

RSC Resources, L.P.
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Midland, Tx 79707

Guardian Operating Corp.
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Goetze
10/29/13
Case 15022

October 14, 2013

New Mexico Oil Conservation Division
Attn: Examiner Phillip R. Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

**RE: Ann Com No. 1 Itemized Schedule
of Estimated Costs Under
NMOCD Pooling Order No. 13743
1655' FNL & 1980' FEL
Sec 15-24S-28E: N2 Spacing Unit
Eddy County, NM**

Gentlemen,

On September 6, 2013, the NMOCD entered Order No. R-13743 pooling the uncommitted interests on the above referenced well. The Order requires that each known pooled working interest owner be furnished an itemized schedule of actual costs of re-entering, completing, and equipping the well. The Order states each pooled interest shall have the right to pay its share of the estimated costs within 30 days of receipt of the schedule, in lieu of paying its share of reasonable costs out of production as provided for in the Order.

Please find the enclosed itemized schedule of estimated costs(AFE) in the amount of \$1,451,000.

Also, a copy of this letter, the Order, and the cost schedule has been sent to the known uncommitted interests on the enclosed list.

Please contact the undersigned with any questions.

Best Regards,



Randall Cate
President

Guardian Operating Corp.

AUTHORITY FOR EXPENDITURE ESTIMATED WORKOVER COSTS - REVISED

PAGE 1 of 1

OPERATOR Guardian Operating Corp.	AFE # 1	DATE 9/12/2013
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	COUNTY Eddy	RANGE 28E
	STATE NM	
	PROPOSED FORMATION Wolfcamp	PROPOSED DEPTH (tvd/md) 11,250'MD PBTD

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		\$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	DATE
Signature	
BY:	

OWNER	BEST ADDRESS	NET ACRES	NET INTEREST
8801 INVESTMENT	8801 S. YALE SUITE 150 TULSA OK. 74137	0.1090	0.000340625
ABO PETROLEUM CORP.	105 S. 4TH ST. ARTESIA, NM 88210	1.74325	0.005447656
ALLEN REVOCABLE TRUST DATED. APRIL 10 1996	UNKNOWN	0.3720	0.0011625
AGAR, FRANK	2006 GULF, MIDLAND, TX 79707	0.0621	0.000194063
ALLISON, JACKIE AND BENNIE GREER,	UNKNOWN	0.6590	0.002059375
ANTHONY, JOAN L.	2632 BENT TREE DRIVE HURST TX. 76054	0.6090	0.001903125
ARANDER - CECIL ARINDER ET AL	922 W. THIRTIETH HOUSTON TX. 77018	0.2070	0.000646875
BALM FAMILY TRUST BY JOHN A. BALM AND JULIE J. BALM TRUSTEES	3118 THUNDER DR. OCEANSIDE CALIFORNIA 92506	0.5820	0.00181875
BIG SKY ESTATES, INC.	UNKNOWN	0.3720	0.0011625
BLOOM, L.	UNKNOWN	0.2840	0.0008875
BUCKLEY, MICHAEL J.	UNKNOWN	0.1050	0.000328125
BURKHAM, A.C AND RUBY	414 SAN JUAN MANOR, CARLSBAD, NM 88220	0.2150	0.000671875
BUTZ, LYLE R. AND JESSIE PEARL	5221 E. 131ST. DR. THORNTON CO. 80241	0.2710	0.000846875

OWNER	BEST ADDRESS	NET ACRES	NET INTEREST
HERNANDEZ, ALFREDO JR. AND SOLTELO M.; FLORA KEMP AND ROMONE HERNANDEZ	UNKNOWN	0.1050	0.00032813
HEYLE - A.W. HEYL C/O BARBARA HEYLE	106 BUNKER HILL DR., JUNCTION CITY KS 66441	0.2150	0.00067188
HOLLAR - C.F. HOLLAR C/O ELIZABETH FOLMER	UNKNOWN	0.2070	0.00064688
HOPKINS- KELLY G.	3205 HUDSON DR. BRENTWOOD CA. 94513	0.3720	0.0011625
JOHNSON, ROBERT LEE JR.; STREIGLER, THOMAS L. AND	618 COUNTRY CREEK LANE, FREDRICKSBURG TX. 78624	0.1050	0.00032813
LANGLEY FAMILY TRUST	UNKNOWN	0.2070	0.00064688
LEFTWICH - JOHN W. LEFTWICH JR	UNKNOWN- DEC'D?	0.2070	0.00064688
LITTLE, RUTH MARTIN	UNKNOWN	0.1150	0.00035938
LOGSDON, RONALD O. JR. ET UX MININIE K.	UNKNOWN	0.2070	0.00064688
MAY, CLIFFORD	UNKNOWN	0.3440	0.001075
MCKITTRICK -LAURA K.	UNKNOWN	0.2070	0.00064688
MELVIN, JAMES D. ET UX KAREN A.	907 E FIESTA DR CARLSBAD NM 88220	0.3790	0.00118438
Mileta, Mary Nel and Pete -	1365 BRILLIANT STREET RATON NM. 87740 575- 445-3367	0.2150	0.00067188

