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

APPLICATION OF BLACK MOUNTAIN OPERATING LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NOS. 15655, 15656

APPLICATION OF GMT EXPLORATION FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 15659, 15660

MARATHON'S CLOSING STATEMENT

Marathon Oil Permian, LLC submits this closing statement following the July 20, 2017 Examiner hearing in the above consolidated matters.

Background

Initially, Black Mountain Operating LLC, and now Marathon Oil Permian LLC seek an order (1) approving two 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and the W/2W/2 of Section 2, Township 22 South, Range 34 East, NMPM, E/2SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, (Grama Ridge State Com 1H), and the E/2W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico (Grama Ridge State Com 3H); (2) pooling all mineral interests in the Bone Spring formation underlying the non-standard units, and approving unorthodox well locations. Black Mountain/Marathon are targeting the 3rd Bone Spring interval. Marathon's proposed well laterals will be approximately 7,400' feet in length and will include

developed 660' segments in those areas across the boundaries of Sections 2 and 35 that would otherwise be undeveloped setbacks for shorter laterals.

GMT Exploration Company seeks an order (1) approving two 160-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 2, Township 22 South, Range 34 East, NMPM, (Pucker Rapid State Com. No. 1H), and the E/2W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, (Squeeze State Com No. 1H) and (2) pooling all mineral interests in the Bone Spring formation underlying the non-standard units, and approving unorthodox well locations. GMT is targeting the 2nd Bone Spring interval. GMT's proposed well laterals will be approximately 4,600' in length.

Points and Authorities

Both Black Mountain and GMT submitted their respective well proposals with modern form AAPL 610 Joint Operating Agreements with horizontal well amendments. BTA appeared at the previous Division Examiner hearing on May 15, 2017 and presented evidence of the existence of a 1956 form AAPL 610 Joint Operating Agreement dated August 15, 1977. The contract area under the old JOA at one time covered all of Sections 35 T21S R34E and 2 T22SR34E, but the evidence at the July 20, 2017 hearing established that the lease for SW/4 of Section 2 expired and that acreage fell out of the contract area. (It was for this reason that Black Mountain sought to include the SW/4 of Section 2 in its project areas in order to avoid leaving that non-contract area acreage stranded.) It also appeared that portions of Section 35 had been subdivided out of the contract area. Black Mountain (and now Marathon) succeeded Getty Oil Company as operator of certain wells under the 1977 Operating Agreement, including a Bone Spring Well in Unit K of Section 35, but BTA also operates a well in Unit E of Section 35. No party was able to document whether the parties to the old JOA ever selected a successor operator. BTA's land witness asserted

that subsequent wells could only be proposed under the 1977 JOA, a position that neither GMT nor Black Mountain/Marathon agree with.

The evidence establishes that Black Mountain was the first to develop this prospect, first to develop the geology, first to propose a well and initially sought to obtain voluntary agreement from other interest owners, acted with diligence and was timely. In addition, Marathon presented evidence to fully develop the 2nd and 3rd Bone Spring sands throughout Sections 35 and 2. GMT's subsequent well proposals on the other hand, were reactionary. Its plans for further development were not made clear. These can be controlling factors when the Division is considering competing compulsory pooling applications. Order No. R-10922 (November 24, 1997), Case No.11830; Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico, consolidated with Case No. 11833; Application of Devon Energy Production Company for Compulsory Pooling, Eddy County, New Mexico.

It appears to be BTA's position that the acreage remaining subject to the 1977 Joint Operating Agreement is already the subject of a voluntary agreement under which it is operator and that its contract interests cannot be force pooled. GMT's position on this issue is not clear, but it does seek to replace the 1977 JOA with a modern form with horizontal well provisions and establish itself as operator. It is undisputed, however, that the units proposed by Black Mountain/Marathon include some of the remaining contract area lands under the 1977 JOA, as well as other lands not subject to that JOA. As such, there is an absence of agreement among the parties as to how production from the proposed horizontal well is to be divided between the lands within and without the remaining contract area and therefore the parties interests are not pooled. In such circumstances, in the case of horizontal well units, the Division has recently made clear that proposed well units that include lands subject to an existing JOA combined with other non-

contract area lands can be force pooled. Order No. R-14140 (March 30, 2016), Case No. 15433; Application of Matador Production Company for A Non-Standard Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

