

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

**APPLICATION OF SPUR ENERGY  
PARTNERS LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22274,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23216  
ORDER NO. R-22274**

**EXHIBIT INDEX**

|           |   |
|-----------|---|
| Exhibit A | Self-Affirmed Statement of Rett Dalton                                  |
| A-1       | Application and Proposed Notice of Hearing                              |
| A-2       | Order No. R-22274   |
| A-3       | Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled |
| A-4       | Well Proposal Letter and AFEs   |
| A-5       | Chronology of Contact   |
| Exhibit B | Self-Affirmed Statement of Dana S. Hardy                                |
| B-1       | Notice Letter   |
| B-2       | Copy of Certified Mail and Mail Receipts                                |

**STATE OF NEW MEXICO  
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EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23216  
ORDER NO. R-22274**

**SELF-AFFIRMED STATEMENT  
OF RETT DALTON**

1. I am a Senior Landman with 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 land matters involved in this case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. On September 2, 2022, the Division entered Order No. R-22274 (“Order”) in Case No. 22598. The Order pooled all uncommitted interests in the Yeso formation from a depth of approximately 4,130’ to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) underlying a 320-acre, more or less, overlapping spacing unit comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Blalock 32 State Com #50H, Blalock 32 State Com #70H, and Blalock 32 State Com #90H wells (“Wells”) and designated Applicant as operator of the Unit and the Wells.

**Spur Energy Partners LLC  
Case No. 23216  
Exhibit A**

5. A copy of the Order is attached as **Exhibit A-2**.
6. Since the Order was entered, Spur has identified additional interests in the Unit that have not been pooled under the terms of the Order.
7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interest to be pooled under the terms of the Order, which is highlighted in green. The additional interest owner to be pooled is locatable.
8. **Exhibit A-4** is a well proposal letter and authorization for expenditure that I sent to the additional party to be pooled under the terms of the Order.
9. In my opinion, Spur made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.
10. Spur requests the additional uncommitted interest be pooled under the terms of the Order.
11. In my opinion, the granting of Spur's application would serve the interests of conservation and prevention of waste.
12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
13. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

  
Rett Dalton

11-14-2022  
Date

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

**APPLICATION OF SPUR ENERGY  
PARTNERS LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22274,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23216  
ORDER NO. R-22274**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Spur Energy Partners LLC (“Applicant”) (OGRID No. 338479) files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-22274. Applicant states the following in support of its application.

1. On September 2, 2022, the Division entered Order No. R-22274 (“Order”) in Case No. 22598. The Order pooled all uncommitted interests in the Yeso formation from a depth of approximately 4,130’ to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) underlying a 320-acre, more or less, overlapping spacing unit comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Blalock 32 State Com #50H, Blalock 32 State Com #70H, and Blalock 32 State Com #90H wells (“Wells”) and designated Applicant as operator of the Unit and the Wells.

2. Since the Order was entered, Applicant has identified additional interests in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

**Spur Energy Partners LLC  
Case No. 23216  
Exhibit A-1**

4. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled in the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on December 1, 2022, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22274.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

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*Counsel for Spur Energy Partners LLC*

**Application of Spur Energy Partners LLC to Pool Additional Interests Under Order No. R-22274, Eddy County, New Mexico.** Applicant seeks an order pooling additional uncommitted interests under the terms of Division Order No. R-22274. Order No R-22274 (“Order”) pooled all uncommitted interest in the Yeso formation from a depth of approximately 4,130’ to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) underlying a 320-acre, more or less, overlapping spacing unit comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Blalock 32 State Com #50H; Blalock 32 State Com #70H; and Blalock 32 State Com #90H wells (“Wells”) and designated Applicant as operator of the Unit and the Wells. Since entry of the Order, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 13 miles south of Artesia, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SPUR ENERGY PARTNERS, LLC**

**CASE NO. 22598  
ORDER NO. R-22274**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on June 2, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Spur Energy Partners LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

**Spur Energy Partners LLC  
Case No. 23216  
Exhibit A-2**

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

- well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
  25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
  26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
  27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
  28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
  29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR

AES/jag

Date: 9/02/2022

CASE NO. 22598  
ORDER NO. R-22274

Page 4 of 7

## Exhibit A

Received by OCD: 5/31/2022 6:07:48 PM

Page 6 of 93

| <b>COMPULSORY POOLING APPLICATION CHECKLIST</b>                                  |   |
|--|---|
| <b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b> |   |
| <b>Case: 22598 (Deep Unit)</b>   | <b>APPLICANT'S RESPONSE</b>   |
| <b>Date</b>  | June 2, 2022  |
| <b>Applicant</b>   | Spur Energy Partners LLC  |
| <b>Designated Operator &amp; OGRID (affiliation if applicable)</b>               | OGRID 338479  |
| <b>Applicant's Counsel:</b>  | Holland & Hart LLP  |
| <b>Case Title:</b>   | APPLICATION OF SPUR ENERGY PARTNERS, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.   |
| <b>Entries of Appearance/Intervenors:</b>  | Contango Oil & Gas, Apache Corp., Jalapeno Corp.  |
| <b>Well Family</b>   | Blalock 32 State  |
| <b>Formation/Pool</b>  |   |
| <b>Formation Name(s) or Vertical Extent:</b>                                     | Yeso formation; from the depth of 4,130 feet to the base of the Yeso formation.   |
| <b>Primary Product (Oil or Gas):</b>   | Oil   |
| <b>Pooling this vertical extent:</b>   | Yeso formation; from the depth of 4,130 feet to the base of the Yeso formation.   |
| <b>Pool Name and Pool Code:</b>  | Artesia; Glorieta-Yeso Pool (Pool Code 96830)   |
| <b>Well Location Setback Rules:</b>  | Statewide oil   |
| <b>Spacing Unit Size:</b>  | 320 acres, more or less   |
| <b>Spacing Unit</b>  |   |
| <b>Type (Horizontal/Vertical)</b>  | Horizontal  |
| <b>Size (Acres)</b>  | 320 acres, more or less   |
| <b>Building Blocks:</b>  | 40 acres  |
| <b>Orientation:</b>  | West to East  |
| <b>Description: TRS/County</b>   | N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.   |
| <b>Standard Horizontal Well Spacing Unit (Y/N), If No, describe</b>              | Yes   |
| <b>Other Situations</b>  |   |
| <b>Depth Severance: Y/N. If yes, description</b>                                 | Yes; at 4,130 feet.   |
| <b>Proximity Tracts: If yes, description</b>                                     | Yes; The completed interval of the Blalock 32 State #90H well will remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit. |
| <b>Proximity Defining Well: if yes, description</b>                              | Blalock 32 State #90H well  |
| <b>Applicant's Ownership in Each Tract</b>                                       | Exhibit C-2   |
| <b>Well(s)</b>   |   |

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CASE NO. 22598  
ORDER NO. R-22274

Page 5 of 7

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| <i>Received by OCD: 5/31/2022 6:07:48 PM</i>   |   | <i>Page 7 of 93</i> |  |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed   |                     |  |
| Well #1  | Blalock 32 State #50H well<br>SHL: 1864' FNL, 1085' FEL (Unit H), Sec. 31, T17S, R28E.<br>BHL: 2200' FNL, 50' FEL (Unit H), Sec. 32, T17S, R28E.<br><br>Completed Target: Yeso Formation<br>Orientation: west to east<br>Completion Status: Expected to be standard |                     |  |
| Well #2  | Blalock 32 State #70H well<br>SHL: 671' FNL, 973' FEL (Unit A), Sec. 31, T17S, R28E.<br>BHL: 750' FNL, 50' FEL (Unit A), Sec. 32, T17S, R28E.<br><br>Completed Target: Yeso Formation<br>Orientation: west to east<br>Completion Status: Expected to be standard    |                     |  |
| Well #3  | Blalock 32 State #90H well<br>SHL: 1825' FNL, 1093' FEL (Unit H), Sec. 31, T17S, R28E.<br>BHL: 1500' FNL, 50' FEL (Unit H), Sec. 32, T17S, R28E.<br><br>Completed Target: Yeso Formation<br>Orientation: west to east<br>Completion Status: Expected to be standard |                     |  |
| Horizontal Well First and Last Take Points   | Exhibit C-2   |                     |  |
| Completion Target (Formation, TVD and MD)  | Exhibit C-4   |                     |  |
| <b>AFE Capex and Operating Costs</b>   |   |                     |  |
| Drilling Supervision/Month \$  | \$8,000   |                     |  |
| Production Supervision/Month \$  | \$800   |                     |  |
| Justification for Supervision Costs  | Exhibit C   |                     |  |
| Requested Risk Charge  | 200%  |                     |  |
| <b>Notice of Hearing</b>   |   |                     |  |
| Proposed Notice of Hearing   | Exhibit B   |                     |  |
| Proof of Mailed Notice of Hearing (20 days before hearing)   | Exhibit E   |                     |  |
| Proof of Published Notice of Hearing (10 days before hearing)  | Exhibit F   |                     |  |
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Received by OCD: 5/31/2022 6:07:48 PM

