

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

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

**APPLICATION OF APACHE CORPORATION
FOR A COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15218

VERIFIED STATEMENT OF CHASE BRADLEY

Chase Bradley, being duly sworn upon his oath, deposes and states:

1. I am a landman for Apache Corporation, and have personal knowledge of the matters stated herein.
2. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:
 - a) No opposition to this application is expected because the mineral interest owners being pooled are (i) unlocatable, or (ii) have not responded to lease offers or well proposals.
 - b) A plat outlining the spacing unit being pooled, and marking the location of the proposed well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interest from the surface to the base of the Abo formation underlying the SW/4NW/4 of Section 2, Township 20 South, Range 38 East, NMPM, 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, including the House-Blinebry Pool, House-Tubb Pool, House-Drinkard Pool, and House-Abo Pool. The unit will be dedicated to the Pinot Well No. 5, to be drilled at an orthodox oil well location in the SW/4NW/4 of Section 2.
 - c) The parties being pooled, their interests in the SW/4NW/4 of Section 2, and their last known addresses, are listed on Exhibit B.
 - d) Copies of the proposal letters sent to the locatable, uncommitted mineral interest owners are attached hereto as Exhibit C.
 - e) Interest owners who are not locatable are highlighted in yellow on Exhibit B. To attempt to locate these interest owners, Apache Corporation examined the Lea

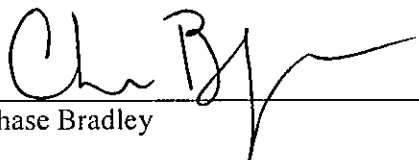
County records, telephone directories, records in counties of the last known residences of the out-of-state owners, and internet directories. Correspondence to the last known addresses of these interest owners was returned to sender. Apache Corporation has been trying to locate these persons for several years for the proposed well and other wells operated by Apache in the immediate area.

- f) Apache Corporation has made a good faith effort to obtain the voluntary joinder of interest owners in the well, or to locate the interest owners.
- g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against non-consenting interest owners.
- h) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit D. 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 Lea County.
- i) Overhead charges of \$7,500/month for a drilling well, and \$750/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. Apache Corporation requests that the rates be adjusted under the COPAS accounting procedure.
- j) Applicant requests that it be designated operator of the well.

VERIFICATION

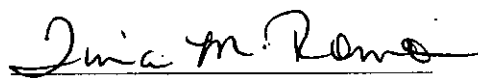
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Chase Bradley, being duly sworn upon his oath, deposes and states that: he is a landman for Apache Corporation; 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.


Chase Bradley

SUBSCRIBED AND SWORN TO before me this 9th day of October, 2014 by Chase Bradley.

My Commission Expires: 5/3/2018


Notary Public



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 Hrazos 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, New Mexico 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-	Pool Code 33270 33250 78760 33210	House; Blinebry	House; Tubb	Pool Name House; Drinkard	House; ABO
Property Code 39779	Property Name PINOT				Well Number 5
OGRID No. 873	Operator Name APACHE CORPORATION				Elevation 3574'