In an earlier case involving competing compulsory pooling applications, the Division has said that geologic evidence can be the most important consideration. Order No. R-10731-B (February 28, 1997), Case Nos. 11666 and 11667; Applications of KCS Medallion Resources, Inc. and Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. At the hearing in these matters, GMT's geologist testified that the company would seek to develop only that reservoir acreage where well logs evidenced that density porosity was >8%, and further suggesting that including reservoir with density porosity of anything less than <8% would result in inadequate EURs and an "uneconomic well". Marathon's geologic witness refuted such a contention and established that the use of a single decision-making criterion to the exclusion of other relevant geologic information departs from industry best practices. Marathon's geologist provided further countervailing testimony that GMT's isopach mapping contours (GMT Exhibits A and B) are influenced by subjective "interpretation", disregards other data and should not be conclusive. It was also established at the hearing that even if GMT's isopach contours are to be honored, they are so situated so that only approximately 20% of the reservoir thickness in the SW/4 of Section 35 is mapped at <8% density porosity. If even at 7 1/2%, that limited acreage combined with the far larger areas within the two 240-acre well units mapped with thickness exceeding >8% is sufficient to justify development with longer laterals.

Given more weight than the geologic evidence, the most compelling issue for the Division's consideration in these matters is the avoidance of *waste*. Black Mountain, supported by Marathon, provided extensive technical testimony that drilling this prospect with 7,400' laterals

will result in greater economic and engineering efficiencies and higher EURs. In addition, uncontroverted testimony was offered that developing Sections 2 and 35 with shorter 4,600' laterals will leave otherwise recoverable reserves in the ground between the section setbacks where there is no argument about the sufficiency of density porosity and reservoir thickness. TR: Pg. 76, L23 – Pg. 78, L12. This is the very definition of *waste*.

The [Division] is a creature of statute, expressly defined, limited and empowered by the laws creating it. The [Division] has jurisdiction over matters related to the conservation of oil and gas in New Mexico, but the basis of its powers is founded on the duty to prevent waste and to protect correlative rights. The prevention of waste is the *paramount power*, inasmuch as this term is an integral part of the definition of correlative rights. *Continental Oil Co. v. Oil Conservation Commission*, 70 N.M. 310, 318, 373 P.2d 809, 814 (1962). See also NMSA 1978 § 70-2-11. The avoidance of waste should be determinative for the Division here.

Supplemental Matters

At the July 20, 2017 hearing, Marathon addressed the surface use conflicts between the well locations originally planned by Black Mountain and possible use of undescribed acreage in the vicinity for a gas plant or compressor station. Marathon introduced evidence documenting that the gas plant developer's plans do not appear to be moving forward. Marathon's land witness testified that it would work with the gas plant operator to accommodate the surface operations of both companies. The land witness also stated Marathon's preference to move the surface locations to Section 35 to obviate the surface use issue altogether. Marathon was requested to provide the

footage locations for the new surface and bottom hole locations for its wells, along with its AFEs.

The new locations are approximately as follow:

Grama Ridge State Com 1H SHL: 2557' FSL and 505' FWL Section 35 T21S R34E BHL: 330' FSL and 330 FWL Section 2 T22S R34E

Grama Ridge State Com 3H SHL: 2307' FSL and 2146' FWL Section 35 T21S R34E BHL: 330' FSL and 2310' FWL Section 2 T22S R34E

The surface and bottom hole locations and estimated well costs are reflected on the AFEs for the 1H and 3H wells, Exhibits 1 and 2, attached.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By:

J. Scott Hall, Esq.
Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873 (505) 982-4289 fax shall@montand.com

Attorneys for Black Mountain Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on July 31, 2017:

James Bruce Post Office Box 1056 Santa Fe, NM 87504 jamesbruc@aol.com

J. Scott Hall

7. Iwy day



Pad Project # Drilling Project #
Pad Project # Pad Project #
DATE: 7/25/2017

Permian Asset T			
Field	GRAMA RIDGE, BONE SPRING, NE	Location Sec 35, 215, 34E	Rig (
Lease / Facility	GRAMA RIDGE STATE COM 3H		MEXICO
Operator	MARATHON OIL PERMIAN LLC	County/Parish LEA Estimated Start Date	
		Estimated Completion Date	, , , , , , , , , , , , , , , , , , ,
Ectimates	d Gross Cost This AFE: \$8,220,965	Estimated Completion Date	
Estimate	0 GIOSS COST THIS AFE. 38,220,303		
Project Descrip	tion & Reason for Expenditure: Drill, Complete, & Equi	p a 3rd Bona Spring Horizontal Well	
Marathon Oil Pe	ermian LLC proposes the drilling of the Gramma Ridge State Com	3H well, Lea County, New Mexico, to	test the 3rd Bone Spring
formation. The	estimated cost of drilling, testing, completing, and equipping the we	ell is \$8,220,965 as detailed in the prov	ilded authority for
expenditure doc			
	ion 35-21S-34E &		
E2W2 of Section			
Estimated TVD:	Bone Spring Sand		
Estimated MD:			
	IL: 2307 FSL, 2146' FWL (measured from SW corner of 35-21S-3	4E)	
	IL: 330' FSL, 2310' FWL (measured from SW corner of 2-22S-34E		
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		1	
Prepared By	0	-	
	Final Approval		
	Daté:		
Title: Regi	onal Vice President Permian Asset Team		
	•		•
	,	,	
	\		
	Participant's Approve	al .	
	Name of Company:	-	
	Company.	- market	
	Signature:		
	Title	Date:	
	Title:	Date.	

MARATHON OIL PERMIAN LLC AUTHORITY FOR EXPENDITURE DETAIL OF ESTIMATED WELL COSTS

DATE	7/25/2017
DRILLING & LOCATION PREPARED BY	JACOB BEATY
COMPLETION PREPARED BY	JOSH SHANNON
FACULTIES & ADDISTORS LIST DOCDASED BY	BILLY MODRE

Asset Team	PERMIAN	
Asset ream Field		EXPLORATION
	GRAMA RIDGE, BONE: FORMATION: 3RD BONE SPRINGS WILDCAT GRAMA RIDGE STATE COM 3H DEVELOPMENT	RECOMPLETION
Lease/Facility		
Location	LEA COUNTY X EXPLOITATION	
Prospect	RANGER	
Est Total Depth	18,800 Est Onling Days 27 Est Comple	tion Days 8
LOCATION COST -	INTANGIBLE	
GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	150,000
7001250	Land Broker Fees and Services	60,000
		210,000
	TOTAL LOCATION COST - INTANGIBLE	210,000
DRILLING COST - T	ANGIBLE	
	A 2	•
7012050	Conductor Pipe	23,750
7012050	Surface Casing	59,113
7012050	Intermediate Casing 1	142,310
		256,450
7012050	Intermediate Cesing 2	
7012050	Production Casing	83,915
7012050	Drig Uner Hanger, Tleback Eq & Csg Accessories	
7012550	Oriting Wellhead Equipment	55,000
7012040	Casing & Tubing Access	15,000
7012270	Miscellaneous MRO Materials	15,000
	TOTAL DRILLING - TANGIBLE	730,557
2011/10/2 2027 1	ATTACON F	
DRILLING COST - 11	NTANGIBLE	
7019200	Drilling Rig Mob/Demob	140,000
7019220	Drilling Rig - day work/footage	460,000
7019040	Directional Drilling Services	181,000
7019020	Coment and Comenting Service Surface	30,000
7019020	Cement and Cementing Service Intermediate 1	30,000
7019020	Cement and Cementing Service Intermediate 2	50,000
7019020	Cement and Cementing Service Production	. 40,000
7019140	Mud Fluids & Services	RD,000
7012310	Solids Control equipment	59,950
	Bits	70,500
7012020		
7019010	Casing Crow and Services	30,000
7016350	Fuel (Rig)	85,000
7019140	Fuel (Mud)	20,000
7001460	Water (non potable)	
7019000	Well Logging Services	
7019150	Mud Logging+quost-eering	17,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	18,000
7019110	Drill pipe/collar inspection services	15,000
		40,000
7016180	Freight - truck	80,000
7001460	Water haufing and disposal (includes soil farming)	
7001440	Vacuum Trucks	
7000030	Contract Labor - general	30,000
7018150	Rental Tools and Equipment (surface rentals)	94,500
7018150	Rig Equipment and Misc.	
7001110	Telecommunications Services	-
7001120	Consulting Services	143,100
7001400	Safety and Environmental	10,000
7018120	Rental Buildings (trailers)	
7019310	Coring (sidewalls & enalysis)	
7011010	8% Contingency & Taxes	197,569
	TOTAL DRILLING - INTANGIBLE	\$1,936,619
****		<u> </u>
	TOTAL DRILLING COST	\$2,667,176
COMPLETION - TA	WCIBLE	
7012580	Tubing	82,750
7012040	Tubing Accessories (nipple, wireline entry)	15,000
7012550	Wellhead Equip	20,000
	Pacters - Completion Equipment	38,850
7012560	Pacers - Companion Equipment	36,630
	TATAL COLUMNITION TANGEN	4114.000

