

September 26, 2022

VIA CERTIFIED MAIL/ RETURN RECEIPT AND E-MAIL

Sally Kvansicka (sallyk@forl.com)



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

ATTN: Ms. Sally Kvansicka – Land Manager

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

Dear Working Interest Owner,

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

Morrison #101H - Horizontal Yeso Well, Eddy County, NM

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

Morrison #102H - Horizontal Yeso Well, Eddy County, NM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

SILVERBACK NEW MEXICO, LLC

Larry K. Coshow, CPL
Contract Landman

Enclosures
Exhibit "A"
AFEs

September 26, 2022

Morrison #101H

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

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

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

Well Insurance:

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

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK’S proposed ratification /amendment/extension/adoption document (“Amended Agreement”) to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this _____ day of _____, 2022.

Company/Individual: _____

By: _____

Name:....._____

Title: _____

September 26, 2022

Morrison #102H

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

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

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

Well Insurance:

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

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK’S proposed ratification /amendment/extension/adoption document (“Amended Agreement”) to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this ___day of _____, 2022.

Company/Individual: _____

By: _____

Name:....._____

Title: _____

September 26, 2022

Morrison #103H

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

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

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

Well Insurance:

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

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK’S proposed ratification /amendment/extension/adoption document (“Amended Agreement”) to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this ___ day of _____, 2022.

Company/Individual: _____

By: _____

Name: _____

Title: _____

September 26, 2022

Morrison #104H

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

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

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

Well Insurance:

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

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

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

Agreed to and Accepted this ___ day of _____, 2022.

Company/Individual: _____

By: _____

Name: ..._____

Title: _____



Authority for Expenditure

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

Date: Sep 19, 2022
 Target: Paddock
 Project MD/TVD: 8600 / 3000
 Lateral Length: 4900

Total

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

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

19707 West IH 10, Suite 201, San Antonio, TX 78257
 Tel. 210-585-3316 www.silverbackexp.com



Authority for Expenditure

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

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

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



Authority for Expenditure

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

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

WI Owner: _____ **Date:** _____
Approved By: _____ **Title:** _____
Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)



Authority for Expenditure

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

Date: Sep 19, 2022
Target: Paddock
Project MD/TVD: 8600 / 3000
Lateral Length: 4900

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

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



Authority for Expenditure

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

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

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



Authority for Expenditure

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

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

WI Owner: _____ **Date:** _____
Approved By: _____ **Title:** _____
Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)



Authority for Expenditure

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

Date: Sep 19, 2022
 Target: Paddock
 Project MD/TVD: 8600 / 3000
 Lateral Length: 4900

Total

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

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



Authority for Expenditure

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

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



Authority for Expenditure

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

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WI Owner: _____ **Date:** _____

Approved By: _____ **Title:** _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)

We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)



Authority for Expenditure

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

Date: Sep 19, 2022
 Target: Paddock
 Project MD/TVD: 8600 / 3000
 Lateral Length: 4900

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

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
Tangible Drilling			\$ 476,067.00	\$ -	\$ 476,067.00
850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708	
850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836	
850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523	
Tangible Completion			\$ -	\$ 103,537.00	\$ 103,537.00
860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232	
860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355	
860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950	
TOTAL TANGIBLE D&C COSTS >>>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
Intangible Drilling			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054	
830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199	
830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573	
830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442	
830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790	
830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790	
830.065	IDC - FUEL, POWER	\$ 54,293	\$ -	\$ 54,293	
830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111	
830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064	
830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872	
830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360	
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830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662	
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830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838	
830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751	
830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107	
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830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160	



Authority for Expenditure

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

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



Authority for Expenditure

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

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WI Owner: _____ **Date:** _____

Approved By: _____ **Title:** _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)

HOLLIDAY ENERGY LAW GROUP

April 6, 2023

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

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

To Whom It May Concern:

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

Thank you for your time and attention in this regard.

Sincerely,



Christina Mendez
Paralegal