

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

APPLICATION OF ANSCHUTZ OIL COMPANY,  
LLC FOR COMPULSORY POOLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

Case No. 15,246

VERIFIED STATEMENT OF DEIDRE O'CALLAGHAN

Deidre O'Callaghan, being duly sworn upon her oath, deposes and states:

1. I am a landman for Anschutz Oil Company, LLC ("Anschutz") and have personal knowledge of the matters stated herein.
2. I have previously been qualified as an expert petroleum landman by the Division.
3. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the application filed herein:
  - (a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well and have not yet decided whether to join in the well or farm out their interests.
  - (b) Applicant is drilling its Regina Com. 25-2-14-15 Well No. 1H, to a depth sufficient to test the Mancos formation (Gavilan-Mancos Pool), and has dedicated the W/2 of Section 14 and all of Section 15, Township 25 North, Range 2 West, N.M.P.M., to the well to form a non-standard 960 acre spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent. The Gavilan-Mancos Pool (pool code 27194) has special pool rules providing for 640 acre well units and wells to be located no closer than 790 feet to a section line.
  - (c) A plat outlining the unit being pooled and the well's location is attached hereto as Attachment A. The non-standard oil well unit (project area) was previously approved by Division Administrative Order NSP-1974.
  - (d) Anschutz seeks an order pooling all working interest owners in the W/2 of Section 14 and all of Section 15. The well is a horizontal well, to be drilled from a surface location in the NW/4NE/4 of Section 14, with a terminus in the NW/4NW/4 of Section 15. The beginning of the producing interval will be approximately 830 feet from the north line and 2310 feet from the west line of Section 14, to a terminus 830 feet from the north line and 330 feet from the west line of Section 15. The location is unorthodox under the special rules and regulations for the Gavilan-Mancos Pool, and approval of the location was requested in Division Case No. 15234.

Oil Conservation Division  
Case No. 15246  
Exhibit No. 1

(e) The parties being pooled, their working interests in the well unit, and their last known addresses, are as follows:

Mountain States Natural Gas Corporation 5.932057%  
P.O. Box 12323  
Las Vegas, Nevada 89121

A. Kimbrough Davis, Successor Trustee  
Margaret Hunt Hill - Albert G, Hill III Trusts 0.513286%  
c/o Abrams, Davis, Mason, Long LLC  
Suite 1600  
110 Peachtree Street  
Atlanta, Georgia 30309

These addresses are current and correct.

(f) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Attachment B. We have also had telephone discussions and/or e-mails with these parties or their attorneys, but have been unable to reach final agreement with them.

(g) These parties are being pooled for the following reasons

(i) The Hill Trusts were inadvertently omitted from the notice list in Case No. 15234.

(ii) As to Mountain States, a title opinion indicated that Mountain States did not own this interest, and credited the interest to Hunt Oil Company. Recent additional title investigation has convinced Anschutz that the title opinion was incorrect. Therefore we proposed the well to Mountain States and have offered other alternatives to Mountain States.

As a result, additional pooling of this well is required. This hearing is necessary because the well is being drilled.

(h) Applicant has made a good faith effort to obtain the voluntary joinder of all interest owners in the well.

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

(j) A copy of the Authority for Expenditure for the well is attached hereto as Attachment C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth and length drilled in this area of Rio Arriba County.



District I  
1625 N. French Drive, Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
511 S. First Street, 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 Drive, Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis  
Santa Fe, NM 87505

Attachment **A**

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 27194	*Pool Name GAVILAN MANCOS
*Property Code	*Property Name REGINA COM 25-2-14-15		*Well Number 1H
*OGRID No.	*Operator Name ANSCHUTZ EXPLORATION CORPORATION		*Elevation 7306'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	14	25N	2W		1070	NORTH	2383	EAST	RIO ARRIBA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
D	15	25N	2W		830	NORTH	330	WEST	RIO ARRIBA

