

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

3X40 acres
38-175-32E
NW/4 and
SE/2 SW/4
pooling Conoco P
San Andres
surface lease of

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

APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 14,871

APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 14,872

APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 14,873

VERIFIED STATEMENT OF STACI SANDERS

Staci Sanders, being duly sworn upon her oath, deposes and states:

1. I am a landman for Mack Energy Corporation, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owner being pooled has been contacted regarding the proposed wells, and has simply not decided whether to join in the wells or farm out its interests.

(b) A plat outlining the spacing units being pooled is attached hereto as Exhibit A. Applicant seeks the following:

Case 14871: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 2, to be drilled at an orthodox location.

Oil Conservation Division
Case No. 1
Exhibit No. 1

Case 14872: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SW¼SW¼ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 3, to be drilled at an orthodox location.

Case 14873: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NW¼SW¼ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 4, to be drilled at an orthodox location.

(c) The party being pooled, its working interest in the well units, and its address, are as follows:

ConocoPhillips Company 74%
P.O. Box 2197
Houston, Texas 77252

The above address is current and correct.

(d) A copy of the proposal letter sent to the uncommitted working interest owner is attached hereto as Exhibit B. We have also had several telephone discussions with ConocoPhillips Company, but it has never responded.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(f) Copies of the Authority for Expenditure for the proposed wells is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(g) Overhead charges of \$6500/month for a drilling well, and \$650/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the wells.