7013300	Track State (Italian)	
7016190	Freight (Transportation Services)	
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	80,000
7018120	Rental Buildings (trailers)	40,000
7000030	Contract Labor - Pumping (pump-down pumps)	45,000
7011010	8% Contingency & Tases	349,429
	OTAL COMPLETION - INTANGIBLE	\$4,580,68
1	OTAL COMPLETION COST	54,717,28
FACE EQUIPMENT	T - TANGIBLE	
7012350	Misc. Piping, Fittings & Valves	77,50x
9005027	Company Labor & Burden	<u> </u>
7000030	Contract Labor - General	67,500
7001110	Telecommunication equip (Telemetry)	
7012410	Line Pipe & Accessories	31,000
7012270	Miscellaneous Materials (containment system)	
7008060	SCADA	62,500
7016180	Freight - truck	
7001190	Contract Engineering	
7012290	Metering and instrumentation	15,000
7012290	I&E Materials	
7012200	Gas Treating	
7012200	Dehydration	
7012010	Compressor	5,500
7012350	Power	
7012610	Vapor Recovery Unit	2,500
7012440	Separator & other pressure vessels	65,000
7012500	Tanks	112,50
7012100	Haster Treater	11,00
7012640	Flare & Accessories	35,00
7000010	Electrical Labor	17,50
7000010	Mechanical Labor	
7012480	Rod Pumping unit & Pad	
7012180	Pumping Unit Engine	
7012350	Electrical Power (electrical cooperative construction costs)	45,000
	OTAL SURFACE EQUIPMENT - TANGIBLE	3547,500
1	TOTAL SURFACE EQUIPMENT COST	\$ 547,500

ARTIFICIAL UFT

 SUMMARY OF ESTIMATED DRILLING WELL COSTS
 TOTAL COST

 TOTAL LOCATION COST
 \$ 2,000

 TOTAL DRILLING COST
 \$ 2,657,176

 TOTAL COMPLETIONS COST
 \$ 4,717,289

 TOTAL SURFACE EQUIPMENT COST
 \$ 547,500

 TOTAL ARTIFICIAL LIFT. COST
 \$79,000

 GRAND TOTAL COST
 \$8,220,965



AUTHORITY FOR EXPENDITURE EXPLORATION & PRODUCTION

Drilling Project # Drilling Project #
Pad Project # Pad Project #
DATE: 7/25/2017

Permian Asset T	eam	-			
Field	GRAMA RIDGE, BONE		Location So	c 35, 215, 34E	Rig 0
Lease / Facility	GRAMA RIDGE STATE			State NEW	
Operator	MARATHON OIL PERM	IIAN LLC		County/Parish LEA	
			Estima	ted Start Date	·
Estimate	d Gross Cost This AFE:	to 220 OCE	Estimated Co	mpletion Date	
Estimate	d Gross Cost This AFE:	\$6,220,965			
Project Descript	tion & Reason for Expendit	ure: Drill, Con	plete, & Equip a 3rd Bono Sprin	g Horizontal Well	
Marathon Oil	Permian II C proposes	the drilling of the Grami	na Ridge State Com 1H we	ell Lea County No	aw Mexico to test the
			ting, completing, and equip		
	authority for expenditure		ang, completing, and equip	ping the frem is to	,,220,000 00 00,0000 111
	ection 35-21S-34E &				
	tion 2-22S-34E		•		
	d Bone Spring Sand				
Estimated TV					
Estimated MD				•	
	SHL: 2557'FSL, 505' FV	VI (measured from SW	comer of 35-21S-34F)	. *	
	BHL: 330' FSL, 330' FW				
, pproximate t		é fuicasaica nom o v	00///0/ 0/ 2-220-2-42/		
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Precared By	0				
Property by					
	Final Approval				
	Littat Whhi o kat		•		
		Date:			1
Title: Regi	ional Vice President Permian A				
				,	
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		Participan	's Approval		
	Name of				
	Company:			· · · · · · · · · · · · · · · · · · ·	
	-				
	Cinnatura				
	Signature:				
	Title:		Date:		
	-				