CALVERT, MARY J.	3821-C N. SEVENTH COURT MCALEN TX 78501	0.5240	0.0016375
CAMPOS, CAROLINA WIDOW	UNKNOWN	0.0980	0.00030625
CAMPOS, EDUARDO AND AIDA	UNKNOWN	0.2510	0.000784375
CARNERO, LUIS AND MARIA	1112 Williams Dr. Carlsbad, NM 88220	0.2930	0.000915625
CARRASCO , CANDELARIO C/O CORINA CARRASCO URQUIDEZ	9021 N. 63RD DRIVE, GLENDALE AZ. 85302	0.2070	0.000646875
CARTER, PAMALA GAY	UNKNOWN	0.5210	0.001628125
CATHOLIC DIOCESE OF LOS CRUCES	1280 MED PARK DRIVE, LAS CRUCES NM 88005	0.3099	0.000968438
CHISOLM, JAMES S VICTORIA K. BURBANK	37 WILLIAMS ROAD NEDLANDS, W.A. 6009 AUSTRALIA	0.1035	0.000323438
COVAULT - AUBREY COVAULT JR. AND DORIS E. BUCHERER ET AL	3606 33RD AVE. MOLINE IL. 61265	0.2070	0.000646875
CUMMINGS, LOUIS D. ET AL	13148 W. BUMBARTON DR.,. MORRISON, CO. 80465	0.0990	0.000309375
DAVIS, MICHELLE G. C/O EMILY MCGUIRT	201 FRIENDSHIP ROAD CAMDEN SC 29020	0.2070	0.000646875
DEVON ENERGY PRODUCTION CO. LP	333 W. SHERIDAN AVE. OKLAHOMA CITY, OK. 73102-5010	5.7630	0.018009375
DORADO, PAUL E.	UNKNOWN	0.0518	0.000161719

MORALES, ELOISA AND JOSE; SALGADO, FELIPA	27497 LEMON TREE CT., HAYWARD CA. 94545	0.1045	0.00032656
MYCO INDUSTRIES, INC.	105 S. 4TH ST. ARTESIA, NM 88210	1.74325	0.00544766
NAVARETTE, MARCELLO P. ET UX CONRADA D.	UNKNOWN	0.2710	0.00084688
NAVARRETE, EMILY MARINA COLLINS	PO BOX 207 EUNICE NM, 88231	0.3140	0.00098125
NEARHOOD, MARY AND BRENT; CARLA K. NEARHOOD DICKSON (HEIRS OF ROBERT E. AND MATTIE B. PERRIGO)	NEARHOOD-UNKNOWN DICKSON-405 N. Oaks Lane, Russellville, AK 72802	0.1150	0.00035938
NUEVO SIES LIMITED PARTNERSHIP	PO BOX 2588 POSWELL NM 88202	0.2070	0.00064688
OLIVAS, SOCORRO AND EPIFANIA Z.	PO BOX 72 MALAGA NM 88263	0.2090	0.00065313
PLANK, MICHAEL LYNN II	UNKNOWN	0.3220	0.00100625
QUINN -STEPHEN K. C/O WESLEY QUINN	PO BOX 490 CLOVIS NM 88101	0.2070	0.00064688
RANNELLS - ELVERIA ,C/O TEFFT ,GWENDA	411 S. SPRUCE IOLA KS. 66749	0.2150	0.00067188
REESE - JANE C/O JOHN R. JONES	1801 EL VISTA CIRCLE ARCADIA CA. 91006	0.207	0.00064688
RIOS, EFRAIN, AND CELMA	PO BOX 113 MALAGA NM. 88263	0.2284	0.00071375
RIOS, ERNESTO C.	UNKNOWN	0.3960	0.0012375

