

**DRILLING AND COMPLETION AFE****ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

AFE No.:	13106	Original	<input checked="" type="checkbox"/>
Property No.:		Supplemental	<input type="checkbox"/>
Elevation W. I. %:	50.000%	EXPLORATION	<input checked="" type="checkbox"/>
Elevation Net Total AFE:	\$4,283,525	DEVELOPMENT	<input type="checkbox"/>
AFE Date:	10/14/2013	PUD	<input type="checkbox"/>
Budget Yr.	2014		

Well Name & No.	Birdog 19 State	1H	Prospect Name:	Berry	TVD / MD	11800'	Spud Date:	4/1/2014
Location:	SHL:	215 34E Section 19 1980' FEL & 225' FSL	Producing Horizon:	2nd or 3rd Bone Spring Sand	DOB Field:			
BHL:	215 34E Section 19 330' FNL & 1980' FEL		Regulatory Field:					
Operator:	Elevation Resources, LLC	County & State	Lea	NM				
AFE Description:								

INTANGIBLE DEVELOPMENT COSTS

SUB-ACCT	DESCRIPTION	DRILLING	COMPLETION	SUPPLEMENT	TOTAL WELL COST
0-05	ROADS AND SITE PREPARATION	\$200,000			\$200,000
0-06	RIG MOBILIZATION	\$150,000			\$150,000
0-07	COMPLETION RIG		\$50,000		\$50,000
0-08	CONTRACT DRILLING - FOOTAGE				
0-09	CONTRACT DRILLING-DAYWORK- 35 DAYS @ \$21,000 Per DAY	\$735,000			\$735,000
0-10	EQUIPMENT RENTAL	\$400,000	\$275,000		\$675,000
0-11	BITS, COREHEADS AND REAMERS	\$125,000	\$5,000		\$130,000
0-12	MUD / CHEMICALS	\$225,000	\$15,000		\$240,000
0-13	FUEL AND POWER	\$120,000	\$35,000		\$155,000
0-14	SUPERVISION	\$55,000	\$75,000		\$130,000
0-15	TRANSPORTATION	\$45,000	\$100,000		\$145,000
0-16	MUD LOGGING	\$40,000			\$40,000
0-17	ELECTRIC LOGGING	\$30,000			\$30,000
0-18	CEMENT & CEMENTING SERVICES	\$250,000			\$250,000
0-19	DIRECTIONAL TOOLS & SERVICE	\$400,000			\$400,000
0-23	TUBULAR INSPECTION	\$20,000			\$20,000
0-24	CORING & ANALYSIS				
0-25	PERFORATING		\$206,250		\$206,250
0-26	FORMATION TESTING				
0-27	CASING CREWS	\$45,000			\$45,000
0-28	CONTRACT LABOR		\$215,000		\$215,000
0-29	SURFACE RESTORATION & DISPOSAL		\$175,000		\$175,000
0-30	WATER	\$75,000	\$200,000		\$275,000
0-31	PROFESSIONAL SERVICES / CONSULTING	\$2,500	\$7,500		\$10,000
0-33	OVERHEAD	\$11,500	\$2,500		\$14,000
0-34	SNUBBING / COIL TUBING UNIT		\$150,000		\$150,000
0-43	CLOSED LOOP SYSTEM	\$250,000			\$250,000
0-45	ENVIRONMENTAL & SAFETY				
0-50	MISCELLANEOUS OTHER / CONTINGENCY	\$120,000	\$365,000		\$485,000
0-54	FORMATION STIMULATION		\$2,175,000		\$2,175,000
SUB-TOTAL INTANGIBLE DEVELOPMENT COSTS		\$3,299,000	\$4,051,250		\$7,350,250

TANGIBLE MATERIAL COSTS

ACCT	DESCRIPTION	DRILLING	COMPLETION	SUPPLEMENT	TOTAL WELL COST
0-05	CONDUCTOR CASING (Specs)				
0-08	TANKS		\$95,000		\$95,000
0-09	FLOW LINES (Specs)	3" Sch 80 LP	\$3,000		\$3,000
0-10	SURFACE CASING (Specs)	500 13.375 H-40 48	\$16,500		\$16,500
0-12	PACKERS & SUBSURFACE EQUIPMENT		\$25,000		\$25,000
0-13	SUCKER RODS		\$55,000		\$55,000
0-15	INTERMEDIATE CASING (Specs)	5000 9.625 L-80 40	\$160,000		\$160,000
0-16	TUBING (Specs)	10900 2.875 L-80 6.5#/FT	\$76,300		\$76,300
0-17	SEPARATORS, HEATERS, TREATERS		\$54,000		\$54,000
0-18	ARTIFICIAL LIFT EQUIPMENT		\$120,000		\$120,000
0-19	COMPRESSOR				
0-20	WELLHEAD EQUIPMENT		\$25,000		\$25,000
0-21	PRODUCTION CASING (Specs)	17000 5.5 P-110 17	\$340,000		\$340,000
0-22	LINERS - DRLG or PROD (Specs)				
0-23	LINER HANGERS				
0-24	METERING EQUIPMENT		\$8,200		\$8,200
0-31	ENGINE, MOTORS, PANELS		\$3,800		\$3,800
0-32	VAPOR RECOVERY		\$15,000		\$15,000
0-50	MISCELLANEOUS OTHER		\$220,000		\$220,000
SUB-TOTAL TANGIBLE MATERIAL COSTS		\$516,500	\$700,300		\$1,216,800
SUB-TOTAL INTANGIBLE COSTS		\$3,299,000	\$4,051,250		\$7,350,250
TOTAL WELL COST		\$3,815,500	\$4,751,550		\$8,567,050

DRILLING AND COMPLETION AFE**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE (Page 2)**

APPROVED BY	Gary Dupriest:	DATE	10/30/13
APPROVED BY	Gary Causey:	DATE	10/30/13
APPROVED BY	Tim Reece:	DATE	11-8-13
APPROVED BY	Steve Pruett:	DATE	11-8-13

Notice to Nonoperators: Costs shown on this form estimates only. Non operators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

WORKING INTEREST OWNER APPROVAL

COMPANY	APPROVED BY	TITLE	DATE

Oil Conservation Division
Case No. 4 15087
Exhibit No. 1