MARATHON OIL PERMIAN LLC AUTHORITY FOR EXPENDITURE DETAIL OF ESTIMATED WELL COSTS

DATE	7/25/2017
DRILLING & LOCATION PREPARED BY	JACOB BEATY
COMPLETION PREPARED BY	JOSH SHANNON
FACILITIES & ARTIFICIAL LIFT PREPARED BY	BILLY MOORE

Asset Team	PERMIAN	
Fleid	GRAMA RIDGE, BONE : FORMATION: 1RD BONE SPRINGS WILDCAT	EXPLORATION
Leasa/Facility	GRAMA RIDGE STATE COM 1H DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY X EXPLOITATION	WORKDVER
Protpect	RANGER	-
Park Park Baries	for Dullian Davis	
Est Total Depth	18,800 Est Drilling Days 27 Est Completion Day	·
LOCATION COST	INTANGIBLE	
GL CODE	DESCRIPTION	ESTIMATED COST
7001370	Location and Access	150,000
7001250	Land Broker Fees and Services	60,000
	TOTAL LOCATION COST - INTANGIBLE	210,000
DRILLING COST	TANGIBLE	- 11
7012050	Conductor Pipe	23,750
7012050	Surface Casing	59,133
7012050	Intermediate Casing 1	142,310
7012050	Intermediate Casing 2	256,450
7012050	Production Casing	83,915
7012050	Drig Uner Hanger, Tleback Eq & Cug Accessories	80,000
7012550	Dritting Welthesd Equipment	. 55,000
7012040	Casing & Tubing Access	15,000
7012270	Miscellaneous MRC Materials	15,000
7312210	THE STATE OF THE S	13,000
	TOTAL DRILLING - TANGIBLE	730,537
DRILLING COST -	INTANCIBLE	
DKILLING COST -	INTANUOLE	
7019200	DriBing Rig Mob/Demob	140,000
7019220	Drilling Rig - day work/tootage	460,000
7019040	Directional Dritting Services	181,000
7019020	Coment and Comenting Service Surface	30,000
7019020	Cement and Cementing Service Intermediate 1	30,000
7019020	Cement and Comenting Service Intermediate 2	\$0,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	80,000
7012310	Solids Control equipment	\$9,950
7012020	Bas	70,500
7019010	Casing Crew and Services	10,000
7016350	Fuel (Rig)	83,000
7019140	Fuel [Mud]	20,000
7001460	Water (non potable)	
7019000	Well Logging Services	
7019150	Mud Logging-geosteering	17,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	18,000
7019110	Drill pipe/collar inspection services	15,000
7016180	Freight - Lruck	40,000
7001460	Water hauling and disposal (includes soil farming)	80,000
7001440	Vacuum Trucks	
7000030	Contract Labor - general	30,000
7018150		94,500
	Rental Tools and Equipment (surface rentals)	74,300
7018150	Rig Equipment and Misc.	
7001110	Telecommunications Services	
7001120	Consulting Services	143,100
7001400	Sefety and Environmental	10.000
7018120	Rental Buildings (trailers)	
7019310	Coring (sidewatts & snatysts)	
7011010	B% Contingency & Tears	197,565
	TOTAL DRILLING - INTANGIBLE	\$1,916,61
	TOTAL DRILLING COST	\$2,667,17
COMPLETION - 1		
7012580	Tubing	82,750
7012040	Tubing Accessories (nipple, wireline entry)	15,000
7012550	Wellhead Equip	20,000
7012560	Packers - Completion Equipment	38,850
	TOTAL COMPLETION - TANGIBLE	\$156,600

