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

APPLICATION OF RILEY PERMIAN OPERATING COMPANY, LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

**CASE NO. 24093** 

## SPUR ENERGY PARTNERS LLC'S MOTION TO DISMISS RILEY PERMIAN OPERATING COMPANY, LLC'S APPLICATION FOR COMPULSORY POOLING

Spur Energy Partners LLC ("Spur") requests that the New Mexico Oil Conservation Division ("Division") issue an order dismissing Riley Permian Operating Company, LLC's ("Riley") Application for Compulsory Pooling ("Application"). In support of this motion, Spur states the following.

#### I. INTRODUCTION

Riley failed to submit a well proposal to the working interest owners in its proposed unit, including Spur, prior to filing its Application. As a result, the Application should be dismissed due to Riley's failure to meet the pre-pooling application requirements set out by the Division in Order Nos. R-13155 and R-13165. Dismissal is also warranted because the Application is deficient in several other important aspects that preclude parties from evaluating Riley's requests.

## II. FACTUAL BACKGROUND

1. On September 26, 2023, Spur filed its Application in Case No. 23872, seeking to pool all uncommitted interests in the Yeso formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 10, Township 18 South, Range 27 East in Eddy County and dedicate the unit to the Red Skies 10 Federal Com 10H, 11H, 12H, 50H, and 51H Wells.

- 2. Prior to filing its application in Case No. 23872, Spur submitted well proposals to all working interest owners, including Riley, on August 31, 2023. *See* Self-Affirmed Statement of L. Young (Exh. A) at ¶ 5; Exh. 1 to Exh. A.
- 3. Case No. 23872 was initially set for a hearing on the Division's November 2, 2023 hearing docket. On October 30, 2023, Riley entered its appearance and objected to presentation of the case by affidavit. As a result, the Division held a status conference on November 2<sup>nd</sup> and a contested hearing was set for January 18, 2024.
- 4. Riley filed its Application in this matter on December 5, 2023, seeking to pool all uncommitted interests in the Yeso formation within a 400-acre overlapping spacing unit that underlies the N/2 of Section 10 and the W/2 NW/4 of Section 11, Township 18 South, Range 27 East, in Eddy County. Riley's Application does not identify the overlapping spacing units.
- 5. Riley's Application competes with Spur's Application because both parties seek to develop the N/2 of Section 10.
- 6. At no time prior to filing its Application did Riley send working interest owners, including Spur, a well proposal or Authorizations for Expenditure ("AFEs"). See Exh. A at ¶ 9. Riley has also failed to provide Spur with a proposed Joint Operating Agreement ("JOA") for its proposed horizontal spacing unit. See id. at ¶ 10.
- 7. Riley filed its Application prior to proposing its own Yeso wells in the N/2 of Section 10, Township 18 South, Range 27 East, Eddy County, New Mexico, and without conducting good faith efforts to reach a voluntary agreement with Spur regarding the acreage. *See id.* at  $\P 9$ , 12.

### III. ARGUMENT

The Division has long required applicants to provide interest owners with well proposals and AFEs at least 30 days prior to filing pooling applications. This process ensures fairness to pooled parties and avoids invoking the Division's jurisdiction when it may be unnecessary to do so. In Case Nos. 14365 and 14366, the Division issued Order No. R-13155 dismissing the applications at issue because the applicant failed to provide to "all owners in the proposed unit a formal well proposal, including a proposed form of joint operating agreements and an [AFE] setting for the estimated cost of the well to be proposed." Order No. R-13155 at 2. In issuing its Order, the Division found that "[a]Ithough no statute or rule specifically requires an applicant for compulsory pooling to furnish interest owners a well proposal prior to filing the application, the Division, by long-standing practice, has required such a proposal in order to afford the owners a reasonable opportunity to reach a voluntary agreement." *Id*.

Shortly after issuing Order No. R-13155, the Division clarified the process an applicant must follow prior to filing a pooling application. In Order No. R-13165, the Division determined that thirty days prior to filing a compulsory pooling application, an applicant must send all parties it intends to pool a well proposal that identifies the proposed depth, exact footage locations, and target formation for each proposed well, along with an AFE. *See* Order No. R-13165 at 2. While a proposed form of JOA is not required prior to filing, it should be furnished by the applicant "with reasonable promptness if requested." *Id.* at 3.

In this instance, Riley failed to provide Spur with a well proposal or AFEs prior to filing its Application despite the fact that more than 90 days elapsed between the submission of Spur's well proposal and the filing of Riley's Application. *See* Exh. A at ¶¶ 3, 5. Thus, Riley filed its Application without providing Spur with critical information regarding the proposed wells,

including the proposed depth of the wells or the exact footage locations. *See id.* at ¶ 9. Spur finally received Riley's belated well proposal on December 14, 2023. *See id.* at ¶ 10. In accordance with Order Nos. R-13155 and R-13165, these deficiencies alone necessitate the dismissal of Riley's Application.

Riley's Application is also deficient in other significant aspects. For example, the Application fails to identify a proximity tract well that would allow Riley to form a 400-acre spacing unit. As set out in the Application, there will be two sets of wells: one set of wells drilled from a surface hole location in the NE/4 NE/4 of Section 9 to a bottom hole location in the NW/4 NW/4 of Section 11; and another set of wells drilled from a surface hole location in the NE/4 NE/4 of Section 9 to a bottom hole location in the SW/4 SW/4 of Section 11. Rule 19.15.16.15(B)(1)(b) NMAC allows an operator to include "quarter-quarter sections or equivalent tracts in the standard horizontal spacing unit that are located within 330 feet of the proposed horizontal oil well's completed interval." While it appears that Riley seeks to include the N/2 N/2 and S/2 N/2 of Sections 10 and 11 to create one 400-acre spacing unit, the application fails to identify a proximity defining well located within 330 feet of the quarter-quarter section line separating the N/2 N/2 and S/2 N/2 that would allow for the creation of the 400-acre unit.

Riley's failure to provide specific footage locations in a timely well proposal letter is made worse by its failure to identify a proximity defining well in its application. Receipt of this information at least thirty days before the filing of an application is critical because it allows the recipient to review and obtain further information from the proposing party prior to making an informed decision regarding participation in the wells. Further, Spur's inability to evaluate Riley's proposed unit has made it impossible to engage in good faith discussions with Riley about the competing application as required by NMSA 1978, Section 70-2-17(C).

Finally, Riley's application is deficient because it seeks to create an "overlapping" horizontal well spacing unit but entirely fails to identify the existing affected wells. Rule 9.15.16.14(B)(9) NMAC provides that "a well that will have a completed interval partially in an existing well's spacing unit, and in the same pool or formation, may be drilled only with the approval of, or, ...after notice to all operators and working interests owners or record." See NMAC 19.15.16.14(B)(9). Without receiving a timely well proposal containing the exact footages and depth of the wells, as required by Order No. 13165, as well as information regarding the existing wells, it is impossible for Spur to assess the application so that good faith negotiations can proceed or to prepare for a contested hearing.

#### IV. CONCLUSION

For the foregoing reasons, Riley's Application should be dismissed.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

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dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Spur Energy Partners LLC

## **CERTIFICATE OF SERVICE**

I hereby certify that on December 15, 2023, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

Miguel Suazo
James P. Parrot
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Attorneys for Riley Permian Operating Company, LLC

/s/ Dana S. Hardy
Dana S. Hardy

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

APPLICATION OF RILEY PERMIAN OPERATING COMPANY, LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

**CASE NO. 24093** 

## SELF-AFFIRMED STATEMENT OF LANCE YOUNG

- 1. I am a Senior Landman at Spur Energy Partners LLC ("Spur"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum land matters were accepted and made a matter of record.
  - 2. I am familiar with the matters involved in the above-referenced case.
- 3. Spur filed an application for compulsory pooling (Case No 23872), on September 26, 2023.
- 4. In Case No. 23872, Spur has applied for an order pooling all uncommitted interests in the Yeo formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 10, Township 18 South, Range 27 East, Eddy County, New Mexico.
- 5. Prior to filing its application in Case No. 23872, Spur submitted well proposals to all working interest owners, including Riley, on August 31, 2023. See 8/31/23 Letter from L. Young to Riley Exploration Permian, Inc. (Exhibit 1).
  - 6. Case No. 23872 was initially set for a hearing on the Division's November 2, 2023

hearing docket. On October 30, 2023, Riley entered its appearance and objected to presentation of the case by affidavit. As a result, the Division held a status conference on November 2<sup>nd</sup> and a contested hearing was set for January 18, 2024.