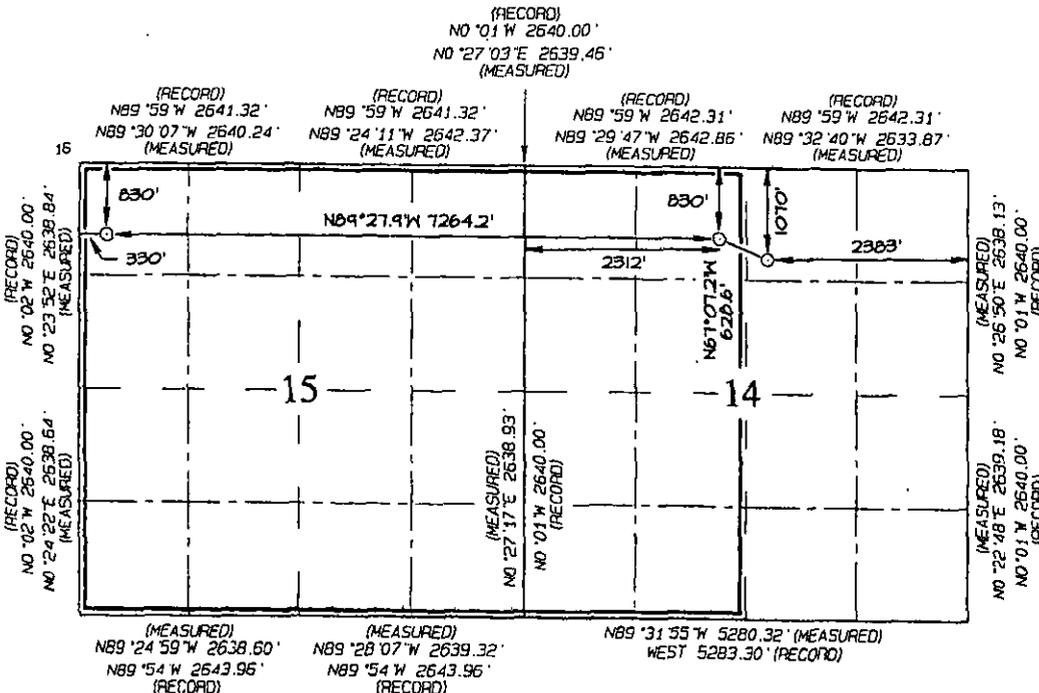
<sup>14</sup> Dedicated Acres W/2 Section 14 & Entire Section 15	<sup>15</sup> Joint or Infill	<sup>16</sup> Consolidation Code	<sup>17</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

END-OF-LATERAL  
830' FWL 330' FWL  
SECTION 15, T25N, R2W  
LAT: 36.40291°N  
LONG: 107.04474°W  
DATUM: NAD1927  
  
LAT: 36.40293°N  
LONG: 107.04533°W  
DATUM: NAD1983

POINT-OF-ENTRY  
830' FWL 2312' FWL  
SECTION 14, T25N, R2W  
LAT: 36.40289°N  
LONG: 107.02005°W  
DATUM: NAD1927  
  
LAT: 36.40290°N  
LONG: 107.02065°W  
DATUM: NAD1983

SURFACE LOCATION  
1070' FWL 2383' FEL  
SECTION 14, T25N, R2W  
LAT: 36.40223°N  
LONG: 107.01808°W  
DATUM: NAD1927  
  
LAT: 36.40224°N  
LONG: 107.01867°W  
DATUM: NAD1983



<sup>17</sup> 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.

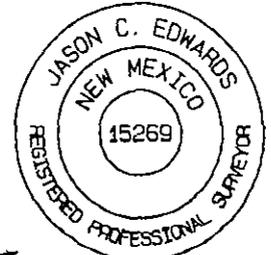
*John Thompson* 10/15/2014  
Signature Date  
John Thompson  
Printed Name  
john.e.walsheng.net  
E-mail Address

<sup>18</sup> 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.

Date Revised: OCTOBER 24, 2014  
Survey Date: OCTOBER 15, 2014

Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**  
Certificate Number 15269

RETURN TO OCD MAIN PAGE

Well Files Log Files Administrative & Environmental Orders Hearing Orders Case Files



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### Well File Search

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#### Well Details

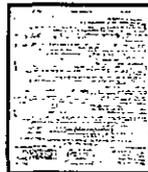
API Number: 3003931203  
ULSTR: B-14-25N-2W  
Footages: 1070 FNL & 2383 FEL  
Well Name & Number: REGINA COM 25 2 14 15 No. 001H  
Operator: ANSCHUTZ EXPLORATION CORPORATION

Note: If you are using Microsoft Internet Explorer and your system does not allow you to open TIFF images from the Internet without saving them first, please contact your administrator.