MARATHON OIL PERM	MAN LLC 0	DATE 7/25/2017
AUTHORITY FOR EXP		
DETAIL OF ESTIMATE		
Asset Team Field	PERMIAN GRAMA RIDGE, BONE! FORMATION: 3RD BONE SPRINGS	
Lease/Facility	GRAMA RIDGE STATE COM IH	
COMPLETION - INT	ANGIBLE	
GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220 7019140	Orilling Rig During Completion Mud Fluids & Services	21,600
7019030	Colled Tubing Services (3 runs)	90,000
7019240	Snubbing Services	20,000
7019270 7016350	Pulling/Swab Units fuel (trom drig)	15,360
7019010	Casing Crew and Services	
7019020	Coment and Comuniting Services	80,500
7019320	Well Testing Services (flow hand & equip) Fracturing Services	2,760,000
7019330	Perforating .	161,000
7019160 7001460	Wireline Services Water Hauling & Disposal (frac fluids)	675,000
7016180	Freight - Truck (heat pipe; drig & compl)	25,000
7018150	BOP Rental & Testing	
7018150	Rental Tooh and Equipment (incl drig; lightplant,hydra-walk) CT Downhole Rental Equipment (ie. Bit, BMA)	45,000
7018150	Contract Labor - general	15,000
7001110	Telecommunications Services	15,000
7001400	Safety and Environmental	
7001120 7018150	Consulting Services Zipper Manifold	24.200 57,600
7019300	Frack Stack Rentals	10,000
7016190	Freight (Transportation Services)	
7018150 7018120	Equipment Rental w/o operator, frac tanks, lightplants) Rental Buildings (trailers)	\$0,000 40,000
7000030	Contract Labor - Pumping (pump-down pumps)	45,000
7011010	8% Contingency & Taxes	349,429
	TOTAL COMPLETION - INTANGIBLE	\$4,560,689
•	TOTAL COMPLETION COST	\$4,717,289
SURFACE EQUIPM	FAT - TANGIRIF	
7012150		
	Misc. Piping, Fittings & Valves Company Labor & Burden	77,500
9005027 7000030	Misc. Piping, Fittings & Valves Company Labor & Burden Contract Labor - General	77,500 67,500
9005027 7000030 7001110	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry)	67,500
9005027 7000030 7001110 7012410	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories	
9005027 7000030 7001110 7012410 7012270 7008060	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA	67,500
9005027 7000030 7001110 7012410 7012270 7008060 7015180	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accesszries Miscellaneous Materials (containment system) SCADA Freight - Iruck	67,500 31,000
9005027 7000030 7001110 7012410 7012270 7008060 7015180 7001190	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering	57,500 31,000 52,500
9005027 7000030 7001110 7012410 7012270 7008060 7015180	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accesszries Miscellaneous Materials (containment system) SCADA Freight - Iruck	67,500 31,000
9005027 7000030 7001110 7012410 7012270 7005060 7015180 7011290 7012290 7012290	Company Labor & Burden Contract Labor - General Telecommunication aquip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating	67,500 31,000 62,500
9005027 7000030 7001110 7012410 7012410 7012270 7008060 7015160 7001190 7012290 7012290 7012200	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LE Materials Gas Treating Dehydration	67,500 31,000 62,500
9005027 7000030 7001110 7012410 7012270 7005060 7015180 7011290 7012290 7012290	Company Labor & Burden Contract Labor - General Telecommunication aquip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating	67,500 31,000 62,500
9005027 7000030 7001110 7012410 7012270 7012270 7015160 7011290 7012290 7012290 7012290 7012200 7012200 7012200 7012200 7012200 7012100 701250	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and instrumentation L&E Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit	57,500 31,000 52,500 15,000 3,500
9005027 7000030 7001110 7012410 7012270 7012270 701150 7001150 7012290 7012290 7012290 7012200 7012200 7012200 7012200 7012200	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation I&E Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels	57,500 31,000 62,500 15,000 3,500 2,500 65,000
9005027 7000030 7001110 7012410 7012270 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012200 7012100 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and instrumentation L&E Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater	57,500 31,000 62,500 15,000 5,500 2,500 65,000 112,500 11,000
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012290 7012200 7012200 7012100 7012500 7012500 7012500 7012500 7012500 7012500 7012500 7012500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Life Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories	57,500 31,000 62,500 15,000 3,500 2,500 61,000 112,500 11,000 33,000
9005027 7000030 7000110 7012140 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012200 7012100 7012150 7012150 7012150 7012160 7012160 7012160 7012160 7012160 7012160 7012160 7012160 7012160 7012160	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Life Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Filer & Accessories Electrical Labor	57,500 31,000 62,500 15,000 5,500 2,500 65,000 112,500 11,000