DREW, HAROLD DON AND WAYNE COLLINSWORTH	HC 62, BOX 1285, SALYERSVILLE, KY 41465	0.0840	0.0002625
DUARTE, ANDRES ET UX GAVINA	P.O. Box 71 Malaga, NM 88263	0.2090	0.000653125
ELDER, SHARLA J., HINNEN, CAISHA; WILLIAMS, CARRICK C.	2509 E. 40TH HUTCHINSON KS. 67502	0.2570	0.000803125
ELIZONDO, ALMA R.	1115 E. ORCHARD CARLSBAD NM. 88220	0.3960	0.0012375
ENDERUD , CORA C/O DAVID A. LARSON	822 N. SPRING AVE SQUIX FALLS SD. 57104	0.2070	0.000646875
EOG RESOURCES, INC.	P.O. BOX 2267 MIDLAND, TX 79702-	10.1400	0.0316875
EVANS , JAMIE MARIE EVANS, TERRI M.;	PO BOX 81 MCKENNA WA. 98558	0.3870	0.001209375
FALLS LAND & DEVELOPMENT CORP.	UNKNOWN	0.4130	0.001290625
FRASER, JERAN L.	UNKNOWN		0
G&W COMPANY	UNKNOWN	1.563	0.004884375
GALLOWAY, NANCY LORRAINE; HARRIS, DEBRA LYNN; GALLOWAY, CLYDE SHANE; GALLOWAY, ROYAL ZANE	PO BOX 1485 CARLSBAD NM. 88220	0.1720	0.0005375
GIEST -WILLIAM W AND AMY J GEIST; MARY ELEANOR KINKAID	UNKNOWN	0.2070	0.000646875
GRANGER, DANNY	UNKNOWN	0.0575	0.000179688
GRANGER, DAVID, M.	304 Vela St., Carlsbad, NM 88220 575-887-2624	0.0575	0.000179688

RODRIGUEZ, CAROLINA	PO BOX 12 MALAGA NM. 88263	0.3380	0.00105625
ROBERTS, RUTH ; c/o C. DANIEL ROBERTS	1602 E. CESEAR CHAVEZ ST., AUSTIN, TX 78702	0.7425	0.00232031
RUIZ, GILBERTO	UNKNOWN	0.3870	0.00120938
SMITH, MARY HOWARD	UNKNOWN	0.2150	0.00067188
SNOW OIL AND GAS	818 E. BROADWAY ST. ANDREWS, TX 79714	0.2720	0.00085
SPAULDING, JOHN A TRUST	UNKNOWN	0.1050	0.00032813
STATE OF NEW MEXICO-PROPERTY CONTROL DIVISION	310 OLD SANTA FE TRAIL, SANTA FE NM 87504	3.4400	0.01075
SULLIVAN -PHYLLIS J. SULLIVAN	UNKNOWN	0.1720	0.0005375
TANNER, JACK E. AND JAMES L.	3425 W. MACARTHUR, WICHITA KS 67217	0.1720	0.0005375
THE LAUNDRY BASKET, C/O TERRY AMERINE-	520 N. HERSHEY AVE. BELOIT KS. 67420	0.6290	0.00196563
VEAZEY -LAINADA ; JUANITA SCOTT; ROBERT W. VEAZEY; PATRICIA J. VEAZEY	522 CRESTONE AVE., SALIDA, CO 81201	0.2070	0.00064688
WALKER , JAMES D. ET UX AUDREY	UNKNOWN	0.4140	0.00129375
WEISS -JULIA E. WEISS C/O HELEN H WEISS	512 BELDEN HILL RD. WILTON CT. 06897	0.2070	0.00064688
WIGLEY, JACK; WILCOX, BARBARA; PULICE, JOAN	4468 RUSHING ROAD DALLAS, TX 75287	0.2070	0.00064688

HALL, STEWART REV. LIVING TRUST	798 NOU ST HILO HI.96720	0.2070	0.000646875
HAMPTON -H.G. HAMPTON	4966 BRIAR OAK LANE GRAND PRAIRIE TX 75052	0.2070	0.000646875
HARRIS, DEBRA	PO BOX 1485 CARLSBAD NM. 88220	0.1720	0.0005375
HARRIS, FRANCIS	PO BOX 89 MALAGA NM 88263	0.2400	0.00075
HARROUN, DOROTHY TRUST	c/o FARMERS NATIONAL COMPANY, 5110 S. YALE AVE., STE 400, TULSA, OKLAHOMA 74135-7483	0.1885	0.000589063

WILLOW LAKE, INC. -	UNKNOWN- NOT REGISTERED		0
WINSOR -KEITH C. WINSOR; JEANEEN C. MOORE; INTRUST BANK, TRUSTEE MCEWAN MARITAL TRUST, MCEWAN TEST. REMAINDER TRUST; MCEWAN IRREV. TRUST; CLAY MCEWAN; DREW MATTHEW MCEWAN; BRAIN PATRICK MCEWAN; KEVIN BEACHY MCEWAN; JOHN DAVID MCEWAN; COE CEWAN WILSCAM; DEBRA ENOCH DAVIS; JENNIFER MCEWAN ENOCH; BARTON L. ENOCH;	UNKNOWN	0.2070	0.00064688
YATES PETROLEUM CORP.	105 S. 4TH ST. ARTESIA, NM 88210	1.74325	0.00544766
YOUNG, H.A.	UNKNOWN	0.3870	0.00120938