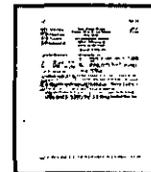
Sort Order: Ascending Descending



(1218 kB - 12/19/2013)



(2695 kB - 11/19/2014)



(1491 kB - 11/24/2014)

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EMNRD Home Division





555 Seventeenth Street • Suite 2400 • Denver, Colorado 80202 • Telephone 303/298-1000 • Fax 303/299-1518

October 28, 2014

A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust  
Abrams, Davis, Mason, Long LLC  
1100 Peachtree Street, Suite 1600  
Atlanta, GA 30309

Re: Regina 25-2-14-15-1H Well  
T25N-R2W, W/2 Section 14 and All Section 15  
Rio Arriba County, NM

Ladies and Gentlemen:

It is Anschutz's understanding that Hunt Oil Company has previously proposed the drilling of the subject well to Margaret Hunt Hill - Albert G. Hill III Trust, ("the Trust") and that the Trust indicated a desire to participate in the drilling of the well. Subsequently, Anschutz and Hunt have entered into an Exploration Agreement under which Anschutz will now operate the well. It is Anschutz's understanding that you are the new Administrator of the Trust.

Therefore, Anschutz Oil Company hereby proposes the drilling and completion of the above referenced horizontal well (the "Well") to an approximate total measured depth of 14,714' (7,534' total vertical depth) to test the Ojito Formation within the Mancos Group. Completion is designed as a multi-stage frac in the target formation. The estimated completed well cost is \$9.99 million as detailed within the attached Authority for Expenditure ("AFE"). The costs set forth in the attached AFE are estimates and actual costs may be higher or lower.

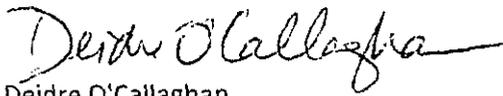
The spacing unit for this well is 960 acres, comprised of the W/2 Section 14 and all of Section 15, T25N-R2W. This spacing unit is a non-standard proration unit approved under the State of New Mexico Energy, Minerals and Natural Resources Department Administrative Order NSP-1974, Administrative Application Reference No. pPRG1329162766 dated January 31, 2014. According to our title information, A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust owns a working interest of approximately 0.513826% in the 960 acre spacing unit.

Attachment B

Please indicate your election to participate or not participate in the drilling of this well, by signing and dating the appropriate space below, and if your election is to participate, please also sign and return the enclosed AFE. If your election is to participate, we will provide you with a JOA on the AAPL 1989 model form with Horizontal Modifications for your review and signature. In the event that you are not interested in participating in the drilling of this well, please contact the undersigned to discuss other options in connection with your interest in the spacing unit and well (i.e., farmout, term assignment, or entering into a JOA providing for a 300% non-consent penalty). Anschutz is working under a tight deadline to drill this well, and hopes to keep costs down by commencing operations as soon as possible to avoid winter conditions to the greatest extent possible, therefore, we will appreciate your prompt response to this notice. Please respond by October 31, 2014 if at all possible.

Please feel free to call me if you should have any questions, or if I can be of assistance to you in any way.

Sincerely,



Deidre O'Callaghan  
Senior Landman

\_\_\_\_\_ I/We elect to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well, enclosed is the executed AFE.

\_\_\_\_\_ I/We elect not to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well. I/We would like to consider an option to farmout or enter into a term assignment or joint operating agreement in connection with my/our interest in the well and associated spacing unit.