9005027 7000030 7001110 7012410 7012270 7012270 701250 701150 7012290 7012290 7012290 7012200 7012200 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isnats Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Rod Pumping unit & Pad	57,500 31,000 62,500 15,000 3,500 2,500 61,000 112,500 11,000 33,000
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012200 7012200 7012100 7012400 7012400 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treate Flare & Accessories Electrical Labor Meschankal Labor Meschankal Labor Rod Pumping unit & Pad Pumping Unit Engine	57,500 31,000 52,500 15,000 15,000 1,500 11,250 11,000 11,000 17,500
9005027 7000030 7001110 7012410 7012270 7012270 701250 701150 7012290 7012290 7012290 7012200 7012200 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation ME Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Boor Mechanical Labor Mechanical Labor Mechanical Labor Red Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs)	57,500 31,000 52,500 15,000 15,000 11,000 11,000 11,000 17,500 45,000
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012200 7012200 7012100 7012400 7012400 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treate Flare & Accessories Electrical Labor Meschankal Labor Meschankal Labor Rod Pumping unit & Pad Pumping Unit Engine	57,500 31,000 52,500 15,000 15,000 1,500 11,250 11,000 11,000 17,500
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012200 7012200 7012100 7012400 7012400 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication aguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isnats Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping unit &	\$1,000 \$2,500 \$2,500 \$5,500 \$5,000 \$112,500 \$112,500 \$17,500 \$5,0
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012200 7012200 7012100 7012400 7012400 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation ME Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Boor Mechanical Labor Mechanical Labor Mechanical Labor Red Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs)	57,500 31,000 52,500 15,000 15,000 11,000 11,000 11,000 17,500 45,000
9005027 7000030 7001110 7012410 7012270 7012270 7012290 7012290 7012290 7012200 7012200 7012100 7012400 7012400 7012400 7012500	Company Labor & Burden Contract Labor - General Telecommunication aguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isnats Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping unit &	\$1,000 \$2,500 \$2,500 \$5,500 \$5,000 \$112,500 \$112,500 \$17,500 \$5,0
9005027 7000030 7001110 701240 7012270 7012270 7012290 7012290 7012290 7012290 7012200 7012100 7012100 7012100 7012100 7012540 7012500 7012100 7012540 7012540 7012540 7012540 7012540 70125540 7012550 7012550 7012550 7012550	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Mechanical Labor Mechanical Labor Bod Pumping unit & Pad Pumping Unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST	\$1,000 \$2,500 \$2,500 \$5,500 \$5,000 \$112,500 \$112,500 \$17,500 \$5,0
9005027 7000030 7000110 7012140 7012270 7012270 7012290 7012290 7012290 7012290 7012200 7012200 7012200 7012200 7012200 7012200 7012350 7012400 7012500 7012160 7012500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500 70121500	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Filer & Accessories Electrical Labor Mechanical Labor Mechanical Labor Mechanical Labor Bod Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST	57,500 31,000 62,500 15,000 15,000 3,500 11,000 11,000 11,000 17,500 45,000 5547,500
9005027 7000030 7001110 7012210 7012270 7012270 7012290 7012290 7012290 7012200 7012100 7012400 701250 701250 701250 701250 7012150 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701250 701240 701240	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation MEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Boor Mechanical Labor Red Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Company Labor Gas Unit Equipment Rod Pumping, Sucker Rods & Rod Pump	\$7,500 31,000 \$2,500 15,000 15,000 11,000 11,000 11,000 11,000 17,500 45,000 \$3,000 \$3,000 \$3,000 \$4,000
9005027 7000030 7000110 7012140 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012390 7012400 7012400 7012400 701250 7012500 7012100 701250 7012100 701250 7012100 701250 7012100 701240 7012120 7012350	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Mixcellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Filer & Accessories Electrical Labor Mechanical Labor Mechanical Labor Bod Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Gas Unit Equipment Rod Pumpings, sucker Rods & Rod Pump Well Services & Well/Weithand Services Materials & Supplier-Tangible	\$1,000 \$1,000 \$2,500 15,000 15,000 \$1,000 \$1,000 112,500 112,500 117,500 \$5,000 \$5,