Page 8 of 93

|  |  |
|--|--|
| Land Ownership Schematic of the Spacing Unit   | Exhibit C-3  |
| Tract List (including lease numbers and owners)  | Exhibit C-3  |
| Pooled Parties (including ownership type)  | Exhibit C-3  |
| Unlocatable Parties to be Pooled   | Exhibit C-3  |
| Ownership Depth Severance (including percentage above & below)   | Exhibit C-3  |
| <b>Joinder</b>   |  |
| Sample Copy of Proposal Letter   | Exhibit C-4  |
| List of Interest Owners (ie Exhibit A of JOA)  | Exhibit C-3  |
| Chronology of Contact with Non-Joined Working Interests  | Exhibit C-5  |
| Overhead Rates In Proposal Letter  | Exhibit C-4  |
| Cost Estimate to Drill and Complete  | Exhibit C-4  |
| Cost Estimate to Equip Well  | Exhibit C-4  |
| Cost Estimate for Production Facilities  | Exhibit C-4  |
| <b>Geology</b>   |  |
| Summary (including special considerations)   | Exhibit D  |
| Spacing Unit Schematic   | Exhibit D-2  |
| Gunbarrel/Lateral Trajectory Schematic   | Exhibit D-5  |
| Well Orientation (with rationale)  | Exhibit D  |
| Target Formation   | Exhibit D-3  |
| HSU Cross Section  | Exhibit D-3  |
| Depth Severance Discussion   | Exhibit D, D-4, D-5  |
| <b>Forms, Figures and Tables</b>   |  |
| C-102  | Exhibit C-2  |
| Tracts   | Exhibit C-3  |
| Summary of Interests, Unit Recapitulation (Tracts)   | Exhibit C-3  |
| General Location Map (including basin)   | Exhibit D-2  |
| Well Bore Location Map   | Exhibit D-2  |
| Structure Contour Map - Subsea Depth   | Exhibit D-3  |
| Cross Section Location Map (including wells)   | Exhibit D-2  |
| Cross Section (including Landing Zone)   | Exhibit D-4  |
| <b>Additional Information</b>  |  |
| Special Provisions/Stipulations  |  |
| <b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b> |  |
| <b>Printed Name</b> (Attorney or Party Representative):  | Adam G. Rankin   |
| <b>Signed Name</b> (Attorney or Party Representative):   |  |
| <b>Date:</b>   | 2-Jun-22   |

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CASE NO. 22598  
ORDER NO. R-22274

PLAT OF

320.00 acres of land, more or less, being the N/2 of Section 32 , Township 17 South, Range 28 East, Eddy County, New Mexico



**Blalock - Leases - N/2 Sec. 32-17S-28E**

Case Number 23215 - From the top of the Yeso formation to 4,100'  
Blalock 32 State #1H, 10H, 11H

Case Number 23216 - From 4,130' to the base of the Yeso formation  
Blalock 32 State #50H, 70H, 90H

Spur Energy Partners LLC  
Case No. 23216  
Exhibit A-3

**BLALOCK DEEP (4,130'-to base of Yeso)- TRACT/DSU WORKING INTEREST SUMMARY**

| TRACT NUMBER  | LOCATION  | SECTION    | ACRES |
|---------------|-----------|------------|-------|
| TRACT 1       | NE/4      | 32-175-28E | 160   |
| TRACT 2A DEEP | NE/4 NW/4 | 32-175-28E | 40    |
| TRACT 2B DEEP | NW/4 NW/4 | 32-175-28E | 40    |
| TRACT 3       | SW/4 NW/4 | 32-175-28E | 40    |
| TRACT 4       | SE/4 NW/4 | 32-175-28E | 40    |
|               |           |            | 320   |

| Parties pooled by Order R-22274 are highlighted in YELLOW         |    | Operating Rights Ownership |                     |                     |
|---|----|----------------------------|---------------------|---------------------|
| Party seeking to be pooled by Case #23216 is highlighted in GREEN |    | WI                         | Gross Ac            | Net Ac              |
| <b>TRACT 1</b>  |    |                            |                     |                     |
| ZPZ Delaware I LLC  | WI | 0.30000000                 | 160.00000000        | 48.00000000         |
| SEP Permian LLC   | WI | 0.20000000                 | 160.00000000        | 32.00000000         |
| EOG Resources, Inc.   | WI | 0.18055556                 | 160.00000000        | 28.88888960         |
| WPX Energy Permian, LLC   | WI | 0.15972222                 | 160.00000000        | 25.55555520         |
| Chase Oil Corporation   | WI | 0.15972222                 | 160.00000000        | 25.55555520         |
| <b>TOTAL</b>  |    | <b>1.00000000</b>          | <b>160.00000000</b> | <b>160.00000000</b> |
| <b>TRACT 2A DEEP</b>  |    |                            |                     |                     |
| EOG Resources, Inc.   | WI | 0.87500000                 | 40.00000000         | 35.00000000         |
| Read & Stevens, Inc.  | WI | 0.12500000                 | 40.00000000         | 5.00000000          |
| <b>TOTAL</b>  |    | <b>1.00000000</b>          | <b>40.00000000</b>  | <b>40.00000000</b>  |
| <b>TRACT 2B DEEP</b>  |    |                            |                     |                     |
| EOG Resources, Inc.   | WI | 0.87500000                 | 40.00000000         | 35.00000000         |
| Read & Stevens, Inc.  | WI | 0.12500000                 | 40.00000000         | 5.00000000          |
| <b>TOTAL</b>  |    | <b>1.00000000</b>          | <b>40.00000000</b>  | <b>40.00000000</b>  |
| <b>TRACT 3</b>  |    |                            |                     |                     |
| Occidental Permian Limited Partnership                            | WI | 0.75000000                 | 40.00000000         | 30.00000000         |
| Bradco Partnership, L.L.C.  | WI | 0.00665510                 | 40.00000000         | 0.26620400          |
| Ludora Bradshaw   | WI | 0.00332756                 | 40.00000000         | 0.13310240          |
| Christopher Bradshaw  | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| Joe Bradshaw  | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| Gary Leach  | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| Jim Leach   | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| Coby Miller   | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| Craig Miller  | WI | 0.00166377                 | 40.00000000         | 0.06655080          |
| EOG Resources, Inc.   | WI | 0.03583142                 | 40.00000000         | 1.43256800          |
| Marigold LLP  | WI | 0.02830826                 | 40.00000000         | 1.13233040          |
| Tulipan LLC   | WI | 0.02830826                 | 40.00000000         | 1.13233040          |
| Richard Martin Yates  | WI | 0.02123119                 | 40.00000000         | 0.84924760          |
| St. Clair Peyton Yates, Jr.                                       | WI | 0.02123119                 | 40.00000000         | 0.84924760          |
| Mary Yates Davis  | WI | 0.02123119                 | 40.00000000         | 0.84924760          |
| Oxy Y-1 Company   | WI | 0.02123118                 | 40.00000000         | 0.84924720          |
| Sharbro Energy LLC  | WI | 0.02256944                 | 40.00000000         | 0.90277760          |
| Jalapeno Corporation  | WI | 0.00722045                 | 40.00000000         | 0.28881800          |
| MRC Delaware Resources LLC  | WI | 0.01717838                 | 40.00000000         | 0.68713520          |
| Yates Energy Corporation  | WI | 0.00569376                 | 40.00000000         | 0.22775040          |
| <b>TOTAL</b>  |    | <b>1.00000000</b>          | <b>40.00000000</b>  | <b>40.00000000</b>  |
| <b>TRACT 4</b>  |    |                            |                     |                     |
| SEP Permian LLC   | WI | 0.40000000                 | 40.00000000         | 16.00000000         |
| ZPZ Delaware I LLC  | WI | 0.60000000                 | 40.00000000         | 24.00000000         |
| <b>TOTAL</b>  |    | <b>1.00000000</b>          | <b>40.00000000</b>  | <b>40.00000000</b>  |

| BLALOCK DEEP OPERATING RIGHTS DSU RECAPITULATION |                   |                |
|--|-------------------|----------------|
|  | Net Ac            | DSU WI %       |
| Bradco Partnership, L.L.C.                       | 0.266204          | 0.083189%      |
| Chase Oil Corporation                            | 25.55555520       | 7.986111%      |
| Christopher Bradshaw                             | 0.06655080        | 0.020797%      |
| Coby Miller                                      | 0.066551          | 0.020797%      |
| Craig Miller                                     | 0.06655080        | 0.020797%      |
| EOG Resources, Inc.                              | 100.32214640      | 31.350671%     |
| Gary Leach                                       | 0.06655080        | 0.020797%      |
| MRC Delaware Resources LLC                       | 0.68713520        | 0.214730%      |
| Jalapeno Corporation                             | 0.28881800        | 0.090256%      |
| Jim Leach  | 0.06655080        | 0.020797%      |
| Joe Bradshaw                                     | 0.06655080        | 0.020797%      |
| Ludora Bradshaw                                  | 0.13310240        | 0.041595%      |
| Marigold LLP                                     | 1.13233040        | 0.353853%      |
| Mary Yates Davis                                 | 0.84924760        | 0.265390%      |
| Occidental Permian Limited Partnership           | 30.00000000       | 9.375000%      |
| Oxy Y-1 Company                                  | 0.84924720        | 0.265390%      |
| Read & Stevens, Inc.                             | 10.00000000       | 3.125000%      |
| Richard Martin Yates                             | 0.84924760        | 0.265390%      |
| SEP Permian LLC                                  | 48.00000000       | 15.000000%     |
| Sharbro Energy LLC                               | 0.90277760        | 0.282118%      |
| St. Clair Peyton Yates, Jr.                      | 0.84924760        | 0.265390%      |
| Tulipan LLC                                      | 1.13233040        | 0.353853%      |
| WPX Energy Permian, LLC                          | 25.55555520       | 7.986111%      |
| Yates Energy Corporation                         | 0.22775040        | 0.071172%      |
| ZPZ Delaware I LLC                               | 72.00000000       | 22.500000%     |
|  | <b>320.000000</b> | <b>100.00%</b> |



May 20, 2022

**RE: Revised Well Proposal**  
**Blalock State Com 50H, 70H, and 90H**  
**N/2 Section 32, T17S-R28E**  
**Eddy County, New Mexico**

To Whom It May Concern,

Spur Energy Partners LLC ("SPUR"), an affiliate of SEP Permian LLC ("SEP"), hereby amends its June 14, 2021 proposal to only drill and complete the **Blalock State Com 50H, 70H and 90H** wells (instead of the Blalock State Com 1H, 10H, 11H, 30H, 50H, 51H, 70H, 71H, 90H and 91H) 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).