**A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust**

Signature: \_\_\_\_\_

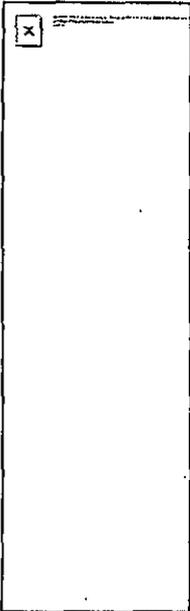
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Deidre O'Callaghan**

**From:** trackingupdates@fedex.com  
**Sent:** Wednesday, October 29, 2014 7:57 AM  
**To:** Deidre O'Callaghan  
**Subject:** FedEx Shipment 771649532075 Delivered



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## Your package has been delivered

Tracking # 771649532075

Ship (P/U) date:  
Tuesday, 10/28/14  
Deidre O'Callaghan  
Anschutz Exploration  
Corp.  
Denver, CO 80202  
US

Delivery date:  
Wednesday,  
10/29/14 9:50 AM  
A. Kimbrough Davis  
Abrams, Davis, Mason,  
Long LLC  
1100 PEACHTREE ST  
NE  
ATLANTA, GA 30309  
US



Delivered

### Shipment Facts

Our records indicate that the following package has been delivered.

**Tracking number:** 771649532075  
**Status:** Delivered: 10/29/2014  
09:50 AM Signed for  
By: P.NEIL  
**Signed for by:** P.NEIL  
**Delivery location:** ATLANTA, GA  
**Delivered to:** Receptionist/Front  
Desk  
**Service type:** FedEx Standard  
Overnight  
**Packaging type:** FedEx Envelope  
**Number of pieces:** 1  
**Weight:** 0.50 lb.  
**Special handling/Services:** Deliver Weekday

From: (303) 299-1478  
Deidre OCallaghan  
Anschutz Exploration Corp.  
555 17th Street, Suite 2400

Origin ID: TEXA




J142214092303uv

Ship Date: 28OCT14  
ActWgt: 1.0 LB  
CAD: 7834884/INET3550

Delivery Address Bar Code

Denver, CO 80202

SHIP TO: (404) 815-6060

BILL SENDER

A. Kimbrough Davis  
Abrams, Davis, Mason, Long LLC  
1100 PEACHTREE ST NE

ATLANTA, GA 30309

Ref #  
Invoice #  
PO #  
Dept #

WED - 29 OCT AA  
STANDARD OVERNIGHT

TRK# 7716 4953 2075

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# XH QFEA

30309

GA-US

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November 21, 2014

Mountain States Natural Gas Corporation  
P.O. Box 12323  
Las Vegas, NV 89121  
Attn: Mr. Albert Blair

Mountain States Natural Gas Corporation  
c/o Mr. Lon Abadie  
Abadie & Schill, P.C.  
555 Rivergate Lane, Suite B4-180  
Durango, CO 81301

Re: Well Proposal and Notice of Force Pooling Hearing  
Regina 25-2-14-15-1H Well  
T25N-R2W, W/2 Section 14 and All Section 15  
Rio Arriba County, NM

Dear Mr. Blair:

Anschutz Oil Company, LLC ("Anschutz") and Hunt Oil Company ("Hunt") have recently entered into an Exploration Agreement under which Anschutz will now operate the above referenced well.

Hunt provided Anschutz with title opinions covering the spacing unit described above. Anschutz has recently determined that there appears to be an error in the title opinion, under which the examining attorney attributed ownership of the leases listed on the attached summary to Hunt, when in fact, it appears that title to these leases remains vested in Mountain States Natural Gas Corporation ("Mountain States"). If in fact Mountain States does own the leases listed on the attached, it appears that Mountain States owns leases covering 56.9478 net acres, or 17.796% Working Interest ("WI") in the W/2 Section 15. In the planned 960 acre spacing unit, Mountain States will own a 5.932% WI, provided our revised analysis of the title in this tract is correct.

Anschutz is working under a tight deadline under the terms of the various agreements affecting this well, and in fact has a rig under contract which will likely begin drilling on this well late next week. On November 18, 2014, Anschutz filed an application for an order pooling all interests in the Gavilan Mancos Pool underlying the above described spacing unit, a copy of which will be mailed to you by separate letter.

Therefore, as required by statute, Anschutz Oil Company hereby proposes to Mountain States the drilling and completion of the above referenced horizontal well (the "Well") to an approximate total measured depth of 14,895' (7,151' total vertical depth) to test the Ojito Formation within the Mancos Group. Completion is designed as a multi-stage frac in the target formation. The estimated completed well cost is \$9.99 million, as detailed within the attached Authority for Expenditure ("AFE"). The costs set forth in the attached AFE are estimates and actual costs may be higher or lower.