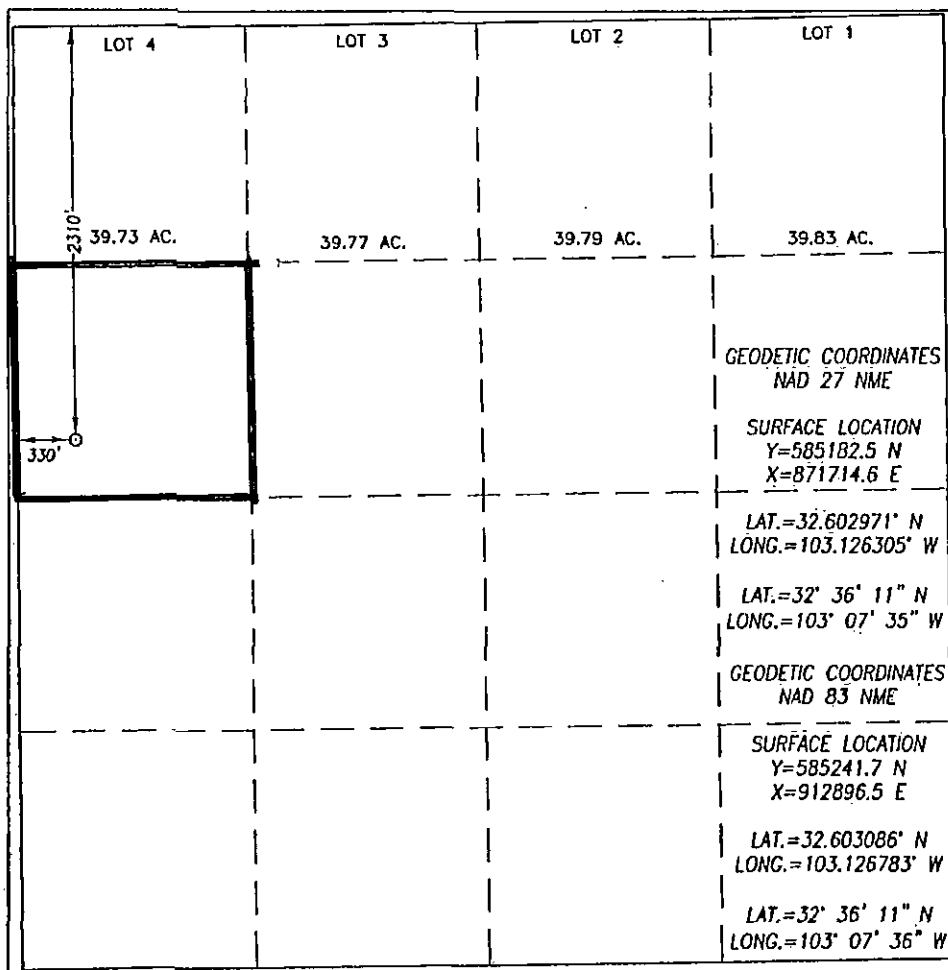
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	20-S	38-E		2310	NORTH	330	WEST	LEA

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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Michelle Cooper 6-22-14
Signature Date

Michelle Cooper
Printed Name

michelle.cooper@apachecorp.com
E-mail Address

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.

APRIL 30, 2014

Date of Survey
Signature of Registered Professional Surveyor:

Ronald P. Eidson
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR
12641
3239
ACK JWSC W.O.: 14.11.0395

EXHIBIT B
PINOT # 5, SW/4NW/4

Royalty Holding Company* 3535 NW 58 th , Ste. 720 Oklahoma City, OK 73112	0.20312500	Elects to participate – currently negotiating JOA
TWL Investments, L.L.C.* 1001 Fannin, Suite 2020 Houston, TX 77002 Office: (713) 929-1619	0.02500000	
Max W. Coll, III *	0.00022344	Elects to participate – currently negotiating JOA
Burlington Resources Oil & Gas Company, L.P.* c/o ConocoPhillips Company Attn: Ashley Manning-Dyke 600 N. Dairy Ashford, 2WL-15060 Houston, TX 77252-2197	0.03472222	Currently negotiating Lease form
A&P Family Limited Partnership* P.O. Box 1046 Eunice, NM 88231	0.03125000	Currently negotiating Lease form
The Allar Company* P.O. Box 1567 Graham, TX 76450 (940)549-0077	0.00694444	
Sally Rogers* 152b Arroyo Hondo Road Santa Fe, NM 87508	0.00625000	
Bank of America, N.A., Trustee of the Myrtle L. Davis Trust* P.O. Box 830308 Dallas, TX 85283-0308	0.00062500	B. of A. was non-responsive to Apache's counter-proposal to B. of A.'s proposed lease terms
Pat Alston Ward*	0.03125000	Cannot locate
John Lutrell*	0.00017361	Cannot locate
The Colorado Corporation, or its successors*	0.00016276	Cannot locate
Robert Joe Reichert*	0.00004883	Cannot locate
Pat Farris*	0.00004883	Cannot locate
Cheryl Menz*	0.00004883	Cannot locate
Douglas Menz*	0.00004883	Cannot locate
Joseph Nelson*	0.00078125	Cannot locate
Gertrude Soper *	0.00052083	Cannot locate
Bernice Wade*	0.00052083	Cannot locate
C.S. Daley*	0.00039063	Cannot locate
The Heirs or Devisees of J. Kenneth Fasken*	0.00039063	Cannot locate
The Heirs or Devisees of Harry Levy*	0.00039063	Cannot locate
Beverly B. Nelson*	0.00039063	Cannot locate

