

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 20330

VERIFIED STATEMENT OF TYLER JOLLY

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Tyler Jolly, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application:

(a) The purpose of this application is to force pool working interest owners into the horizontal spacing unit described below, and in wells to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have simply failed or refused to voluntarily commit their interests to the well. Some interest owners are unlocatable.

(c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a horizontal spacing unit in the Bone Spring formation comprised of the N2SE4 of Section 29 and N2S2 of Section 28, Township 18 South, Range 29 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Bone Spring formation underlying the unit. A Form C-102 is part of Attachment A. The unit will be dedicated to the Pavo Frio 29-28 B2JI Fed Com. Well No. 1H, a horizontal well with a first take point 1980' FSL & 2328' FEL in Section 29 and a final take point 1980' FSL & 100' FEL of Section 28. The well is in the Pamillo East; Bone Spring Pool, whose pool code is 49553.

EXHIBIT **1**

- (d) There is no depth severance in the Bone Spring formation.
- (e) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses are also set forth.

In order to find the unlocatable parties we examined county and governmental records, and also conducted internet searches including county records, internet searches, white pages, etc.

- (f) Attachment C contains a summary of contacts with the locatable interest owners, together with copies of the proposal letters and e-mails with them.
- (g) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well, or to locate the interest owners.
- (h) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment D is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area of Eddy County.
- (j) Mewbourne requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Eddy County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) Mewbourne requests that it be designated operator of the well.
- (m) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

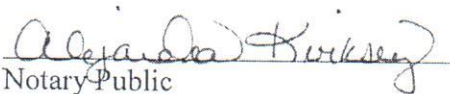
Tyler Jolly, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



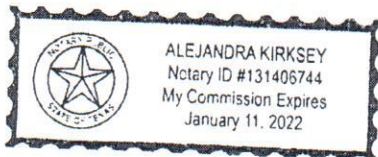
Tyler Jolly

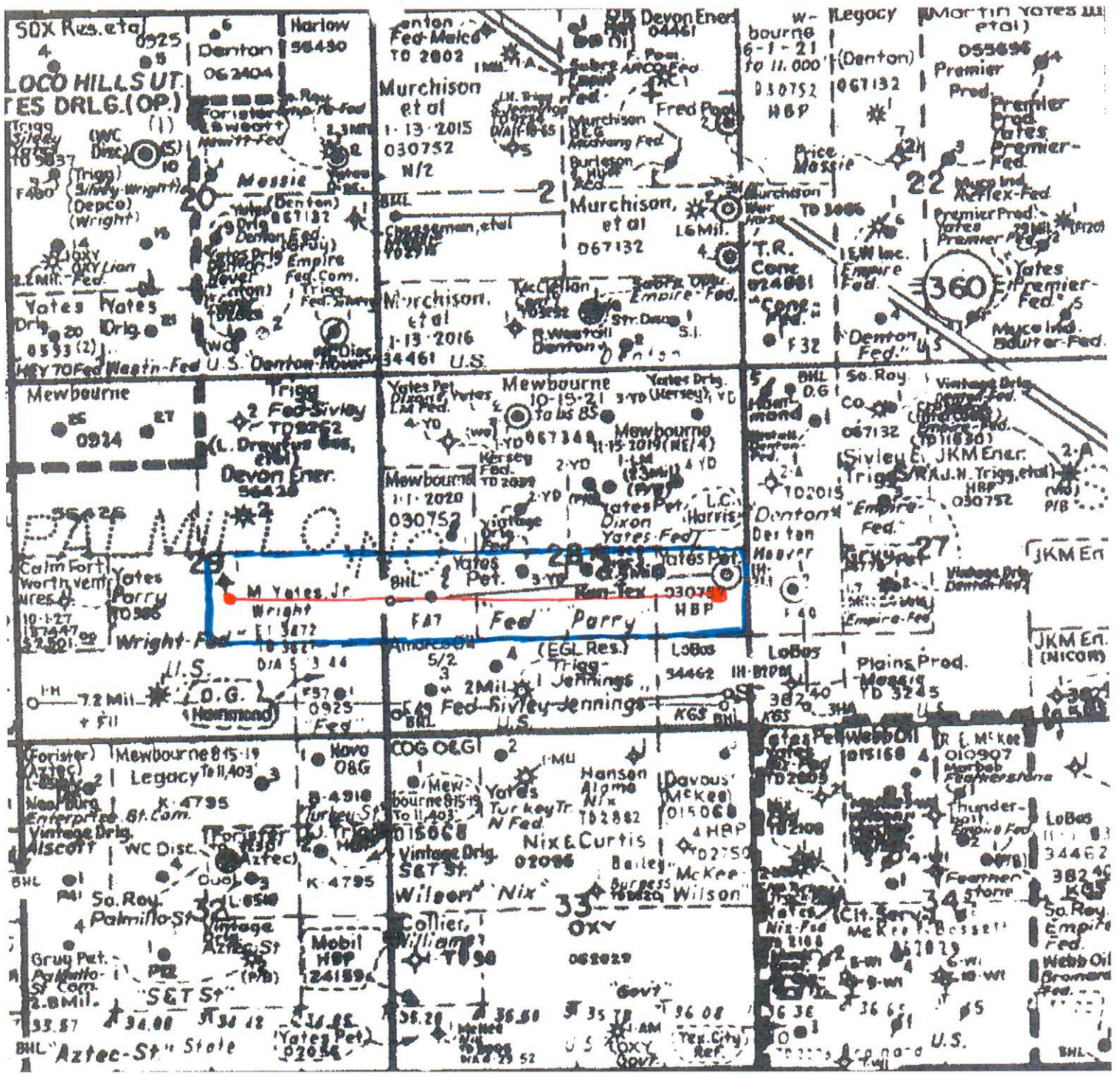
SUBSCRIBED AND SWORN TO before me this 28th day of March, 2019 by Tyler Jolly.