- 7. Riley filed its Application in this matter on December 5, 2023, seeking to pool all uncommitted interests in the Yeso formation within a 400-acre overlapping spacing unit that underlies the N/2 of Section 10 and the W/2 NW/4 of Section 11, Township 18 South, Range 27 East, in Eddy County. Riley's Application does not identify the overlapping spacing units.
- 8. Riley's Application competes with Spur's Application because both parties seek to develop the N/2 of Section 10, Township 18 South, Range 27 East, Eddy County, New Mexico.
- 9. At no time prior to filing its Application did Riley send working interest owners, including Spur, a well proposal or Authorizations for Expenditure ("AFEs").
- 10. Rather, Riley waited until December 14, 2023 to belatedly provide Spur with well proposals and AFEs. *See* 12/14/23 Letter from M. Smith to Spur (Exhibit 2). The letter incorrectly states that if Spur does not respond within 30 days, Riley *may* apply for compulsory pooling.
- 11. Riley has also failed to provide Spur a proposed Joint Operating Agreement ("JOA") for its proposed horizontal spacing unit.
- 12. Riley has not engaged in good faith efforts to reach a voluntary agreement with Spur regarding the acreage.

Lance Young

12/14/2023 Date



#### August 31, 2023

Riley Exploration Permian, Inc. Attn: Mark Smith 29 E. Reno Ave., Ste 500 Oklahoma City, OK 73104

RE: Well Proposal

Red Skies 10 Federal Com 10H, 50H, 11H, 51H, 12H N/2 Section 10, T18S-R27E Eddy County, New Mexico

Dear Working Interest Owner,

Spur Energy Partners, LLC ("SPUR"), an affiliate of SEP Permian Holding Corp. ("SEP"), hereby proposes to drill and complete the **Red Skies 10 Federal Com 10H, 50H, 11H, 51H, 12H** 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).

#### Red Skies 10 Federal Com 10H – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,295' FNL & 1,000' FWL, Section 11, T18S-R27E
- Proposed Bottom Hole Location 330' FNL & 50' FWL, Section 10, T18S-R27E
- TVD: ~3,595'

## Red Skies 10 Federal Com 50H - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,315' FNL & 1,000' FWL, Section 11, T18S-R27E
- Proposed Bottom Hole Location 515' FNL & 50' FWL, Section 10, T18S-R27E
- TVD: ~4,015'

### Red Skies 10 Federal Com 11H – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,335' FNL & 1,000' FWL, Section 11, T18S-R27E
- Proposed Bottom Hole Location 1,355' FNL & 50' FWL, Section 10, T18S-R27E
- TVD: ~3,665'

## Red Skies 10 Federal Com 51H - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,355' FNL & 1,000' FWL, Section 11, T18S-R27E
- Proposed Bottom Hole Location 1,540' FNL & 50' FWL, Section 10, T18S-R27E
- TVD: ~4,125'

### Red Skies 10 Federal Com 12H – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,375' FNL & 1,000' FWL, Section 11, T18S-R27E
- Proposed Bottom Hole Location 2,275' FNL & 50' FWL, Section 10, T18S-R27E
- TVD: ~3,725°

## **EXHIBIT 1**

SPUR ENERGY PARTNERS LLC 9655 KATY FREEWAY, SUITE 500 | HOUSTON, T X 77024 | 832.930.8502 WWW.SPUREPLLC.COM



SPUR proposes to form a Drilling Spacing Unit ("DSU") covering the N/2 Section 10, T18S-R27E, Eddy County, New Mexico, containing 320 acres of land, more or less, from the top of the Yeso formation to the base of the Yeso formation. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e. micro seismic wells, pilot hole wells) within the DSU, SPUR proposes creating a new joint operating agreement dated September 1, 2023, ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and operations within the DSU. The NJOA has the following general provisions:

- Effective Date of September 1, 2023
- Contract Area consisting of N/2 Section 10-T19S-R25E
- Limited in depth from the top of the Yeso to the base of the Yeso formation
- 100%/300%/300% non-consenting penalty
- \$8,000/\$800 drilling and producing monthly overhead rate
- Spur Energy Partners LLC named as Operator

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. 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.

SPUR respectfully requests that you select one of the following four options with regard to your interest in the proposed wells:

**Option 1:** Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.

**Option 2:** Not participate in the proposed well (an election of "Non-Consent")

**Option 3** – **Term Assignment Option:** Assign your working interest in the N2 Section 10-T18S-R27E, exclusive of existing wellbores, to SEP through a term assignment with a primary term of three (3) years and a bonus consideration of \$750 per net acre, delivering a full net revenue interest (limited to the Yeso formation).

**Option 4 – Assignment Option:** Assign your working interest in the N2 Section 10-T18S-R27E, exclusive of existing wellbores, to SEP for a bonus consideration of \$1,000 per net acre, delivering a full net revenue interest (all rights owned).

Should you elect Option 1 or Option 2, SPUR will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and SPUR will supply you the NJOA. In the event you elect to assign your minerals under the terms outlined above in either the Option 3 – Term Assignment Option or Option 4 – Assignment Option, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, SPUR will submit an Assignment to you for your review and execution.



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

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a 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 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact Murphy Lauck at 832-982-1087 or <a href="mailto:mlauck@spurenergy.com">mlauck@spurenergy.com</a> or the undersigned via email at <a href="mailto:lyoung@spurenergy.com">lyoung@spurenergy.com</a>.

Sincerely,

Lance Young, RPL Sr. Landman

(405) 642-9097

Enclosures

Exhibit "A" AFEs WI Percent: 43.75%



Red Skies 10 Fe	ederal Com 1	<u>.0H</u>	
WI Owner: Rile	y Exploration	Permian,	Inc.

**Option 1)** The undersigned elects to participate in the drilling and completion of the Red Skies 10 Federal Com 10H well and agrees to the formation of the DSU and to the terms of the NJOA 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 Red Skies 10 Federal Com 10H well. Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide SPUR with a copy of your Certificate of Insurance. Well Insurance: The undersigned requests Well Insurance coverage provided by Spur Energy Partners. The undersigned elects to obtain individual Well Insurance coverage. Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_\_\_, 2023. Company/Individual: \_\_\_\_\_

Name:

Title:

Red Skies 10 Federal Com 50H



WI Owner: Riley Exploration Permian, Inc. WI Percent: 43.75%
Option 1) The undersigned elects to participate in the drilling and completion of the Red Skies 10 Federal Com 50H well and agrees to the formation of the DSU and to the terms of the NJOA 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 Red Skies 10 Federal Com 50H well.
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide SPUR with a copy of your Certificate of Insurance.
Well Insurance:  The undersigned requests Well Insurance coverage provided by Spur Energy Partners.  The undersigned elects to obtain individual Well Insurance coverage.
Agreed to and Accepted this day of, 2023.  Company/Individual:

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

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

Title:

Red Skies 10 Federal Com 11H

WI Percent: 43.75%

WI Owner: Riley Exploration Permian, Inc.



Option 1) The undersigned elects to participate in the drilling and completion of the Red Skies 10 Federal Com 11H well and agrees to the formation of the DSU and to the terms of the NJOA 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 Red Skies 10 Federal Com 11H well.
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide SPUR with a copy of your Certificate of Insurance.
Well Insurance:

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

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

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_\_, 2023.

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

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

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

Red Skies 10 Federal Com 51H

WI Owner: Riley Exploration Permian, Inc.



WI Percent: 43.75%
Option 1) The undersigned elects to participate in the drilling and completion of the Red Skies 10 Federal Com 51H well and agrees to the formation of the DSU and to the terms of the NJOA 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 Red Skies 10 Federal Com 51H well.
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide SPUR with a copy of your Certificate of Insurance.
Well Insurance:  The undersigned requests Well Insurance coverage provided by Spur Energy Partners.  The undersigned elects to obtain individual Well Insurance coverage.
Agreed to and Accepted this day of , 2023.