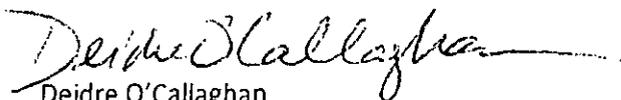
The spacing unit for this well is 960 acres, comprised of the W/2 Section 14 and all of Section 15, T25N-R2W. This spacing unit is a non-standard proration unit approved under the State of New Mexico Energy, Minerals and Natural Resources Department Administrative Order NSP-1974, Administrative Application Reference No. pPRG1329162766 dated January 31, 2014. According to our title information, Chevron owns a working interest of approximately 4.1667%% in the 960 acre spacing unit.

Please indicate your election to participate or not participate in the drilling of this well, by signing and dating the appropriate space below. In the event that you are not interested in participating in the drilling of this well, Anschutz hereby offers the following options to Mountain States:

- Farmout Mountain States WI in the Mancos formation in the W/2 Section 15, retaining an overriding royalty equal to the difference between existing lease burdens and 25%, with the right to covert said overriding royalty to a 25% WI at payout; or
- Deliver a term assignment of Mountain States' WI in the Mancos formation in the W/2 Section 15 for consideration of \$500 per net acre, retaining an overriding royalty interest equal to the difference between lease burdens and 25%.

Please respond by December 15, 2014 if at all possible.

Sincerely,



Deidre O'Callaghan

Senior Landman

\_\_\_\_\_ Mountain States Natural Gas Corporation elects to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well, enclosed is the executed AFE.

\_\_\_\_\_ Mountain States Natural Gas Corporation elects not to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well. Further, Mountain States Natural Gas Corporation elects \_\_\_\_\_ to farmout; or \_\_\_\_\_ to enter into a term assignment or joint operating agreement in connection with its interest in the well and associated spacing unit, as outlined above.

Mountain States Natural Gas Corporation

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ANSCHUTZ Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DRILLING, COMPLETION, EQUIPMENT**

BU/Job #: \_\_\_\_\_ BU/Job Name: Regina Com 25-2-14-15  
 Parent BU#: 2967 Date: October 15, 2014  
 Description: Drill, complete and equip a 14,714' Ojito test (7180' lateral).  
Regina Com 25-2-14-15  
Rio Arriba, NM

**ANSCHUTZ EXPLORATION CORPORATION EXPENDITURES**

	Previously Approved	Currently Requested	Total
Drilling	0	4,526,070	4,526,070
Completion	0	3,662,710	3,662,710
Total Costs	\$0	\$8,188,780	\$8,188,780

**REASON FOR RECOMMENDATION**

Costs above reflect Anschutz Oil Company WI share of the well.  
 Gross estimated costs to drill, complete and equip well total \$9,999M

**AUTHORIZATION AND APPROVAL**

Recommended by:	<u>Mark Amundson</u>	Approved by:	<u>Galen Brenize, VP Ops &amp; Eng</u>
	<u>Ashley Tolbert</u>	Name:	<u>Galen Brenize, VP Ops &amp; Eng</u>
	<u>Gregg Randall</u>	Date:	_____
Date:	_____	Approved by:	<u><i>[Signature]</i></u>
Election		Name:	<u>Joseph DeDominic, President and COO</u>
Approved by:		Date:	_____
Print Name		Approved by:	<u><i>[Signature]</i></u>
Title		Name:	<u>Deidre O'Callaghan</u>
Company		Date:	<u>11-21-14</u>
Date			