My Commission Expires: January 11, 2022



Notary Public





T185, R29E

ATTACHMENT **A**

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number Pending		² Pool Code 49553		³ Pool Name Palmillo East Bone Spring			
⁴ Property Code		⁵ Property Name PAVO FRIO 29/28 B2JI FEDERAL COM				⁶ Well Number 1H	
⁷ GRID NO. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY				⁹ Elevation 3463'	

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
J	29	18S	29E		1980	SOUTH	2385	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	28	18S	29E		1980	SOUTH	100	EAST	EDDY
¹² Dedicated Acres 240		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N 624519.5 - E 614300.3
LAT: 32.7166202° N
LONG: 104.0960970° W

BOTTOM HOLE
N 624547.9 - E 621865.0
LAT: 32.7166492° N
LONG: 104.0715006° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1916"
N 622529.0 - E 611414.5

B: FOUND BRASS CAP "1916"
N 625169.6 - E 611406.3

C: FOUND BRASS CAP "1916"
N 627808.7 - E 611399.3

D: FOUND BRASS CAP "1916"
N 627820.2 - E 614038.0

E: FOUND BRASS CAP "1916"
N 627830.9 - E 616680.7

F: FOUND BRASS CAP "1916"
N 627839.5 - E 619314.5

G: FOUND BRASS CAP "1916"
N 627842.7 - E 621952.4

H: FOUND 1" BAR
N 625208.0 - E 621963.5

I: FOUND BRASS CAP "1916"
N 622568.7 - E 621969.3

J: FOUND BRASS CAP "1916"
N 622549.6 - E 616690.4

K: FOUND BRASS CAP "1916"
N 622539.0 - E 614052.2

L: FOUND BRASS CAP "1916"
N 625190.5 - E 616682.8

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

03-28-2018
Date of Survey

Signature and Seal of Professional Surveyor

ROBERT M. HOWETT
NEW MEXICO
19680
PROFESSIONAL SURVEYOR

19680
Certificate Number

Job No.: LS1803409

Tract Ownership

Pavo Frio 29-28 B2JI Fed Com #1H

N2SE4 of Section 29 & N2S2 of Section 28, T18S, R29E, Eddy County, New Mexico

Mewbourne Oil Company, et al.	99.359513%
EOG Resources Assets LLC	0.559107%*
Patricia Ann Miller Conley	0.065107%*
Donna Bliven	<u>0.016273%*</u>
	100.000000%

*Indicates interest is being pooled.

ATTACHMENT **B**

Summary of Communications
Pavo Frio 29-28 B2JI Fed Com #1H
N2SE4 of Section 29 & N2S2 of Section 28, T18S, R29E, Eddy County, NM

EOG Resources Assets LLC

1. January 18, 2019, sent well proposal via certified mail to EOG Resources Assets LLC.
2. January 23, 2019, email chain between Tyler Jolly with Mewbourne and Clay Haggard with EOG Resources Assets LLC.

David Scott Miller

1. February 12, 2019, sent well proposal via certified mail to David Scott Miller.
2. February 21, 2019, called various phone numbers listed for David Scott Miller and left voicemails.

