### HOBBS OCD

DISTRICT I DISTRICT II 811 South Piret, Artesis, NM 88210

State of New Mexico ergy, Einsreis and Satural Basourous Depart

AUG 022018 Revised August 1, 2011

Form C-102

Submit one copy to Appropriate District Office

DISTRICT III 1000 Bio Brazos Rd., Aztec. NM 87410

co. Santa Pe. NM 87505

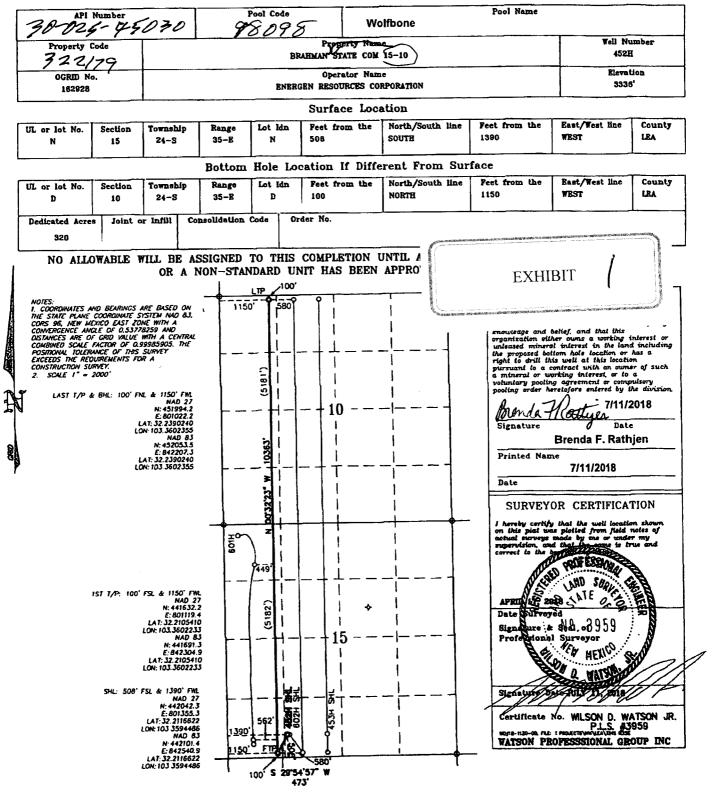
DISTRICT IV

Santa Fe. New Mexico 87505

OIL CONSERVATION DIVISTOREIVED

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT



# HOBBS OCD

ICA Dr., Bobbe, NW SEZAGUL 3 0 2018 DISTRICT I

State of New Mexico er. Minerals and Natural Besources Department Form C-102

DISTRICT II
811 South First, Artesia, NM 88210 RECEIVED
OIL

Submit one copy to Appropriate

OIL CONSERVATION DIVISION

District Office

1000 Rio Brazos Rd., Azteo, NM 87410

320

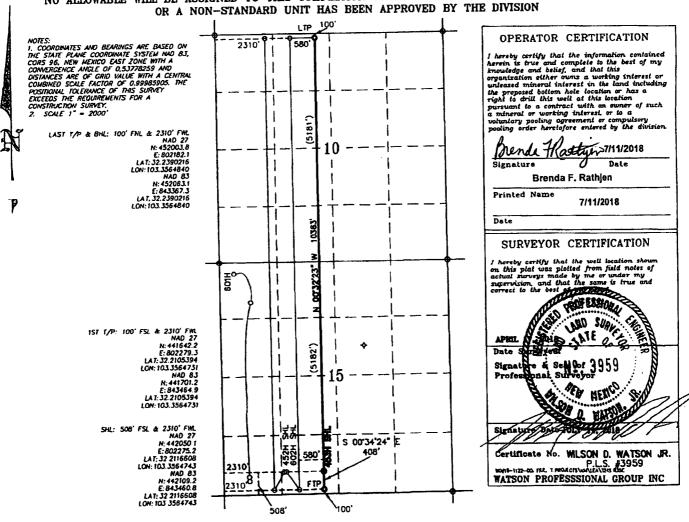
DISTRICT IV 2040 South Pacheco, Santa Fe. NM 87505 Santa Fe, New Mexico 87505

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

-	Number	5031		OPS	- w	olfbone	Pool Name		
Property Code 322/79			Property Name Brahman State Com 15-10					Well Number 453H	
OGRID N 162928	0.			ENERG	Operator Nan GEN RESOURCES CO			Elevat 3331	
		<u></u>			Surface Loc	ation			
UL or lot No.	Section 15	Township 24-S	Range 35-E	Lot Idn N	Feet from the 508	North/South line SOUTH	Feet from the 2310	East/West line WEST	County
	L	1	Bottom	Hole Loc	cation If Diff	erent From Sur	face		
UL or lot No.	Section 10	Township 24-S	Range 35-B	Lot Idn C	Feet from the 100	North/South line	Feet from the 2310	East/West line WEST	County LEA
Dedicated Acre	Joint	or Infill Co	nsolidation	Code Or	der No.	•			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED



DISTRICT I

## State of New Mexico

Form C-102 Revised August 1, 2011

DISTRICT II 811 South First, Artesia, NM 88210

Submit one copy to Appropriate
District Office

DISTRICT III 1000 Rio Brazos Rd., Axtec, NM 87410

OIL CONSERVATION DIVISION

Santa Fe, New Mexico 87505

AMENDED REPORT

## DISTRICT IV 2040 South Pacheco, Santa Fc. NK 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

	Number			Pool Code	_		Pool Name		
311-00	25-45	032	9	80 98		Wolfbone			
Property (	Code	T			Property Naz			Well No	
OGRID No. 162928			BRAHMAN STATE COM 15-10			602E			
				Operator Name				2336, Eleastion	
				ENERGEN RESOURCES CORPORATION					
		<u>*************************************</u>			Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Peet from the	East/West line	County
И	15	24-8	35-E	N	508	SOUTH	1440	WEST	LEA
		l	D-44	J	nation If Diff	erent From Sur	fane	J	3
					-	North/South line	Feet from the	East/West line	County
UL or lot No.	Section 10	Township 24-S	Renge 35-B	Lot Idn C	Feet from the	NORTH	1730	WEST	LEA
C	10	<i>2</i> 4−3				<u> </u>			
Dedicated Acre	s Joint o	r Infili Co	gobabiloage	Code Or	der No.				
320									
NO ALL	WARLE I	TILL BE A	SSIGNED	TO THIS	COMPLETION	UNTIL ALL INTE	RESTS HAVE B	EEN CONSOLID	ATED
NO PLIES	, , , , , , , , , , , , , , , , , , ,	OR A	NON-STAI	NDARD UN	IT HAS BEEN	APPROVED BY	THE DIVISION		
			1	LTP	190'				
NOTES: 1. COORDINATES A	IND BEADINGS	ARE RASED ON	<b></b>	730 580	80'		OPERAT	OR CERTIFICAT	rion
THE STATE PLANE CORS 96, NEW M	COORDINATE S	SYSTEM NAD BJ.			1 1	1	! hereby certify	y that the information and complete to the b	contained
CONVERGENCE AND DISTANCES ARE O	CLE OF 0.5377	18259 AND				!	knowledge and	and complete to the o belief, and that this ther owns a working t	
COMBINED SCALE	FACTOR OF O.	99985905. THE	1		1 1	1 1 .	unleased miner	ral interest in the law	i including