**Blalock State Com 50H Well – Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 1,840' FNL & 875' FEL, Section 31, T17S-R28E
- Proposed Bottom Hole Location – 2,200' FNL & 50' FEL, Section 32, T17S-R28E
- TVD: 4,210'

**Blalock State Com 70H Well – Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 640' FNL & 950' FEL, Section 31, T17S-R28E
- Proposed Bottom Hole Location – 750' FNL & 50' FEL, Section 32, T17S-R28E
- TVD: 4,400'

**Blalock State Com 90H Well – Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 1,800' FNL & 875' FEL, Section 31, T17S-R28E
- Proposed Bottom Hole Location – 1,500' FNL & 50' FEL, Section 32, T17S-R28E
- TVD: 4,850'

SPUR proposes to form an overlapping horizontal well Drilling Spacing Unit ("DSU") covering the N/2 of Section 32, T17S-R28E, Eddy County, New Mexico, containing 320 acres of land, more or less, from a vertical depth of 4,130 feet to the base of the Yeso formation. The proposed horizontal well DSU will overlap existing vertical well spacing units in 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 January 1, 2022, ("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 January 1, 2022
- Contract Area consisting of the N/2 of Section 32, T17S-R28E
- Limited in depth from 4,130' below the surface 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

**Spur Energy Partners LLC**  
**Case No. 23216**  
**Exhibit A-4**

**Revised Well Proposal**  
**Blalock State Com 50H, 70H, and 90H**  
**N/2 Section 32, T17S-R28E**  
**Eddy County, New Mexico**  
**May 20, 2022**  
**Page 2**

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 three 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 – Assignment Option:** Assign your working interest in the N/2 Section 32-T17S-R28E, exclusive of existing wellbores, to SEP for a bonus consideration of \$1,500 per net acre, delivering no less than a 75% leasehold 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 leasehold interest under the terms outlined above in Option 3, upon receipt of your election, SPUR will submit the 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 to the undersigned within 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact me via email at [rdalton@spurenergy.com](mailto:rdalton@spurenergy.com).

Sincerely,



Rett Dalton  
Sr. Landman

Enclosures  
Individual Well Elections  
AFEs



May 20, 2022

**RE: Working Interest Information for Revised Well Proposals  
Blalock State Com 1H, 10H, 11H, 50H, 70H, and 90H  
N/2 Section 32, T17S-R28E  
Eddy County, New Mexico**

To Whom It May Concern,

With reference to those certain Revised Well Proposals dated December 13, 2021, from Spur Energy Partners LLC ("SPUR"), an affiliate of SEP Permian LLC ("SEP"), for the subject wells, please be advised based upon our information, your estimated working interest for each of the subject wells is stated below.

**Company: MRC Delaware Resources, LLC**

**Estimated Working Interest for the 1H, 10H and 11H wells are: 0.214730%**

**Estimated Working Interest for the 50H, 70H and 90H wells are: 0.214730%**

Should you have any questions regarding this proposal, please contact Kristi Zissa at 832-982-1079 or [kzissa@spurenergy.com](mailto:kzissa@spurenergy.com) or the undersigned via email at [rdalton@spurenergy.com](mailto:rdalton@spurenergy.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Rett Dalton".

Rett Dalton  
Sr. Landman



**Blalock State Com 50H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Blalock State 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 Blalock State 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 \_\_\_\_\_, 202\_\_.

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

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

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

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



**Blalock State Com 70H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Blalock State Com 70H 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 Blalock State Com 70H 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 \_\_\_\_\_, 202\_\_.

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

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

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

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



**Blalock State Com 90H**

\_\_\_\_\_ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Blalock State Com 90H 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 Blalock State Com 90H 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 \_\_\_\_\_, 202\_\_.

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

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

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

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



**Blalock State Com 50H, 70H, and 90H**  
**Option 3 – Assignment Option**

\_\_\_\_\_ The undersigned hereby elects to assign their working interest in the N/2 of Section 32-T17S-R28E, exclusive of existing wellbores, to SEP for a bonus consideration of \$1,500 per net acre, delivering no less than a 75% leasehold net revenue interest (all rights owned).

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

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

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

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

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



Authority for Expenditure  
Drill, Complete, & Equip



|  |                       |
|--|-----------------------|
| Operator : <u>Spur Energy Partners LLC</u> | AFE # : <u>C21156</u> |
| Well Name : <u>BLALOCK 50H</u>             |                       |
| Location : <u>NEW MEXICO / EDDY</u>        |                       |
| Project :                                  |                       |
| Description :                              |                       |

| INTANGIBLE DRILLING | DESCRIPTION                          | Original          |             | Supplement  |             | Total             |             |
|---------------------|--------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                     |                                      | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2050-1000           | LOCATION - OPS                       | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-1001           | LOCATION/DAMAGES/ROW-LAND            | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1002           | TITLE WORK/LANDMAN SERVICES - LAND   | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-1003           | DAMAGES/ROW - LAND                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1005           | SURVEY - LAND                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-1006           | ENVIRONMENTAL/ARC - LAND             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1050           | DRILLING PERMITS                     | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1100           | FISHING TOOLS & SERVICE              | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1301           | DRILLING RENTALS: SURFACE            | \$ 47,000         | \$ -        | \$ -        | \$ -        | \$ 47,000         | \$ -        |
| 2050-1302           | DRILLING RENTALS: SUBSURFACE         | \$ 56,500         | \$ -        | \$ -        | \$ -        | \$ 56,500         | \$ -        |
| 2050-1400           | EQUIP LOST IN HOLE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1500           | DRILL MUD & COMPL FLUID              | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2050-1600           | WELLSITE SUPERVISION                 | \$ 24,800         | \$ -        | \$ -        | \$ -        | \$ 24,800         | \$ -        |
| 2050-1900           | GROUND TRANSPORT                     | \$ 18,000         | \$ -        | \$ -        | \$ -        | \$ 18,000         | \$ -        |
| 2050-2000           | CONTRACT DRILLING (DAY RATE/TURNKEY) | \$ 164,000        | \$ -        | \$ -        | \$ -        | \$ 164,000        | \$ -        |
| 2050-2001           | DRILLING SERVICES-SURFACE            | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2002           | DRILLING SERVICES-SUBSURFACE         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2004           | DIRECTIONAL TOOLS AND SERVICES       | \$ 90,200         | \$ -        | \$ -        | \$ -        | \$ 90,200         | \$ -        |
| 2050-2005           | DRILLING/DAMAGED-LOST IN HOLE        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2200           | CASED HOLE WIRELINE                  | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2201           | OPEN HOLE WIRELINE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2401           | FLUID & CUTTINGS DISPOSAL            | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-2402           | FRAC TANK RENTALS                    | \$ 200            | \$ -        | \$ -        | \$ -        | \$ 200            | \$ -        |
| 2050-2600           | ES&H                                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3000           | BITS                                 | \$ 62,500         | \$ -        | \$ -        | \$ -        | \$ 62,500         | \$ -        |
| 2050-3100           | OVERHEAD                             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3125           | CONSTRUCTION OVERHEAD                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3200           | CONTINGENCIES                        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3400           | DESIGN & ENGINEERING                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3600           | COMPANY LABOR                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-3800           | NON OPERATED CHARGES - IDC           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3900           | FUEL, WATER & LUBE                   | \$ 64,000         | \$ -        | \$ -        | \$ -        | \$ 64,000         | \$ -        |
| 2050-4000           | CEMENT                               | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2050-4001           | CASING CREWS AND LAYDOWN SERVICES    | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-4002           | SURFACE AND INTERMEDIATE SERVICE     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4003           | PROD CSG CEMENT AND SERVICE          | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-4004           | PROD CSG CREW AND LAYDOWN SERVICE    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4101           | CORES, DST'S, AND ANALYSIS           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8000           | MUD LOGGER                           | \$ 9,600          | \$ -        | \$ -        | \$ -        | \$ 9,600          | \$ -        |
| 2050-8001           | MOB/DEMOB RIG                        | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-8003           | VACUUM TRUCKING                      | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8005           | DRILLPIPE INSPECTION                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-8007           | CONTRACT LABOR/SERVICES              | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-8009           | MISC IDC/CONTINGENCY                 | \$ 78,200         | \$ -        | \$ -        | \$ -        | \$ 78,200         | \$ -        |
|                     | <b>INTANGIBLE DRILLING SUBTOTAL</b>  | <b>\$ 965,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 965,000</b> | <b>\$ -</b> |

| TANGIBLE DRILLING | DESCRIPTION                       | Original            |             | Supplement  |             | Total               |             |
|-------------------|-----------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                   |                                   | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2051-2500         | SUPPLIES & SMALL TOOLS            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-2700         | COMMUNICATION                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3200         | CONTINGENCIES                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3800         | NON OPERATED CHARGES - TDC        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5100         | SURFACE CASING                    | \$ 74,000           | \$ -        | \$ -        | \$ -        | \$ 74,000           | \$ -        |
| 2051-5200         | INTERMEDIATE CASING               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5300         | PRODUCTION/LINER CASING           | \$ 305,000          | \$ -        | \$ -        | \$ -        | \$ 305,000          | \$ -        |
| 2051-5400         | CONDUCTOR PIPE                    | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5500         | WELLHEAD                          | \$ 6,000            | \$ -        | \$ -        | \$ -        | \$ 6,000            | \$ -        |
| 2051-5801         | LINER HANGER/CASING ACCESSORY     | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5803         | MISC TANGIBLE EQUIPMENT           | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
|                   | <b>TANGIBLE DRILLING SUBTOTAL</b> | <b>\$ 425,000</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 425,000</b>   | <b>\$ -</b> |
|                   | <b>DRILLING TOTAL</b>             | <b>\$ 1,390,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,390,000</b> | <b>\$ -</b> |