Company/Individual:

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

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

Title:

WI Percent: 43.75%



<u> Re</u>	ed Skies	<u> 10 Feder</u>	al Com	<u>12H</u>	
W	I Owner:	Riley Ex	coloration	Permian.	Inc

**Option 1)** The undersigned elects to participate in the drilling and completion of the Red Skies 10 Federal Com 12H well and agrees to the formation of the DSU and to the terms of the NJOA 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 Red Skies 10 Federal Com 12H well. Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide SPUR with a copy of your Certificate of Insurance. Well Insurance: The undersigned requests Well Insurance coverage provided by Spur Energy Partners. The undersigned elects to obtain individual Well Insurance coverage. Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_\_\_, 2023. Company/Individual: \_\_\_\_\_

Name:

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



## **Term Assignment Option**

The undersigned hereby elects to assign their working interest in the N/2 of Section 10, T18S-R27E, exclusive of existing wellbores, to SEP through a term assignment with a primary term of three (3) years and a bonus consideration of \$750 per net acre, delivering a full net revenue interest (limited to the Yeso formation).
Assignment Option
Assignment Option
The undersigned hereby elects to assign their working interest in the N/2 of Section 10, T18S-R27E, exclusive of existing wellbores, to SEP for a bonus consideration of \$1,000 per net acre, delivering a full net revenue interest (all rights owned).
Agreed to and Accepted this day of, 2023.
Company/Individual:
By:
Name:
Title:



December 14, 2023

Spur Energy Partners LLC Attn: Mark Hicks 9655 Katy Freeway, Suite 500 Houston, TX 77024

RE: Well Proposal

Walter 182710111 11H, 13H, 15H, 22H, & 24H

N/2 of Section 10, T18S-R27E & W/2 NW/4 of Section 11, T18S-R27E

Eddy County, New Mexico

## Dear Working Interest Owner:

Riley Exploration Permian, Inc. ("Riley"), hereby proposes to drill and complete the Walter 182710111 11H, 13H, 15H, 22H, and 24H 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).

#### Walter 182710111 11H - Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 296' FNL & 609' FEL, Section 9, T18S-R27E Proposed Bottom Hole Location – 330' FNL & 1310' FWL, Section 11, T18S-R27E TVD: 3.600'

## Walter 182710111 13H - Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 1010' FNL & 748' FEL, Section 9, T18S-R27E Proposed Bottom Hole Location – 990' FNL & 1310' FWL, Section 11, T18S-R27E TVD: 3,600'

## Walter 182710111 15H - Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 1100' FNL & 747' FEL, Section 9, T18S-R27E Proposed Bottom Hole Location – 1650' FNL & 1310' FWL, Section 11, T18S-R27E TVD: 3,600'

## Walter 182710111 22H - Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 326' FNL & 609' FEL, Section 9, T18S-R27E Proposed Bottom Hole Location – 660' FNL & 1310 FWL, Section 11, T18S-R27E TVD: 3,600'

#### Walter 182710111 24H - Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 1040' FNL & 747' FEL, Section 9, T18S-R27E Proposed Bottom Hole Location – 1320' FNL & 1310' FWL, Section 11, T18S-R27E TVD: 3,600'

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. 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.

Riley respectfully requests that you select one of the following four options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed wells

Option 2: Not participate in the proposed wells (an election of "Non-Consent")

**Option 3: Term Assignment Option** – Assign your working interest in the N/2 of Section 10-T18S-R27E & W/2 NW/4 of Section 11-18S-27E, exclusive of existing wellbores, to Riley through a term assignment with a primary term of three (3) years and a bonus consideration of \$750 per net acre, delivering a full net revenue interest (limited to the Yeso formation).

**Option 4: Assignment Option** – Assign your working interest in the N/2 of Section 10-T18S-R27E & W/2 NW/4 of Section 11-18S-27E, exclusive of existing wellbores, to Riley for a bonus consideration of \$1,000 per net acre, delivering a full net revenue interest (all rights owned).

Should you elect to assign your minerals under the terms outlined above in either the Option 3 – Term Assignment Option or Option 4 – Assignment Option, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, Riley will submit an Assignment to you for your review and execution.

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

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a 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 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact Mark Smith at 405-415-8925 or marksmith@rileypermian.com.

Best Regards,

MW Smith

Mark W. Smith Sr. Landman

Walter 182710111 11H

WI Owner: Spur Energy Partners	
Option 1) The undersigned elects to participate in the drilling and complet Walter 182710111 11H well.	ion of the
Option 2) The undersigned elects not to participate in the drilling and compathe Walter 182710111 11H well.	pletion of
Should you elect to participate, please also indicate your Well Insurance election below. If you obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate Insurance.	
Well Insurance:	
The undersigned requests Well Insurance coverage provided by Riley	
The undersigned elects to obtain individual Well Insurance coverage.	
Agreed to and Accepted this day of	, 2023.
Company / Individual:	
Ву:	
Name:	
Title:	

Walter 182710111 13H WI Owner: Spur Energy Partners	
Option 1) The undersigned elects to participate in the drilling and completion Walter 182710111 13H well.	of the
Option 2) The undersigned elects not to participate in the drilling and comple the Walter 182710111 13H well.	tion of
Should you elect to participate, please also indicate your Well Insurance election below. If you election individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.	
Well Insurance:	
The undersigned requests Well Insurance coverage provided by Riley	
The undersigned elects to obtain individual Well Insurance coverage.	
Agreed to and Accepted this day of	_, 2023.
Company / Individual:	
By:	
Name:	
Title:	

Walter 182710111 15H WI Owner: Spur Energy Partners	
Option 1) The undersigned elects to participate in the drilling and completion of the Walter 182710111 15H well.	
Option 2) The undersigned elects not to participate in the drilling and completion of the Walter 182710111 15H well.	
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.	
Well Insurance:	
The undersigned requests Well Insurance coverage provided by Riley	
The undersigned elects to obtain individual Well Insurance coverage.	
Agreed to and Accepted this day of, 2023	<b>;</b> .
Company / Individual:	
By:	
Name:	
Title:	

Walter 182710111 22H WI Owner: Spur Energy Partners	
Option 1) The undersigned elects to participate in the drilling and completion Walter 182710111 22H well.	of the
Option 2) The undersigned elects not to participate in the drilling and completi the Walter 182710111 22H well.	on of
Should you elect to participate, please also indicate your Well Insurance election below. If you ele obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.	ct to
Well Insurance:	
The undersigned requests Well Insurance coverage provided by Riley	
The undersigned elects to obtain individual Well Insurance coverage.	
Agreed to and Accepted this day of	, 2023.
Company / Individual:	
By:	
Name:	
Title:	

Walter 182710111 24H WI Owner: Spur Energy Partners	
Option 1) The undersigned elects to participate in the drilling and completion of Walter 182710111 24H well.	the
Option 2) The undersigned elects not to participate in the drilling and completion the Walter 182710111 24H well.	of
Should you elect to participate, please also indicate your Well Insurance election below. If you elect obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.	to
Well Insurance:	
The undersigned requests Well Insurance coverage provided by Riley	
The undersigned elects to obtain individual Well Insurance coverage.	
Agreed to and Accepted this day of, 20	023.
Company / Individual:	
By:	
Name:	
Title:	

Term Assignment Option	
The undersigned hereby elects to assign their working interest in the T18S-R27E & W/2 NW/4 of Section 11-T18S-R27E, exclusive of existing wellbores, to Ferm assignment with a primary term of three (3) years and a bonus consideration of \$7 delivering a full net revenue interest (limited to the Yeso formation)	Riley through a
<u>Assignment Option</u>	
The undersigned hereby elects to assign their working interest in the T18S-R27E & W/2 NW/4 of Section 11-T18S-R27E, exclusive of existing wellbores, to F consideration of \$1,000 per net acre, delivering a full net revenue interest (all rights own	Riley for a bonus
Agreed to and Accepted this day of	, 2023.
Company / Individual:	_
By:	
Name:	