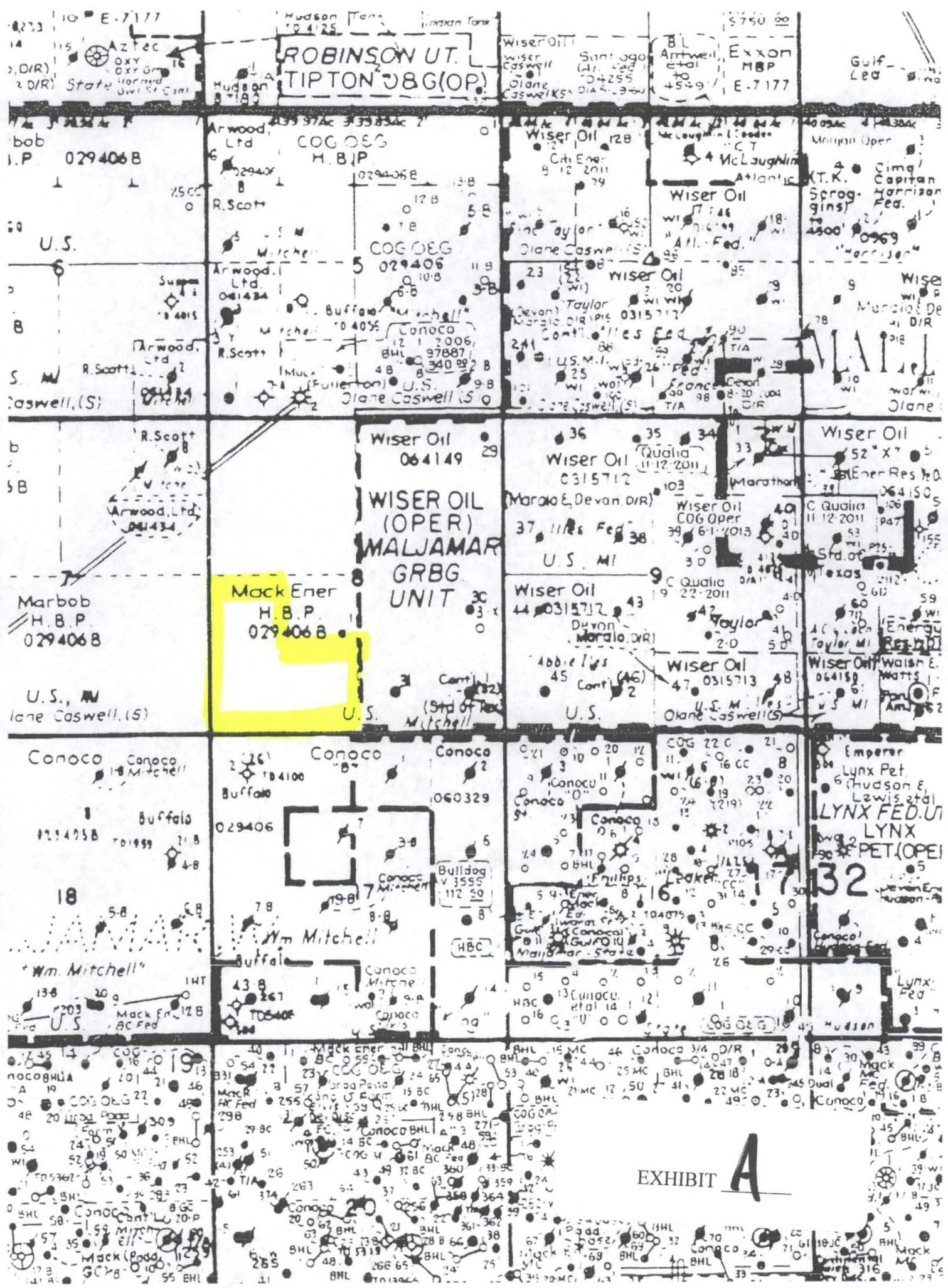


EXHIBIT **A**

CHASE OIL CORPORATION

Post Office Box 1767
Artesia, New Mexico 88211-1767
Office (575) 746-9853
FAX (575) 748-7374

Certified Mail

February 17, 2012

Mr. Thomas J. Scarbrough
ConocoPhillips Company
P.O. Box 2197
Houston, Texas 77252-2197

Re: **1209 - FED NMLC-029406-B**
Pintail Federal Well Proposals
Lea County, New Mexico

Dear Mr. Scarbrough:

Mack Energy Corporation ("Mack") invites ConocoPhillips Company ("COP") to join in the drilling of the Pintail Federal #2, located 330 feet FSL and 2310 feet FWL, the Pintail Federal #3, located 330 feet FSL and 990 feet FWL, and the Pintail Federal #4, located 1650 feet FSL and 990 feet FWL, all in Section 8, T17S, R32E, Lea County, New Mexico. These wells are slated to test the San Andres formation with total depths of 5500 feet.

These portions of Federal Lease 029406-B, as to rights from the surface to the base of the San Andres formation, are owned 26% by Chase Oil Corporation (an affiliate of Mack), and 74% by COP.

Duplicate original AFE's for each well are enclosed for your review. If you wish to join, please return approved AFE's and I will forward an Operating Agreement naming Mack Energy Corporation as Operator for your review.

If you do not wish to participate in the drilling of these wells, we will pay a bonus of \$250 per net leasehold acre for a two year Term Assignment of your interest from the surface to the base of the San Andres formation underlying the NW/4SW/4, S/2SW/4 of Section 8, T17S, R32E. We propose delivery of a 77.5% net revenue interest and a 180 day continuous drilling provision.

Give me a call or contact me via email at stacs@mec.com if you have any questions.

Sincerely,
Mack Energy Corporation


Staci D. Sanders

3/27/12 - Tom Scarbrough said
they are looking at this & hope
to have an answer in a week
or so.
Staci

Enclosures

EXHIBIT

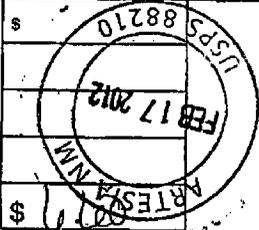
B

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

7011 1150 0001 0155 0103

| | | | |
|--|----|---|---------------|
| Postage | \$ |  | Postmark Here |
| Certified Fee | | | |
| Return Receipt Fee (Endorsement Required) | | | |
| Restricted Delivery Fee (Endorsement Required) | | | |
| Total Postage & Fees | \$ | | |

