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**McELVAIN ENERGY, INC.**

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DAVID W. SIPLE  
VICE PRESIDENT, LAND

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March 19, 2018

New Mexico Oil Conservation Division  
Attn: Heather Riley - Division Director  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

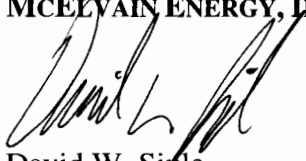
Re: Actual Well Costs  
EK 31 BS2 Federal Com 1H  
Township 18 South, Range 34 East  
Section 31: E2E2  
Lea County, New Mexico

Dear Ms. Riley,

Attached please find an itemized schedule of the actual well costs for the referenced well. Pursuant to Compulsory Pooling Order #R-14455, McElvain Energy, Inc., as operator, is required to provide these costs to the New Mexico Oil Conservation Division. The itemized schedule has also been provided to the pooled working interest owners.

Sincerely,

**McELVAIN ENERGY, INC.**



David W. Siple  
Vice President, Land

McElvain Energy, Inc.  
 EK 31 BS2 Federal Com 1H  
 Actual Drilling, Completion, Equipment costs to Date  
 Compiled March 19, 2018

Row Labels	Billing Category Desc	Sum of Gross Amount
4004	STAKING, PERMIT & LEGAL FEES	\$48,344.50
4011	SURFACE DAMAGES, RIGHT OF WAY	\$6,137.81
4015	LOCATION, ROAD	\$111,736.54
4103	TURNKEY DRILLING	\$113,635.01
4111	DRILLING, DAYWORK	\$442,382.60
4116	MOB/DEMOB	\$97,464.58
4118	RIG FUEL	\$134,447.76
4120	DRILLING WATER	\$24,770.10
4125	MUD & ADDITIVES	\$95,286.41
4127	WATER TRUCK SVCS - OTHER	\$3,682.00
4135	BITS	\$92,638.80
4204	MUD LOGS	\$71,286.35
4216	DIRECTIONAL TOOLS & SERVICES	\$234,865.15
4220	OPEN HOLE LOGS	\$3,954.82
4225	CEMENT, CEMENTING TOOLS & SVC	\$95,049.18
4250	EQUIPMENT RENTAL	\$170,950.22
4310	FISHING TOOLS & SERVICES	\$33,149.53
4408	CASING CREW	\$16,953.85
4480	TRUCKING & TRANSPORTATION	\$16,777.09
4515	ROUSTABOUT SERVICE & CONTRACT LABOF	\$33,660.24
4580	MISC. MATERIALS & SUPPLIES	\$26,202.33
4609	ELECTRICAL INSTALLATION	\$200.00
4610	REGULATORY COMPLIANCE	\$10,000.00
4611	CLOSED LOOP SYSTEM COSTS	\$249,893.58
4615	FIELD SUPERVISION	\$150,831.11
4620	DRILLING OVERHEAD	\$13,279.57
4715	OTHER DRILLING COSTS	\$72,845.88
		<b>\$2,370,425.01 IDC Total</b>
5004	STAKING, PERMIT & LEGAL FEES	\$4,027.65
5011	SURFACE DAMAGES, RIGHT-OF-WAY	\$733.00
5015	LOCATION, ROAD	\$2,578.47
5111	DRILLING, DAYWORK, COILED TUBING	\$132,287.34
5112	PULLING UNIT-COMPLETION UNIT	\$26,214.07 *
5118	RIG FUEL	\$1,067.29
5121	COMPLETION WATER	\$187,664.70
5126	FLUID DISPOSAL	\$22,740.15
5127	WATER TRUCK SVCS - OTHER	\$20,019.89
5220	CASED HOLE LOGS	\$160,019.62
5225	CEMENT, CEMENTING TOOLS & SVC	\$102,674.14
5250	TOOL & EQUIPMENT RENTAL	\$171,214.08
5260	GAS MARKET FLOWLINE	\$472.29
5407	WIRELINE SERVICES, PERFORATING	\$12,196.92
5480	TRUCKING & TRANSPORTATION	\$5,512.09
5515	ROUSTABOUT SERVICE & CONTRACT LABOF	\$105,491.51
5520	STIMULATION: FRAC, ACID, ETC.	\$1,551,916.93
5530	PRESSURE TESTING	\$6,593.56
5540	WELL TESTING & EVALUATION	\$20,631.34
5560	HOT OIL SERVICE	\$813.47
5580	MISC. MATERIALS & SUPPLIES	\$171,384.31
5609	ELECTRICAL INSTALLATION	\$52,903.54 *
5610	REGULATORY COMPLIANCE	\$1,052.37
5614	COMPLETION/ENGINEERING CONSULTANT	\$1,290.15
5615	FIELD SUPERVISION	\$87,955.51
5620	COMPLETION OVERHEAD	\$4,193.55
5715	OTHER COMPLETION COSTS	\$13,776.22
		<b>\$2,867,424.16 ICC Total</b>
8005	SURFACE CASING	\$91,314.74
8010	INTERMEDIATE CASING	\$136,842.38
8015	PRODUCTION CASING / LINER	\$316,881.38
8025	TUBING	\$51,453.92
8105	PACKER & SPECIAL EQUIPMENT	\$21,020.00
8205	CHRISTMAS TREE AND WELLHEAD	\$51,915.67 *
8220	SEPARATION EQUIPMENT	\$56,176.32
8230	STORAGE FACILITIES-TANKS	\$95,626.55
8231	STRUCTURAL ENCLOSURES	\$11,612.71
8250	LINE PIPE & FITTINGS	\$80,570.24
8260	GAS MARKET FLOWLINE	\$186.75
8270	SURFACE PUMPS	\$3,393.79
8305	PUMPING UNIT & ARTIFICIAL LIFT EQUI	\$201,212.48 *
8306	FLARE/COMBUSTOR EQUIPMENT	\$5,330.24
8405	FLOWLINES	\$5,625.00
8410	METERING / AUTOMATION EQUIPMENT	\$45,643.91
8505	LABOR/SUPERVISION SURF EQUIP INSTAL	\$48,299.68
8506	TRUCKING SURF EQUIP INSTALLATION	\$328.90
8705	NON-CONTROLLABLE EQUIP	\$561.44
		<b>\$1,223,996.10 Tangible Total</b>
<b>Grand Total</b>		<b>\$6,461,845.27 \$6,461,845.27</b>

\* These items include amounts for work performed but where invoices have not yet been processed through McElvain's accounting system