operator Riley Permian Operating Co	mpanv											ļ	AFE NO.				DATE /8/2023
WELL NAME & NUMBER	_ r 'J			-			PROPOSED TVD	)		PROPOSED ME	ASURE	D DEPTH	FIELD/PRO	)SPEC	Г		0 _ 0
Walter 182710111 11H						ļ	3,600			10,250		ļ	Red Lake				
COUNTY	STATE									COMPLETED LA	TERAL	-	PROPOSED F	ORMA	TION		
Eddy	NM									6,250		ļ	Yeso	ı			
LOCATION			•							CLASSIFICATIO	N		Surface LAT:				
										Develop	men	t	Surface LONG:				
	INT	ANGI	BLES				DI	RIL	LING	COM	PLE.	ΓΙΟΝ	FACI	LITI	ES	Τ.	OTAL
DESCRIPTION							ACCOUNT		AMOUNT	ACCOUNT	Α	MOUNT	ACCOUNT	ΑN	MOUNT	10	UIAL
Permits & Surveys							850.010	\$	25,000	855.010	\$	-	825.010	\$	-	\$	25,000
Drilling Title Opinion							850.020	\$	65,000					<u> </u>		\$	65,000
Location, Roads, & Pits							850.030	\$	125,000	855.030	\$	-	825.030	\$	10,000	\$	135,000
Insurance & Bonds Rig Mobilization							850.040 850.050	\$	4,000 85,000	855.040 855.050	\$					\$	4,000 85,000
Dayrate Drilling Rig	13 days (		\$ 20,000	/day			850.060	\$	260,000	855.060	\$					\$	260,000
Footage Drilling	10000 feet @			/ft			850.070	\$	200,000	000.000	Ψ					\$	-
Turnkey Drilling				-			850.080	\$	-							\$	-
Bits							850.090	\$	34,500							\$	34,500
Directional Services							850.095	\$	155,000					ı		\$	155,000
Mud & Chemicals							850.100	\$	35,000					<b>-</b>		\$	35,000
Solids Control Services							850.105	\$	45,000	0EE 440	•					\$	45,000
Coil Tbg/Snubbing Fuel	<b>1400</b> gal/da		\$ 3.50	/day			850.111	\$	63,700	855.110 855.111	\$	153,000				\$	216,700
Water - Fresh	i-ou gailda	, w	ψ 3.30	, uay			850.111	\$	10,000	855.120	\$	241,800	825.120	\$	2,000	\$	253,800
Kill Weight Fluids							850.125	\$	25,000	855.125	\$	2,000	020.120	_ <del></del> _	_,500	\$	27,000
Cementing Svcs	Surf <b>\$ 1</b> 6		Int	\$ 14,000			850.130	\$	110,000							\$	110,000
Casing Hardware	Surf \$ 2	2,500	Int	\$ 2,500	Prod	\$ 35,000	850.135	\$	40,000					_		\$	40,000
Open Hole Logs							850.140	\$	-	0== : :				_		\$	-
Completion Fluids							050.450	•	10 100	855.140	\$	269,000				\$	269,000
Mud Logging Coring							850.150 850.160	\$	13,400							\$	13,400
Surface Equip Rentals							850.180	\$	29,700	855.180	\$	157,000	825.180	\$	12,000	\$	198,700
Downhole Equip Rentals				-			850.185	\$	30,000	855.185	\$	75,000	020.100	ı	12,000	\$	105,700
Transportation							850.190	\$	20,000	855.190	\$	20,000	825.190	\$	20,000	\$	60,000
Living Quarters							850.200	\$	50,000	855.200	\$	2,500				\$	52,500
Safety							850.205	\$	-					<u> </u>		\$	-
Contract Services							850.210	\$	43,000	855.210	\$	187,000	825.210	\$	55,000	\$	285,000
Tubular Inspections Consulting Engineer							850.215 850.220	\$	13,000 35,300	855.215	\$	8,000				\$	21,000 35,300
On-Site Supervision							850.225	\$	57,600	855.225	\$	54,000	825.225	\$		\$	111,600
Consulting Geologist		-					850.230	\$		555.225	Ψ	54,000	020.220	Ψ		\$	-
Company Labor							850.245	\$	5,000	855.245	\$	8,000	825.245	\$	5,000	\$	18,000
Plug & Abandonment							850.270	\$	-							\$	-
Surface Damages					-		850.280	\$	38,000	855.280	\$	-	825.280	\$	-	\$	38,000
Fluid Haul & Disposal							850.290	\$	75,000	855.290	\$	25,000	825.290	\$	3,000	\$	103,000
Water Transfer Services							850.291	\$	2 200	855.291 855.300	\$	86,000 5,400	825 200	¢	9 100	\$	86,000
Overhead Completion Unit							850.300	\$	2,300	855.300 855.310	\$	5,400 132,000	825.300	\$	8,100	\$	15,800
Plugs, Perfs & Cased Hole Wire	eline	-								855.325	\$	188,000		1		\$	188,000
Acidizing		-								855.340	\$	9,500				\$	9,500
Fracturing	<b>200</b> Stage	Spacin	g		31	Stages				855.350	-	1,203,000					1,203,000
EHS & Regulatory							850.700		-	855.700		-		<u> </u>		\$	-
Spills & Environmental Respons	ie						850.701	\$	-	855.701		-		ı —		\$	- 0.000
Safety							850.702 850.703	\$		855.702 855.703	-	8,000				\$	8,000
Regulatory Environmental Compliance							850.703 850.704	\$	<u>-</u>	855.703 855.704						\$	-
					TOTAL I	NTANGIBLES	000.704	\$	1,494,500	555.704		2,826,200		\$	115,100		4,435,800
	TΔ	NGIE	BLES				וח	_	LING	COM			FACI			<del></del>	,
								<b>-</b>					l I			TO	OTAL
DESCRIPTION	SI	IZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT		AMOUNT	ACCOUNT	Α	MOUNT	ACCOUNT	AN	MOUNT		
Conductor Pipe	16					90	860.010	\$	25,000							\$	25,000
Surface Casing		3/8	48.0	J-55	79.00	375	860.020	\$	30,000					<u> </u>		\$	30,000
Intermediate Casing		5/8	36.0	J-55	61.00	1,230	860.030	\$	75,000							\$	75,000
Production Casing -top string	7	1/2	32.0	L-80	50.00	3,200	860.040	\$	160,000							\$	160,000
Production Casing -bottom strin	y   5	1/2	20.0	L-80	37.00	6,970	860.041 860.050	\$	258,000 5,000							\$	258,000 5,000
Casing Head Spools Liners & Hangers							860.050	\$	5,000							\$	5,000
Liners & Hangers Production Tubing	2	7/8	6.5	L-80	10.20	3,000	000.000	φ	-	865.120	\$	31,000				\$	31,000
Other Wellhead Equipment			0.0		.0.20	5,000	860.070	\$	-	865.070	\$			1		\$	31,000
										865.250	\$	20,000				\$	20,000
Flowline & Connectors										865.100	\$	24,000		_		\$	24,000
Flowline & Connectors Production Wellhead							860.130	\$	28,000					_		\$	28,000
Flowline & Connectors Production Wellhead Tubing Head	le Equipment						060.000	•		865.155	\$	145,000				\$	145,000
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho							860.080 860.090	\$	2 000	865.090	\$		826.090	Φ.		\$	2,000
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well)							000.090	Ф	2,000	000.090	Ф		826.090 826.150	\$	109,000	\$	109,00
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment													826.200			\$	210,00
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways	s, other misc	equint)	. —					1					826.210			\$	128,000
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment						li di									0,000		
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve													826.240	\$		\$	65,000
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, Fi Meters & Meter Runs	WKO, Flare, &									865.270	\$	50,000		\$ \$	65,000 65,000	\$	65,000 115,000
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, Fl Meters & Meter Runs Electrical & SCADA Automation	WKO, Flare, &					_ TANGIBLES		\$	583,000	865.270	\$	270,000	826.240	\$ \$	65,000 65,000 <b>577,000</b>	\$ \$ 1	115,000 <b>1,430,00</b> 0
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, Fl Meters & Meter Runs Electrical & SCADA Automation	WKO, Flare, &	Combu				_ TANGIBLES		\$	583,000 2,077,500 TE	865.270	\$ \$3,		826.240 826.270	\$ \$ \$	65,000 65,000 <b>577,000</b>	\$ 1 \$ 5,	115,000