| INTANGIBLE COMPLETION | DESCRIPTION                      | Original   |      | Supplement |      | Total      |      |
|-----------------------|----------------------------------|------------|------|------------|------|------------|------|
|                       |                                  | 8/8ths     | Net  | 8/8ths     | Net  | 8/8ths     | Net  |
| 2055-1000             | LOCATION                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1001             | TITLE WORK AND OPINIONS          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1002             | OUTSIDE LEGAL SERVICES           | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1100             | FISHING TOOLS & SERVICE          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1300             | EQUIP RENT                       | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-1301             | RENTALS: SURFACE IRON            | \$ 45,000  | \$ - | \$ -       | \$ - | \$ 45,000  | \$ - |
| 2055-1302             | DRILLING RENTALS: SUBSURFACE     | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1400             | EQUIP LOST IN HOLE               | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1500             | DRILL MUD & COMPL FLUID          | \$ 255,000 | \$ - | \$ -       | \$ - | \$ 255,000 | \$ - |
| 2055-1600             | WELLSITE SUPERVISION             | \$ 35,000  | \$ - | \$ -       | \$ - | \$ 35,000  | \$ - |
| 2055-1800             | COMPLETION CHEMICALS             | \$ 141,000 | \$ - | \$ -       | \$ - | \$ 141,000 | \$ - |
| 2055-1900             | GROUND TRANSPORT                 | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2005             | DRILLING/DAMAGED-LOST IN HOLE    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2100             | PUMPDOWN                         | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-2200             | CASED HOLE WIRELINE              | \$ 75,000  | \$ - | \$ -       | \$ - | \$ 75,000  | \$ - |
| 2055-2300             | FRAC PLUGS                       | \$ 40,000  | \$ - | \$ -       | \$ - | \$ 40,000  | \$ - |
| 2055-2400             | WELL PREP                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2401             | FRAC/FLUID SW DISPOSAL           | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2402             | FRAC TANK RENTALS                | \$ 12,000  | \$ - | \$ -       | \$ - | \$ 12,000  | \$ - |
| 2055-2403             | FLOWBACK                         | \$ 30,000  | \$ - | \$ -       | \$ - | \$ 30,000  | \$ - |
| 2055-2600             | ES&H                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2900             | INSURANCE                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3000             | BITS                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3100             | OVERHEAD                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3125             | CONSTRUCTION OVERHEAD            | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3200             | CONTINGENCIES                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3300             | SPECIALIZED SERVICE              | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3301             | STIMULATION AND PUMPING SERVICES | \$ 373,750 | \$ - | \$ -       | \$ - | \$ 373,750 | \$ - |
| 2055-3400             | PROPPANT                         | \$ 158,000 | \$ - | \$ -       | \$ - | \$ 158,000 | \$ - |
| 2055-3600             | COMPANY LABOR                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |

|                                       |  |                     |             |             |             |                     |             |
|---------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
| 2055-3750                             | DAMAGES/ROW                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3800                             | NON OPERATED CHARGES - ICC             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3900                             | FUEL, WATER & LUBE                     | \$ 130,000          | \$ -        | \$ -        | \$ -        | \$ 130,000          | \$ -        |
| 2055-4000                             | CEMENT                                 | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-4001                             | CASING CREWS AND LAYDOWN SERVICES      | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8001                             | COMPLETION/WORKOVER RIG                | \$ 10,000           | \$ -        | \$ -        | \$ -        | \$ 10,000           | \$ -        |
| 2055-8002                             | KILL TRUCK                             | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8003                             | COIL TUBING,SNUBBING,NITRO SVC         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8004                             | CONTRACT LABOR/SERVICES                | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8005                             | CONTRACT LABOR - ARTIFICIAL LIFT       | \$ 16,500           | \$ -        | \$ -        | \$ -        | \$ 16,500           | \$ -        |
| 2055-8006                             | CONTRACT LABOR - ELECTRICAL/AUTOMATION | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2055-8007                             | CONTRACT LABOR - WELL LEVEL            | \$ 15,000           | \$ -        | \$ -        | \$ -        | \$ 15,000           | \$ -        |
| 2055-8008                             | CONTRACT LABOR - FRAC                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>INTANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 1,431,250</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,431,250</b> | <b>\$ -</b> |

| TANGIBLE COMPLETION                 | DESCRIPTION                              | Original            |             | Supplement  |             | Total               |             |
|-------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                     |  | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2065-2500                           | SUPPLIES & SMALL TOOLS                   | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-2700                           | COMMUNICATION                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3000                           | BITS                                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3200                           | CONTINGENCIES                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3800                           | NON OPERATED CHARGES - TCC               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-4102                           | WATER SUPPLY WELL                        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5001                           | OVERHEAD POWER                           | \$ 12,750           | \$ -        | \$ -        | \$ -        | \$ 12,750           | \$ -        |
| 2065-5002                           | PARTS & SUPPLIES - ARTIFICIAL LIFT       | \$ 50,000           | \$ -        | \$ -        | \$ -        | \$ 50,000           | \$ -        |
| 2065-5003                           | PARTS & SUPPLIES - ELECTRICAL/AUTOMATION | \$ 5,000            | \$ -        | \$ -        | \$ -        | \$ 5,000            | \$ -        |
| 2065-5004                           | PARTS & SUPPLIES - WELL LEVEL            | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2065-5100                           | TUBING                                   | \$ 45,000           | \$ -        | \$ -        | \$ -        | \$ 45,000           | \$ -        |
| 2065-5200                           | TUBING HEAD/XMAS TREE                    | \$ 21,000           | \$ -        | \$ -        | \$ -        | \$ 21,000           | \$ -        |
| 2065-5300                           | SUBSURFACE EQUIP                         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5400                           | PACKER AND SUBSURFACE EQUIPMENT          | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5500                           | SUBSURFACE PUMP, RODS, AND ACCES         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5600                           | PUMPING & LIFTING EQUIP                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5900                           | HEALTH, SAFETY, AND ENVIRONMENTAL        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5901                           | LINER HANGER/CASING ACCESSORY            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5902                           | PACKERS/OTHER DOWNHOLE EQUIP             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5903                           | MISC TANGIBLE EQUIPMENT                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>TANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 153,750</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 153,750</b>   | <b>\$ -</b> |
| <b>COMPLETION TOTAL</b>             |  | <b>\$ 1,585,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,585,000</b> | <b>\$ -</b> |

| INTANGIBLE FACILITY                 | DESCRIPTION                        | Original          |             | Supplement  |             | Total             |             |
|-------------------------------------|------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                     |                                    | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2056-1006                           | ENVIRONMENTAL/ARC - LAND           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2002                           | FACILITY PAD CONSTRUCTION          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2006                           | MISC INTANGIBLE FACILITY COSTS     | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2008                           | CONTRACT LABOR - AUTOMATION        | \$ 6,500          | \$ -        | \$ -        | \$ -        | \$ 6,500          | \$ -        |
| 2056-2009                           | EQUIPMENT RENTALS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2010                           | FREIGHT & HANDLING                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2012                           | CONTRACT LABOR - ELECTRICAL        | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2013                           | FACILITY CONSTRUCTION LABOR        | \$ 55,000         | \$ -        | \$ -        | \$ -        | \$ 55,000         | \$ -        |
| 2056-2014                           | PIPELINE LABOR                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2016                           | LOCATION/DAMAGES/ROW-LAND          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2017                           | TITLE WORK/LANDMAN SERVICES - LAND | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2019                           | NON OPERATED CHARGES - IFC         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| <b>INTANGIBLE FACILITY SUBTOTAL</b> |                                    | <b>\$ 106,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 106,500</b> | <b>\$ -</b> |

| TANGIBLE FACILITY                 | DESCRIPTION                                   | Original          |             | Supplement  |             | Total             |             |
|-----------------------------------|---|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                   |   | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2066-1200                         | VESSELS                                       | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| 2066-1300                         | COMPRESSORS/COMPRESSOR PACKAGES               | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-1500                         | ELECTRICAL - OVERHEAD & TRANSFORMERS          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-1600                         | LACT  | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2066-1700                         | AUTOMATION METERS, SENSORS, VALVES, & SCREENS | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2066-1900                         | LEASE AND FLOW LINES                          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2000                         | CATHODIC PRCT-SOLAR PWD                       | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2003                         | MISC FITTINGS & SUPPLIES                      | \$ 22,500         | \$ -        | \$ -        | \$ -        | \$ 22,500         | \$ -        |
| 2066-2004                         | PUMPS & PUMP SUPPLIES                         | \$ 6,000          | \$ -        | \$ -        | \$ -        | \$ 6,000          | \$ -        |
| 2066-2005                         | PUMP & FILTERS                                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2006                         | MISC TANGIBLE FACILITY COSTS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2066-2007                         | TANKS (OIL & WATER)                           | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2066-2015                         | CONTAINMENT                                   | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2017                         | SWD WELLS                                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2018                         | NON OPERATED CHARGES - TFC                    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2019                         | PIPING  | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2020                         | ELECTRICAL - FACILITY                         | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| <b>TANGIBLE FACILITY SUBTOTAL</b> |   | <b>\$ 293,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 293,500</b> | <b>\$ -</b> |
| <b>FACILITY TOTAL</b>             |   | <b>\$ 400,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 400,000</b> | <b>\$ -</b> |

| BLALOCK 50H TOTAL WELL ESTIMATE | Original            |             | Supplement  |             | Total               |             |
|---------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                 | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| DRILLING TOTAL                  | \$ 1,390,000        | \$ -        | \$ -        | \$ -        | \$ 1,390,000        | \$ -        |
| COMPLETION TOTAL                | \$ 1,585,000        | \$ -        | \$ -        | \$ -        | \$ 1,585,000        | \$ -        |
| FACILITY TOTAL                  | \$ 400,000          | \$ -        | \$ -        | \$ -        | \$ 400,000          | \$ -        |
| <b>TOTAL WELL COST</b>          | <b>\$ 3,375,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,375,000</b> | <b>\$ -</b> |