* Unleased Mineral Owner



August 1, 2014

WORKING INTEREST OWNERS

RE: Proposal to Drill Pinot #3, 4, 5 and 6
Section 2, T20S, R38E,
Lea County, New Mexico

Dear Interest Owner:

Apache Corporation ("Apache") hereby proposes the drilling of the Pinot #3, #4, #5 and #6 wells to a total depth of 7,800', or a depth sufficient to test the Blinbry, Tubb, Drinkard and Abo formation. Enclosed for your review and further handling are two (2) copies of Apache's drilling and completion AFE for each well. The AFE's contain an itemized breakdown of the estimated cost for the drilling and completion work for each well.

Please evidence your election of Apache's well proposals starting on Page 2 of this letter and should you elect to participate please execute one (1) copy of the enclosed AFE and return same, along with your election pages, to the undersigned within 30-days from your receipt of this letter. I have enclosed a postage paid envelope for your convenience.

Also enclosed is a letter agreement amending that certain Joint Operating Agreement dated effective March 1, 2013 by and between Apache, as Operator, and The Salient Zarvona Energy Fund, L.P., et al., as Non-Operator (the "JOA"). The letter details several amendments needed to the JOA. Please review and provide your election regarding same.

Should you have any questions concerning this matter, please contact Jamie Soto, our Reservoir Engineer at (432) 818-1842, or the undersigned at (432) 818-1097.

Yours truly,
APACHE CORPORATION

Dylan C. Park
Landman
dylan.park@apachecorp.com

Exhibit C

Proposal to Drill Pinot #3, #4, #5 and #6
August 1, 2014

Pinot #3, SE/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #3** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1177.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #3** well as proposed above.

By: _____

Name: _____

Title: _____

Date: _____

Page 2 – Proposal to Drill Pinot #3, #4, #5 and #6
August 1, 2014

Pinot #4, NE/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #4** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1178.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #4** well as proposed above.

By: _____

Name: _____

Title: _____

Date: _____

Page 2 – Proposal to Drill Pinot #3, #4, #5 and #6
August 1, 2014

Pinot #5, SW/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #5** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1179.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #5** well as proposed above.

By: _____
Name: _____
Title: _____
Date: _____

Page 2 – Proposal to Drill Pinot #3, #4, #5 and #6
August 1, 2014

Pinot #6, SE/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #6** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1181.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #6** well as proposed above.

By: _____
Name: _____
Title: _____
Date: _____



August 1, 2014

MINERAL INTEREST OWNERS

RE: Proposal to Drill Pinot #3, #5, #6 Wells
Lot 3, S/2NW/4, Section 2, T20S, R38E
Lea County, New Mexico

Dear Interest Owner,

Apache Corporation ("Apache") hereby proposes the drilling of the Pinot #3, #5 and #6 wells to a total depth of 7,800', or a depth sufficient to test the Blinbry, Tubb, Drinkard and Abo formation. Enclosed for your review and further handling are two (2) copies each of Apache's drilling and completion AFE's for each well. The AFE's contain an itemized breakdown of the estimated cost for the drilling and completion work for each well.

Should you elect to participate in the referenced wells as proposed above, a mutually acceptable Joint Operating Agreement will be forwarded for your review and execution.

However, should you elect not to participate, please consider leasing your mineral interest to Apache by contacting the undersigned at (432) 818-1097 or 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705. Should you consider leasing, Apache is offering a bonus of \$250 per net acre or \$50 minimum, whichever is greater, for a 3 year lease, with option to extend for an additional 2 years at \$250 per net acre, delivering 1/4 oil and gas royalty.

Please evidence your election of Apache's well proposals starting on the second page of this letter and should you elect to participate please execute one (1) copy of each of the enclosed AFE's and return same, along with your election on Page 2, to the undersigned within 30 days from your receipt of this letter. I have enclosed a postage paid envelope for your convenience. Should you have any questions concerning this matter, please contact Jamie Soto, our Reservoir Engineer at (432) 818-1842, or the undersigned at (432) 818-1097.