OPERATION											AFE NO.		DATE
Riley Permian Operating Compan	y												12/8/202
WELL NAME & NUMBER						PROPOSED TVE				ASURED DEPTH	FIELD/PF	ROSPECT	•
Walter 182710111 13H						3,600	)		10,250		Red Lake		
COUNTY									COMPLETED LA	ATERAL		FORMATION	
Eddy NM									6,250		Yeso		
LOCATION									CLASSIFICATIO	N	Surface LAT:		
									Develop		Surface LONG:		
	INTANG	IBLES					RILI	LING		PLETION		LITIES	TOTAL
DESCRIPTION						ACCOUNT		AMOUNT	ACCOUNT	AMOUNT		AMOUNT	
Permits & Surveys						850.010	\$	25,000	855.010	\$ -	825.010	\$ -	\$ 25,0
Drilling Title Opinion						850.020	\$	65,000	055 000	œ.	005 000	r 10.000	\$ 65,0
Location, Roads, & Pits Insurance & Bonds						850.030 850.040	\$	125,000 4,000	855.030 855.040	\$	- 825.030	\$ 10,000	\$ 135,0 \$ 4,0
Rig Mobilization						850.050	\$	85,000	855.050	\$	-		\$ 85,0
	3 days @	\$ 20,000	/dav			850.060	\$	260,000	855.060	\$	-		\$ 260,0
	00 feet @		/ft			850.070	\$	-					\$
Turnkey Drilling						850.080	\$	-					\$
Bits						850.090	\$	34,500					\$ 34,
Directional Services						850.095	\$	155,000					\$ 155,0
Mud & Chemicals						850.100	\$	35,000					\$ 35,0
Solids Control Services Coil Tbg/Snubbing						850.105	Ъ	45,000	855.110	\$	_		\$ 45,0
· ·	00 gal/day @	\$ 3.50	/day			850.111	\$	63,700	855.111	\$ 153,0	200		\$ 216,7
Water - Fresh		, 3.00	,			850.120	\$	10,000	855.120	\$ 241,80		\$ 2,000	\$ 253,8
Kill Weight Fluids						850.125	\$	25,000	855.125	\$ 2,00		, ,,,,,,	\$ 27,0
Cementing Svcs Su	rf \$ 16,000		\$ 14,000			850.130	\$	110,000			T		\$ 110,0
	rf \$ 2,500	Int	\$ 2,500	Prod	\$ 35,000	850.135	\$	40,000					\$ 40,0
Open Hole Logs						850.140	\$	-					\$
Completion Fluids						050 450	_	10.100	855.140	\$ 269,00	טט		\$ 269,0
Mud Logging Coring						850.150 850.160	\$	13,400					\$ 13,4 \$
Surface Equip Rentals						850.180	\$	29,700	855.180	\$ 157,00	00 825.180	\$ 12,000	\$ 198,7
Downhole Equip Rentals						850.185	\$	30,000	855.185	\$ 75,00		Ψ 12,000	\$ 105,0
Transportation						850.190	\$	20,000	855.190	\$ 20,00		\$ 20,000	\$ 60,0
Living Quarters						850.200	\$	50,000	855.200	\$ 2,50		Ψ 20,000	\$ 52,
Safety						850.205	\$	-					\$
Contract Services						850.210	\$	43,000	855.210	\$ 187,00		\$ 55,000	\$ 285,0
Tubular Inspections						850.215	\$	13,000	855.215	\$ 8,00	00		\$ 21,0
Consulting Engineer						850.220	\$	35,300	055.005				\$ 35,3
On-Site Supervision						850.225	\$	57,600	855.225	\$ 54,00	00 825.225	\$ -	\$ 111,6
Consulting Geologist Company Labor						850.230 850.245	\$	5,000	855.245	\$ 8,0	00 825.245	\$ 5,000	\$ 18,0
Plug & Abandonment						850.270	\$	5,000	000.240	\$ 0,0	025.245	\$ 5,000	\$ 10,0
Surface Damages						850.280	\$	38,000	855.280	\$	- 825.280	\$ -	\$ 38,0
Fluid Haul & Disposal						850.290	\$	75,000	855.290	\$ 25,00		\$ 3,000	\$ 103,0
Water Transfer Services	850.291	\$	-	855.291	\$ 86,00	00		\$ 86,0					
Overhead						850.300	\$	2,300	855.300	\$ 5,40		\$ 8,100	\$ 15,8
Completion Unit									855.310	\$ 132,0			\$ 132,0
Plugs, Perfs & Cased Hole Wireline									855.325	\$ 188,00			\$ 188,0
Acidizing				04	01				855.340	\$ 9,50			\$ 9,5
Fracturing 20 EHS & Regulatory	00 Stage Spacir	ng		31	Stages	850,700	\$		855.350 855.700	\$ 1,203,0	00		\$ 1,203,0
Spills & Environmental Response						850.700	\$		855.701	\$	-		\$
Safety						850.702	\$		855.702	\$ 8,0	00		\$ 8,0
Regulatory						850.703	\$	_	855.703	\$	-		\$
Environmental Compliance						850.704	\$	-	855.704	\$	-		\$
				TOTAL I	NTANGIBLES		\$	1,494,500		\$ 2,826,2	00	\$ 115,100	\$ 4,435,8
	TANGI	BLES				D	RILI	LING	COMI	PLETION	FAC	ILITIES	
	CIZE	WEIGHT	CDADE	04/54	LENGTH	ACCOUNT		AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	TOTAL
DESCRIPTION	SIZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT		AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	
Conductor Pipe	16				90	860.010	\$	25,000					\$ 25,0
Surface Casing	13 3/8	48.0	J-55	79.00	375	860.020	\$	30,000					\$ 30,0
Intermediate Casing	9 5/8 7	36.0 32.0	J-55 L-80	61.00 50.00	1,230 3,200	860.030 860.040	\$	75,000				+	\$ 75,0 \$ 160,0
Production Casing -top string Production Casing -bottom string	5 1/2	20.0	L-80	37.00	6,970	860.040	\$	160,000 258,000					\$ 258,0
	J 1/2	20.0	L-00	31.00	0,310	860.050	\$	5,000					\$ 250,0
						860.060	\$	3,000					\$ 5,0
Casing Head Spools Liners & Hangers				10.20	3,000	1			865.120	\$ 31,00	00		\$ 31,0
Casing Head Spools	2 7/8	6.5	L-80	10.20							-1		\$
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment	2 7/8	6.5	L-80	10.20	0,000	860.070	\$		865.070	\$			\$ 20,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors	2 7/8	6.5	L-80	10.20	0,000	860.070	\$	-	865.250	\$ 20,00			
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead	2 7/8	6.5	L-80	10.20	0,000			-					\$ 24,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head		6.5	L-80	10.20	0,000	860.070 860.130	\$	28,000	865.250 865.100	\$ 20,00 \$ 24,00	00		\$ 28,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ		6.5	L-80	10.20	0,000	860.130	\$	28,000	865.250	\$ 20,00	00		\$ 28,0 \$ 145,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well)		6.5	L-80	10.20	0,000	860.130 860.080	\$	-	865.250 865.100 865.155	\$ 20,00 \$ 24,00 \$ 145,00	00	\$	\$ 28,0 \$ 145,0 \$
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment		6.5	L-80	10.20	0,000	860.130	\$	28,000	865.250 865.100	\$ 20,00 \$ 24,00	00 - 826.090	\$ -	\$ 28,0 \$ 145,0 \$ \$ 2,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well)	ipment		L-80	10.20	0,000	860.130 860.080	\$	-	865.250 865.100 865.155	\$ 20,00 \$ 24,00 \$ 145,00	00	\$ - \$ 109,000 \$ 210,000	\$ 28,0 \$ 145,0 \$
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, othe Separators, Heater Treaters, FWKO, I	ipment er misc. equipt		L-80	10.20	0,000	860.130 860.080	\$	-	865.250 865.100 865.155	\$ 20,00 \$ 24,00 \$ 145,00	00   00   - 826.090 826.150	\$ 109,000 \$ 210,000 \$ 128,000	\$ 28,0 \$ 145,0 \$ \$ 2,0 \$ 109,0 \$ 210,0 \$ 128,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, othe Separators, Heater Treaters, FWKO, I Meters & Meter Runs	ipment er misc. equipt		L-80	10.20	0,000	860.130 860.080	\$	-	865.250 865.100 865.155 865.090	\$ 20,00 \$ 24,00 \$ 145,00 \$	- 826.090 826.150 826.200 826.210 826.240	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000	\$ 28,0 \$ 145,0 \$ \$ 2,0 \$ 109,0 \$ 210,0 \$ 128,0 \$ 65,0
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, othe Separators, Heater Treaters, FWKO, I	ipment er misc. equipt		L-80			860.130 860.080	\$ \$	2,000	865.250 865.100 865.155	\$ 20,00 \$ 24,00 \$ 145,00 \$ \$ \$ 50,00	- 826.090 826.150 826.200 826.210 826.240 00 826.270	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000	\$ 28,1 \$ 145,1 \$ 2,1 \$ 109,1 \$ 210,1 \$ 128,1 \$ 65,1 \$ 115,1
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, othe Separators, Heater Treaters, FWKO, I Meters & Meter Runs Electrical & SCADA Automation	ipment er misc. equipt Flare, & Comb		L-80	TOTAL	_ TANGIBLES	860.130 860.080	\$ \$ \$	2,000	865.250 865.100 865.155 865.090	\$ 20,00 \$ 24,00 \$ 145,00 \$ \$ 50,00 \$ 270,00	000 826.270 000 000 000 000 000 000 000 000 000	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000 \$ 65,000 \$ 577,000	\$ 28,1 \$ 145,1 \$ 2,1 \$ 109,1 \$ 210,1 \$ 128,1 \$ 65,1 \$ 1,430,1
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, othe Separators, Heater Treaters, FWKO, I Meters & Meter Runs	ipment er misc. equipt Flare, & Comb			TOTAL		860.130 860.080	\$ \$	2,000 583,000 2,077,500	865.250 865.100 865.155 865.090	\$ 20,00 \$ 24,00 \$ 145,00 \$ \$ \$ 50,00	- 826.090 826.150 826.200 826.210 826.240 00 826.270	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000	\$ 28,1 \$ 145,1 \$ 2,0 \$ 109,1 \$ 210,1 \$ 128,0 \$ 65,0 \$ 1,430,1 \$ 5,865,8