Partner Approval

Signed \_\_\_\_\_ Company \_\_\_\_\_

Name \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_



Authority for Expenditure  
Drill, Complete, & Equip



|  |                       |
|--|-----------------------|
| Operator : <u>Spur Energy Partners LLC</u> | AFE # : <u>C21157</u> |
| Well Name : <u>BLALOCK 70H</u>             |                       |
| Location : <u>NEW MEXICO / EDDY</u>        |                       |
| Project :                                  |                       |
| Description :                              |                       |

| INTANGIBLE DRILLING | DESCRIPTION                          | Original          |             | Supplement  |             | Total             |             |
|---------------------|--------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                     |                                      | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2050-1000           | LOCATION - OPS                       | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-1001           | LOCATION/DAMAGES/ROW-LAND            | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1002           | TITLE WORK/LANDMAN SERVICES - LAND   | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-1003           | DAMAGES/ROW - LAND                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1005           | SURVEY - LAND                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-1006           | ENVIRONMENTAL/ARC - LAND             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1050           | DRILLING PERMITS                     | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1100           | FISHING TOOLS & SERVICE              | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1301           | DRILLING RENTALS: SURFACE            | \$ 47,000         | \$ -        | \$ -        | \$ -        | \$ 47,000         | \$ -        |
| 2050-1302           | DRILLING RENTALS: SUBSURFACE         | \$ 56,500         | \$ -        | \$ -        | \$ -        | \$ 56,500         | \$ -        |
| 2050-1400           | EQUIP LOST IN HOLE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1500           | DRILL MUD & COMPL FLUID              | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2050-1600           | WELLSITE SUPERVISION                 | \$ 24,800         | \$ -        | \$ -        | \$ -        | \$ 24,800         | \$ -        |
| 2050-1900           | GROUND TRANSPORT                     | \$ 18,000         | \$ -        | \$ -        | \$ -        | \$ 18,000         | \$ -        |
| 2050-2000           | CONTRACT DRILLING (DAY RATE/TURNKEY) | \$ 164,000        | \$ -        | \$ -        | \$ -        | \$ 164,000        | \$ -        |
| 2050-2001           | DRILLING SERVICES-SURFACE            | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2002           | DRILLING SERVICES-SUBSURFACE         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2004           | DIRECTIONAL TOOLS AND SERVICES       | \$ 90,200         | \$ -        | \$ -        | \$ -        | \$ 90,200         | \$ -        |
| 2050-2005           | DRILLING/DAMAGED-LOST IN HOLE        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2200           | CASED HOLE WIRELINE                  | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2201           | OPEN HOLE WIRELINE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2401           | FLUID & CUTTINGS DISPOSAL            | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-2402           | FRAC TANK RENTALS                    | \$ 200            | \$ -        | \$ -        | \$ -        | \$ 200            | \$ -        |
| 2050-2600           | ES&H                                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3000           | BITS                                 | \$ 62,500         | \$ -        | \$ -        | \$ -        | \$ 62,500         | \$ -        |
| 2050-3100           | OVERHEAD                             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3125           | CONSTRUCTION OVERHEAD                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3200           | CONTINGENCIES                        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3400           | DESIGN & ENGINEERING                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3600           | COMPANY LABOR                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-3800           | NON OPERATED CHARGES - IDC           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3900           | FUEL, WATER & LUBE                   | \$ 64,000         | \$ -        | \$ -        | \$ -        | \$ 64,000         | \$ -        |
| 2050-4000           | CEMENT                               | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2050-4001           | CASING CREWS AND LAYDOWN SERVICES    | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-4002           | SURFACE AND INTERMEDIATE SERVICE     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4003           | PROD CSG CEMENT AND SERVICE          | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-4004           | PROD CSG CREW AND LAYDOWN SERVICE    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4101           | CORES, DST'S, AND ANALYSIS           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8000           | MUD LOGGER                           | \$ 9,600          | \$ -        | \$ -        | \$ -        | \$ 9,600          | \$ -        |
| 2050-8001           | MOB/DEMOB RIG                        | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-8003           | VACUUM TRUCKING                      | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8005           | DRILLPIPE INSPECTION                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-8007           | CONTRACT LABOR/SERVICES              | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-8009           | MISC IDC/CONTINGENCY                 | \$ 78,200         | \$ -        | \$ -        | \$ -        | \$ 78,200         | \$ -        |
|                     | <b>INTANGIBLE DRILLING SUBTOTAL</b>  | <b>\$ 965,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 965,000</b> | <b>\$ -</b> |

| TANGIBLE DRILLING | DESCRIPTION                       | Original            |             | Supplement  |             | Total               |             |
|-------------------|-----------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                   |                                   | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2051-2500         | SUPPLIES & SMALL TOOLS            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-2700         | COMMUNICATION                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3200         | CONTINGENCIES                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3800         | NON OPERATED CHARGES - TDC        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5100         | SURFACE CASING                    | \$ 74,000           | \$ -        | \$ -        | \$ -        | \$ 74,000           | \$ -        |
| 2051-5200         | INTERMEDIATE CASING               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5300         | PRODUCTION/LINER CASING           | \$ 305,000          | \$ -        | \$ -        | \$ -        | \$ 305,000          | \$ -        |
| 2051-5400         | CONDUCTOR PIPE                    | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5500         | WELLHEAD                          | \$ 6,000            | \$ -        | \$ -        | \$ -        | \$ 6,000            | \$ -        |
| 2051-5801         | LINER HANGER/CASING ACCESSORY     | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5803         | MISC TANGIBLE EQUIPMENT           | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
|                   | <b>TANGIBLE DRILLING SUBTOTAL</b> | <b>\$ 425,000</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 425,000</b>   | <b>\$ -</b> |
|                   | <b>DRILLING TOTAL</b>             | <b>\$ 1,390,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,390,000</b> | <b>\$ -</b> |

| INTANGIBLE COMPLETION | DESCRIPTION                      | Original   |      | Supplement |      | Total      |      |
|-----------------------|----------------------------------|------------|------|------------|------|------------|------|
|                       |                                  | 8/8ths     | Net  | 8/8ths     | Net  | 8/8ths     | Net  |
| 2055-1000             | LOCATION                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1001             | TITLE WORK AND OPINIONS          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1002             | OUTSIDE LEGAL SERVICES           | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1100             | FISHING TOOLS & SERVICE          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1300             | EQUIP RENT                       | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-1301             | RENTALS: SURFACE IRON            | \$ 45,000  | \$ - | \$ -       | \$ - | \$ 45,000  | \$ - |
| 2055-1302             | DRILLING RENTALS: SUBSURFACE     | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1400             | EQUIP LOST IN HOLE               | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1500             | DRILL MUD & COMPL FLUID          | \$ 255,000 | \$ - | \$ -       | \$ - | \$ 255,000 | \$ - |
| 2055-1600             | WELLSITE SUPERVISION             | \$ 35,000  | \$ - | \$ -       | \$ - | \$ 35,000  | \$ - |
| 2055-1800             | COMPLETION CHEMICALS             | \$ 141,000 | \$ - | \$ -       | \$ - | \$ 141,000 | \$ - |
| 2055-1900             | GROUND TRANSPORT                 | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2005             | DRILLING/DAMAGED-LOST IN HOLE    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2100             | PUMPDOWN                         | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-2200             | CASED HOLE WIRELINE              | \$ 75,000  | \$ - | \$ -       | \$ - | \$ 75,000  | \$ - |
| 2055-2300             | FRAC PLUGS                       | \$ 40,000  | \$ - | \$ -       | \$ - | \$ 40,000  | \$ - |
| 2055-2400             | WELL PREP                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2401             | FRAC/FLUID SW DISPOSAL           | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2402             | FRAC TANK RENTALS                | \$ 12,000  | \$ - | \$ -       | \$ - | \$ 12,000  | \$ - |
| 2055-2403             | FLOWBACK                         | \$ 30,000  | \$ - | \$ -       | \$ - | \$ 30,000  | \$ - |
| 2055-2600             | ES&H                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2900             | INSURANCE                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3000             | BITS                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3100             | OVERHEAD                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3125             | CONSTRUCTION OVERHEAD            | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3200             | CONTINGENCIES                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3300             | SPECIALIZED SERVICE              | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3301             | STIMULATION AND PUMPING SERVICES | \$ 373,750 | \$ - | \$ -       | \$ - | \$ 373,750 | \$ - |
| 2055-3400             | PROPPANT                         | \$ 158,000 | \$ - | \$ -       | \$ - | \$ 158,000 | \$ - |
| 2055-3600             | COMPANY LABOR                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |

|                                       |  |                     |             |             |             |                     |             |
|---------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
| 2055-3750                             | DAMAGES/ROW                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3800                             | NON OPERATED CHARGES - ICC             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3900                             | FUEL, WATER & LUBE                     | \$ 130,000          | \$ -        | \$ -        | \$ -        | \$ 130,000          | \$ -        |
| 2055-4000                             | CEMENT                                 | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-4001                             | CASING CREWS AND LAYDOWN SERVICES      | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8001                             | COMPLETION/WORKOVER RIG                | \$ 10,000           | \$ -        | \$ -        | \$ -        | \$ 10,000           | \$ -        |
| 2055-8002                             | KILL TRUCK                             | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8003                             | COIL TUBING,SNUBBING,NITRO SVC         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8004                             | CONTRACT LABOR/SERVICES                | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8005                             | CONTRACT LABOR - ARTIFICIAL LIFT       | \$ 16,500           | \$ -        | \$ -        | \$ -        | \$ 16,500           | \$ -        |
| 2055-8006                             | CONTRACT LABOR - ELECTRICAL/AUTOMATION | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2055-8007                             | CONTRACT LABOR - WELL LEVEL            | \$ 15,000           | \$ -        | \$ -        | \$ -        | \$ 15,000           | \$ -        |
| 2055-8008                             | CONTRACT LABOR - FRAC                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>INTANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 1,431,250</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,431,250</b> | <b>\$ -</b> |

| TANGIBLE COMPLETION                 | DESCRIPTION                              | Original            |             | Supplement  |             | Total               |             |
|-------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                     |  | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2065-2500                           | SUPPLIES & SMALL TOOLS                   | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-2700                           | COMMUNICATION                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3000                           | BITS                                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3200                           | CONTINGENCIES                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3800                           | NON OPERATED CHARGES - TCC               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-4102                           | WATER SUPPLY WELL                        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5001                           | OVERHEAD POWER                           | \$ 12,750           | \$ -        | \$ -        | \$ -        | \$ 12,750           | \$ -        |
| 2065-5002                           | PARTS & SUPPLIES - ARTIFICIAL LIFT       | \$ 50,000           | \$ -        | \$ -        | \$ -        | \$ 50,000           | \$ -        |
| 2065-5003                           | PARTS & SUPPLIES - ELECTRICAL/AUTOMATION | \$ 5,000            | \$ -        | \$ -        | \$ -        | \$ 5,000            | \$ -        |
| 2065-5004                           | PARTS & SUPPLIES - WELL LEVEL            | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2065-5100                           | TUBING                                   | \$ 45,000           | \$ -        | \$ -        | \$ -        | \$ 45,000           | \$ -        |
| 2065-5200                           | TUBING HEAD/XMAS TREE                    | \$ 21,000           | \$ -        | \$ -        | \$ -        | \$ 21,000           | \$ -        |
| 2065-5300                           | SUBSURFACE EQUIP                         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5400                           | PACKER AND SUBSURFACE EQUIPMENT          | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5500                           | SUBSURFACE PUMP, RODS, AND ACCES         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5600                           | PUMPING & LIFTING EQUIP                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5900                           | HEALTH, SAFETY, AND ENVIRONMENTAL        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5901                           | LINER HANGER/CASING ACCESSORY            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5902                           | PACKERS/OTHER DOWNHOLE EQUIP             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5903                           | MISC TANGIBLE EQUIPMENT                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>TANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 153,750</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 153,750</b>   | <b>\$ -</b> |
| <b>COMPLETION TOTAL</b>             |  | <b>\$ 1,585,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,585,000</b> | <b>\$ -</b> |

| INTANGIBLE FACILITY                 | DESCRIPTION                        | Original          |             | Supplement  |             | Total             |             |
|-------------------------------------|------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                     |                                    | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2056-1006                           | ENVIRONMENTAL/ARC - LAND           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2002                           | FACILITY PAD CONSTRUCTION          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2006                           | MISC INTANGIBLE FACILITY COSTS     | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2008                           | CONTRACT LABOR - AUTOMATION        | \$ 6,500          | \$ -        | \$ -        | \$ -        | \$ 6,500          | \$ -        |
| 2056-2009                           | EQUIPMENT RENTALS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2010                           | FREIGHT & HANDLING                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2012                           | CONTRACT LABOR - ELECTRICAL        | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2013                           | FACILITY CONSTRUCTION LABOR        | \$ 55,000         | \$ -        | \$ -        | \$ -        | \$ 55,000         | \$ -        |
| 2056-2014                           | PIPELINE LABOR                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2016                           | LOCATION/DAMAGES/ROW-LAND          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2017                           | TITLE WORK/LANDMAN SERVICES - LAND | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2019                           | NON OPERATED CHARGES - IFC         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| <b>INTANGIBLE FACILITY SUBTOTAL</b> |                                    | <b>\$ 106,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 106,500</b> | <b>\$ -</b> |

| TANGIBLE FACILITY                 | DESCRIPTION                                   | Original          |             | Supplement  |             | Total             |             |
|-----------------------------------|---|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                   |   | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2066-1200                         | VESSELS                                       | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| 2066-1300                         | COMPRESSORS/COMPRESSOR PACKAGES               | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-1500                         | ELECTRICAL - OVERHEAD & TRANSFORMERS          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-1600                         | LACT  | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2066-1700                         | AUTOMATION METERS, SENSORS, VALVES, & SCREENS | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2066-1900                         | LEASE AND FLOW LINES                          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2000                         | CATHODIC PRCT-SOLAR PWD                       | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2003                         | MISC FITTINGS & SUPPLIES                      | \$ 22,500         | \$ -        | \$ -        | \$ -        | \$ 22,500         | \$ -        |
| 2066-2004                         | PUMPS & PUMP SUPPLIES                         | \$ 6,000          | \$ -        | \$ -        | \$ -        | \$ 6,000          | \$ -        |
| 2066-2005                         | PUMP & FILTERS                                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2006                         | MISC TANGIBLE FACILITY COSTS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2066-2007                         | TANKS (OIL & WATER)                           | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2066-2015                         | CONTAINMENT                                   | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2017                         | SWD WELLS                                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2018                         | NON OPERATED CHARGES - TFC                    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2019                         | PIPING  | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2020                         | ELECTRICAL - FACILITY                         | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| <b>TANGIBLE FACILITY SUBTOTAL</b> |   | <b>\$ 293,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 293,500</b> | <b>\$ -</b> |
| <b>FACILITY TOTAL</b>             |   | <b>\$ 400,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 400,000</b> | <b>\$ -</b> |

| BLALOCK 70H TOTAL WELL ESTIMATE | Original            |             | Supplement  |             | Total               |             |
|---------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                 | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| DRILLING TOTAL                  | \$ 1,390,000        | \$ -        | \$ -        | \$ -        | \$ 1,390,000        | \$ -        |
| COMPLETION TOTAL                | \$ 1,585,000        | \$ -        | \$ -        | \$ -        | \$ 1,585,000        | \$ -        |
| FACILITY TOTAL                  | \$ 400,000          | \$ -        | \$ -        | \$ -        | \$ 400,000          | \$ -        |
| <b>TOTAL WELL COST</b>          | <b>\$ 3,375,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,375,000</b> | <b>\$ -</b> |

Partner Approval

Signed \_\_\_\_\_ Company \_\_\_\_\_

Name \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_



Authority for Expenditure  
Drill, Complete, & Equip



|  |                       |
|--|-----------------------|
| Operator : <u>Spur Energy Partners LLC</u> | AFE # : <u>C21158</u> |
| Well Name : <u>BLALOCK 90H</u>             |                       |
| Location : <u>NEW MEXICO / EDDY</u>        |                       |
| Project :                                  |                       |
| Description :                              |                       |