COMMINEU SCALL FACTOR OF 0.99985905
POSITIONAL TOLERANCE OF THIS SURVEY
EXCEEDS THE REQUIREMENTS FOR A
CONSTRUCTION SURVEY.
2. SCALE 1" = 2000' 1 LAST T/P & BHL: 100' FNL & 1730' FM NAD 27 N: 451999. E: 801602. LA: 132, 2390228 LON: 103, 358359 10,883 1ST T/P: 100' FSL & 1730' FY ١ (5182') SHL: 508' FSL & 1440' F 580' 50 | S 35'56'59" E 1440 1230.8

Breste Hartyes 7/11/2018
Signature Date

Brenda F. Rathjen

Printed Name 7/11/2018

### SURVEYOR CERTIFICATION

Certificate No. WILSON D. WATSON JR. P.L.S. #3959
WATSON PROPESSSIONAL GROUP INC



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

June 5th, 2018

Attn: Matt Solomon Concho Resources, Inc. 600 W. Illinois Ave. Midland, Texas 79701

Re: Well Proposal - Brahman State Com 15-10 452H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 452H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W/2 of Section 15-T24S-R35E and the W/2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart
Landman

EXHIBIT 2

Brahman State Com 15-10 452H June 5, 2018 Page 2

Elect to participate in the Brahman State Com 15-10 452H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 452H well.
Concho Resources, Inc. Date:
Ву:
Name:
Title:



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 45	52H
9,550'	_
00-000-00000	
Energen Resources	

Proposed TD Formation Well Type County, State Energen WI Energen NRI

22,360		
3rd Bone Spri	ng	
Development		
Lea, NM		
0.0000%	Rev. WI	0.000000%
0.0000%	Rev. NRI	0.000000%

Objective

D&C 22360' 3rd Bone Spring Horizontal well. Based on 38 day cycle time with lateral length of 9550'. Completions: Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft Date:

		~ ~ ~ ~					1=	
950.010	Company Labor INTANGIBLE DRILLIN	G COST					Origin \$	al AFE
950.020	Company Supervision						\$	-
	Road & Site Construction						\$	185,600.0
	Field Office Vehicles						\$	
	ROW & Damages						\$	57,500.0
	Insurance and Bonds						\$	10,000.0
	Permits, Surveys, & Engineering						\$	30,000.0
	Drill Bits Cement & Cementing Services						\$	80,200.0 235,000.0
	Contract Drilling (Daywork-Spud to RR) \$	22,000	\$/day		35.0	days	\$	770,000.0
50.104	Mud, Fluid, and Chemicals						\$	410,400.0
	Drilling Equipment Rental						\$	91,300.0
950.106 950.107	Equipment Hauling						\$	163,400.0 25,000.0
	Drilling Fluid Disposal						\$	38,400.0
	Directional Drilling Services						\$	337,400.0
	Gas/Air Units Mobilization/Demobilization				21	da.:a	\$	477 000 0
	Fishing Rentals/Labor				31	days	\$	177,800.0
950.113	Downhole Rental Tools						\$	65,100.0
	Surface Rentals						\$	84,100.0
	Closed Loop Rental Drill Pipe Rental & Damages						\$	135,800.0 54,500.0
	Drilling: Special Services							134,500.0
50.118	Drilling Supervision						\$	159,600.0
	Logging						\$	10,000.0
	Coring and Core Analysis Contingency			—	3.0%		\$	97,700.0
.v⊒55	Total Intangible Drilling Cost				3.0 /0]		\$	3,353,30
4-17	TANGIBLE DRILLING	COST						al AFE
	Conductor Casing		150	ft@	50.00	\$/ft	\$	7,500.0
	Misc/Other casing equipment Surface Casing	13 3/8"	1.950	ft @	40.00	£/ <del>(</del>	\$   \$	285,000.0 78,000.0
	Intermediate Casing	10 3/4"		ft @	45.50			263,900.0
40.109	Intermediate Casing	7 5/8"	12,810		25.82	\$/ft	\$	330,800.0
	Production Liner	4 1/2"		ft @	15.58		\$	150,300.0
40.104	Production Casing	5 1/2"	12,710	ft @	23.26	\$/ft	\$	295,600.0
	Total Tangible Drilling Cost Total Rig Release Cost						\$	1,411,10 4,764,40
	Total Kig Kelease 00st						•	4,100,40
	INTANGIBLE COMPLETE	ON COST	<u> </u>				Origin	al AFE
	Remedial Cement & Service						\$	-
	Plug & Perforating Operations Frac Tank Rental						\$	272,600.0 20,000.0
50.204							\$	20,000.0
50.205	Equipment Hauling						\$	15,000.0
	Completion : Special Services						\$	30,000.0
	Stimulation Completion Rig		<del></del>	1		\$/day	13 4	400,000.0
			dave		14			- K()   R H 1 1
	Drillouts		days	<u> </u>		p/uay	\$	
50.210	Drillouts Water Disposal		days			a/uay	\$ \$ \$	300,000.0 65,000.0
50.210 50.211	Drillouts Water Disposal Downhole Rentals		days			arday.	\$ \$ \$	300,000.0 65,000.0 58,500.0
50.210 50.211 50.212	Drillouts Water Disposal Downhole Rentals Surface Rentals		days			proay	\$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0
50.210 50.211 50.212 50.213 50.214	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water		days			puay	\$ \$ \$ \$ \$ \$ \$	300,000 ( 65,000 ( 58,500 ( 30,000 ( 552,000 (
50.210 50.211 50.212 50.213 50.214 50.215	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer		days			puay	\$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control		days			proay	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision		days			proay	\$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 58,500.6 30,000.6 552,000.6 150,000.6 78,750.6
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control		days			yuay	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.221	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.221 50.222	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 58,500.6 30,000.6 552,000.6 150,000.6 78,750.6 15,000.6 50,000.6 50,000.6
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.221 50.222 50.216 50.250 50.260	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead		days			pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 58,500.0 552,000.0 150,000.0 15,000.0 15,000.0 50,000.0 225,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.221 50.221 50.222 50.216 50.250 50.250 50.260 50.270	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2)		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0 5,000.0
60.210 60.211 60.212 60.213 60.214 60.215 60.217 60.218 60.219 60.220 60.221 60.222 60.216 60.250 60.260 60.270 60.900	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosl (NZ) Non-op IDC		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0 5,000.0
60.210 60.211 60.212 60.213 60.214 60.215 60.217 60.221 60.220 60.221 60.222 60.216 60.250 60.260 60.270 60.999	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback		days			prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 58,500.0 552,000.0 150,000.0 15,000.0 15,000.0 50,000.0 225,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.221 50.220 50.221 50.221 50.222 50.216 50.250 50.260 50.270 50.999	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency		days		3%]	prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0 5,000.0
60.210 60.211 60.212 60.213 60.214 60.215 60.217 60.221 60.220 60.221 60.222 60.216 60.250 60.260 60.270 60.999	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback	N COSTS				prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 150,000.0 15,000.0 78,750.0 15,000.0 5,000.0 5,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.222 50.221 50.220 50.250 50.250 50.250 50.250 50.250 50.250 50.250	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO	N COSTS				prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 558,500.0 30,000.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0 225,000.0 190,000.0 6,521,85 91,AFE
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.222 50.216 50.250 50.200 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETO Road & Site Construction	N COSTS				prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 150,000.0 150,000.0 78,750.0 50,000.0 50,000.0 5,000.0 5,000.0 5,000.0 5,000.0 6,521,8 9,000.0 6,521,8 9,000.0 2,500.0 2,500.0 2,500.0
50.210 50.211 50.212 50.213 50.214 50.214 50.215 50.215 50.215 50.215 50.216 50.216 50.210 50.200	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering	IN COSTS.				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 78,750.0 15,000.0 50,000.0 5,000.0 6,521,83 GI AFE 2,500.0 20,000.0
50.210 50.212 50.213 50.212 50.213 50.214 50.215 50.217 50.220 50.221 50.221 50.221 50.220 50.220 50.200	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETO Road & Site Construction	N COSTS				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 65,000.6 65,000.6 150,000.6
0.210 0.211 0.212 0.213 0.214 0.215 0.216 0.217 0.218 0.219 0.222 0.216 0.220 0.220 0.200 0.020 0.030 0.	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts	N COSTS				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 150,000.0 150,000.0 50,000.0 50,000.0 5,000.0 6,521,83 gl AFE 2,500.0 1,5
50.210 50.212 50.213 50.213 50.214 50.215 50.217 50.216 50.217 50.218 50.219 50.216 50.222 50.216 50.250	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift	N COSTS				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 58,500.0 30,000.0 150,000.0 150,000.0 15,000.0 50,000.0 5,000.0 6,521,84 gl AFE 2,500.0 1,5
50.210 50.211 50.212 50.213 50.213 50.214 60.215 50.217 50.218 50.219 50.220 50.221 50.220 50.250 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods	N COSTS				PUGY	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 65,000.6 58,500.6 30,000.6 552,000.6 150,000.6 15,000.6 50,000.6
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.215 50.217 50.218 50.220 50.221 50.220 50.221 50.250 50.290 50.200 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift	N COSTS				PUGY	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 65,000.6 58,500.6 58,500.6 150,000.6 150,000.6 50,000.6
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.215 50.217 50.215 50.217 50.215 50.217 50.216 50.210 50.200 50.0000 50.00	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit	N COSTS				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 58,500.0 58,500.0 58,500.0 150,000.0 150,000.0 150,000.0 50,000.0
50.210 50.211 50.212 50.213 50.214 50.215 50.219 50.219 50.219 50.219 50.210 50.200 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs	IN GOSTS				prody	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.6 58,500.0 58,500.0 58,500.0 150,000.0 150,000.0 150,000.0 50,000.0
50.210 50.211 50.212 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.216 50.221 50.221 50.220 50.216 50.250 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANSIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment	IN COSTS.				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.6 65,000.0 65,000.0 58,500.0 58,500.0 150,000.0 150,000.0 50,000.0
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50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.215 50.217 50.217 50.216 50.217 50.217 50.218 50.219 50.220 50.210 50.200	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANSIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment	N COSTS				pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 30,000.0 30,000.0 150,000.0 150,000.0 15,000.0 50,000.0
50.210 50.211 50.212 50.212 50.213 50.214 50.215 50.217 50.219 50.220 50.221 50.221 50.221 50.221 50.221 50.221 50.221 50.221 50.221 50.221 50.221 50.210 50.201 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency	N COSTS				Pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 15,000.0 50,000.0 5,000.0 5,000.0 225,000.0 1,500.0 225,000.0 1,500.0 2,500.0 34,000.0 6,521,85 1,500.0 2,500.0 34,000.0 65,000.0 36,000.0 36,000.0 22,500.0
50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.214 50.215 50.217 50.218 50.219 50.200 50	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost	N COSTS			3%[	Pudy	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 58,500.0 30,000.0 552,000.0 150,000.0 15,000.0 15,000.0 50,000.0 5,000.0 225,000.0 190,000.0 6,521,85 81 AFE 2,500.0 34,000.0 65,000.0 35,000.0 36,000.0 36,000.0 22,500.0 36,000.0 378,70
50.210 50.211 50.212 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.202 50.210 50.202 50.202 50.202 50.202 60.000	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency	N COSTS			3%[	PUGY	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 65,000.0 150,000.0 150,000.0 15,000.0
50.210 50.211 50.212 50.212 50.213 50.214 50.215 50.217 50.218 50.217 50.218 50.219 50.201 50.201 50.201 50.201 50.201 50.201 60.202 60.200 60.000	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost	N COSTS			3%[	PUGY	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 65,000.0 150,000.0 150,000.0 15,000.0
50.210 50.211 50.212 50.212 50.213 50.214 50.215 50.217 50.218 50.217 50.218 50.219 50.201 50.201 50.201 50.201 50.201 50.201 60.202 60.200 60.000	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost Sub-total Completion Cost	N COSTS			3%[	PUGY	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	15,000.0 50,000.0 50,000.0 5,000.0 5,000.0 190,000.0 190,000.0 1,500.0 2,500.0 1,500.0 36,000.0 2,500.0 151,200.0 35,000.0 11,000.0 378,70 6,900.55
50.210 50.211 50.212 50.212 50.212 50.213 50.214 50.215 50.217 50.217 50.218 50.219 50.201 50.201 50.201 50.201 60.001 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 600.000	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETIO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost	N COSTS		Date	3%[		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000.0 65,000.0 65,000.0 150,000.0 150,000.0 15,000.0



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 18th, 2018

Attn: Katie Dean Devon Energy 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102

Re: Well Proposal - Brahman State Com 15-10 452H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW 4. Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 452H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W-2 of Section 15-T24S-R35E and the W-2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation. EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully.

ENERGENTESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 452H July 18, 2018 Page 2

	Elect to participate in the Brahman State Com 15-10 452H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 452H well.
Devon E	Energy Date:
Ву:	
Name: _	
Title	



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 452h
9,550'
00-000-00000
Energen Resources

INTANGIBLE DRILLING COST

Proposed TD Formation Well Type County, State Energen Wi Energen NRI

22,360		
3rd Bone Spn	ng	
Development		
Lea, NM		
0.0000%	Rev. WI	0.000000%
0 0000%	Rev. NRI	0.000000%

Original AFE

Objective

950,010 Company Labor

D&C 22360' 3rd Bone Spring Honzontal well. Based on 38 day cycle time with lateral length of 9550'. Completions Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft. Date