OPERATOR Riley Permian Operating Compar	١٧											AFE NO.			ATE 3/2023
Kiley Permian Operating Compar WELL NAME & NUMBER	ıy					PROPOSED TVE	)		PROPOSED ME	ASURI	ED DEPTH	FIELD/PRO	SPECT	12/8	12023
Walter 182710111 15H						3,600			10,250	AOOIN	LD DEI III	Red Lake	01 201		
COUNTY STATE						0,000			COMPLETED LA	TERA		PROPOSED F	ORMATION		
Eddy NM									6,250			Yeso			
LOCATION									CLASSIFICATIO	N		Surface LAT:			
									Develop	mer	ıt	Surface LONG:			
	INTANG	IBLES				D	RIL	LING	СОМ			FACI	LITIES		
DESCRIPTION						ACCOUNT		AMOUNT	ACCOUNT	4	MOUNT	ACCOUNT	AMOUNT	то	TAL
Permits & Surveys						850.010	\$	25,000	855.010	\$	-	825.010	\$ -	\$	25,000
Drilling Title Opinion						850.020	\$	65,000					·	\$	65,000
Location, Roads, & Pits						850.030	\$	125,000	855.030	\$	-	825.030	\$ 10,000	\$	135,000
Insurance & Bonds						850.040	\$	4,000	855.040	\$	-			\$	4,000
Rig Mobilization	40					850.050	\$	85,000	855.050	\$	-			\$	85,000
	13 days @ 00 feet @	\$ 20,000	/day /ft			850.060 850.070	\$	260,000	855.060	\$	-			\$	260,000
Footage Drilling 100 Turnkey Drilling	oo leet @		/IL			850.080	\$							\$	
Bits						850.090	\$	34,500						\$	34,500
Directional Services						850.095	\$	155,000							155,000
Mud & Chemicals						850.100	\$	35,000						\$	35,000
Solids Control Services						850.105	\$	45,000						\$	45,000
Coil Tbg/Snubbing									855.110	\$	-			\$	
	<b>00</b> gal/day @	\$ 3.50	/day			850.111	\$	63,700	855.111	\$	153,000	925 420	¢ 2.000		216,700
Water - Fresh Kill Weight Fluids						850.120 850.125	\$	10,000 25,000	855.120 855.125	\$	241,800	825.120	\$ 2,000	\$	253,800
	urf \$ 16,000	Int	\$ 14,000	Prod Csg	\$ 80,000	850.130	\$	110,000	000.120	Ψ	۷,000				110,000
	urf \$ 2,500		\$ 2,500	Prod		850.135	\$	40,000						\$	40,000
Open Hole Logs	. , , ,		, ,			850.140	\$	-						\$	-
Completion Fluids									855.140	\$	269,000				269,000
Mud Logging						850.150	\$	13,400						\$	13,400
Coring						850.160	\$	20.700	0EE 400	r	157 000	005 400	¢ 40.000	\$	100 700
Surface Equip Rentals  Downhole Equip Rentals						850.180 850.185	\$	29,700 30,000	855.180 855.185	\$	157,000 75,000	825.180	\$ 12,000		198,700
Transportation						850.190	\$	20,000	855.190	\$	20,000	825.190	\$ 20,000	\$	60,000
Living Quarters						850.200	\$	50,000	855.200	\$	2,500	020.100	Ψ 20,000	\$	52,500
Safety						850.205	\$	-			,			\$	-
Contract Services						850.210	\$	43,000	855.210	\$	187,000	825.210	\$ 55,000	\$	285,000
Tubular Inspections						850.215	\$	13,000	855.215	\$	8,000			\$	21,000
Consulting Engineer						850.220	\$	35,300	055 005		= 1 000	205 205	•	\$	35,300
On-Site Supervision Consulting Geologist						850.225 850.230	\$	57,600	855.225	\$	54,000	825.225	\$ -	\$	111,600
Consulting Geologist  Company Labor						850.245	\$	5,000	855.245	\$	8,000	825.245	\$ 5,000	\$	18,000
Plug & Abandonment						850.270	\$	3,000	055.245	Ψ	0,000	023.243	ψ 3,000	\$	- 10,000
Surface Damages						850.280	\$	38,000	855.280	\$	-	825.280	\$ -	\$	38,000
Fluid Haul & Disposal						850.290	\$	75,000	855.290	\$	25,000	825.290	\$ 3,000	\$	103,000
Water Transfer Services						850.291	\$	-	855.291	\$	86,000			\$	86,000
Overhead						850.300	\$	2,300	855.300	\$	5,400	825.300	\$ 8,100	\$	15,800
Completion Unit Plugs, Perfs & Cased Hole Wireline									855.310 855.325	\$	132,000				132,000
Acidizing									855.340	\$	188,000 9,500			\$	188,000 9,500
	00 Stage Spacir	na		31	Stages				855.350	-	1,203,000				,203,000
EHS & Regulatory	oo maga apasa	-3		-		850.700	\$	-	855.700		-			\$	-
Spills & Environmental Response						850.701	\$	-	855.701	\$	-			\$	-
Safety						850.702	\$	-	855.702	\$	8,000			\$	8,000
Regulatory						850.703	\$	-	855.703	\$	-			\$	-
Environmental Compliance				TOTAL	NEANOIDI EO	850.704	\$	-	855.704	\$	-			\$	-
	TANOU	DI E0		IOIALI	NTANGIBLES	-	\$	1,494,500	0014		2,826,200	F40	\$ 115,100	\$ 4,	,435,800
	TANGI	BLES				וט	RIL	LING	СОМ	PLE	IION	FAC	LITIES	то	TAL
DESCRIPTION	SIZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT		AMOUNT	ACCOUNT	4	MOUNT	ACCOUNT	AMOUNT	10	· AL
Conductor Pipe	16				90	860.010	\$	25,000						\$	25,000
Surface Casing	13 3/8	48.0	J-55	79.00	375	860.020	\$	30,000						\$	30,000
Intermediate Casing	9 5/8	36.0	J-55	61.00	1,230	860.030	\$	75,000						\$	75,000
Production Casing -top string	7	32.0	L-80	50.00	3,200	860.040	\$	160,000						\$	160,000
	5 1/2	20.0	L-80	37.00	6,970	860.041	\$	258,000							258,000
Production Casing -bottom string						860.050	\$	5,000						\$	5,000
Casing Head Spools	2 7/8	0.5	1.00	10.00	2.000	860.060	\$	-	065 400	•	24.000			\$	24.00
Casing Head Spools Liners & Hangers	, ,,,,	6.5	L-80	10.20	3,000	860.070	\$		865.120 865.070	\$	31,000			\$	31,000
Casing Head Spools Liners & Hangers Production Tubing	2 110					000.070	φ	-	865.250	\$	20,000			\$	20,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment	2110								865.100	\$	24,000			\$	24,000
Casing Head Spools Liners & Hangers Production Tubing	2110						\$	28,000			,			\$	28,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors	2 110					860.130	Ψ		. —	Φ.	445 000				145,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ									865.155	\$	145,000			\$	
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equition-controllable (Well)						860.080	\$	-			145,000				
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment								2,000	865.155 865.090	\$	145,000	826.090	\$ -	\$	
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways	uipment	\ \				860.080	\$	2,000			145,000	826.150	\$ 109,000	\$	109,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equ Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, oth	uipment er misc. equipt					860.080	\$	2,000			-	826.150 826.200	\$ 109,000 \$ 210,000	\$ \$	109,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equipment Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, oth Separators, Heater Treaters, FWKO,	uipment er misc. equipt					860.080	\$	2,000			-	826.150 826.200 826.210	\$ 109,000 \$ 210,000 \$ 128,000	\$ \$ \$	109,000 210,000 128,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equinon-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, oth	uipment er misc. equipt					860.080	\$	2,000			50,000	826.150 826.200	\$ 109,000 \$ 210,000	\$ \$ \$ \$	2,000 109,000 210,000 128,000 65,000 115,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equipment Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, oth Separators, Heater Treaters, FWKO, Meters & Meter Runs	uipment er misc. equipt			TOTAI	- TANGIBLES	860.080	\$	2,000 583,000	865.090	\$	-	826.200 826.210 826.240	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000	\$ \$ \$ \$	109,000 210,000 128,000 65,000
Casing Head Spools Liners & Hangers Production Tubing Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole Equipment Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, oth Separators, Heater Treaters, FWKO, Meters & Meter Runs	uipment er misc. equipt Flare, & Comb				TANGIBLES	860.080	\$		865.090	\$ \$ \$	50,000	826.150 826.200 826.210 826.240	\$ 109,000 \$ 210,000 \$ 128,000 \$ 65,000 \$ 65,000	\$ \$ \$ \$ \$ \$	109,000 210,000 128,000 65,000 115,000



