ -	\$ 6,099	\$ 6,099
	840.177	ICC - CONSULTING SERVICES	\$ -	\$ 140,810	\$ 140,810
	840.050	ICC - PROPPANT	\$ -	\$ 819,366	\$ 819,366
	840.175	ICC - SUPERVISION	\$ -	\$ 3,884	\$ 3,884
	840.145	ICC - PERFORATING/WIRELINE SERV	\$ -	\$ 192,170	\$ 192,170
	840.070	ICC - DRILL WATER	\$ -	\$ 226,590	\$ 226,590
	840.160	ICC - WELL TESTING	\$ -	\$ 67,977	\$ 67,977
	840.108	ICC - TRANSPORTATION	\$ -	\$ 1,295	\$ 1,295
	840.055	ICC - CHEMICALS	\$ -	\$ 223,894	\$ 223,894
	840.180	ICC - OVERHEAD	\$ -	\$ 6,417	\$ 6,417
	840.025	ICC - ROAD, LOCATIONS	\$ -	\$ 1,241	\$ 1,241
	840.035	ICC - PUMP DOWN	\$ -	\$ 45,102	\$ 45,102
	840.071	ICC - WATER TRANSFER	\$ -	\$ 21,580	\$ 21,580
	840.130	ICC - COMPLETION RIG	\$ -	\$ 4,894	\$ 4,894
	840.091	ICC - MANCAMP	\$ -	\$ 18,570	\$ 18,570
	840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$ -	\$ 19,422	\$ 19,422
	840.065	ICC - FUEL, POWER	\$ -	\$ 221,423	\$ 221,423
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 1,341,217.00	\$ 2,898,933.00	\$ 4,240,150.00
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 1,817,284.00	\$ 3,002,470.00	\$ 4,819,754.00

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

TANGIBLE FACILITY COSTS			Facility	Total
<b>Tangible Facilities</b>			\$ 636,236.00	\$ 636,236.00
	865.045	TFC - PUMP/SUPPLIES	\$ 28,350	\$ 28,350
	865.040	TFC - CONTAINMENT	\$ 7,500	\$ 7,500
	865.020	TFC - METERING EQUIPMENT	\$ 34,166	\$ 34,166
	865.035	TFC - ELECTRICAL FACILITY	\$ 46,305	\$ 46,305
	865.025	TFC - LACT UNIT	\$ 45,033	\$ 45,033
	865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$ 79,380	\$ 79,380
	865.075	TFC - INSTRUMENT/ELECT PANELS	\$ 17,307	\$ 17,307
	865.055	TFC - FLOWLINES	\$ 12,150	\$ 12,150
	865.030	TFC - TANKS	\$ 68,709	\$ 68,709
	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$ 15,000	\$ 15,000
	865.200	TFC - CONTINGENCY	\$ 42,996	\$ 42,996



# Authority for Expenditure

	865.005	TFC - VESSELS	\$	221,250	\$	221,250
	865.065	TFC - FLARE/COMBUSTOR	\$	9,315	\$	9,315
	865.070	TFC - AIR COMPRESSION	\$	8,775	\$	8,775
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
<b>INTANGIBLE FACILITY COSTS</b>				<b>Facility</b>		<b>Total</b>
<b>Intangible Facilities</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
	845.025	IFC - CONTRACT LABOR PIPELINE	\$	18,533	\$	18,533
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$	152,500	\$	152,500
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$	14,500	\$	14,500
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$	15,000	\$	15,000
	845.050	IFC - TRANSPORTATION/TRUCKING	\$	27,113	\$	27,113
	845.020	IFC - ENVIRONMENTAL	\$	3,750	\$	3,750
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$	12,500	\$	12,500
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$	49,896	\$	49,896
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>930,028.00</b>	\$	<b>930,028.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

\_\_\_\_\_

Date:

\_\_\_\_\_

Approved By:

\_\_\_\_\_

Title:

\_\_\_\_\_

Printed Name:

\_\_\_\_\_

We elect to carry our own well control insurance:  
We elect to take our proportionate share of non-consenting interest:

Yes / No  
Yes / No

(circle one)  
(circle one)



## Authority for Expenditure

**D&C AFE#:** 10059D  
**Facilities AFE#:** 10059F  
**Lease:** Morrison  
**Well Name:** Morrison 103H  
**County:** Eddy  
**State:** NM  
**SHL:** 19S-25E-9; 1660 FNL, 100 FEL  
**BHL:** 19S-25E-9; 1660 FNL, 100 FWL

**Date:** Sep 19, 2022

**Target:** Paddock  
**Project MD/TVD:** 8600 / 3000  
**Lateral Length:** 4900

	<b>Total</b>
<b>DRILLING:</b>	<b>\$1,817,284.00</b>
<b>COMPLETIONS:</b>	<b>\$3,002,470.00</b>
<b>FACILITIES:</b>	<b>\$930,028.00</b>
<b>COMPLETED WELL COST:</b>	<b>5,749,782.00</b>

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
Tangible Drilling			\$ 476,067.00	\$ -	\$ 476,067.00
	850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708
	850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523
	850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836
Tangible Completion			\$ -	\$ 103,537.00	\$ 103,537.00
	860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355
	860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232
	860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950
TOTAL TANGIBLE D&C COSTS >>>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
Intangible Drilling			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
	830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
	830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
	830.115	IDC - COMPANY LABOR	\$ 4,800	\$ -	\$ 4,800
	830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254
	830.010	IDC - PERMITS,LICENSES,ETC	\$ 2,158	\$ -	\$ 2,158
	830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414
	830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948
	830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107
	830.215	IDC - MUD - BRINE	\$ 13,017	\$ -	\$ 13,017
	830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160
	830.030	IDC - DAMAGES/ROW	\$ 43,160	\$ -	\$ 43,160
	830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297
	830.035	IDC - MOBILIZATION/DEMobilizATN	\$ 85,781	\$ -	\$ 85,781
	830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872
	830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573
	830.130	IDC - MANCAMP	\$ 30,775	\$ -	\$ 30,775
	830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790
	830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790
	830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589
	830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838
	830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935
	830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442
	830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
	830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662





### Authority for Expenditure

	830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$	15,281	\$	-	\$	15,281
	830.190	IDC - LEGAL, TITLE SERVICES	\$	43,160	\$	-	\$	43,160
	830.135	IDC - SOLIDS CONTROL	\$	41,111	\$	-	\$	41,111
	830.065	IDC - FUEL, POWER	\$	54,293	\$	-	\$	54,293
	830.110	IDC - CASING CREW & EQPT	\$	23,199	\$	-	\$	23,199
	830.170	IDC - INSPECTIONS	\$	18,343	\$	-	\$	18,343
	830.060	IDC - BITS, TOOLS, STABILIZERS	\$	44,239	\$	-	\$	44,239
	830.175	IDC - SUPERVISION	\$	65,064	\$	-	\$	65,064
<b>Intangible Completion</b>			\$	-	\$	<b>2,898,933.00</b>	\$	<b>2,898,933.00</b>
	840.035	ICC - PUMP DOWN	\$	-	\$	45,102	\$	45,102
	840.166	ICC - ENVIRONMENTAL/SAFETY	\$	-	\$	2,698	\$	2,698
	840.180	ICC - OVERHEAD	\$	-	\$	6,417	\$	6,417
	840.160	ICC - WELL TESTING	\$	-	\$	67,977	\$	67,977
	840.091	ICC - MANCAMP	\$	-	\$	18,570	\$	18,570
	840.120	ICC - CONTRACT LABOR	\$	-	\$	11,276	\$	11,276
	840.050	ICC - PROPPANT	\$	-	\$	819,366	\$	819,366
	840.090	ICC - EQUIPMENT RENTALS SURFACE	\$	-	\$	118,906	\$	118,906
	840.125	ICC - EQUIPMENT RENTALS	\$	-	\$	16,994	\$	16,994
	840.108	ICC - TRANSPORTATION	\$	-	\$	1,295	\$	1,295
	840.055	ICC - CHEMICALS	\$	-	\$	223,894	\$	223,894
	840.065	ICC - FUEL, POWER	\$	-	\$	221,423	\$	221,423
	840.156	ICC - STIMULATION	\$	-	\$	728,325	\$	728,325
	840.130	ICC - COMPLETION RIG	\$	-	\$	4,894	\$	4,894
	840.145	ICC - PERFORATING/WIRELINE SERV	\$	-	\$	192,170	\$	192,170
	840.175	ICC - SUPERVISION	\$	-	\$	3,884	\$	3,884
	840.070	ICC - DRILL WATER	\$	-	\$	226,590	\$	226,590
	840.071	ICC - WATER TRANSFER	\$	-	\$	21,580	\$	21,580
	840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$	-	\$	19,422	\$	19,422
	840.107	ICC - SALTWATER DISPOSAL	\$	-	\$	6,099	\$	6,099
	840.025	ICC - ROAD, LOCATIONS	\$	-	\$	1,241	\$	1,241
	840.177	ICC - CONSULTING SERVICES	\$	-	\$	140,810	\$	140,810
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,341,217.00</b>	\$	<b>2,898,933.00</b>	\$	<b>4,240,150.00</b>
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,817,284.00</b>	\$	<b>3,002,470.00</b>	\$	<b>4,819,754.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