Attachment C

**ANSCHUTZ Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DRILLING AND COMPLETION**

BU/Job #: \_\_\_\_\_

BU/Job Name: Regina Com 25-2-14-15

Parent BU#: \_\_\_\_\_ 2967

Date: October 15, 2014

**DETAIL COSTS**

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Intangible Drilling Costs				
3530.00200	IDC- Allocated Labor	-	-	-
3530.00210	IDC- Alloc. Labor Burden	-	-	-
3530.00220	IDC- Drill Bits	-	139,932	139,932
3530.00230	IDC- Casing Crews, Too	-	210,863	210,863
3530.00240	IDC- Cement, Cementing	-	200,797	200,797
3530.00250	IDC- Communications	-	2,250	2,250
3530.00260	IDC- Contract Drilling	-	1,029,000	1,029,000
3530.00270	IDC- Coring, Coreheads	-	-	-
3530.00280	IDC- Directional Drill	-	448,784	448,784
3530.00290	IDC- Drillstem Testing	-	-	-
3530.00300	IDC- Equipment Rental	-	503,770	503,770
3530.00310	IDC- Fuels, Lubricants	-	263,471	263,471
3530.00320	IDC- Inspect - Tubular	-	59,174	59,174
3530.00330	IDC- Insurance	-	317	317
3530.00340	IDC- Location, Road	-	350,000	350,000
3530.00350	IDC- Logging Downhole	-	85,000	85,000
3530.00360	IDC- Mobilization, Demobilization	-	300,000	300,000
3530.00370	IDC- Mud logging	-	110,088	110,088
3530.00380	IDC- Mud, Chemicals	-	501,108	501,108
3530.00390	IDC- Other Intangible	-	293,869	293,869
3530.00400	IDC- Outside Operated	-	-	-
3530.00410	IDC- Overhead	-	7,375	7,375
3530.00420	IDC- Plug & Abandonment	-	-	-
3530.00430	IDC- Product, Test	-	-	-
3530.00440	IDC- Surv, Prmts, Surf DMG	102,000	-	102,000
3530.00450	IDC- Taxes	-	-	-
3530.00460	IDC- Third Party Supervision	-	221,127	221,127
3530.00470	IDC- Transportation	-	108,661	108,661
3530.00480	IDC- Vehicle Charges	-	-	-
3530.00490	IDC- Water	-	12,162	12,162
3530.00500	IDC- Year End Well	-	-	-
Intangible Drilling Subtotal		<u>\$102,000</u>	<u>\$4,847,748</u>	<u>\$4,949,748</u>

**ANSCHUTZ Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DRILLING AND COMPLETION**

BU/Job #: \_\_\_\_\_ BU/Job Name: Regina Com 25-2-14-15  
 Parent BU#: 2967 Date: October 15, 2014  
 Location: Regina Com 25-2-14-15 County, State: Rio Arriba, NM

**DIETARY CLOSURES**

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Tangible Drilling Costs				
3540.00600	TDC- Surface Casing		10,622	10,622
3540.00610	TDC- Intermediate Casing		284,714	284,714
3540.00620	TDC- Well Head Equipment		42,000	42,000
3540.00630	TDC- Casing Head			
3540.00640	TDC- Production Casing		239,409	239,409
3540.00650	TDC- Outside Operated LW			
Tangible Drilling Subtotal		\$0	\$576,745	\$576,745
TOTAL		\$102,000	\$6,424,493	\$5,526,493

**STATUS**

Preliminary  Revised  Final

**DIVISION OF INTERESTS**

WORKING INTEREST OWNER(S)	BCP %	ACP%	Post comp %
Anschutz Oil Company	81.897683%	81.897683%	40.948842%
Hunt Oil Company	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	1.951091%	1.951091%	1.951091%
Ibex Partnership	1.951091%	1.951091%	1.951091%
Mountain States Natural Gas	5.932057%	5.932057%	5.932057%
Williams Production Company	2.343750%	2.343750%	2.343750%
KAB Acquisitions LLLP, VIII	3.355830%	3.355830%	3.355830%
A.Kimbrough Davis, Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush Wisenbaker, Jr. Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill Wisenbaker Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill Wikert Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur Wikert Trust	0.513668%	0.513668%	0.513668%
<b>TOTAL</b>	<b>100.000000%</b>	<b>100.000000%</b>	<b>100.000001%</b>

**AUTHORITY AND APPROVAL**

Recommended by: Mark Amundson Approved by: Galen Brenize, VP Ops & Eng  
Ashley Tolbert Name: \_\_\_\_\_  
Gregg Randall Date: \_\_\_\_\_  
 Date: \_\_\_\_\_