Leslyn Elayne Miller

1. February 12, 2019, sent well proposal via certified mail to Leslyn Elayne Miller.
2. February 21, 2019, further research proved Leslyn Elayne Miller was deceased.
3. February 26, 2019, located Marifred Handley, Personal Representative of the Estate of Leslyn Elayne Miller.
4. February 28, 2019, spoke with Marifred Handley over the phone and agreed to deal* to commit the interest.

*A deal has been agreed upon, but is not papered at this time. Think we will be able to dismiss the Estate of Leslyn Elayne Miller from this case later.

Patricia Ann Miller Conley

1. March 4, 2019, sent well proposal via certified mail to Patricia Ann Miller Conley.
2. March 14, 2019, called and left voicemail to Patricia Ann Miller Conley.

Donna Bliven

1. March 1, 2019, sent well proposal via certified mail to Donna Bliven.
2. March 1, 2019, sent well proposal via certified mail to Donna Bliven.

*Donna Bliven is believed to be deceased, but no proof of death has been obtained.

*Appears to be unlocatable.

ATTACHMENT **C**

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

January 18, 2019

Via Certified Mail

EOG Resources Assets LLC
5509 Champions Drive
Midland, Texas 79706
Attn: Clay Haggard

Re: **Pavo Frio 29-28 Prospect**
Proposed Horizontal Test
Pavo Frio 29-28 B2JI Fed Com #1H
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

Pavo Frio 29-28 B2JI Fed Com #1H – API # - pending
Surface Location: 1980' FSL, 2385' FEL, UL J (Section 29)
Bottom Hole Location: 1980' FSL, 100' FEL, UL I (Section 28)
Proposed Total Vertical Depth: 7,855'
Proposed Total Measured Depth: 15,073'
Formation: Bone Spring

In the event EOG Resources Assets LLC elects to participate in the proposed well, please execute the enclosed AFE and return the same to the undersigned within thirty (30) days. Upon receipt of the signed AFE, I will forward an Operating Agreement for execution. Please enclose your most current well information requirements so that we may supply well data when available.

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosures



January 22, 2019

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8106 9994 5037 9807 25.

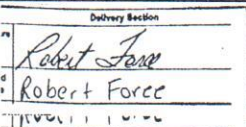
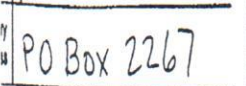
Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: January 22, 2019, 7:41 am
Location: MIDLAND, TX 79702
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: Attn Clay Haggard

Shipment Details

Weight: 1.0oz

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

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Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Attn: Clay Haggard
EOG Resources, Inc.
5509 CHAMPIONS DR
MIDLAND, TX 79706
Reference #: Pavo Frio 29 28 Prop PH
Item ID: Pavo Frio 29 28 Prop

Tyler Jolly

From: Clay Haggard <Clay_Haggard@eogresources.com>
Sent: Wednesday, January 23, 2019 2:52 PM
To: Tyler Jolly
Cc: Clay Haggard
Subject: RE: Mewbourne Pavo Frio Fed Com

Never mind. I found a copy in our files.

From: Tyler Jolly [mailto:tjolly@mewbourne.com]
Sent: Wednesday, January 23, 2019 2:37 PM
To: Clay Haggard <Clay_Haggard@eogresources.com>
Subject: RE: Mewbourne Pavo Frio Fed Com

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I'll have to look through the file. Just calculating the interest based on the Title Opinion.

Tyler

From: Clay Haggard <Clay_Haggard@eogresources.com>
Sent: Wednesday, January 23, 2019 2:28 PM
To: Tyler Jolly <tjolly@mewbourne.com>
Cc: Clay Haggard <Clay_Haggard@eogresources.com>
Subject: RE: Mewbourne Pavo Frio Fed Com

Do you have a copy of the JOA?

We don't have anything in our files.

Clay Haggard, CPL
Land Advisor, EOG Resources, Inc.
5509 Champions Dr.
Midland, Texas 79706
Office (432) 686-3722



From: Tyler Jolly [<mailto:tjolly@mewbourne.com>]
Sent: Wednesday, January 23, 2019 1:53 PM
To: Clay Haggard <Clay_Haggard@eogresources.com>
Cc: Erin Lloyd <Erin_Lloyd@eogresources.com>
Subject: RE: Mewbourne Pavo Frio Fed Com

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Clay,

I'm showing EOG Resources Assets with a 0.83866% interest under Operating Agreement dated 2-5-1979 with Hondo Drilling Company as Operator covering the S2 of Section 28.

$0.83866\% \times 160 \text{ gross acres} = 1.341856 \text{ net acres}$

$1.341856 \text{ net acres} / 240 \text{ proration unit acres} = 0.559107\% \text{ in the Pavo Frio 29-28 B2JI Fed Com \#1H.}$

Do you disagree?

