

Guardian Operating Corp.

AUTHORITY FOR EXPENDITURE ESTIMATED WORKOVER COSTS - REVISED

OPERATOR Guardian Operating Corp.	AFE # 1	DATE 3/12/2013
WELL NAME AND NUMBER Ann Com. #1	FIELD OR PROSPECT Malaga	
LOCATION 1655' FNL & 1980' FEL	SECTION 15	TWSHP 24S
PROJECT DESCRIPTION AND LOCATION Re-enter the Ann Com #1 to the Wolfcamp, fracture stimulate	RANGE 28E	STATE NM
	COUNTY Eddy	STATE NM
	PROPOSED FORMATION Wolfcamp	PROPOSED DEPTH (tyd/md) 11,250' MD PBDT

INTANGIBLES			TOTAL
Completion Rig 20 days		\$80,000	\$80,000
Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$65,000	\$65,000
Transportation and Hauling		\$25,000	\$25,000
Fuel, Power, Water		\$30,000	\$30,000
Cmt, CIBP, retainer	Oil Conservation Division Case No. <u>15022</u> Exhibit No. <u>6</u>	\$45,000	\$45,000
Cased Hole logging, Perforating		\$30,000	\$30,000
Rental Equipment - Surface		\$20,000	\$20,000
Rental Equipment - Downhole, Bits		\$40,000	\$40,000
Other Well Services, NU/BOP, Casing Inspection		\$20,000	\$20,000
Overhead & Insurance		\$15,000	\$15,000
Supervision: Wellsite, Engineering, Geological, Consultants		\$20,000	\$20,000
Contract Services		\$20,000	\$20,000
Fluids Disposal		\$55,000	\$55,000
Environmental Charges		\$3,000	\$3,000
Stimulation Treatment	\$320,000	\$320,000	
Frac Tank Rentals, trucking	\$45,000	\$45,000	
Miscellaneous Costs, Tax and Contingencies	\$50,000	\$50,000	
TOTAL INTANGIBLES		\$883,000	\$883,000

TANGIBLES (155 Accounts)							COMPLETION	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
Conductor					\$ -			
Surface					\$ 35.00			
Surface					\$ -			
Intermediate					\$ 28.00			
Intermediate					\$ -			
Liner					\$ 28.00			
Production	11000	5 1/2'	20#	P-110	\$13.00	\$143,000	\$143,000	
Production					\$ -			
Tubing	11,000	2 7/8"	6.5	N80	\$ 7.00	\$77,000	\$77,000	
Subsurface Well Equipment (Packers/Bottom Hole Pump)						\$8,000	\$8,000	
Wellhead Equipment (Casing Head/Christmas Tree)						\$35,000	\$35,000	
Gas Lift Equipment						\$110,000	\$110,000	
Flowlines						\$5,000	\$5,000	
Tanks						\$35,000	\$35,000	
Sales Line Equipment						\$30,000	\$30,000	
Separator-Prod. Equip.						\$30,000	\$30,000	
Valves, Fittings etc.						\$20,000	\$20,000	
Installation of Surface Lease Equipment						\$40,000	\$40,000	
Other Lease & Well Equip.; Misc.						\$35,000	\$35,000	
TOTAL TANGIBLES						\$568,000	\$568,000	
TOTAL WELL COSTS						\$1,451,000	\$1,451,000	
ESTIMATED PROJECT COST						\$1,451,000	\$1,451,000	

Guardian Operating		Guardian Operating Corp. \$1,451,000
		BY: Randall Cate
JOINT INTEREST SHARE		
COMPANY NAME/OWNER	Signature	DATE
	BY:	