<b>TANGIBLE FACILITY COSTS</b>			<b>Facility</b>		<b>Total</b>	
<b>Tangible Facilities</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
	865.075	TFC - INSTRUMENT/ELECT PANELS	\$	17,307	\$	17,307
	865.040	TFC - CONTAINMENT	\$	7,500	\$	7,500
	865.035	TFC - ELECTRICAL FACILITY	\$	46,305	\$	46,305
	865.045	TFC - PUMP/SUPPLIES	\$	28,350	\$	28,350
	865.020	TFC - METERING EQUIPMENT	\$	34,166	\$	34,166
	865.005	TFC - VESSELS	\$	221,250	\$	221,250
	865.055	TFC - FLOWLINES	\$	12,150	\$	12,150
	865.200	TFC - CONTINGENCY	\$	42,996	\$	42,996
	865.025	TFC - LACT UNIT	\$	45,033	\$	45,033
	865.070	TFC - AIR COMPRESSION	\$	8,775	\$	8,775
	865.065	TFC - FLARE/COMBUSTOR	\$	9,315	\$	9,315



## Authority for Expenditure

	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$	15,000	\$	15,000
	865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$	79,380	\$	79,380
	865.030	TFC - TANKS	\$	68,709	\$	68,709
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
<b>INTANGIBLE FACILITY COSTS</b>			<b>Facility</b>		<b>Total</b>	
<b>Intangible Facilities</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
	845.050	IFC - TRANSPORTATION/TRUCKING	\$	27,113	\$	27,113
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$	14,500	\$	14,500
	845.025	IFC - CONTRACT LABOR PIPELINE	\$	18,533	\$	18,533
	845.020	IFC - ENVIRONMENTAL	\$	3,750	\$	3,750
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$	49,896	\$	49,896
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$	12,500	\$	12,500
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$	152,500	\$	152,500
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$	15,000	\$	15,000
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>930,028.00</b>	\$	<b>930,028.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

\_\_\_\_\_

Date:

\_\_\_\_\_

Approved By:

\_\_\_\_\_

Title:

\_\_\_\_\_

Printed Name:

\_\_\_\_\_

We elect to carry our own well control insurance:  
We elect to take our proportionate share of non-  
consenting interest:

Yes / No  
Yes / No

(circle one)  
(circle one)



## Authority for Expenditure

**D&C AFE#:** 10060D  
**Facilities AFE#:** 10060F  
**Lease:** Morrison  
**Well Name:** Morrison 104H  
**County:** Eddy  
**State:** NM  
**SHL:** 19S-25E-9; 2320 FNL, 100 FEL  
**BHL:** 19S-25E-9; 2320 FNL, 100 FWL