| INTANGIBLE DRILLING | DESCRIPTION                          | Original          |             | Supplement  |             | Total             |             |
|---------------------|--------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                     |                                      | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2050-1000           | LOCATION - OPS                       | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-1001           | LOCATION/DAMAGES/ROW-LAND            | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1002           | TITLE WORK/LANDMAN SERVICES - LAND   | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-1003           | DAMAGES/ROW - LAND                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1005           | SURVEY - LAND                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-1006           | ENVIRONMENTAL/ARC - LAND             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1050           | DRILLING PERMITS                     | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-1100           | FISHING TOOLS & SERVICE              | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1301           | DRILLING RENTALS: SURFACE            | \$ 47,000         | \$ -        | \$ -        | \$ -        | \$ 47,000         | \$ -        |
| 2050-1302           | DRILLING RENTALS: SUBSURFACE         | \$ 56,500         | \$ -        | \$ -        | \$ -        | \$ 56,500         | \$ -        |
| 2050-1400           | EQUIP LOST IN HOLE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-1500           | DRILL MUD & COMPL FLUID              | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2050-1600           | WELLSITE SUPERVISION                 | \$ 24,800         | \$ -        | \$ -        | \$ -        | \$ 24,800         | \$ -        |
| 2050-1900           | GROUND TRANSPORT                     | \$ 18,000         | \$ -        | \$ -        | \$ -        | \$ 18,000         | \$ -        |
| 2050-2000           | CONTRACT DRILLING (DAY RATE/TURNKEY) | \$ 164,000        | \$ -        | \$ -        | \$ -        | \$ 164,000        | \$ -        |
| 2050-2001           | DRILLING SERVICES-SURFACE            | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2002           | DRILLING SERVICES-SUBSURFACE         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2004           | DIRECTIONAL TOOLS AND SERVICES       | \$ 90,200         | \$ -        | \$ -        | \$ -        | \$ 90,200         | \$ -        |
| 2050-2005           | DRILLING/DAMAGED-LOST IN HOLE        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2200           | CASED HOLE WIRELINE                  | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2201           | OPEN HOLE WIRELINE                   | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-2401           | FLUID & CUTTINGS DISPOSAL            | \$ 60,000         | \$ -        | \$ -        | \$ -        | \$ 60,000         | \$ -        |
| 2050-2402           | FRAC TANK RENTALS                    | \$ 200            | \$ -        | \$ -        | \$ -        | \$ 200            | \$ -        |
| 2050-2600           | ES&H                                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3000           | BITS                                 | \$ 62,500         | \$ -        | \$ -        | \$ -        | \$ 62,500         | \$ -        |
| 2050-3100           | OVERHEAD                             | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3125           | CONSTRUCTION OVERHEAD                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3200           | CONTINGENCIES                        | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3400           | DESIGN & ENGINEERING                 | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3600           | COMPANY LABOR                        | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-3800           | NON OPERATED CHARGES - IDC           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-3900           | FUEL, WATER & LUBE                   | \$ 64,000         | \$ -        | \$ -        | \$ -        | \$ 64,000         | \$ -        |
| 2050-4000           | CEMENT                               | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2050-4001           | CASING CREWS AND LAYDOWN SERVICES    | \$ 10,000         | \$ -        | \$ -        | \$ -        | \$ 10,000         | \$ -        |
| 2050-4002           | SURFACE AND INTERMEDIATE SERVICE     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4003           | PROD CSG CEMENT AND SERVICE          | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-4004           | PROD CSG CREW AND LAYDOWN SERVICE    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-4101           | CORES, DST'S, AND ANALYSIS           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8000           | MUD LOGGER                           | \$ 9,600          | \$ -        | \$ -        | \$ -        | \$ 9,600          | \$ -        |
| 2050-8001           | MOB/DEMOB RIG                        | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2050-8003           | VACUUM TRUCKING                      | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2050-8005           | DRILLPIPE INSPECTION                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2050-8007           | CONTRACT LABOR/SERVICES              | \$ 30,000         | \$ -        | \$ -        | \$ -        | \$ 30,000         | \$ -        |
| 2050-8009           | MISC IDC/CONTINGENCY                 | \$ 78,200         | \$ -        | \$ -        | \$ -        | \$ 78,200         | \$ -        |
|                     | <b>INTANGIBLE DRILLING SUBTOTAL</b>  | <b>\$ 965,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 965,000</b> | <b>\$ -</b> |

| TANGIBLE DRILLING | DESCRIPTION                       | Original            |             | Supplement  |             | Total               |             |
|-------------------|-----------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                   |                                   | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2051-2500         | SUPPLIES & SMALL TOOLS            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-2700         | COMMUNICATION                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3200         | CONTINGENCIES                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-3800         | NON OPERATED CHARGES - TDC        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5100         | SURFACE CASING                    | \$ 74,000           | \$ -        | \$ -        | \$ -        | \$ 74,000           | \$ -        |
| 2051-5200         | INTERMEDIATE CASING               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2051-5300         | PRODUCTION/LINER CASING           | \$ 305,000          | \$ -        | \$ -        | \$ -        | \$ 305,000          | \$ -        |
| 2051-5400         | CONDUCTOR PIPE                    | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5500         | WELLHEAD                          | \$ 6,000            | \$ -        | \$ -        | \$ -        | \$ 6,000            | \$ -        |
| 2051-5801         | LINER HANGER/CASING ACCESSORY     | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2051-5803         | MISC TANGIBLE EQUIPMENT           | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
|                   | <b>TANGIBLE DRILLING SUBTOTAL</b> | <b>\$ 425,000</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 425,000</b>   | <b>\$ -</b> |
|                   | <b>DRILLING TOTAL</b>             | <b>\$ 1,390,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,390,000</b> | <b>\$ -</b> |

| INTANGIBLE COMPLETION | DESCRIPTION                      | Original   |      | Supplement |      | Total      |      |
|-----------------------|----------------------------------|------------|------|------------|------|------------|------|
|                       |                                  | 8/8ths     | Net  | 8/8ths     | Net  | 8/8ths     | Net  |
| 2055-1000             | LOCATION                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1001             | TITLE WORK AND OPINIONS          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1002             | OUTSIDE LEGAL SERVICES           | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1100             | FISHING TOOLS & SERVICE          | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1300             | EQUIP RENT                       | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-1301             | RENTALS: SURFACE IRON            | \$ 45,000  | \$ - | \$ -       | \$ - | \$ 45,000  | \$ - |
| 2055-1302             | DRILLING RENTALS: SUBSURFACE     | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1400             | EQUIP LOST IN HOLE               | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-1500             | DRILL MUD & COMPL FLUID          | \$ 255,000 | \$ - | \$ -       | \$ - | \$ 255,000 | \$ - |
| 2055-1600             | WELLSITE SUPERVISION             | \$ 35,000  | \$ - | \$ -       | \$ - | \$ 35,000  | \$ - |
| 2055-1800             | COMPLETION CHEMICALS             | \$ 141,000 | \$ - | \$ -       | \$ - | \$ 141,000 | \$ - |
| 2055-1900             | GROUND TRANSPORT                 | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2005             | DRILLING/DAMAGED-LOST IN HOLE    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2100             | PUMPDOWN                         | \$ 25,000  | \$ - | \$ -       | \$ - | \$ 25,000  | \$ - |
| 2055-2200             | CASED HOLE WIRELINE              | \$ 75,000  | \$ - | \$ -       | \$ - | \$ 75,000  | \$ - |
| 2055-2300             | FRAC PLUGS                       | \$ 40,000  | \$ - | \$ -       | \$ - | \$ 40,000  | \$ - |
| 2055-2400             | WELL PREP                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2401             | FRAC/FLUID SW DISPOSAL           | \$ 10,000  | \$ - | \$ -       | \$ - | \$ 10,000  | \$ - |
| 2055-2402             | FRAC TANK RENTALS                | \$ 12,000  | \$ - | \$ -       | \$ - | \$ 12,000  | \$ - |
| 2055-2403             | FLOWBACK                         | \$ 30,000  | \$ - | \$ -       | \$ - | \$ 30,000  | \$ - |
| 2055-2600             | ES&H                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-2900             | INSURANCE                        | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3000             | BITS                             | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3100             | OVERHEAD                         | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3125             | CONSTRUCTION OVERHEAD            | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3200             | CONTINGENCIES                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3300             | SPECIALIZED SERVICE              | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |
| 2055-3301             | STIMULATION AND PUMPING SERVICES | \$ 373,750 | \$ - | \$ -       | \$ - | \$ 373,750 | \$ - |
| 2055-3400             | PROPPANT                         | \$ 158,000 | \$ - | \$ -       | \$ - | \$ 158,000 | \$ - |
| 2055-3600             | COMPANY LABOR                    | \$ -       | \$ - | \$ -       | \$ - | \$ -       | \$ - |

|                                       |  |                     |             |             |             |                     |             |
|---------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
| 2055-3750                             | DAMAGES/ROW                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3800                             | NON OPERATED CHARGES - ICC             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-3900                             | FUEL, WATER & LUBE                     | \$ 130,000          | \$ -        | \$ -        | \$ -        | \$ 130,000          | \$ -        |
| 2055-4000                             | CEMENT                                 | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-4001                             | CASING CREWS AND LAYDOWN SERVICES      | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8001                             | COMPLETION/WORKOVER RIG                | \$ 10,000           | \$ -        | \$ -        | \$ -        | \$ 10,000           | \$ -        |
| 2055-8002                             | KILL TRUCK                             | \$ 2,500            | \$ -        | \$ -        | \$ -        | \$ 2,500            | \$ -        |
| 2055-8003                             | COIL TUBING,SNUBBING,NITRO SVC         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8004                             | CONTRACT LABOR/SERVICES                | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2055-8005                             | CONTRACT LABOR - ARTIFICIAL LIFT       | \$ 16,500           | \$ -        | \$ -        | \$ -        | \$ 16,500           | \$ -        |
| 2055-8006                             | CONTRACT LABOR - ELECTRICAL/AUTOMATION | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2055-8007                             | CONTRACT LABOR - WELL LEVEL            | \$ 15,000           | \$ -        | \$ -        | \$ -        | \$ 15,000           | \$ -        |
| 2055-8008                             | CONTRACT LABOR - FRAC                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>INTANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 1,431,250</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,431,250</b> | <b>\$ -</b> |

| TANGIBLE COMPLETION                 | DESCRIPTION                              | Original            |             | Supplement  |             | Total               |             |
|-------------------------------------|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                     |  | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| 2065-2500                           | SUPPLIES & SMALL TOOLS                   | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-2700                           | COMMUNICATION                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3000                           | BITS                                     | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3200                           | CONTINGENCIES                            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-3800                           | NON OPERATED CHARGES - TCC               | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-4102                           | WATER SUPPLY WELL                        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5001                           | OVERHEAD POWER                           | \$ 12,750           | \$ -        | \$ -        | \$ -        | \$ 12,750           | \$ -        |
| 2065-5002                           | PARTS & SUPPLIES - ARTIFICIAL LIFT       | \$ 50,000           | \$ -        | \$ -        | \$ -        | \$ 50,000           | \$ -        |
| 2065-5003                           | PARTS & SUPPLIES - ELECTRICAL/AUTOMATION | \$ 5,000            | \$ -        | \$ -        | \$ -        | \$ 5,000            | \$ -        |
| 2065-5004                           | PARTS & SUPPLIES - WELL LEVEL            | \$ 20,000           | \$ -        | \$ -        | \$ -        | \$ 20,000           | \$ -        |
| 2065-5100                           | TUBING                                   | \$ 45,000           | \$ -        | \$ -        | \$ -        | \$ 45,000           | \$ -        |
| 2065-5200                           | TUBING HEAD/XMAS TREE                    | \$ 21,000           | \$ -        | \$ -        | \$ -        | \$ 21,000           | \$ -        |
| 2065-5300                           | SUBSURFACE EQUIP                         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5400                           | PACKER AND SUBSURFACE EQUIPMENT          | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5500                           | SUBSURFACE PUMP, RODS, AND ACCES         | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5600                           | PUMPING & LIFTING EQUIP                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5900                           | HEALTH, SAFETY, AND ENVIRONMENTAL        | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5901                           | LINER HANGER/CASING ACCESSORY            | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5902                           | PACKERS/OTHER DOWNHOLE EQUIP             | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| 2065-5903                           | MISC TANGIBLE EQUIPMENT                  | \$ -                | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        |
| <b>TANGIBLE COMPLETION SUBTOTAL</b> |  | <b>\$ 153,750</b>   | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 153,750</b>   | <b>\$ -</b> |
| <b>COMPLETION TOTAL</b>             |  | <b>\$ 1,585,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,585,000</b> | <b>\$ -</b> |