	Company Labor						\$	
350.020	Company Supervision						\$	
	Road & Site Construction						\$	185,600 00
	Field Office						\$	-
	Vehicles						\$	-
	ROW & Damages						\$	57,500 00
950 070	Insurance and Bonds						S	10,000 00
950.080	Permits, Surveys, & Engineering					*	S	30,000.00
950 101	Drill Bits						S	80,200.00
950,102	Cement & Cementing Services							
950 103	Contract Drilling (Daywork-Spud to RR) S	22.000	Classic		1 25.0		<u> </u>	235,000 00
950.100	Mud. Fluid, and Chemicals	22,000	15/day		1 350	days	\$	770,000 00
								410,400 00
	Drilling Equipment Rental						5	91,300 00
950 106							5	163,400 00
	Equipment Hauling						Š	25,000 00
950 108	Orliling Fluid Disposal						\$	38,400.00
950 109	Directional Drilling Services							
	Gas/Air Units						\$	337,400 00
	Mobilization/Demobilization					,	\$	
350 111	Fisher Development and the second sec				1	days	\$	177,800 00
950.112	Fishing Rentals/Labor						S	•
950 113	Downhole Rental Tools						\$	65,100 00
950.114	Surface Rentals						13	84,100.00
	Closed Loop Rental						15	135,800 00
950 116	Drill Pipe Rental & Damages							
950 117	Drilling Special Services						<u>\$</u> _	54,500 00
	Drilling Supervision						<u> </u>	134,500 00
	Logging						\$	159,600 00
							\$	10,000.00
	Coring and Core Analysis							
950.995	Contingency				30%	ł	\$	97,700 00
	Total Intangible Drilling Cost						\$	3,353,300
L	TANGIBLE DRILLING	COST						inal AFE
940 101	Conductor Casino	1	150	n @	50 00	C/H		
940.103	Misc/Other casing equipment	·	- 130	111 (4)	30 00	13/11	<u> </u>	7,500 00
940 100	Surface Casino	1 - 2 - 2 - 1			7		\$	285,000 00
	Intermediate Casing	13 3/8"	1,950	ft@	40 00		S	78,000 00
		10 3/4"	5,800	n@	45 50	S/ft	S	263,900 00
	Intermediate Casing	7 5/8"	12,810	ft @	25 82	S/ft	\$	330,800 00
940.104	Production Liner	4 1/2"	9,650	ft @	15 58		S	150,300 00
940 104	Production Casing	5 1/2"	12,710	ft @	23 26		Š	
	Total Tangible Drilling Cost	7	12,710	IN (C)	2320	13/11		295,600 00
	Total Rig Release Cost						\$	1,411,100
	Total Rig Release Cost						S	4,764,400
ļ	INTANGIBLE COMPLETION	ON COSTS					Orto	tnat AFE
	Remedial Cement & Service						\$	HIGH PALL
950.202	Plug & Perforating Operations							270 600 00
	Frac Tank Rental						<u> </u>	272,600 00
950.204							-   \$	20,000 00
	Equipment Hauling						5	20,000 00
950.203	Equipment naumo						\$	15,000.00
	Completion Special Services						\$	30,000.00
	Stimulation						S	4,400,000 00
	Completion Rig		days			\$/day	\$	30,000 00
	Drillouts						S	300,000 00
950.210	Water Disposal							
950.211	Downhole Remals							65,000 00
	Surface Rentals						<u> </u>	58,500 00
	Fresh Water						- \$	30,000 00
							js	552,000 00
	Recycled Water							
							\$	150,000 00
	Water Transfer							
950.217	Water Transfer Well Control						S	15 000 00
950.217	Water Transfer						\$	15,000 00
950.217 950.218	Water Transfer Well Control Completions Supervision						S	15,000 00 78,750 00
950.217 950.218 950.219	Water Transfer Well Control Completions Supervision Cased Hole Logging						\$ \$	
950.217 950.218 950.219 950.220	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing						\$ \$ \$	78,750 00 -
950.217 950.218 950.219 950.220 950.221	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel						\$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond						\$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing						\$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250	Water Transfer Wett Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing						\$ \$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260	Water Transfer Wetl Control Completions Supervision Cassed Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead						\$ \$ \$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dniling Overhead Pumping Phase Cost (N2)						\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260	Water Transfer Wetl Control Completions Supervision Cassed Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead						\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260 950.270 950.999	Water Transfer Wett Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dnlling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback						\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260 950.270 950.999	Water Transfer Wett Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dnlling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback				36.		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 15,000 00 50,000 00 5,000 00 225,000 00
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260 950.270 950.999	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency				3%		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 15,000 00 50,000 00 5,000 00 225,000 00 
950.217 950.218 950.219 950.220 950.221 950.222 950.216 950.250 950.260 950.270 950.999	Water Transfer Wetl Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost				3%		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 15,000 00 50,000 00 5,000 00 225,000 00 
950.217 950 218 950 219 950.220 950 221 950 222 950.216 950.250 950.260 950.270 950.999 950.999	Water Transfer Well Control Completions Supervision Cased Mole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost	N COSTS			3%)		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 15,000 00 50,000 00 5,000 00 225,000 00 
950.217 950.218 950.219 950.220 950.221 950.226 950.250 950.270 950.990 950.999 950.999	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETION Company Labor	N COSTS			3%		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00 15,000 00 50,000 00 5,000 00 225,000 00 225,000 00 6,521,850 Incil AFE
950.217 950 218 950 219 950.220 950 221 950 222 950.216 950.250 950.260 950.270 950.999 950.999	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION Company Labor Road & Site Construction	N COSTS			3%		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00  15,000 00  50,000 00  5,000 00  225,000 00   190,000 00  6,521,850  101 AFE  2,500 00
950.217 950 218 950 219 950.220 950 221 950 225 950.250 950.250 950.250 950.950 950.999 950.999 950.996	Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION Company Labor Road & Site Construction Permits, Surveys, & Engineering	N COSTS			3%		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	78,750 00  15,000 00 50,000 00 5,000 00 225,000 00
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 19th, 2018

XTO Energy, Inc. 22777 Springwoods Village Pkwy. Spring, Texas 77389

Re: Well Proposal - Brahman State Com 15-10 452H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW 4, Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 452H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664.950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100 300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation. EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

EXERGEN RESOURCES CORPORATION

Conner Stewart

Landman

Brahman State Com 15-10 452H July 19, 2018 Page 2

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XTO E	nergy, Inc.	Date:	an gara sannagannin rann.		
Ву:					
Name: .					
Title:					



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 452H 9,550' 00-000-00000 Energen Resources Objective

D&C 22360' 3rd Bone Spring Honzontal well Based on 38 day cycle time with lateral length of 9550' Completions Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft Date