**Date:** Sep 19, 2022

**Target:** Paddock  
**Project MD/TVD:** 8600 / 3000  
**Lateral Length:** 4900

	<b>Total</b>
<b>DRILLING:</b>	<b>\$1,817,284.00</b>
<b>COMPLETIONS:</b>	<b>\$3,002,470.00</b>
<b>FACILITIES:</b>	<b>\$930,028.00</b>
<b>COMPLETED WELL COST:</b>	<b>5,749,782.00</b>

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Tangible Drilling</b>			\$ 476,067.00	\$ -	\$ 476,067.00
	850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708
	850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836
	850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523
<b>Tangible Completion</b>			\$ -	\$ 103,537.00	\$ 103,537.00
	860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232
	860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355
	860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950
<b>TOTAL TANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Intangible Drilling</b>			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
	830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
	830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199
	830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573
	830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442
	830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790
	830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790
	830.065	IDC - FUEL, POWER	\$ 54,293	\$ -	\$ 54,293
	830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111
	830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064
	830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872
	830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
	830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160
	830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948
	830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589
	830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297
	830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662
	830.215	IDC - MUD - BRINE	\$ 13,017	\$ -	\$ 13,017
	830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838
	830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
	830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107
	830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414
	830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935
	830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254
	830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160



## Authority for Expenditure

	830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$	15,281	\$	-	\$	15,281
	830.170	IDC - INSPECTIONS	\$	18,343	\$	-	\$	18,343
	830.030	IDC - DAMAGES/ROW	\$	43,160	\$	-	\$	43,160
	830.115	IDC - COMPANY LABOR	\$	4,800	\$	-	\$	4,800
	830.060	IDC - BITS, TOOLS, STABILIZERS	\$	44,239	\$	-	\$	44,239
	830.130	IDC - MANCAMP	\$	30,775	\$	-	\$	30,775
	830.010	IDC - PERMITS,LICENSES,ETC	\$	2,158	\$	-	\$	2,158
	830.035	IDC - MOBILIZATION/DEMOBILIZATN	\$	85,781	\$	-	\$	85,781
<b>Intangible Completion</b>			\$	-	\$	<b>2,898,933.00</b>	\$	<b>2,898,933.00</b>
	840.065	ICC - FUEL, POWER	\$	-	\$	221,423	\$	221,423
	840.108	ICC - TRANSPORTATION	\$	-	\$	1,295	\$	1,295
	840.177	ICC - CONSULTING SERVICES	\$	-	\$	140,810	\$	140,810
	840.145	ICC - PERFORATING/WIRELINE SERV	\$	-	\$	192,170	\$	192,170
	840.050	ICC - PROPPANT	\$	-	\$	819,366	\$	819,366
	840.107	ICC - SALTWATER DISPOSAL	\$	-	\$	6,099	\$	6,099
	840.175	ICC - SUPERVISION	\$	-	\$	3,884	\$	3,884
	840.091	ICC - MANCAMP	\$	-	\$	18,570	\$	18,570
	840.120	ICC - CONTRACT LABOR	\$	-	\$	11,276	\$	11,276
	840.055	ICC - CHEMICALS	\$	-	\$	223,894	\$	223,894
	840.071	ICC - WATER TRANSFER	\$	-	\$	21,580	\$	21,580
	840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$	-	\$	19,422	\$	19,422
	840.130	ICC - COMPLETION RIG	\$	-	\$	4,894	\$	4,894
	840.180	ICC - OVERHEAD	\$	-	\$	6,417	\$	6,417
	840.035	ICC - PUMP DOWN	\$	-	\$	45,102	\$	45,102
	840.025	ICC - ROAD, LOCATIONS	\$	-	\$	1,241	\$	1,241
	840.125	ICC - EQUIPMENT RENTALS	\$	-	\$	16,994	\$	16,994
	840.166	ICC - ENVIRONMENTAL/SAFETY	\$	-	\$	2,698	\$	2,698
	840.160	ICC - WELL TESTING	\$	-	\$	67,977	\$	67,977
	840.070	ICC - DRILL WATER	\$	-	\$	226,590	\$	226,590
	840.156	ICC - STIMULATION	\$	-	\$	728,325	\$	728,325
	840.090	ICC - EQUIPMENT RENTALS SURFACE	\$	-	\$	118,906	\$	118,906
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,341,217.00</b>	\$	<b>2,898,933.00</b>	\$	<b>4,240,150.00</b>
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>			\$	<b>1,817,284.00</b>	\$	<b>3,002,470.00</b>	\$	<b>4,819,754.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