Sent To **Mr. Thomas J. Scarbrough**
ConocoPhillips Company
P.O. Box 2197
Houston, TX 77252-2197

Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Thomas J. Scarbrough
ConocoPhillips Company
P.O. Box 2197
Houston, TX 77252-2197

Pinball Federal Well Proposals

2. Article Number
 (Transfer from service label)

7011 1150 0001 0155 0103

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent
 Addressee

B. Received by (Printed Name) *THOMAS J SCARBROUGH* C. Date of Delivery *FEB 21 2012*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**MACK ENERGY CORPORATION
AUTHORIZATION FOR EXPENDITURE**

Pintail Federal #2

5500' TMD

SHL: 330 FSL & 2310 FWL

Sec. 8, T17S, R32E, Lea County, New Mexico

| Code | Drilling Intangible | Dry Hole Without Pipe | Completed Well | Actual Cost |
|---------|-------------------------------------|-----------------------|----------------|--------------|
| 502-015 | Administrative Overhead Drilling | \$2,000.00 | \$0.00 | \$2,000.00 |
| 502-020 | Location, Roads, Pits, & Damages | \$56,500.00 | \$0.00 | \$56,500.00 |
| 502-100 | Footage | \$0.00 | \$0.00 | \$0.00 |
| 502-110 | Daywork 10 days \$14000/day | \$205,500.00 | \$0.00 | \$205,500.00 |
| 502-114 | Rental Equipment Surface | \$61,007.50 | \$0.00 | \$61,007.50 |
| 502-115 | Rental Equipment SubSurface | \$8,100.00 | \$0.00 | \$8,100.00 |
| 502-116 | Bits | \$28,500.00 | \$0.00 | \$28,500.00 |
| 502-120 | Water-Drilling | \$23,000.00 | \$0.00 | \$23,000.00 |
| 502-125 | Mud Materials | \$21,000.00 | \$0.00 | \$21,000.00 |
| 502-200 | Cement-- Surface and Intermediate | \$14,250.00 | \$0.00 | \$14,250.00 |
| 502-201 | Cement-- Production | \$0.00 | \$35,750.00 | \$35,750.00 |
| 502-204 | Fuel & Power | \$19,000.00 | \$0.00 | \$19,000.00 |
| 502-205 | Supplies & Misc. | \$0.00 | \$0.00 | \$0.00 |
| 502-500 | Testing, Coring, & Mud Logging | \$19,560.00 | \$0.00 | \$19,560.00 |
| 502-600 | Open Hole Logs/Wireline | \$38,565.00 | \$0.00 | \$38,565.00 |
| 502-650 | Directional Drillers | \$0.00 | \$0.00 | \$0.00 |
| 502-681 | Supervision | \$15,000.00 | \$0.00 | \$15,000.00 |
| 502-682 | Trailer Rentals & Other Camp Equip. | \$1,900.00 | \$0.00 | \$1,900.00 |
| | Miscellaneous and Contingency | \$51,188.25 | \$0.00 | \$51,188.25 |

| Code | Total Drilling Intangibles | \$565,070.75 | \$35,750.00 | \$600,820.75 |
|------|----------------------------|--------------|-------------|--------------|
|------|----------------------------|--------------|-------------|--------------|

Completion Intangibles

| | | | | |
|---------|------------------------------------|--------|--------------|--------------|
| 502-015 | Administrative Overhead Completion | \$0.00 | \$3,000.00 | \$3,000.00 |
| 502-021 | Battery Construction-Dirt Work,Etc | \$0.00 | \$45,000.00 | \$45,000.00 |
| 502-103 | Completion Unit | \$0.00 | \$60,300.00 | \$60,300.00 |
| 502-210 | Fuel,Water,Power | \$0.00 | \$19,500.00 | \$19,500.00 |
| 502-350 | Completions Surface Rentals | \$0.00 | \$36,498.00 | \$36,498.00 |
| 502-360 | Completions SubSurface Rentals | \$0.00 | \$20,528.00 | \$20,528.00 |
| 502-601 | Perforating and Logging | \$0.00 | \$30,000.00 | \$30,000.00 |
| 502-610 | Frac and/or Acid Treatment | \$0.00 | \$315,306.00 | \$315,306.00 |
| 502-680 | Professional Services | \$0.00 | \$18,750.00 | \$18,750.00 |
| 502-700 | Miscellaneous Services | \$0.00 | \$5,000.00 | \$5,000.00 |
| | Contingency | \$0.00 | \$55,088.20 | \$55,088.20 |