Tyler Jolly
Mewbourne Oil Company
500 West Texas, Suite 1020,
Midland, TX 79701
Ph: 432-682-3715

From: Clay Haggard <Clay_Haggard@eogresources.com>
Sent: Wednesday, January 23, 2019 1:00 PM
To: Tyler Jolly <tjolly@mewbourne.com>
Cc: Clay Haggard <Clay_Haggard@eogresources.com>; Erin Lloyd <Erin_Lloyd@eogresources.com>
Subject: Mewbourne Pavo Frio Fed Com

Tyler

I am in receipt of Mewbourne's proposal to drill the Pavo Frio 29-28 B2JI Fed Com #1H well.

Per Mewbourne's title opinion (attached), I would compute EOG's interest to be .631202%, rather than the .559107% shown on the attached AFE.

Can you walk me through your calculations and let me know where the difference lies.

Thanks.

Clay Haggard, CPL
Land Advisor, EOG Resources, Inc.
5509 Champions Dr.
Midland, Texas 79706
Office (432) 686-3722



MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

February 12, 2019

Via Certified Mail

David Scott Miller
P.O. Box 3
Taylor, Arizona 85939

Re: **Pavo Frio 29-28 Prospect**
Proposed Horizontal Test
Pavo Frio 29-28 B2JI Fed Com #1H
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

Pavo Frio 29-28 B2JI Fed Com #1H – API # - pending
Surface Location: 1980' FSL, 2385' FEL, UL J (Section 29)
Bottom Hole Location: 1980' FSL, 100' FEL, UL I (Section 28)
Proposed Total Vertical Depth: 7,855'
Proposed Total Measured Depth: 15,073'
Formation: Bone Spring

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to the undersigned within thirty (30) days. After I receive the executed AFE, I will forward our Operating Agreement for execution. Please enclose your most current well information requirements so that we may supply well data when available.

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosure

Certified:

Following is in response to your request for proof of delivery on your item with the tracking number:
8106 9994 5038 5186 06.

Item Details

Status: Delivered
Status Date / Time: February 20, 2019, 11:16 am
Location: TAYLOR, AZ 85939
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: David Scott Miller

Shipment Details

Weight: 1.0oz

Recipient Signature

Signature of Recipient:



Address of Recipient:



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Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

David Scott Miller
PO BOX 3
TAYLOR, AZ 85939
Reference #: Pavo Frio 29 28 B2JI PROP TJ
Item ID: Pavo Frio 29 28 B2JI PROP

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

February 12, 2019

Via Certified Mail

Leslyn Elayne Miller
8 Happy Trails Dr.
Las Cruces, NM 88005

Re: **Pavo Frio 29-28 Prospect**
Proposed Horizontal Test
Pavo Frio 29-28 B2JI Fed Com #111
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

Pavo Frio 29-28 B2JI Fed Com #1H – API # - pending
Surface Location: 1980' FSL, 2385' FEL, UL J (Section 29)
Bottom Hole Location: 1980' FSL, 100' FEL, UL I (Section 28)
Proposed Total Vertical Depth: 7,855'
Proposed Total Measured Depth: 15,073'
Formation: Bone Spring

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to the undersigned within thirty (30) days. After I receive the executed AFE, I will forward our Operating Agreement for execution. Please enclose your most current well information requirements so that we may supply well data when available.

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosure



March 7, 2019

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8106 9994 5038 5186 44.



Item Details

Status:	Delivered, To Original Sender
Status Date / Time:	March 7, 2019, 2:42 pm
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	LESLYN ELAYNE MILLER

Shipment Details

Weight:	1.0oz
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Recipient Signature

Signature of Recipient:	
Address of Recipient:	

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Washington, D.C. 20260-0004

LESLYN ELAYNE MILLER
8 HAPPY TRAILS DR
LAS CRUCES, NM 88005
Reference #: Pavo Frio 29 28 B2JI PROP TJ
Item ID: Pavo Frio 29 28 B2JI PROP

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

March 4, 2019

Via Certified Mail

Patricia Ann Miller Conley
931 Flora Vista Drive
Las Cruces, NM 88007

Re: **Pavo Frio 29-28 B2JI Fed Com #1H**
Proposed Horizontal Test
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

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Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosure



March 6, 2019

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8106 9994 5038 9788 06.