<b>TANGIBLE FACILITY COSTS</b>			<b>Facility</b>		<b>Total</b>	
<b>Tangible Facilities</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
	865.005	TFC - VESSELS	\$	221,250	\$	221,250
	865.065	TFC - FLARE/COMBUSTOR	\$	9,315	\$	9,315
	865.040	TFC - CONTAINMENT	\$	7,500	\$	7,500
	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$	15,000	\$	15,000
	865.075	TFC - INSTRUMENT/ELECT PANELS	\$	17,307	\$	17,307
	865.200	TFC - CONTINGENCY	\$	42,996	\$	42,996
	865.070	TFC - AIR COMPRESSION	\$	8,775	\$	8,775
	865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$	79,380	\$	79,380
	865.055	TFC - FLOWLINES	\$	12,150	\$	12,150
	865.030	TFC - TANKS	\$	68,709	\$	68,709
	865.035	TFC - ELECTRICAL FACILITY	\$	46,305	\$	46,305



## Authority for Expenditure

	865.045	TFC - PUMP/SUPPLIES	\$	28,350	\$	28,350
	865.020	TFC - METERING EQUIPMENT	\$	34,166	\$	34,166
	865.025	TFC - LACT UNIT	\$	45,033	\$	45,033
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>636,236.00</b>	\$	<b>636,236.00</b>
<b>INTANGIBLE FACILITY COSTS</b>				<b>Facility</b>		<b>Total</b>
<b>Intangible Facilities</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$	15,000	\$	15,000
	845.050	IFC - TRANSPORTATION/TRUCKING	\$	27,113	\$	27,113
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$	14,500	\$	14,500
	845.025	IFC - CONTRACT LABOR PIPELINE	\$	18,533	\$	18,533
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$	12,500	\$	12,500
	845.020	IFC - ENVIRONMENTAL	\$	3,750	\$	3,750
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$	152,500	\$	152,500
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$	49,896	\$	49,896
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>293,792.00</b>	\$	<b>293,792.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>930,028.00</b>	\$	<b>930,028.00</b>

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

\_\_\_\_\_

Date:

\_\_\_\_\_

Approved By:

\_\_\_\_\_

Title:

\_\_\_\_\_

Printed Name:

\_\_\_\_\_

We elect to carry our own well control insurance:  
We elect to take our proportionate share of non-  
consenting interest:

Yes / No  
Yes / No

(circle one)  
(circle one)

**HOLLIDAY ENERGY LAW GROUP**

April 6, 2023

OCD Hearings Clerk  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, NM 87505

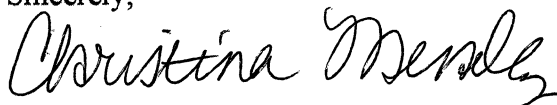
RE: 23424 – Silverback Compulsory Pooling Matter for the Morrison Unit  
Hearing set for April 6, 2023

To Whom It May Concern:

Please allow this letter to serve as notification that I am filing an Amended Exhibit A-7. The Authority for Expenditure (AFE) documents were inadvertently omitted from our original filing of our Exhibits for this matter.

Thank you for your time and attention in this regard.

Sincerely,



Christina Mendez  
Paralegal