| Code | Total Completion Intangibles | \$0.00 | \$608,970.20 | \$608,970.20 |
|------|------------------------------|--------------|--------------|----------------|
| | Total Intangibles | \$565,070.75 | \$644,720.20 | \$1,209,790.95 |

Drilling and Completion Tangibles

| | | | | | |
|---------|---|------------------|-------------|--------------|--------------|
| 170-105 | Surface Casing 950' | 8 5/8" 32# J-55 | \$36,193.99 | \$0.00 | \$36,193.99 |
| 170-110 | Intermediate Casing 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-115 | Production Casing 5500' | 5 1/2" 17# L-80 | \$0.00 | \$119,324.56 | \$119,324.56 |
| 170-115 | Production Liner 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-120 | Production Tubing 5450' | 2 7/8" 6.5# J-55 | \$0.00 | \$42,713.69 | \$42,713.69 |
| 170-125 | Wellhead Equipment-- Long String | | \$0.00 | \$1,500.00 | \$1,500.00 |
| 170-126 | Wellhead Equipment-- Surface & Intermediate | | \$1,600.00 | \$0.00 | \$1,600.00 |
| 170-130 | Floating Equipment-- Long String | | \$0.00 | \$2,500.00 | \$2,500.00 |
| 170-131 | Floating Equipment-- Surface & Intermediate | | \$2,500.00 | \$0.00 | \$2,500.00 |
| 170-135 | Rods | | \$0.00 | \$24,680.87 | \$24,680.87 |
| 170-140 | Subsurfaces Equipment | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-145 | Linepipe | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-150 | Tanks,Treater,Separators | | \$0.00 | \$80,000.00 | \$80,000.00 |
| 170-155 | Pumping Unit And Engine | | \$0.00 | \$85,000.00 | \$85,000.00 |
| 170-160 | Other Miscellaneous Equipment | | \$0.00 | \$0.00 | \$0.00 |
| | Contingency | | \$4,029.40 | \$36,271.91 | \$40,301.31 |

| Total Tangible | \$44,323.39 | \$398,991.03 | \$443,314.42 |
|----------------|-------------|--------------|--------------|
|----------------|-------------|--------------|--------------|

| TOTAL WELL COSTS | \$609,394.14 | \$1,043,711.23 | \$1,653,105.37 |
|------------------|--------------|----------------|----------------|
|------------------|--------------|----------------|----------------|

Prepared By: Kevin Garrett

Total Contingency: \$146,577.76
Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____