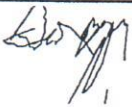
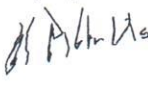
Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	March 6, 2019, 12:46 pm
Location:	LAS CRUCES, NM 88007
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	Particia Ann Miller Conley

Shipment Details

Weight:	1.0oz
----------------	-------

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

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Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Particia Ann Miller Conley
931 FLORA VISTA DR
LAS CRUCES, NM 88007
Reference #: Pavo Frio 29 28 B2JI PROP TJ
Item ID: Pavo Frio 29 28 B2JI PROP

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

March 1, 2019

Via Certified Mail

Donna Bliven
608 Green, Unit B
Carlsbad, NM 88220

Re: **Pavo Frio 29-28 B2JI Fed Com #1H**
Proposed Horizontal Test
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

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Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosure

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

March 1, 2019

Via Certified Mail

Donna Bliven
506 Orchard Lane, Apt. #17
Carlsbad, NM 88220

Re: **Pavo Frio 29-28 B2JI Fed Com #1H**
Proposed Horizontal Test
N2SE4 of Section 29 & N2S2 of Section 28
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company, as Operator, hereby proposes drilling the following horizontal test:

Pavo Frio 29-28 B2JI Fed Com #1H – API # - pending
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Proposed Total Measured Depth: 15,073'
Formation: Bone Spring

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to the undersigned within thirty (30) days. After I receive the executed AFE, I will forward our Operating Agreement for execution. Please enclose your most current well information requirements so that we may supply well data when available.

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY


Tyler Jolly
Landman

Enclosure

MEWBO OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: **Pavo Frio 29/28 B2JI Fed Com #1H** Prospect: **Bone Springs**
 Location: **SL: 1980' FSL & 2385' FEL (29); BHL: 1980' FSL & 100' FEL (28)** County: **Eddy** ST: **NM**
 Sec. **29,28** Blk: Survey: TWP: **18S** RNG: **29E** Prop. TVD: **7855** TMD: **15073**

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$85,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling	22 days drlg / 3 days comp @ \$22,000/d	0180-0110	\$517,000	0180-0210	\$70,500
Fuel	1700 gal/day @ 2.74/gal	0180-0114	\$85,000	0180-0214	\$290,000
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$200,000
Cementing		0180-0125	\$100,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,500	0180-0230	\$306,000
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$90,000
Mud Logging		0180-0137	\$30,000		
Stimulation	37 Stg 14.3 MM gal / 14.3 MM lb			0180-0241	\$1,815,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$60,000	0180-0245	\$400,000
Bits		0180-0148	\$100,000	0180-0248	\$8,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$150,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$37,500	0180-0270	\$52,500
Directional Services	Includes Vertical Control	0180-0175	\$210,000		
Equipment Rental		0180-0180	\$194,400	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$4,800	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$10,000
Damages		0180-0190	\$10,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$4,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$120,000	0180-0295	\$91,200
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies	2% (TCP) 2% (CC)	0180-0199	\$45,200	0180-0299	\$75,300
TOTAL			\$2,304,400		\$3,838,000

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	300' - 13 3/8" 54.5# J-55 ST&C @ \$42.99/ft	0181-0794	\$13,800		
Casing (8.1" - 10.0")	1325' - 9 5/8" 36# J55 LT&C @ \$26.07/ft	0181-0795	\$36,900		
Casing (6.1" - 8.0")	7975' - 7" 26# HCP-110 LT&C @ \$24.43/ft	0181-0796	\$208,100		
Casing (4.1" - 6.0")	7840' - 4 1/2" 13.5# P-110 BPN @ \$14.94/ft			0181-0797	\$125,100
Tubing	7800' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.74/ft			0181-0798	\$47,900
Drilling Head		0181-0860	\$40,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$70,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems	Gas Lift Valves & pkr			0181-0884	\$25,000
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers				0181-0886	
Tanks - Oil	2 - 750 bbl (adding to existing battery)			0181-0890	\$38,000
Tanks - Water	1 - 750 bbl coated (adding to existing battery)			0181-0891	\$23,000
Separation / Treating Equipment	30"x10"x1k# 3 ph/36"x15"x1k#			0181-0895	\$43,000
Heater Treaters, Line Heaters	8'x20'x75# HT			0181-0897	\$27,000
Metering Equipment				0181-0898	\$14,000
Line Pipe & Valves - Gathering				0181-0900	\$15,000
Fittings / Valves & Accessories				0181-0906	\$50,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$125,000
Equipment Installation				0181-0910	\$50,000
Pipeline Construction				0181-0920	\$40,000
TOTAL			\$298,800		\$731,000
SUBTOTAL			\$2,603,200		\$4,569,000

TOTAL WELL COST \$7,172,200

Extra Expense Insurance

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: P. Hrebicek Date: 1/7/2019

Company Approval: *M. Whittor* Date: 1/9/2019

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