Yours truly,

APACHE CORPORATION

Dylan C. Park

Landman

dylan.park@apachecorp.com

Proposal to Drill Pinot #3, #5, #6
August 1, 2014

Pinot #3, SE/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #3** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1177. Please forward a mutually acceptable Joint Operating Agreement for my review and execution.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #3** well as proposed above.

_____ The undersigned agrees to **LEASE** its mineral interest to Apache pursuant to the terms previously stated on Page 1 of this letter. Please forward a mutually acceptable lease form for my review and execution.

By: _____

Name: _____

Title: _____

Date: _____

Proposal to Drill Pinot #3, #5, #6
August 1, 2014

Pinot #5, SW/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #5** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1179. Please forward a mutually acceptable Joint Operating Agreement for my review and execution.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #5** well as proposed above.

_____ The undersigned agrees to **LEASE** its mineral interest to Apache pursuant to the terms previously stated on Page 1 of this letter. Please forward a mutually acceptable lease form for my review and execution.

By: _____

Name: _____

Title: _____

Date: _____

Proposal to Drill Pinot #3, #5 and #6
August 1, 2014

Pinot #6, SE/4NW/4, Section 2, T20S-R38E:

_____ The undersigned elects to **PARTICIPATE** in the drilling of the **Pinot #6** well as proposed above. Attached is an executed copy of Apache's AFE #11-14-1181. Please forward a mutually acceptable Joint Operating Agreement for my review and execution.

_____ The undersigned elects **NOT** to participate in the drilling and completing of the **Pinot #6** well as proposed above.

_____ The undersigned agrees to **LEASE** its mineral interest to Apache pursuant to the terms previously stated on Page 1 of this letter. Please forward a mutually acceptable lease form for my review and execution.

By: _____

Name: _____

Title: _____

Date: _____

7013 1090 0000 5648 2846

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Sent To: **A&P Family Partnership**
P.O. Box 1046
Street or PO: **Eunice, NM 88231-1046**
City, St: **DP-Pinot 3, 5, 6 Prop-MIOs**

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)		
Total		

Sent To: **Sally Rodgers**
152 B Arroyo Hondo Rd.
Street or PO: **Santa Fe, NM 87508**
City, St: **DP-Pinot 3, 5, 6 Prop-MIOs**

PS Form 3800, August 2006 See Reverse for Instructions

7013 1090 0000 5642 7830

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Sent To: **Wells Fargo Bank, NA**
c/o Mr. Robert Sykes
Street or PO: **500 West Texas Ave., Suite 760**
City, St: **Midland, TX 79702**
DP-Pinot 3, 5, 6 Prop-MIOs

PS Form 3800, August 2006 See Reverse for Instructions

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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Sent To: **The Allar Company**
P.O. Box 1567
Street or PO: **Graham, TX 76450**
City, St: **DP-Pinot 3, 5, 6 Prop-MIOs**

PS Form 3800, August 2006 See Reverse for Instructions

7013 1090 0000 5642 7816

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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Sent To: **Pat Alston Ward**
207 Porr Drive
Street or PO: **Ruidoso, NM 88345**
City, St: **DP-Pinot 3, 5, 6 Prop-MIOs**

PS Form 3800, August 2006 See Reverse for Instructions

7013 1090 0000 5642 7823

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

Sent To: **Royalty Holding Company**
3535 NW 58th, Suite 720
Street or PO: **Oklahoma City, OK 73112**
City, St: **DP-Pinot 3, 5, 6 Prop-MIOs**

PS Form 3800, August 2006 See Reverse for Instructions

7013 1090 0000 5642 7847

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Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	Postmark Here
Heirs or Devisee of Harry Levy 5715 N. Western Ave., Suite C Oklahoma City, OK 73118 DP-Pinot 3, 5, 6 Prop-MIOs	
PS Form 3800, August 2005 See Reverse for Instructions	

7013 1090 0000 5642 7854

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Burlington Resources O&G Company L.P. 600 N. Dairy Ashford Houston, TX 77079 DP-Pinot 3, 5, 6 Prop-MIOs	
PS Form 3800, August 2005 See Reverse for Instructions	