Approved by: JRD  
 Name: Joseph DeDominic, President and COO  
 Date: \_\_\_\_\_

Approved by: DOC  
 Name: Deidre O'callaghan  
 Date: 11-21-14

Election	
Approved by:	
Print Name	
Title	
Company	
Date	

**ANSCHUTZ Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DRILLING AND COMPLETION**

BU/Job #: \_\_\_\_\_

BU/Job Name: Regina Com 25-2-14-15

Parent BU#: \_\_\_\_\_ 2967

Date: October 15, 2014

**DETAIL COSTS**

<u>ACCOUNT #</u>	<u>DESCRIPTION</u>	<u>PREVIOUSLY APPROVED</u>	<u>CURRENTLY REQUESTED</u>	<u>TOTAL</u>
Intangible Completion Costs				
3550.00700	Allocated Labor	-	-	-
3550.00710	Allocated Labor Burden	-	-	-
3550.00720	Bits & Reamers	-	70,000	70,000
3550.00730	Casing Crews, Tools	-	40,000	40,000
3550.00740	Cement, Cementing	-	-	-
3550.00750	Communications	-	-	-
3550.00760	Contract Drilling	-	213,000	213,000
3550.00770	Drillstem Testing	-	-	-
3550.00780	Equipment Rental	-	185,000	185,000
3550.00790	Fuels, Lubricants	-	15,000	15,000
3550.00800	Inspect - Tubular	-	10,000	10,000
3550.00810	Insurance	-	-	-
3550.00820	Locations, Road	-	15,000	15,000
3550.00830	Logging, Downhole	-	242,000	242,000
3550.00840	Mobilization, Demobilization	-	14,000	14,000
3550.00850	Mud, Chemicals	-	30,000	30,000
3550.00860	Other Intangible	-	210,000	210,000
3550.00870	Outside Operated	-	-	-
3550.00880	Overhead	-	4,300	4,300
3550.00890	Plug & Abandonment	-	-	-
3550.00900	Production Test, Pressure Survey	-	75,000	75,000
3550.00910	Stimulation	-	2,600,000	2,600,000
3550.00920	Surv, Prmts, Surf DMG	-	-	-
3550.00930	Taxes	-	-	-
3550.00940	Third Party Supervision	-	57,000	57,000
3550.00950	Transportation	-	36,000	36,000
3550.00960	Vehicle Charges	-	-	-
3550.00970	Water	-	120,000	120,000
Intangible Completion Subtotal		\$0	\$3,936,300	\$3,936,300

**ANSCHUTZ Oil Company**  
**AUTHORITY FOR EXPENDITURE**  
**DRILLING AND COMPLETION**

BU/Job #: \_\_\_\_\_ BU/Job Name: Regina Com 25-2-14-15  
 Parent BU#: \_\_\_\_\_ 2967 Date: October 15, 2014  
 Location: Regina Com 25-2-14-15 County, State: Rio Arriba, NM

**DETAIL COSTS**

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Tangible Completion Costs				
3560.01100	Artificial lift Equipment		182,500	182,500
3560.01110	Battery & Production		165,000	165,000
3560.01120	Buildings		25,000	25,000
3560.01130	Flowlines, Fittings		25,000	25,000
3560.01140	Gas Sales Facility & Comp.		-	-
3560.01150	Install, Trans of Lease		35,000	35,000
3560.01160	Miscellaneous Equipment		10,000	10,000
3560.01170	Outside Operated Comp.		-	-
3560.01180	Pipelines		-	-
3560.01190	Production Casing		-	-
3560.01200	Tubing, Subsurface Prod.		60,500	60,500
3560.01210	Wellhead Equipment		33,000	33,000
Tangible Completion Subtotal		\$0	\$536,000	\$536,000
TOTAL		\$0	\$4,472,300	\$4,472,300