	INTANGIBLE DRILLING COST Company Labor	Original AFE
	Company Supervision	Š
	Road & Site Construction	\$ 185,600
	Field Office	S
	Vehicles	<u> </u>
	ROW & Damages	\$ 57,500
	Insurance and Bonds Permits, Surveys, & Engineering	\$ 10,000 \$ 30,000
	Drill Bits	\$ 80,200
0 102	Cement & Cementing Services	\$ 235,000
0 103	Contract Drilling (Daywork-Spud to RR) \$ 22,000 \$/day 35 0 days	\$ 770,000
	Mud, Fluid, and Chemicals	\$ 410,400
0 105	Drilling Equipment Rental	\$ 91,300
	Fuel	S 163,400
	Equipment Hauling	\$ 25,000
	Drilling Fluid Disposal	\$ 38,400
	Directional Drilling Services	\$ 337,400
	Gas/Arr Units Mobilization/Demobilization 3 days	S 177,800
	Mobilization/Demobilization 3 days Fishing Rentals/Labor	\$ 177,800 \$
	Downhole Rental Tools	\$ 65,100
	Surface Rentals	\$ 84,100
	Closed Loop Rental	\$ 135,800
0.116	Onli Pipe Rental & Damages	\$ 54,500
	Drilling. Special Services	\$ 134,500
0 118	Drilling Supervision	\$ 159,600
	Logging	\$ 10,000
	Connig and Core Analysis	S
0 995	Contingency 3 0%	S 97.700
	Total Intangible Dniling Cost	\$ 3,353,
	TANGIBLE DRILLING COST	Original AFE
	Conductor Casing 150 ft @ 50 00 S/ft	\$ 7,500
	Misc/Other casing equipment	\$ 285,000
	Surface Casing         13 3/8"         1,950         ft @         40 00         S/ft           Intermediate Casing         10 3/4"         5,800         ft @         45 50         S/ft	\$ 78,000 \$ 263,900
	Intermediate Casing 7 5/8" 12,810 ft @ 25.82 \$/ft	\$ 330,800
	Production Liner 4 1/2" 9,650 ft @ 15.58 \$/ft	\$ 150,30
	Production Casing 5 1/2° 12,710 ft @ 23 26 \$/ft	\$ 295.60
	Total Tangible Drilling Cost	\$ 1,411.
	Total Rig Release Cost	\$ 4,764
	-	
	INTANGIBLE COMPLETION COSTS	Original AFE
0.201	Remedial Cement & Service	\$
	Plug & Perforating Operations	\$ 272,600
50.203	Frac Tank Rental	\$ 20,000
\$0.204		\$ 20,000
	Equipment Hauling	\$ 15,000
	Completion Special Services	\$ 30,000
	Stimulation	\$ 4,400,000
	Completion Rig days \$/day	\$ 30,00
	Drillouts Water Disposal	\$ 300.000 \$ 65.00
	Downhole Rentals	\$ 65,000 \$ 58,500
	Surface Rentals	\$ 30,000
	Fresh Water	\$ 552,000
	Recycled Water	S
	Water Transfer	\$ 150,000
0.217	Well Control	\$ 15,00
50.218	Completions Supervision	\$ 78,75
0 219	Cased Hole Logging	\$
50 220	Completions Fishing	S
	Mud/Gel	\$ 15,000
	Frac Pond	\$ 50,000
	Special Reservoir Testing	\$ 5,000
	Production Testing	\$ 225,000
	Drilling Overhead	<u> </u>
	Pumping Phase Cost (N2)	<u>  \$</u>
	Non-op IDC	<u>\$</u>
50 900		<b>  \$</b>
60 900 60.999	Culback	\$ 100.00
60 900 60.999	Cutback Completions Contingency 3%	
50 900 50.999	Cutback Completions Contingency 3% Total Intangible Completion Cost	\$ 6,521,
60 900 60.999 60 996	Cutback Completions Contingency 3% Total Intangible Completion Cost TANGIBLE COMPLETION COSTS	\$ 6,521, Original AFE
60 900 60.999 60 996 60 010	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor	\$ 6,521. Original AFE \$ 2,500
60 900 50.999 50 996 50 010 50 030	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction	\$ 6,521.  Original AFE \$ 2,500 \$ 20,000
50 900 50.999 50 996 50 010 50 030 50 080	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction  Permits, Surveys, & Engineering	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500
50 900 50 996 50 996 50 010 50 030 50 080 50 070	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction	\$ 6,521.  Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000
60 900 60 996 60 996 60 010 60 030 60 080 60 070 60 110	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 36,000
50 900 50.999 50 996 50 030 50 030 50 070 50 110 50 130	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 36,000
50 900 50,999 50 996 50 010 50 030 50 080 50 070 50 110 50 130 10 102 10 105	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 36,000 \$ 22,500 \$
50 999 50 996 50 096 50 030 50 030 50 070 50 110 50 130 40 102 40 105 40 107	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Road Tubing	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 365,000 \$ 22,500 \$ 151,200
60 999 60 996 60 030 60 030 60 030 60 110 60 130 10 102 10 105 10 107 10 201	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 36,000 \$ 22,500 \$ 35,000 \$ 35,000
60 999 60 996 60 996 60 030 60 030 60 030 60 110 60 130 10 102 10 105 10 107 10 201 10 202	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit	\$ 6,521, Original AFE \$ 2,500 \$ 10,000 \$ 1,500 \$ 34,000 \$ 36,000 \$ 38,000 \$ 22,500 \$ 151,200 \$ 35,000 \$ 3
60 996 60 996 60 996 60 030 60 030 60 030 60 130 60 130 10 102 10 105 10 201 10 202 10 203	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 65,000 \$ 34,000 \$ 22,500 \$ 22,500 \$ 35,000 \$ 35,000 \$ 35,000
50 900 50 999 50 996 50 010 50 030 50 080 50 070 60 130 60 102 10 105 10 107 10 201 10 202 10 202	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 36,000 \$ 36,000 \$ 22,500 \$ 151,200 \$ 35,000 \$ 35,000
50 900 50 999 50 996 50 096 50 030 50 030 50 080 50 070 50 110 60 130 60 102 60 107 60	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 36,000 \$ 22,50 \$ 35,000 \$ 35,000 \$ 35,000 \$ 35,000 \$ 35,000
50 900 50 996 50 996 60 010 60 030 60 030 60 030 60 030 60 100 60	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Separator & Treater	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 65,000 \$ 34,000 \$ 22,500 \$ 22,500 \$ 35,000 \$ 35,000 \$ 5 \$ 35,000
50 900 50 995 50 995 60 996 60 030 60 030 60 080 60 070 60 130 60 130 60 102 10 105 10 107 10 202 10 203 10 204 10 205 10 205	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 36,000 \$ 22,500 \$ 35,000 \$ 35,000 \$ 35,000 \$ 35,000 \$ 35,000
50 900 50 996 50 996 50 996 60 010 60 030 60 030 60 030 60 100 60	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Weilhead Contingency 3%  Weilhead Separator & Treater Pumping Phase Costs Weilhead Contingency 3%	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 38,000 \$ 22,500 \$ 35,000 \$ 35
50 900 50 996 50 996 50 996 60 010 60 030 60 030 60 030 60 100 60	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency 3% Total Tangible Completion Cost	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 38,000 \$ 32,500 \$ 3 35,000 \$ 3 378,000 \$ 3 378,000
50 900 50 996 50 996 50 996 60 010 60 030 60 030 60 030 60 100 60	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Weilhead Contingency 3%  Weilhead Separator & Treater Pumping Phase Costs Weilhead Contingency 3%	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 38,000 \$ 32,500 \$ 3 35,000 \$ 3 378,000 \$ 3 378,000
0 900 0 999 0 996 0 000 0 000 0 000 0 000 0 110 0 102 0 105 0 107 0 107 0 202 0 203 0 204 0 205 0 206 0 270	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSIS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Weilhead/Facilities Contingency 3% Total Tangible Completion Cost	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 38,000 \$ 22,500 \$ 35,000 \$ 35
50 900 50 995 50 995 60 996 60 030 60 030 60 080 60 070 60 130 60 130 60 102 10 105 10 107 10 202 10 203 10 204 10 205 10 205	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weithead Compressor/Dehydration Unit Metars/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Weithead/Facilities Contingency Total Tangible Completion Cost  Rig Release Cost	\$ 6,521, Ortalnot AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 38,000 \$ 22,500 \$ 35,000 \$ 35
50 900 50 995 50 995 60 996 60 030 60 030 60 080 60 070 60 130 60 130 60 102 10 105 10 107 10 202 10 203 10 204 10 205 10 205	Cutback Completions Contingency 3%  Total Intangible Completion Cost  TANGIBLE COMPLETION COSIS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Weilhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Weilhead/Facilities Contingency 3% Total Tangible Completion Cost	\$ 6,521, Original AFE \$ 2,500 \$ 20,000 \$ 1,500 \$ 34,000 \$ 65,000 \$ 36,000 \$ 22,50 \$ 35,000 \$ 35,000 \$ 35,000 \$ 35,000 \$ 5 2,500 \$ 35,000 \$ 35,000 \$ 5 5,000 \$ 5 6,000 \$ 5 6,000 \$ 5 6,000 \$ 5 6,000 \$ 5 6,000 \$ 5 7,000 \$ 35,000 \$ 5 7,000 \$ 5