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Myrtle L. Davis Trust c/o Bank of America NA P.O. Box 830308 Dallas, Texas 85283-0308 DP-Pinot 3, 5, 6 Prop-MIOs	
PS Form 3800, August 2005 See Reverse for Instructions	

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Gertrude Soper c/o Barbara Watts 413 Indiana Ave., Apt. 2 Cour D'Alene, ID 83814 DP-Pinot 3, 5, 6 Prop-MIOs	
PS Form 3800, August 2005 See Reverse for Instructions	

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Bernice Wade P.O. Box 226 Cloudcroft, NM 88317 DP-Pinot 3, 5, 6 Prop-MIOs	
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7013 1090 0000 5642 7892

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Heirs or Devisees of J. Kenneth Fasken 1535 S. Gillette Tulsa, OK 74104 DP-Pinot 3, 5, 6 Prop-MIOs	
PS Form 3800, August 2005 See Reverse for Instructions	

7013 1090 0000 5642 7915

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OFFICIAL USE	
Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____	Postmark Here
Total F	Robert Joe Reichert 2800 NW 34th St. Oklahoma City, OK DP-Pinot 3, 5, 6 Prop-MIOs
Sent To Street, P.O. Box City, State	_____ _____ _____
PS Form 3800, August 2005 See Reverse for Instructions	

7013 1090 0000 5642 7915

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	
Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____	Postmark Here
Total	Douglas Menz Rt. 1, Box 366 Shawnee, OK 74801 DP-Pinot 3, 5, 6 Prop-MIOs
Sent To Street, P.O. Box City, State	_____ _____ _____
PS Form 3800, August 2005 See Reverse for Instructions	



AFE Summary

AFE #	11-14-1179	WELL NAME	Pinot	WELL NUMBER	5
WELL/LEASE NAME	Pinot	PROPERTY #	PENDING1	OPERATOR	Apache Corp
WELL NUMBER	5	LEASE NUMBERS	68014	EST. START DATE	
PROSPECT NAME	HOUSE	PROSPECT #	NM4022	EST FINISH DATE	
COUNTY/STATE	LEA / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
ESTIMATED SIZE		APACHE FIELD NAME		JOA #	004101
		FOCUS AREA		BUDGETED	Yes

LEGAL DESCRIPTION

SW/4NW/4, Sec 2, T20S-R38E

PROJECTS				
Type	AFE #	WI %	Objective	Description
Drilling	11-14-1179-DH	60.240000	BDT/Abo	Drill a vertical well to 7800' as follows: Drill a 12.25" hole to ~1600'. Run 8-5/8" casing and cement to surface. Drill a 7-7/8" hole to 7800'. Log well as per geology. (Note: Directional Drilling Cost Included. Surface location may be moved due to landowner. In this case, well will be drilled directionally. See cover letter for more detail.)
Completion	11-14-1179-CP	60.240000	Complete new well	Complete and fracture stimulate Blinberry, Tubb, and Drinkard Zones. Acidize Abo if present.
Equipping	11-14-1179-EQ	60.240000	Equip well	Equip with a 640 unit.