**STATUS**

Preliminary  Revised  Final

**DIVISION OF INTEREST**

WORKING INTEREST OWNER(S)	BCP %	ACP%	Post comp %
Anschutz Oil Company	81.897683%	81.897683%	40.948842%
Hunt Oil Company	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	1.951091%	1.951091%	1.951091%
Ibex Partnership	1.951091%	1.951091%	1.951091%
Mountain States Natural Gas	5.932057%	5.932057%	5.932057%
Williams Production Company	2.343750%	2.343750%	2.343750%
KAB Acquisitions LLLP, Vill	3.355830%	3.355830%	3.355830%
A.Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Tr	0.513826%	0.513826%	0.513826%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush Wisenbake	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill Wisenbaker	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill Wikert Tru	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur Wikert Tr	0.513668%	0.513668%	0.513668%
TOTAL			
	100.000000%	100.000000%	100.000001%

**AUTHORIZATION AND APPROVAL**

Recommended by: Mark Amundson Approved by: \_\_\_\_\_  
Ashley Tolbert Name: Galen Brenize, VP Ops & Eng  
Gregg Randall Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Approved by: [Signature]  
 Name: Joseph DeDominic; President and COO  
 Date: \_\_\_\_\_  
 Approved by: [Signature]  
 Name: Deidre O'callaghan  
 Date: 11-21-14

Election	
Approved by:	
Print Name	
Title	
Company	
Date	

**ANSCHUTZ OIL COMPANY  
ACCOUNTING DATA SHEET  
DRILLING AND COMPLETION**

BU/Job #: 0 BU/Job Name: Regina Com 25-2-14-15  
 Parent BU#: 2967 Date: 10/15/2014

Well Name: Regina Com 25-2-14-15 County, State: Rio Arriba, NM  
 Prospect Name: SJB Basin/Trend Ojito  
 Estimated Spud Date: \_\_\_\_\_ Location: \_\_\_\_\_  
 Estimated Completion Date: \_\_\_\_\_ Operating Agt Dated: \_\_\_\_\_  
 Operator: AEC

COSTS AND EXPENSES (to be determined)		NON-CONSENT PENALTY (to be determined)		EXPENDITURE LIMIT (to be determined)	
Probiting Allowed	n/a	n/a	% Surface	W/O Approval	n/a
Interest Rate	n/a	n/a	% Subsurface	AFE Approval	n/a

OVERHEAD S/MO (to be determined)		CONSTRUCTION OH (to be determined)		
Drilling:	\$ 10,000.00	Percent:	Total Cost MS:	Percent of:
Production:	\$ 1,000.00	5.00%	\$100,000.00	
EFFECTIVE:		3.00%	\$100,000.00+	
		2.00%	\$1,000,000.00+	

**STATUS**

PRELIMINARY  REVISED  FINAL   
 EFFECTIVE DATE (Must be Completed) - SPUD DATE \_\_\_\_\_

W/ OWNER(S)/BILLING ADDRESS		BCP %	ACP%	Post comp %
Anschutz Oil Company		81.897683%	81.897683%	40.948842%
Hunt Oil Company	1900 N. Akard Street, Dallas, TX 75201-2300	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	Breckenridge, TX 76424-0911	1.9510910%	1.9510910%	1.9510910%
Ibex Partnership	Breckenridge, TX 76424-0911	1.9510910%	1.9510910%	1.9510910%
Mountain States Natural Gas Corporation		5.9320570%	5.9320570%	5.9320570%
Williams Production Company		2.3437500%	2.3437500%	2.3437500%
KAB Acquisitions LLLP, VIII	Suite 1151, Denver, CO 80202	3.3558300%	3.3558300%	3.3558300%
A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill -	1100 Peachtree St., Suite 1600, Atlanta, GA 30309	0.5138260%	0.5138260%	0.5138260%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
		100.000000%	100.000000%	100.000001%

**SPECIAL PROVISIONS**

Is Well in a Tax Partnership? Yes \_\_\_\_\_ Why: HOC earned interest  
 Accounting Procedure: Employee Benefits Limit: \_\_\_\_\_  
 Other Special Provisions: \_\_\_\_\_

Prepared by: Deidre O'Callaghan Approved by: \_\_\_\_\_  
 Date: 11-21-14 10/16/2014 Name: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 JDE Input by: \_\_\_\_\_ Approved by: \_\_\_\_\_  
 Date: \_\_\_\_\_ Name: \_\_\_\_\_  
 Date: \_\_\_\_\_