Riley Permian Operating Comp	any														12/8	8/2023
VELL NAME & NUMBER	-					PROPOSED TVD			PROPOSED ME	ASURE	D DEPTH	FIELD/PRO	OSPEC <sup>*</sup>	г		
Valter 182710111 22H						3,600			10,250			Red Lake				
OUNTY STA									COMPLETED LA	ATERAL		PROPOSED	FORMA I	TION		
Eddy NN	VI								6,250			Yeso				
OCATION									CLASSIFICATIO			Surface LAT:				
	INTANG	IRI FS				n	RILLING		Develop COM			Surface LONG: FAC	II ITI	FS I		
DESCRIPTION	INTANG	IDLLS				ACCOUNT		DUNT	ACCOUNT		MOUNT	ACCOUNT		MOUNT	TC	OTAL
Permits & Surveys						850.010	\$	25,000	855.010	\$	WICON I	825.010	\$	JOUNI	\$	25,00
Drilling Title Opinion						850.020	\$	65,000	000.010	Ψ		020.010	Ψ		\$	65,00
Location, Roads, & Pits						850.030	\$	125,000	855.030	\$	-	825.030	\$	10,000	\$	135,00
nsurance & Bonds				1		850.040	\$	4,000	855.040	\$	-				\$	4,00
Rig Mobilization						850.050	\$	85,000	855.050	\$	-				\$	85,00
Dayrate Drilling Rig	13 days @	\$ 20,000				850.060	\$	260,000	855.060	\$	-				\$	260,00
	0000 feet @		/ft			850.070	\$								\$	-
Furnkey Drilling Bits						850.080 850.090	\$	34,500							\$	34,50
Directional Services						850.095	\$	155,000						-	\$	155,00
Mud & Chemicals						850.100	\$	35,000							\$	35,00
Solids Control Services						850.105	\$	45,000							\$	45,00
Coil Tbg/Snubbing									855.110		-				\$	-
	<b>1400</b> gal/day @	\$ 3.50	/day			850.111	\$	63,700	855.111	\$	153,000				\$	216,70
Water - Fresh						850.120	\$	10,000	855.120	\$	241,800	825.120	\$	2,000	\$	253,80
Camenting Sycs	Surf \$ 16,000	غما	\$ 14,000	Prod Csg	\$ 80,000	850.125 850.130	\$	25,000	855.125	\$	2,000				\$	27,00
Cementing Svcs Casing Hardware	Surf \$ 16,000 Surf \$ 2,500		\$ 14,000	Proa Csg Prod		850.130 850.135	\$	110,000 40,000							\$	110,00
Open Hole Logs	3απ <b>ψ 2,300</b>	mr.	Ψ <b>2</b> ,300	7 700	ψ 55,000	850.140	\$								\$	-0,00
Completion Fluids									855.140	\$	269,000				\$	269,00
Mud Logging						850.150	\$	13,400							\$	13,40
Coring					·	850.160	\$								\$	
Surface Equip Rentals						850.180	\$	29,700	855.180	\$	157,000	825.180	\$	12,000	\$	198,70
Downhole Equip Rentals  Fransportation						850.185 850.190	\$	30,000 20,000	855.185 855.190	\$	75,000 20,000	825.190	\$	20,000	\$	105,00
iransportation Living Quarters						850.190	\$	50,000	855.200	\$	2,500	825.190	Ф	20,000	\$	52,50
Safety						850.205	\$	- 30,000	000.200	Ψ	2,500				\$	-
Contract Services						850.210	\$	43,000	855.210	\$	187,000	825.210	\$	55,000	\$	285,00
Гubular Inspections						850.215	\$	13,000	855.215	\$	8,000				\$	21,00
Consulting Engineer						850.220	\$	35,300							\$	35,30
On-Site Supervision						850.225	\$	57,600	855.225	\$	54,000	825.225	\$		\$	111,60
Consulting Geologist						850.230	\$		0FE 04F	e	0.000	025.045	o	E 000	\$	10.00
Company Labor Plug & Abandonment						850.245 850.270	\$	5,000	855.245	\$	8,000	825.245	\$	5,000	\$	18,00
Surface Damages						850.280	\$	38,000	855.280	\$	_	825.280	\$		\$	38,00
Fluid Haul & Disposal						850.290	\$	75,000	855.290	\$	25,000	825.290	\$	3,000	\$	103,00
Water Transfer Services						850.291	\$	-	855.291	\$	86,000				\$	86,00
Overhead		-		-		850.300	\$	2,300	855.300	\$	5,400	825.300	\$	8,100	\$	15,80
Completion Unit									855.310	\$	132,000				\$	132,00
Plugs, Perfs & Cased Hole Wireline									855.325 855.340	\$	188,000				\$	188,00
Acidizing Fracturing	200 Stage Spacir	na		31	Stages				855.340 855.350		9,500					9,50
EHS & Regulatory	_oo olage opacii	·a		J1	Jugos	850.700	\$		855.700		-				\$	-,200,00
Spills & Environmental Response							\$		855.701		-				\$	-
Safety						850.702	\$		855.702	\$	8,000				\$	8,00
Regulatory					·	850.703	\$		855.703						\$	-
Environmental Compliance						850.704	\$		855.704						\$	-
	=,	DI FA		TOTAL I	NTANGIBLES	-		,494,500	-		2,826,200				\$ 4	4,435,80
	TANGII	BLES				D	RILLING		СОМ	PLET	ION	FAC	ILITI	ŁS	T	OTAL
DESCRIPTION	SIZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT	AMC	DUNT	ACCOUNT	Α	MOUNT	ACCOUNT	ΑN	MOUNT	10	JIAL
Conductor Pipe	16				90	860.010	\$	25,000							\$	25,00
Surface Casing	13 3/8	48.0	J-55	79.00	375	860.020	\$	30,000							\$	30,00
ntermediate Casing	9 5/8	36.0	J-55	61.00	1,230	860.030	\$	75,000							\$	75,00
Production Casing -top string	7	32.0	L-80	50.00	3,200	860.040	\$	160,000							\$	160,00
Production Casing -bottom string	5 1/2	20.0	L-80	37.00	6,970	860.041	\$	258,000							\$	258,00
Casing Head Spools						860.050	\$	5,000							\$	5,00
iners & Hangers	0 = 10	0.5	1.00	40.00	0.000	860.060	\$		005 400	_	04.000				\$	04.00
Production Tubing	2 7/8	6.5	L-80	10.20	3,000	960 070	¢		865.120	\$	31,000				\$	31,00
Other Wellhood Equipment						860.070	\$		865.070 865.250	\$	20,000				\$	20,00
									865.100	\$	24,000				\$	24,00
lowline & Connectors						860.130	\$	28,000		Ť	.,500				\$	28,00
lowline & Connectors Production Wellhead									865.155	\$	145,000				\$	145,00
lowline & Connectors Production Wellhead ubing Head	quipment				_	860.080	\$	-							\$	
Production Wellhead Tubing Head Tubing Head Tubing Lift -Surface & Downhole E Tubing Head Tubical Lift -Surface & Downhole E	quipment					860.090	\$	2,000	865.090	\$	-	826.090	\$		\$	2,00
Flowline & Connectors Production Wellhead  Tubing Head  Tubing Head  Tubing Lift -Surface & Downhole E	quipment											826.150			\$	109,00
Flowline & Connectors Production Wellhead Fubing Head Artificial Lift -Surface & Downhole E Jon-controllable (Well) Aliscellaneous Equipment Fanks, Stairs, & Walkways															\$	210,0
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole El Jon-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, o	ther misc. equipt											826.200			Φ.	120 0
Other Wellhead Equipment Flowline & Connectors Production Wellhead Fubing Head Artificial Lift -Surface & Downhole E Non-controllable (Well) Miscellaneous Equipment Fanks, Stairs, & Walkways Production Facility (pipes, valves, o Separators, Heater Treaters, FWKO	ther misc. equipt											826.210	\$	128,000	\$	
Flowline & Connectors Production Wellhead  Libing Head  L	ther misc. equipt								865.270	\$	50.000	826.210 826.240	\$	128,000 65,000	\$	65,00
Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downhole El Jon-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valves, o	ther misc. equipt			TOTAI	_ TANGIBLES		\$	583,000	865.270	\$	50,000 <b>270,000</b>	826.210	\$ \$ \$	128,000 65,000 65,000	\$ \$	128,00 65,00 115,00 <b>1,430,00</b>
Flowline & Connectors Production Wellhead Flowling Head Fl	ther misc. equipt				_ TANGIBLES			583,000 077,500	865.270	\$		826.210 826.240	\$ \$ \$	128,000 65,000 65,000 <b>577,000</b>	\$ \$ <b>\$</b> 1	65,00 115,00