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

September 4th, 2018

James Jackson 3100 River Bend Dr Hurst, TX 76054

Re: Well Proposal - Brahman State Com 15-10 452H Section 10, T24S R35E. Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 452H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100 300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 452H September 4, 2018 Page 2

	Elect to participate in the Brahman State Com Elect <u>not</u> to participate in the Brahman State C	15-10 452H well. om 15-10 452H well.	
James J	Jackson Date:		
Ву:			
Name:			
Tista			



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10	453H
9.550	
00-000-00000	
Energen Resources	

Proposed TO Formation Well Type County, Stat Energen WI Energen NRI

22 360		
3rd Bone Spring		
Development		
Les. NM		
Les, NM 0.0000%	Rev. WI	0.000000%

Objective

D&C 22360°3rd Bone Spring Honzontal well. Based on 38 day cycle time with lateral length of 9550° Completions. Based on 48 stage slickwater ob is, 200 ft spacing and 400K lbs of proposing yang us 2011 lbs per lateral ft. Date

	Company Labor	MUNG COST			Orto 5	
	Company Supervision		······································		5	
	Road & Site Construction				S	185,600
	Field Office				\$	
	Venicles				Is	
	ROW & Damages				\$	57,500
	Insurance and Bonds				İŠ	10,000
2.080	Permits, Surveys, & Engineering				S	30,000
	Onli Bits				S	80,200
102	Cement & Cementing Services			/	5	235,000
103	Contract Drilling (Davwork-Spud to RR)	S 22 000 (\$/day		35.0   days	S	770.000
	Mud, Fluid and Chemicals			······································	_   5	410,400
.105	Onlling Equipment Rents				5	91,300
	Fue)				Š	163,400
107	Equipment Hauling				S	25,000
108	Drilling Fluid Disposal			· · · · · · · · · · · · · · · · · · ·	\$	38 400
109	Directional Drilling Services				S	337.400
. 10	Gas/Air Urets			magnete en contra en contra contra e e contra en contra en comprenente e comprenente e co	S	
111	Mobilization/Demobilization			3 davs	S	177,800
1.112	Fishing Rentals/Labor				İS	
113	Downhole Rental Tools			······································	S	65,100
114	Surface Rentals				\$	84.100
	Closed Loop Renta				Š	135,800
	Ortil Pipe Rental & Damages				\$	54,500
	Onlling Specia Services				S	134,500
	Onling Supervision				1 5	159.600
	Logging				15	10.000
	Coring and Core Analysis					
	Contingency			3 0%1		97 700
	Total Intangible Orilling Cos:		<del></del>	J J /61	<u> </u>	<b>3,35</b> 3.3
		UNIC COST		****		
10:	Conductor Casing TANGIBLE DRII		16.63	50.00.0%		mal AFE
107	Conductor Casing MiscrOther costing equipment	1 150	in G	50 00 S/h	<u> </u>	7,500
	Miscrutner casing equipment	13 3/8"   1,950	18 62	40.00 10%	<u> </u>	285 000
	Intermediate Casino			40 00  S/ft	<u> </u>	78 000
	Intermediate Casino		10.6	45 50 S/A	! \$	263.900
		7 5/8" 2,810		25 82 5/A	<u> </u>	330 800
104	Production Uner	4 1/2"   9.650		15 58 /S/ft	15	150 300
104	Production Casing	5 1/2"   12,710	in reso	23 26 (S/ft	<u> </u>	295.600
	Total Tangible Orilling Cost				\$	1,411 1
	Total Rig Release Cost				S	4 764,4
	INTANGIBLE COM	PLETION COSTS			Orto	nal Afr
201	Remedial Cement & Service				is	
202	Plug & Perforating Operations				1 3	272,600
ودبع.	Frac Tank Rerua				- s	[16] ([ <b>4</b> ]6) (
204	Fuel					
204 205	Fuel Squigment Hauting					20,000
204 205	Fuel				\ \$	20,000 15,000
204 205 206 207	Fuel Equipment Hauding Completion Specia Services Stimulation				S   S   S	20,000 15,000 30,000
.204 205 206 207 208	Fuel Equipment Hauling Completion Specia Services Stimulation Completion Rig	days		\$Jdav	S   S   S	20,000 15,000 30,000 4 400,000
204 205 206 207 208 208	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Difficults Difficults Difficults			\$/dav	S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 300,000
204 205 206 207 208 208 209 210	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Dillouts Dillouts Water Disposal	l Idays I		S/dav	S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 300,000
.204 205 206 .207 .208 .209 .210 .211	Fuel Equapment Hauling Completion Specia Services Stimulation Completion Rig Difficuts Water Disposal Downhole Rongels	days		\$/day	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 300,000 65,000
204 205 206 207 208 209 210 211 212	Fuel Equipment Hausing Completion Specia Services Stirmulation Completion Rig Difficuts Water Disposal Downhole Rangels Surface Rentals	days		S/day	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 300,000 65,000 58,500
204 205 206 207 208 209 210 211 212 213	Fuel Equipment relating Completion Specia Services Stimulation Completion Rig Dilliouts Water Disposal Downhote Rongals Surface Rentals Fresh Water			S/dav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4:50,000 30,000 300,000 65,000 58,500 30,000
204 205 206 207 208 209 210 211 212 213	Fuel Equapment Hauding Completion Specia Services Stimulation Completion Rig Dillouts Water Disposal Downhole Rontals Surface Rentals Fresh Water Rocycled Water	idays		Šidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4,500,000 30,000 300,000 65,000 58,500 30,000
204 205 206 207 208 209 210 211 212 213	Fuel Equipment relating Completion Specia Services Stimulation Completion Rig Dilliouts Water Disposal Downhote Rongals Surface Rentals Fresh Water			Sidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4,400,000 300,000 65,000 58,500 30,000 552,000
204 205 206 207 208 209 210 211 212 213 214 215	Fuel Equapment Hauding Completion Specia Services Stimulation Completion Rig Dillouts Water Disposal Downhole Rontals Surface Rentals Fresh Water Rocycled Water	i idays i		S/dav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 50,000 58,500 58,500 552,000
204 205 206 207 208 209 210 211 212 213 214 215 217	Fuel Equipment relating Completion Specia Services Stimulation Completion Rig Difficus Uniformation Uniformat	l Idays I		Šidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 30,000 58,500 58,500 58,500 552,000 150,000 150,000
204 205 206 207 208 210 210 211 212 213 214 215 217 218	Fuel Equation Hauling Completion Specia Services Stimulation Completion Rig Difficuts Water Disposal Downhole Ronal's Surface Rental's Fresh Water Rocycled Water Water Transfer	days		Siday	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 30,000 58,500 58,500 58,500 552,000 150,000 150,000
204 205 206 207 208 209 210 211 212 213 214 215 217 218 219	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhote Ronglis Surface Rentals Fresh Water Rocycled Water Water Transfer Water Transfer Well Control Completions Supervision			Sidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 30,000 58,500 58,500 58,500 552,000 150,000 150,000
204 205 206 207 208 208 210 211 212 213 214 215 217 218 219 220	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Difficus Water Disposal Downhote Rontalis Surface Rentalis Fresh Water Recoycled Water Water Transfer Well Control Completions Supervision Casted Hote Logging Completions Supervision Casted Hote Logging Completions Fishing	l idays i		Šidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4 450,000 30,000 55,000 58,500 30,000 58,500 150,000 150,000 150,000 78,750
204 205 206 207 208 208 210 211 212 213 214 215 217 218 219 220 221	Fuel Equalment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhole Rongals Surface Rentals Fresh Water Rocycled Water Water Transfer Water Transfer Well Control Completions Supervision Casted Hole Logging Mud/Gel	days		Siday	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4:00,000 30,000 30,000 58,500 30,000 58,500 15,000 78,750
204 205 206 207 208 208 210 210 212 213 214 215 217 218 219 220 221 221	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhote Rontals Surface Rentals Fresh Water Rocycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hote Logona Completions Fishing Mus/Gel Frac Pond	days		Sidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4,000 30,000 30,000 55,000 30,000 55,000 150,000 15,000 78,750
204 205 206 207 208 210 211 212 213 214 215 217 218 219 220 221 221 221 221 221	Fuel Equapment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhole Rongal's Surface Rental's Surface Rental's Fresh Water Roccycled Water Water Transfer Well Control Completions Supervision Completions Supervision Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing	i idays		Šidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4,400,000 300,000 65,000 58,500 30,000 150,000 150,000 150,000 150,000 150,000 150,000 50,000
204 205 206 207 208 210 211 212 213 214 215 217 218 219 220 221 222 216 250	Fuel Equapment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhote Rontalis Surface Rentalis Fresh Water Recorded Water Water Transfer Well Control Completions Supervision Cased Hotel Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Production Testing	days		Siday	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4,400,000 300,000 65,000 58,500 30,000 150,000 150,000 150,000 150,000 150,000 150,000 50,000
204 205 206 207 208 210 211 212 213 214 215 217 218 229 220 221 221 221 221 221 221 221 221 221	Fuel Equipment Hauding Completion Specia Services Stimulation Completion Rig Difficult Difficult Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hote Loggung Completions Fishing Mus/Gel Frac Pond Special Reservoir Testing Production Testing Dinling Overhead	idays		Sidav	S   S   S   S   S   S   S   S   S   S	20,000 15,000 30,000 4:00,000 30,000 55,000 58,500 150,000 15,000 15,000 15,000 15,000 225,000
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