EXHIBIT

MACK ENERGY CORPORATION
AUTHORIZATION FOR EXPENDITURE

Pintail Federal #3

5500' TMD

SHL: 330 FSL & 990 FWL

Sec. 8, T17S, R32E, Lea County, New Mexico

| Code | Drilling Intangible | Dry Hole Without Pipe | Completed Well | Actual Cost |
|---------|-------------------------------------|-----------------------|----------------|--------------|
| 502-015 | Administrative Overhead Drilling | \$2,000.00 | \$0.00 | \$2,000.00 |
| 502-020 | Location, Roads, Pits, & Damages | \$56,500.00 | \$0.00 | \$56,500.00 |
| 502-100 | Footage | \$0.00 | \$0.00 | \$0.00 |
| 502-110 | Daywork 10 days \$14000/day | \$205,500.00 | \$0.00 | \$205,500.00 |
| 502-114 | Rental Equipment Surface | \$61,007.50 | \$0.00 | \$61,007.50 |
| 502-115 | Rental Equipment SubSurface | \$8,100.00 | \$0.00 | \$8,100.00 |
| 502-116 | Bits | \$28,500.00 | \$0.00 | \$28,500.00 |
| 502-120 | Water-Drilling | \$23,000.00 | \$0.00 | \$23,000.00 |
| 502-125 | Mud Materials | \$21,000.00 | \$0.00 | \$21,000.00 |
| 502-200 | Cement-- Surface and Intermediate | \$14,250.00 | \$0.00 | \$14,250.00 |
| 502-201 | Cement-- Production | \$0.00 | \$35,750.00 | \$35,750.00 |
| 502-204 | Fuel & Power | \$19,000.00 | \$0.00 | \$19,000.00 |
| 502-205 | Supplies & Misc. | \$0.00 | \$0.00 | \$0.00 |
| 502-500 | Testing, Coring, & Mud Logging | \$19,560.00 | \$0.00 | \$19,560.00 |
| 502-600 | Open Hole Logs/Wireline | \$38,565.00 | \$0.00 | \$38,565.00 |
| 502-650 | Directional Drillers | \$0.00 | \$0.00 | \$0.00 |
| 502-681 | Supervision | \$15,000.00 | \$0.00 | \$15,000.00 |
| 502-682 | Trailer Rentals & Other Camp Equip. | \$1,900.00 | \$0.00 | \$1,900.00 |
| | Miscellaneous and Contingency | \$51,188.25 | \$0.00 | \$51,188.25 |

| Code | Total Drilling Intangibles | \$565,070.75 | \$35,750.00 | \$600,820.75 |
|------|----------------------------|--------------|-------------|--------------|
|------|----------------------------|--------------|-------------|--------------|

| Completion Intangibles | | | | |
|------------------------|------------------------------------|--------|--------------|--------------|
| 502-015 | Administrative Overhead Completion | \$0.00 | \$3,000.00 | \$3,000.00 |
| 502-021 | Battery Construction-Dirt Work,Etc | \$0.00 | \$45,000.00 | \$45,000.00 |
| 502-103 | Completion Unit | \$0.00 | \$60,300.00 | \$60,300.00 |
| 502-210 | Fuel, Water, Power | \$0.00 | \$19,500.00 | \$19,500.00 |
| 502-350 | Completions Surface Rentals | \$0.00 | \$36,498.00 | \$36,498.00 |
| 502-360 | Completions SubSurface Rentals | \$0.00 | \$20,528.00 | \$20,528.00 |
| 502-601 | Perforating and Logging | \$0.00 | \$30,000.00 | \$30,000.00 |
| 502-610 | Frac and/or Acid Treatment | \$0.00 | \$315,306.00 | \$315,306.00 |
| 502-680 | Professional Services | \$0.00 | \$18,750.00 | \$18,750.00 |
| 502-700 | Miscellaneous Services | \$0.00 | \$5,000.00 | \$5,000.00 |
| | Contingency | \$0.00 | \$55,088.20 | \$55,088.20 |

| Code | Total Completion Intangibles | \$0.00 | \$608,970.20 | \$608,970.20 |
|------|------------------------------|--------------|--------------|----------------|
| | Total Intangibles | \$565,070.75 | \$644,720.20 | \$1,209,790.95 |