9005027 7000030 7001110 701240 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012100 7012100 7012100 7012150 7012160 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012350	Company Labor & Burden Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Boor Mochanical Labor Rod Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Gas Un Equipment Rod Pumping, Sucker Rods & Rod Pump Well Services Well Novelhead Services Materials & Supplies-Tangible Surface Wellhead Services	57,500 31,000 62,500 15,000 15,000 2,500 63,000 112,500 33,000 17,500 45,000 \$547,500 \$547,500
9005027 7000030 7000110 7012410 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012390 7012390 7012480 7012480 7012350 ARTHFICIAL UFT 7012180 7012480 7012350	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isnats Heater Treater Flare & Accessories Enertrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping Unit & Rod Pumping Liestrical Fower (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST	\$1,000 \$1,000 \$2,500 15,000 15,000 \$1,000 \$1,000 112,500 112,500 117,500 \$5,000 \$5,
9005027 7000030 7001110 701240 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012100 7012100 7012100 7012150 7012160 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012180 7012350	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isants Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping Unit & Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Gas Life Equipment Rod Pumping, Sucker Rods & Rod Pump Well Services Wellhead Services Materials & Supplier- Engible Surface Wellhead Equipment Pip Luncher/ Reviews a Rel Equip Pip Luncher/ Reviews a Rel Equip Pip Luncher/ Reviews a Rel Equip	\$1,000 \$1,000 \$2,500 15,000 15,000 112,500 112,500 112,500 \$3,000 17,500 \$547,500 \$547,500 \$2,500 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000
9005027 7000030 7000110 7012410 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012390 7012390 7012480 7012480 7012350 ARTHFICIAL UFT 7012180 7012480 7012350	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isnats Heater Treater Flare & Accessories Enertrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping Unit & Rod Pumping Liestrical Fower (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST	\$1,000 \$1,000 \$2,500 15,000 15,000 \$1,000 \$1,000 112,500 112,500 117,500 \$5,000 \$5,
9005027 7000030 7000110 7012410 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012390 7012390 7012480 7012480 7012350 ARTHFICIAL UFT 7012180 7012480 7012350	Company Labor & Burden Contract Labor - General Telecommunication eguip (Telemetry) Line Pipe & Accessories Miscellaneous Naterials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation Like Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Isants Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Rod Pumping unit & Pad Pumping Unit & Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Gas Life Equipment Rod Pumping, Sucker Rods & Rod Pump Well Services Wellhead Services Materials & Supplier- Engible Surface Wellhead Equipment Pip Luncher/ Reviews a Rel Equip Pip Luncher/ Reviews a Rel Equip Pip Luncher/ Reviews a Rel Equip	\$1,000 \$1,000 \$2,500 15,000 15,000 112,500 112,500 112,500 \$3,000 17,500 \$547,500 \$547,500 \$2,500 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000
9005027 7000030 7000110 7012410 7012270 7012270 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012290 7012390 7012390 7012480 7012480 7012350 ARTHFICIAL UFT 7012180 7012480 7012350	Company Labor - General Contract Labor - General Telecommunication equip (Telemetry) Line Pipe & Accessories Miscellaneous Materials (containment system) SCADA Freight - truck Contract Engineering Metering and Instrumentation LEE Materials Gas Treating Dehydration Compressor Power Vapor Recovery Unit Separator & other pressure vessels Tanks Heater Treater Flare & Accessories Electrical Labor Mechanical Labor Mechanical Labor Rod Pumping unit & Pad Pumping Unit Engine Electrical Power (electrical cooperative construction costs) TOTAL SURFACE EQUIPMENT COST Company Labor Case Unit Equipment Rod Pumping, Sucher Rods & Rod Pump Well Services Well/Wellhaud Services Meterial & Suppling Services Meterial	\$1,000 \$1,000 \$2,500 15,000 15,000 11,000 11,000 11,000 11,000 11,000 15,000 17,500 \$5,47,500 \$5,47,500 \$2,500 \$3,000

TOTAL LOCATION COST TOTAL DRILLING COST TOTAL COMPLETIONS COST

TOTAL SURFACE EQUIPMENT COST TOTAL ARTIFICIAL LIFT COST

GRAND TOTAL COST

210,000 2,667,176 4,717,289 \$547,500 79,000

\$8,220,965