June 5th, 2018

Attn: Matt Solomon Concho Resources, Inc. 600 W. Illinois Ave. Midland, Texas 79701

Re: Well Proposal - Brahman State Com 15-10 453H

Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM

SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

### To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 453H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3rd Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W/2 of Section 15-T24S-R35E and the W/2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart

Landman

EXHIBIT 3

Brahman State Com 15-10 453H June 5, 2018 Page 2

	Elect to participate in the Brahman State Com 15-10 453H well. Elect <u>not</u> to participate in the Brahman State Com 15-10 453H well.
Concho	Resources, Inc. Date:
Ву:	
Name: _	<del></del>



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 453H 9.550' 00-000-00000 Energen Resources

| Proposed TD | 22,360 | 3rd Bone Spring | Development | Lea, NM | 0.0000% | Energen NRI | | Rev. WI Rev. NRI

Objective

D&C 22360' 3rd Bone Spring Horizontal well. Based on 38 day cycle time with lateral length of 9550'. Completions: Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft. Date:

	Company Labor	DRILLING COST		<u></u>	<u> </u>		Original AFE
50.020	Company Supervision						\$
50.030	Road & Site Construction						\$ 185,60
	Field Office						\$ 5
50.060	Vehicles ROW & Damages				· · · · · · · · · · · · · · · · · · ·		\$ 57,50
50.070	Insurance and Bonds						\$ 10,00
50.080	Permits, Surveys, & Engineering						\$ 30,00
	Drill Bits Cement & Cementing Services						\$ 80,20 \$ 235,00
	Contract Drilling (Daywork-Spud to RR)	\$ 22,000	\$/day		35.0	days	\$ 770,00
50.104	Mud, Fluid, and Chemicals						\$ 410,40
	Drilling Equipment Rental						\$ 91,30
50.106	Fuel Equipment Hauling						\$ 163,40 \$ 25,00
50.107	Drilling Fluid Disposal			<del></del>			\$ 38,40
50.109	Directional Drilling Services						\$ 337,40
	Gas/Air Units	······································				14	\$ \$ 177,80
	Mobilization/Demobilization Fishing Rentals/Labor				13	days	\$ 177,80
	Downhole Rental Tools						\$ 65,10
50.114	Surface Rentals						\$ 84,10
50.115	Closed Loop Rental						\$ 135,80
50.116	Drill Pipe Rental & Damages Drilling: Special Services						\$ 54,50 \$ 134,50
50.118	Drilling Supervision						\$ 159,60
50.150	Logging						\$ 10,00
50.160	Coring and Core Analysis					·	\$
	Contingency				3.0%	l	\$ 97,70 \$ 3,353
	Total Intangible Drilling Cost TANGIBLE	DRILLING COST		·····	******		\$ 3,353 Original AFE
10.101	Conductor Casing	ZNILLING L.CO.	150	ft @	50.00	\$/ft	\$ 7,50
10.103	Misc/Other casing equipment						\$ 285,00
10.106	Surface Casing	13 3/8"	1,950	ft 🔯	40.00		\$ 78,00
	Intermediate Casing	10 3/4"	5,800	ft @	45.50		\$ 263,90
	Intermediate Casing Production Liner	7 5/8" 4 1/2"	12,810 9,650	ft @	25.82 15.58		\$ 330,80 \$ 150,30
	Production Casing	5 1/2"	12,710		23.26		\$ 295,60
	Total Tangible Drilling Cost						\$ 1,411
	Total Rig Release Cost						\$ 4,764
0.004		OMPLETION COSTS	·			<del></del>	Original AFE
50.201 50.202	Remedial Cement & Service Plug & Perforating Operations				<del></del>		\$ 272,60
0.203	Frac Tank Rental						\$ 20,00
50.204	Fuel						\$ 20,00
	Equipment Hauling				···		\$ 15,000 \$ 30,000
	Completion : Special Services Stimulation						\$ 4,400,00
	Completion Rig		days	I		\$/day	\$ 30,00
0.209	Drillouts						\$ 300,00
	Water Disposal						\$ 65,00
50.211	Downhole Rentals						\$ 58,50
50.211 50.212	Downhole Rentals Surface Rentals						\$ 58,50 \$ 30,00
50.211 50.212 50.213	Downhole Rentals Surface Rentals Fresh Water						\$ 58,50 \$ 30,00 \$ 552,00 \$
50.211 50.212 50.213 50.214 50.215	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer						\$ 58,50 \$ 30,00 \$ 552,00 \$ \$ 150,00
50.211 50.212 50.213 50.214 50.215 50.217	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control						\$ 58,50 \$ 30,00 \$ 552,00 \$ \$ 150,00 \$ 15,00
50.211 50.212 50.213 50.214 50.215 50.217 50.218	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision						\$ 58,50 \$ 30,00 \$ 552,00 \$ \$ 150,00 \$ 78,75
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ \$ 15,00
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.222	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mtd/Gel Frac Pond						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ \$ 15,00 \$ 78,75
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220 50.221 50.222	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 50,00
50.211 50.212 50.213 50.214 50.215 50.217 50.219 50.220 50.221 50.222 50.221 50.222	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ \$ 15,00 \$ 78,75
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.221 50.222 50.226 50.250 50.260 50.270	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2)						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 50,00 \$ 225,00
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.221 50.222 50.221 50.222 50.250 50.260 50.270 50.900	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC						\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ \$ \$ 15,00 \$ 50,00 \$ 50,00 \$ 225,00
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.221 50.222 50.221 50.222 50.260 50.260 50.270 50.999	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback				224		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 78,75 \$ 15,00 \$ 50,00 \$ 50,00 \$ 225,00
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.221 50.222 50.221 50.222 50.250 50.260 50.270 50.999	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency				3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 3