| Drilling and Completion Tangibles | | | | | |
|-----------------------------------|---|------------------|-------------|--------------|--------------|
| 170-105 | Surface Casing 950' | 8 5/8" 32# J-55 | \$36,193.99 | \$0.00 | \$36,193.99 |
| 170-110 | Intermediate Casing 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-115 | Production Casing 5500' | 5 1/2" 17# L-80 | \$0.00 | \$119,324.56 | \$119,324.56 |
| 170-115 | Production Liner 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-120 | Production Tubing 5450' | 2 7/8" 6.5# J-55 | \$0.00 | \$42,713.69 | \$42,713.69 |
| 170-125 | Wellhead Equipment-- Long String | | \$0.00 | \$1,500.00 | \$1,500.00 |
| 170-126 | Wellhead Equipment-- Surface & Intermediate | | \$1,600.00 | \$0.00 | \$1,600.00 |
| 170-130 | Floating Equipment-- Long String | | \$0.00 | \$2,500.00 | \$2,500.00 |
| 170-131 | Floating Equipment-- Surface & Intermediate | | \$2,500.00 | \$0.00 | \$2,500.00 |
| 170-135 | Rods | | \$0.00 | \$24,680.87 | \$24,680.87 |
| 170-140 | Subsurfaces Equipment | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-145 | Linepipe | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-150 | Tanks, Treater, Separators | | \$0.00 | \$80,000.00 | \$80,000.00 |
| 170-155 | Pumping Unit And Engine | | \$0.00 | \$85,000.00 | \$85,000.00 |
| 170-160 | Other Miscellaneous Equipment | | \$0.00 | \$0.00 | \$0.00 |
| | Contingency | | \$4,029.40 | \$36,271.91 | \$40,301.31 |

| Total Tangible | \$44,323.39 | \$398,991.03 | \$443,314.42 |
|----------------|-------------|--------------|--------------|
|----------------|-------------|--------------|--------------|

| TOTAL WELL COSTS | \$609,394.14 | \$1,043,711.23 | \$1,653,105.37 |
|------------------|--------------|----------------|----------------|
|------------------|--------------|----------------|----------------|

Prepared By: Kevin Garrett

Total Contingency: \$146,577.76
 Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____

MACK ENERGY CORPORATION
AUTHORIZATION FOR EXPENDITURE
 Pintall Federal #4
 5500' TMD
 SHL: 1650 FSL & 990 FWL
 Sec. 8, T17S, R32E, Lea County, New Mexico

| Code | Drilling Intangible | Dry Hole Without Pipe | Completed Well | Actual Cost |
|---------|-------------------------------------|-----------------------|----------------|--------------|
| 502-015 | Administrative Overhead Drilling | \$2,000.00 | \$0.00 | \$2,000.00 |
| 502-020 | Location, Roads, Pits, & Damages | \$56,500.00 | \$0.00 | \$56,500.00 |
| 502-100 | Footage | \$0.00 | \$0.00 | \$0.00 |
| 502-110 | Daywork 10 days \$14000/day | \$205,500.00 | \$0.00 | \$205,500.00 |
| 502-114 | Rental Equipment Surface | \$61,007.50 | \$0.00 | \$61,007.50 |
| 502-115 | Rental Equipment SubSurface | \$8,100.00 | \$0.00 | \$8,100.00 |
| 502-116 | Bits | \$28,500.00 | \$0.00 | \$28,500.00 |
| 502-120 | Water-Drilling | \$23,000.00 | \$0.00 | \$23,000.00 |
| 502-125 | Mud Materials | \$21,000.00 | \$0.00 | \$21,000.00 |
| 502-200 | Cement- Surface and Intermediate | \$14,250.00 | \$0.00 | \$14,250.00 |
| 502-201 | Cement- Production | \$0.00 | \$35,750.00 | \$35,750.00 |
| 502-204 | Fuel & Power | \$19,000.00 | \$0.00 | \$19,000.00 |
| 502-205 | Supplies & Misc. | \$0.00 | \$0.00 | \$0.00 |
| 502-500 | Testing, Coring, & Mud Logging | \$19,560.00 | \$0.00 | \$19,560.00 |
| 502-600 | Open Hole Logs/Wireline | \$38,565.00 | \$0.00 | \$38,565.00 |
| 502-650 | Directional Drillers | \$0.00 | \$0.00 | \$0.00 |
| 502-681 | Supervision | \$15,000.00 | \$0.00 | \$15,000.00 |
| 502-682 | Trailer Rentals & Other Camp Equip. | \$1,900.00 | \$0.00 | \$1,900.00 |
| | Miscellaneous and Contingency | \$51,188.25 | \$0.00 | \$51,188.25 |