		Intangible Development Costs				
	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$4,500	\$0	\$0	\$0	\$4,500
70003	Bits Coreheads and Reamers	\$25,000	\$0	\$0	\$0	\$25,000
70004	Casing Crews	\$5,000	\$7,500	\$0	\$0	\$12,500
70006	Cement and Cementing Services	\$35,000	\$60,000	\$0	\$0	\$95,000
70011	Company Supervision	\$1,500	\$6,000	\$0	\$0	\$7,500
70012	Company Vehicle and/or Boat	\$500	\$1,000	\$0	\$0	\$1,500
70017	Contract Labor	\$10,000	\$40,000	\$0	\$0	\$50,000
70019	Contract Rigs - Daywork	\$115,200	\$74,400	\$0	\$0	\$189,600
70021	Contract Supervision	\$16,000	\$6,000	\$0	\$0	\$22,000
70022	Directional Drilling	\$50,000	\$0	\$0	\$0	\$50,000
70025	Drilling Fluids	\$20,000	\$0	\$0	\$0	\$20,000
70026	Electrical Contract	\$0	\$30,000	\$0	\$0	\$30,000
70030	Environmental/Safety Remediation	\$0	\$10,000	\$0	\$0	\$10,000
70031	Equipment Rental	\$70,000	\$60,000	\$0	\$0	\$130,000
70034	Formation and Well Stimulation	\$0	\$350,000	\$0	\$0	\$350,000
70037	Fuel	\$30,000	\$0	\$0	\$0	\$30,000
70046	Land and Site Reclamation	\$45,000	\$0	\$0	\$0	\$45,000
70049	Logging	\$20,000	\$65,000	\$0	\$0	\$85,000
70054	LOE-Other	\$25,000	\$0	\$0	\$0	\$25,000
70061	Repair and Maintenance Materials-Sub-Surface	\$0	\$5,000	\$0	\$0	\$5,000
70062	Repair and Maintenance Materials-Surface	\$0	\$5,000	\$0	\$0	\$5,000
70064	Rig Mobilization	\$35,000	\$0	\$0	\$0	\$35,000
70065	Road and Site Preparation	\$55,000	\$5,000	\$0	\$0	\$60,000
70067	Salt Water Disposal	\$0	\$10,000	\$0	\$0	\$10,000
70074	Trucking and Hauling	\$5,000	\$35,000	\$0	\$0	\$40,000
70076	Tubular Inspection/Testing	\$5,000	\$2,000	\$0	\$0	\$7,000
70077	Water	\$40,000	\$4,000	\$0	\$0	\$44,000

AFE#: 11-14-1179 | Well Name: Pinot | Well Number: 5

Date Printed: 7/28/2014 | Page 1 of 2

Exhibit D

		Intangible Development Costs				
	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70121	Automation	\$0	\$0	\$10,000	\$0	\$10,000
Subtotal Intangible Development Costs		\$622,700	\$775,900	\$10,000	\$0	\$1,408,600

		Tangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$120,000	\$0	\$120,000
71006	Conductor Casing	\$13,000	\$0	\$0	\$0	\$13,000
71012	Flow Lines	\$0	\$0	\$15,000	\$0	\$15,000
71018	Instrumentation	\$0	\$0	\$30,000	\$0	\$30,000
71026	Electrical Materials	\$0	\$0	\$25,000	\$0	\$25,000
71032	Other Subsurface Equipment	\$0	\$10,000	\$0	\$0	\$10,000
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$60,000	\$0	\$60,000
71040	Production Casing	\$0	\$135,000	\$0	\$0	\$135,000
71043	Pumps	\$0	\$0	\$7,500	\$0	\$7,500
71048	Sucker Rods	\$0	\$30,000	\$0	\$0	\$30,000
71050	Surface Casing	\$35,000	\$0	\$0	\$0	\$35,000
71053	Tubing	\$0	\$40,000	\$0	\$0	\$40,000
71056	Wellhead Assembly	\$5,000	\$8,000	\$0	\$0	\$13,000
Subtotal Tangible Materials Cost		\$53,000	\$223,000	\$257,500	\$0	\$533,500

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$622,700	\$775,900	\$10,000	\$0	\$1,408,600
Sub-Total Tangible Material Costs	\$53,000	\$223,000	\$257,500	\$0	\$533,500
Grand Total	\$675,700	\$998,900	\$267,500	\$0	\$1,942,100
Less Outside Interests	\$266,658	\$397,163	\$106,358	\$0	\$772,179
Total Net Costs	\$407,042	\$601,737	\$161,142	\$0	\$1,169,921

External Partner Response:

Company	Working Interest	Approved By	Date
Comments			

Approved By		
AFE	michael.bose	06/19/2014
Completion	michael.bose	06/19/2014
Completion	sheldon.plahn	06/16/2014
Drilling	bobby.smith	06/16/2014
Drilling	michael.bose	06/19/2014
Equipping	michael.bose	06/19/2014
Equipping	sheldon.plahn	06/16/2014
Geology	Jay.hightower	06/16/2014
Region Land	tim.custer	06/17/2014
Region Reservoir	breezi.province	06/15/2014
Region Reservoir	ken.neupert	06/16/2014