operator Riley Permian Operating Co	mpany												AFE NO.			12	DATE 2/8/2023
WELL NAME & NUMBER							PROPOSED TVE	)		PROPOSED ME	ASURE	D DEPTH	FIELD/PRO	SPEC	т		
Walter 182710111 24H							3,600			10,250			Red Lake				
COUNTY	STATE									COMPLETED LA	TERAL		PROPOSED	ORMA	TION		
Eddy	NM									6,250			Yeso				
LOCATION										CLASSIFICATIO	N		Surface LAT:				
										Develop			Surface LONG:				
	INT	ANG	IBLES				D	RIL	LING	COM	PLE	ΓΙΟΝ	FAC	ILITI	ES	т	OTAL
DESCRIPTION							ACCOUNT		AMOUNT	ACCOUNT	Α	MOUNT	ACCOUNT	Al	MOUNT	'	OTAL
Permits & Surveys							850.010	\$	25,000	855.010	\$	-	825.010	\$	-	\$	25,000
Drilling Title Opinion					1		850.020	\$	65,000							\$	65,000
Location, Roads, & Pits							850.030	\$	125,000	855.030	\$	-	825.030	\$	10,000	\$	135,000
Insurance & Bonds Rig Mobilization							850.040 850.050	\$	4,000 85,000	855.040 855.050	\$	-				\$	4,000 85,000
Dayrate Drilling Rig	<b>13</b> days (		\$ 20,000	/day			850.060	\$	260,000	855.060	\$					\$	260,000
Footage Drilling	10000 feet @			/ft			850.070	\$	-		-					\$	
Turnkey Drilling							850.080	\$	-							\$	-
Bits							850.090	\$	34,500							\$	34,500
Directional Services							850.095	\$	155,000							\$	155,000
Mud & Chemicals							850.100	\$	35,000							\$	35,000
Solids Control Services Coil Tbg/Snubbing							850.105	\$	45,000	855.110	\$					\$	45,000
Fuel	<b>1400</b> gal/da		\$ 3.50	/dav			850.111	\$	63,700	855.111	\$	153,000				\$	216,700
Water - Fresh	. 200 gairda	<u>, w</u>	- 5.00	. 201			850.120	\$	10,000	855.120	\$	241,800	825.120	\$	2,000	\$	253,800
Kill Weight Fluids							850.125	\$	25,000	855.125	\$	2,000			,,,,,,	\$	27,000
Cementing Svcs	Surf <b>\$ 1</b>			\$ 14,000	Prod Csg		850.130	\$	110,000			·				\$	110,000
Casing Hardware	Surf \$	2,500	Int	\$ 2,500	Prod	\$ 35,000	850.135	\$	40,000							\$	40,00
Open Hole Logs							850.140	\$	-	055 112	•	000 000				\$	-
Completion Fluids							050 150	•	12 400	855.140	\$	269,000				\$	269,000
Mud Logging Coring							850.150 850.160	\$	13,400							\$	13,400
Surface Equip Rentals							850.180	\$	29,700	855.180	\$	157,000	825.180	\$	12,000	\$	198,700
Downhole Equip Rentals							850.185	\$	30,000	855.185	\$	75,000		7	,	\$	105,000
Transportation							850.190	\$	20,000	855.190	\$	20,000	825.190	\$	20,000	\$	60,000
Living Quarters							850.200	\$	50,000	855.200	\$	2,500				\$	52,500
Safety							850.205	\$	-							\$	-
Contract Services							850.210	\$	43,000	855.210	\$	187,000	825.210	\$	55,000	\$	285,000
Tubular Inspections Consulting Engineer							850.215 850.220	\$	13,000 35,300	855.215	\$	8,000				\$	21,000 35,300
On-Site Supervision							850.225	\$	57,600	855.225	\$	54,000	825.225	\$		\$	111,600
Consulting Geologist							850.230	\$	-	000.220	Ť	01,000	OZO:ZZO	•		\$	-
Company Labor							850.245	\$	5,000	855.245	\$	8,000	825.245	\$	5,000	\$	18,000
Plug & Abandonment							850.270	\$	-							\$	-
Surface Damages							850.280	\$	38,000	855.280	\$	-	825.280	\$	-	\$	38,000
Fluid Haul & Disposal							850.290	\$	75,000	855.290	\$	25,000	825.290	\$	3,000	\$	103,000
Water Transfer Services Overhead							850.291 850.300	\$	2,300	855.291 855.300	\$	86,000 5,400	825.300	\$	8,100	\$	86,000 15,800
Completion Unit							030.300	Ψ	2,300	855.310	\$	132,000	023.300	Ψ	0,100	\$	132,000
Plugs, Perfs & Cased Hole Wire	eline									855.325	\$	188,000				\$	188,000
Acidizing										855.340	\$	9,500				\$	9,500
Fracturing	200 Stage	Spacin	ıg		31	Stages				855.350	\$ ^	1,203,000				\$	1,203,000
EHS & Regulatory							850.700		-	855.700		-				\$	-
Spills & Environmental Respons	se						850.701	\$	-	855.701		- 0.000				\$	- 0.000
Safety							850.702 850.703	\$	-	855.702 855.703	-	8,000				\$	8,000
Regulatory Environmental Compliance							850.703 850.704	\$	-	855.703 855.704		-				\$	-
rommontar compliance					TOTAL I	NTANGIBLES	550.704	\$	1,494,500	555.704		2,826,200		\$	115,100		4,435,800
	T/	ANGIE	3LES				ח	_	LING	COM			FAC			Ť	.,,
								- •• <b>-</b>								Т	OTAL
DESCRIPTION	S	IZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT	1	AMOUNT	ACCOUNT	Α	MOUNT	ACCOUNT	Al	MOUNT	L	
Conductor Pipe	16					90	860.010	\$	25,000							\$	25,000
Surface Casing		3/8	48.0	J-55	79.00	375	860.020	\$	30,000			-				\$	30,000
Intermediate Casing		5/8	36.0	J-55	61.00	1,230	860.030	\$	75,000							\$	75,000
Production Casing -top string	7		32.0	L-80	50.00	3,200	860.040	\$	160,000							\$	160,000
Production Casing -bottom strin	y   5	1/2	20.0	L-80	37.00	6,970	860.041 860.050	\$	258,000 5,000							\$	258,000 5,000
Casing Head Spools Liners & Hangers							860.050	\$	5,000							\$	5,000
	2	7/8	6.5	L-80	10.20	3,000	000.000	φ	-	865.120	\$	31,000				\$	31,000
Production Lubina		.,,	0.0		.0.20	3,000	860.070	\$	-	865.070	\$					\$	01,000
								Ĺ		865.250	\$	20,000				\$	20,000
Other Wellhead Equipment										865.100	\$	24,000				\$	24,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead							860.130	\$	28,000							\$	28,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head							060.000	•		865.155	\$	145,000				\$	145,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho	le Equipment						860.080	\$	2.000	965 000	¢		926 000	¢		\$	2,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well)	le Equipment						860.090	\$	2,000	865.090	\$	-	826.090 826.150	\$	109,000	\$	109,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment	ole Equipment												826.200			\$	210,00
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways		equint)	1														
Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment	es, other misc.												826.210			\$	128,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve	es, other misc.														128,000	\$	
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, Fi Meters & Meter Runs	es, other misc. WKO, Flare, &									865.270	\$	50,000	826.210	\$ \$	128,000 65,000 65,000	\$ \$	65,000 115,000
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, F' Meters & Meter Runs Electrical & SCADA Automation	es, other misc. WKO, Flare, &					_ TANGIBLES		\$	583,000	865.270	\$	270,000	826.210 826.240	\$ \$ \$	128,000 65,000 65,000 <b>577,000</b>	\$ \$	128,000 65,000 115,000 <b>1,430,000</b>
Other Wellhead Equipment Flowline & Connectors Production Wellhead Tubing Head Artificial Lift -Surface & Downho Non-controllable (Well) Miscellaneous Equipment Tanks, Stairs, & Walkways Production Facility (pipes, valve Separators, Heater Treaters, Fi Meters & Meter Runs Electrical & SCADA Automation	es, other misc. WKO, Flare, &					_ TANGIBLES		\$		865.270	\$ \$3,		826.210 826.240 826.270	\$ \$ \$	128,000 65,000 65,000 <b>577,000</b>	\$ \$ \$ \$	65,000 115,000