| Code | Total Drilling Intangibles | \$565,070.75 | \$35,750.00 | \$600,820.75 |
|------|----------------------------|--------------|-------------|--------------|
|------|----------------------------|--------------|-------------|--------------|

| Completion Intangibles | | | | |
|------------------------|------------------------------------|--------|--------------|--------------|
| 502-015 | Administrative Overhead Completion | \$0.00 | \$3,000.00 | \$3,000.00 |
| 502-021 | Battery Construction-Dirt Work,Etc | \$0.00 | \$45,000.00 | \$45,000.00 |
| 502-103 | Completion Unit | \$0.00 | \$60,300.00 | \$60,300.00 |
| 502-210 | Fuel, Water, Power | \$0.00 | \$19,500.00 | \$19,500.00 |
| 502-350 | Completions Surface Rentals | \$0.00 | \$36,498.00 | \$36,498.00 |
| 502-360 | Completions SubSurface Rentals | \$0.00 | \$20,528.00 | \$20,528.00 |
| 502-601 | Perforating and Logging | \$0.00 | \$30,000.00 | \$30,000.00 |
| 502-610 | Frac and/or Acid Treatment | \$0.00 | \$315,306.00 | \$315,306.00 |
| 502-680 | Professional Services | \$0.00 | \$18,750.00 | \$18,750.00 |
| 502-700 | Miscellaneous Services | \$0.00 | \$5,000.00 | \$5,000.00 |
| | Contingency | \$0.00 | \$55,088.20 | \$55,088.20 |

| Code | Total Completion Intangibles | \$0.00 | \$608,970.20 | \$608,970.20 |
|------|------------------------------|--------------|--------------|----------------|
| | Total Intangibles | \$565,070.75 | \$644,720.20 | \$1,209,790.95 |

| Drilling and Completion Tangibles | | | | | |
|-----------------------------------|---|------------------|-------------|--------------|--------------|
| 170-105 | Surface Casing 950' | 8 5/8" 32# J-55 | \$36,193.99 | \$0.00 | \$36,193.99 |
| 170-110 | Intermediate Casing 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-115 | Production Casing 5500' | 5 1/2" 17# L-80 | \$0.00 | \$119,324.56 | \$119,324.56 |
| 170-115 | Production Liner 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| 170-120 | Production Tubing 5450' | 2 7/8" 6.5# J-55 | \$0.00 | \$42,713.69 | \$42,713.69 |
| 170-125 | Wellhead Equipment-- Long String | | \$0.00 | \$1,500.00 | \$1,500.00 |
| 170-126 | Wellhead Equipment-- Surface & Intermediate | | \$1,600.00 | \$0.00 | \$1,600.00 |
| 170-130 | Floating Equipment-- Long String | | \$0.00 | \$2,500.00 | \$2,500.00 |
| 170-131 | Floating Equipment-- Surface & Intermediate | | \$2,500.00 | \$0.00 | \$2,500.00 |
| 170-135 | Rods | | \$0.00 | \$24,680.87 | \$24,680.87 |
| 170-140 | Subsurfaces Equipment | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-145 | Linepipe | | \$0.00 | \$3,500.00 | \$3,500.00 |
| 170-150 | Tanks, Treater, Separators | | \$0.00 | \$80,000.00 | \$80,000.00 |
| 170-155 | Pumping Unit And Engine | | \$0.00 | \$85,000.00 | \$85,000.00 |
| 170-160 | Other Miscellaneous Equipment | | \$0.00 | \$0.00 | \$0.00 |
| | Contingency | | \$4,029.40 | \$36,271.91 | \$40,301.31 |

| Total Tangible | \$44,323.39 | \$398,991.03 | \$443,314.42 |
|----------------|-------------|--------------|--------------|
|----------------|-------------|--------------|--------------|

| TOTAL WELL COSTS | \$609,394.14 | \$1,043,711.23 | \$1,653,105.37 |
|------------------|--------------|----------------|----------------|
|------------------|--------------|----------------|----------------|

Prepared By: Kevin Garrett

Total Contingency: \$146,577.76
 Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____