| INTANGIBLE FACILITY                 | DESCRIPTION                        | Original          |             | Supplement  |             | Total             |             |
|-------------------------------------|------------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                     |                                    | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2056-1006                           | ENVIRONMENTAL/ARC - LAND           | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2002                           | FACILITY PAD CONSTRUCTION          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2006                           | MISC INTANGIBLE FACILITY COSTS     | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2008                           | CONTRACT LABOR - AUTOMATION        | \$ 6,500          | \$ -        | \$ -        | \$ -        | \$ 6,500          | \$ -        |
| 2056-2009                           | EQUIPMENT RENTALS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2010                           | FREIGHT & HANDLING                 | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2056-2012                           | CONTRACT LABOR - ELECTRICAL        | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2056-2013                           | FACILITY CONSTRUCTION LABOR        | \$ 55,000         | \$ -        | \$ -        | \$ -        | \$ 55,000         | \$ -        |
| 2056-2014                           | PIPELINE LABOR                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2016                           | LOCATION/DAMAGES/ROW-LAND          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2017                           | TITLE WORK/LANDMAN SERVICES - LAND | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2056-2019                           | NON OPERATED CHARGES - IFC         | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| <b>INTANGIBLE FACILITY SUBTOTAL</b> |                                    | <b>\$ 106,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 106,500</b> | <b>\$ -</b> |

| TANGIBLE FACILITY                 | DESCRIPTION                                   | Original          |             | Supplement  |             | Total             |             |
|-----------------------------------|---|-------------------|-------------|-------------|-------------|-------------------|-------------|
|                                   |   | 8/8ths            | Net         | 8/8ths      | Net         | 8/8ths            | Net         |
| 2066-1200                         | VESSELS                                       | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| 2066-1300                         | COMPRESSORS/COMPRESSOR PACKAGES               | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-1500                         | ELECTRICAL - OVERHEAD & TRANSFORMERS          | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-1600                         | LACT  | \$ 20,000         | \$ -        | \$ -        | \$ -        | \$ 20,000         | \$ -        |
| 2066-1700                         | AUTOMATION METERS, SENSORS, VALVES, & SCREENS | \$ 25,000         | \$ -        | \$ -        | \$ -        | \$ 25,000         | \$ -        |
| 2066-1900                         | LEASE AND FLOW LINES                          | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2000                         | CATHODIC PRCT-SOLAR PWD                       | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2003                         | MISC FITTINGS & SUPPLIES                      | \$ 22,500         | \$ -        | \$ -        | \$ -        | \$ 22,500         | \$ -        |
| 2066-2004                         | PUMPS & PUMP SUPPLIES                         | \$ 6,000          | \$ -        | \$ -        | \$ -        | \$ 6,000          | \$ -        |
| 2066-2005                         | PUMP & FILTERS                                | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2006                         | MISC TANGIBLE FACILITY COSTS                  | \$ 5,000          | \$ -        | \$ -        | \$ -        | \$ 5,000          | \$ -        |
| 2066-2007                         | TANKS (OIL & WATER)                           | \$ 40,000         | \$ -        | \$ -        | \$ -        | \$ 40,000         | \$ -        |
| 2066-2015                         | CONTAINMENT                                   | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2017                         | SWD WELLS                                     | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2018                         | NON OPERATED CHARGES - TFC                    | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              | \$ -        |
| 2066-2019                         | PIPING  | \$ 15,000         | \$ -        | \$ -        | \$ -        | \$ 15,000         | \$ -        |
| 2066-2020                         | ELECTRICAL - FACILITY                         | \$ 65,000         | \$ -        | \$ -        | \$ -        | \$ 65,000         | \$ -        |
| <b>TANGIBLE FACILITY SUBTOTAL</b> |   | <b>\$ 293,500</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 293,500</b> | <b>\$ -</b> |
| <b>FACILITY TOTAL</b>             |   | <b>\$ 400,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 400,000</b> | <b>\$ -</b> |

| BLALOCK 90H TOTAL WELL ESTIMATE | Original            |             | Supplement  |             | Total               |             |
|---------------------------------|---------------------|-------------|-------------|-------------|---------------------|-------------|
|                                 | 8/8ths              | Net         | 8/8ths      | Net         | 8/8ths              | Net         |
| DRILLING TOTAL                  | \$ 1,390,000        | \$ -        | \$ -        | \$ -        | \$ 1,390,000        | \$ -        |
| COMPLETION TOTAL                | \$ 1,585,000        | \$ -        | \$ -        | \$ -        | \$ 1,585,000        | \$ -        |
| FACILITY TOTAL                  | \$ 400,000          | \$ -        | \$ -        | \$ -        | \$ 400,000          | \$ -        |
| <b>TOTAL WELL COST</b>          | <b>\$ 3,375,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,375,000</b> | <b>\$ -</b> |

Partner Approval

Signed \_\_\_\_\_ Company \_\_\_\_\_

Name \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_

**SPUR\_BLALOCK 1H, 10H, 11H, 50H, 70H, 90H**  
**CASE NO. - POSTAL DELIVERY REPORT**  
**CORRESPONDENCE HISTORY**

| USPS TRACKING  | PARTY                  | DELIVERY ADDRESS  | DELIVERY STATUS             | 2nd Attempt | Additional Attempts/Comments  |
|----------------|------------------------|---|-----------------------------|-------------|---|
| 7769 1983 5654 | MRC Delaware Resources | MRC Delaware Resources<br>c/o Matador Resources Company<br>One Lincoln Centre<br>5400 LBJ Freeway, Suite 1500<br>Dallas, TX 75240 | Item delivered May 23, 2022 |             | 5/20/2022 - sent proposal & delivered 5/23/2022; Exchanged emails on 6/13/22, 6/14/22, 6/28/22, 9/13/22, 9/14/22, 9/16/22, 10/24/22, plus numerous phone calls during same time frame |

**Spur Energy Partners LLC**  
**Case No. 23216**  
**Exhibit A-5**

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

APPLICATION OF SPUR ENERGY  
PARTNERS LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22274,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 23216  
ORDER NO. R-22274

SELF-AFFIRMED STATEMENT  
OF DANA S. HARDY

1. I am the attorney in fact and authorized representative of Spur Energy Partners LLC, the applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit B-1**.
3. The above-referenced Application was provided, along with the Notice Letter, to MRC Delaware Resources, LLC on November 4, 2022.
4. **Exhibit B-2** provides a copy of the certified mail green cards and white slips, along with the return we received on November 10, 2022.
5. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/ Dana S. Hardy  
Dana S. Hardy

November 28, 2022  
Date

**Spur Energy Partners LLC**  
**Case No. 23216**  
**Exhibit B**



hinklelawfirm.com

# HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

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

WRITER:  
Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

November 4, 2022

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL PARTIES ENTITLED TO NOTICE**

**Re: Case Nos. 23215 & 23216 - Applications of Spur Energy Partners, LLC to Pool Additional Interests Under Order Nos. R-22273 & R-22274, Eddy County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **December 1, 2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) or via e-mail to [ocd.hearings@emnrd.nm.gov](mailto:ocd.hearings@emnrd.nm.gov) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact, Rett Dalton, Senior Landman at (832) 930-8529 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy  
Dana S. Hardy

**Spur Energy Partners LLC**  
**Case No. 23216**  
**Exhibit B-1**

Enclosure

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

7601 JEFFERSON ST NE · SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554  
FAX (505) 982-8623

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Domestic Mail Only

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**OFFICIAL RECEIPT**

7021 0950 0002 0371 5198

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

MRC Delaware Resources, LLC  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240

23215 & 23216 - Spur Blalock

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SANTA FE NM 87501  
NOV 09 2022  
Postmark Here  
SANTA FE NM MAIN POST OFFICE

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY  |
|--|--|
| <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> | <p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>C. Brown</u></p> <p>C. Date of Delivery <u>NOV 10 2022</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br/>If YES, enter delivery address below</p> <p><b>RECEIVED</b><br/>NOV 10 2022</p>   |
| <p>1. Article Addressed to:</p> <p>MRC Delaware Resources, LLC<br/>5400 LBJ Freeway, Suite 1500<br/>Dallas, TX 75240</p> <p>23215 &amp; 23216 - Spur Blalock</p>   | <p>3. Service Type <u>Hinkle Sharon LLP</u><br/><u>Santa Fe NM 87501</u></p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> |
| <p>2. Article Number (Transfer from service label)</p> <p>7021 0950 0002 0371 5198</p>   |  |
| PS Form 3811, July 2020 PSN 7530-02-000-9053   | Domestic Return Receipt  |

**Spur Energy Partners LLC**  
**Case No. 23216**  
**Exhibit B-2**