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.220 50.221 50.222 50.226 50.250 50.260 50.270 50.999	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 5,00 \$ 225,00 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.220 50.220 50.220 50.250 50.250 50.250 50.250 50.250 50.250 50.250 50.250	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 50,00 \$ 70,00 \$
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.218 50.219 50.220 50.220 50.220 50.220 50.220 50.220 50.220 50.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ \$ 5,00 \$ 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 3 225,00 \$ 4 225,00 \$ 5 225,0
50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.219 50.220 50.220 50.220 50.250	Downhole Rentals Surface Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ \$ \$ 190,00 \$ 6,521,00 \$ 1,50 \$ 1,50
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.218 50.220 50.220 50.221 50.222 50.216 50.250	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 50,00 \$ 225,00 \$ \$ \$ 190,00 \$ 6,521 Original AFE \$ 2,50 \$ 34,00
50.211 50.212 50.213 50.214 50.215 50.215 50.215 50.215 50.217 50.218 50.220 50.220 50.221 50.220 50.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ \$ \$ 190,00 \$ 6,521, Ortainal AFE \$ 2,50 \$ 20,00 \$ 1,500
50.213 50.214 50.215 50.215 50.215 50.215 50.215 50.215 50.215 50.215 50.220 50.20 5	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 190,00 \$ 6,521, Ortainal AFE \$ 2,50 \$ 1,50 \$ 34,00 \$ 36,500 \$ 36,500 \$ 36,00 \$
50.211 50.212 50.213 50.214 50.215 50.215 50.217 50.218 50.219 50.220 50.220 50.220 50.220 50.220 50.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods	WAPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 3 190,00 \$ 6,521 <b>Orieinal AFE</b> \$ 2,50 \$ 34,00 \$ 36,00 \$ 36,00 \$ 36,00
50.213 50.213 50.213 50.214 50.214 50.215 50.217 50.218 50.219 50.220 50.220 50.221 50.220 50.220 50.220 50.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 3 4,00 \$ 1,50 \$ 3 4,00 \$ 3 4,00 \$ 3 65,00 \$ 3 65,
50.211 50.212 50.213 50.214 50.215 50.214 50.215 50.217 50.218 50.220 50.220 50.220 50.220 50.250 50.260	Downhole Rentals Surface Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 5,00 \$ 225,00 \$ 3 \$ 190,00 \$ 6,521, Original AFE \$ 20,00 \$ 34,00 \$ 34,00 \$ 36,00 \$ 36,00 \$ 36,00 \$ 37,00 \$ 37,
50.211 50.212 50.213 50.214 50.215 50.214 50.215 50.217 50.218 50.220 50.291 50.220 50.291 50.220 50.291 50.220 50.291 50.260 50.260 50.260 50.260 50.260 50.260 60.260 60.000	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Matenals & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 3 4,00 \$ 1,50 \$ 3 4,00 \$ 3 4,00 \$ 3 65,00 \$ 3 65,
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.217 50.218 50.219 50.220 50.220 50.220 50.220 50.220 50.200 60.0000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.00	Downhole Rentals Surface Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 5,00 \$ 225,00 \$ 5,00 \$ 3 225,00 \$ 5,00 \$ 5
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50.211 50.212 50.213 50.213 50.214 50.215 50.217 50.217 50.218 50.219 50.220 50.221 50.220 50.221 50.220 50.221 50.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ 15,00 \$ 5,00 \$ 5,00 \$ 225,00 \$ 225,00 \$ 3 \$ 190,00 \$ 6,521  Original AFE \$ 2,50 \$ 34,00 \$ 65,00 \$ 36,00 \$ 36,00 \$ 36,00 \$ 36,00 \$ 36,00 \$ 35,00 \$ 35,00 \$ 36,00 \$
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.217 50.217 50.218 50.219 50.218 50.219 50.210 50.210 50.200 60.200	Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANG/BLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs	MPLETION COSTS					\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 3 190,00 \$ 6,521 <b>Orieinal AFE</b> \$ 34,00 \$ 36,00 \$ 36,00 \$ 35,00 \$ 35,00
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.217 50.217 50.218 50.219 50.218 50.219 50.210 50.210 50.200 60.200	Downhole Rentals Surface Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency	MPLETION COSTS			3%		\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ \$ \$ \$ \$ 190,00 \$ 6,521 <b>Original AFE</b> \$ 20,00 \$ 34,00 \$ 34,00 \$ 36,00 \$ 35,00 \$ 35,00 \$ 35,00 \$ 35,00 \$ 36,00 \$ 36,00
50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.217 50.217 50.218 50.219 50.218 50.219 50.210 50.210 50.200 60.200	Downhole Rentals Surface Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE CO Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost	MPLETION COSTS					\$ 58,50 \$ 30,00 \$ 552,00 \$ 150,00 \$ 15,00 \$ 78,75 \$ \$ 15,00 \$ 50,00 \$ 225,00 \$ 225,00 \$ 225,00 \$ 3 \$ 190,00 \$ 6,521 <b>Ortaingl AFE</b> \$ 2,50 \$ 34,00 \$ 34,00 \$ 36,00 \$ 378,00 \$ 378,00 \$ 378,00 \$ 378,00 \$ 378,00 \$ 378,00
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 18th, 2018

Attn: Katie Dean Devon Energy 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102

Re: Well Proposal – Brahman State Com 15-10 453H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW 4, Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 453H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County. New Mexico. It contains the following general provisions:

- 100 300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 453H July 18, 2018 Page 2

Devon Energy Date:	
Name:	

Title:



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 453
9,550*
00-000-00000
Energen Resources

Proposed TD	22.360
Formation	3rd Bone Spr
Well Type	Development
County, State	Lea. NM
Energen WI	0 0000%
Energen NRI	0.0000%

| 22,350 | 3rd Bone Spring | Development | Lea, NM | 0 0000% | Rev. Wil | 0 000000% | 0.0000% | Rev. NRI | 0 0000000%

Objective

D&C 22360' 3rd Bone Spring Honzontal well. Based on 38 day cycle time with lateral length of 9550' Completions Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft. Date

550.010 COI	mpany Labor	INTANGIBLE DRILLING	COSI			Ort \$	lamai AFE
950 020 Co	mpany Supervision ad & Site Construction					Š	
950.030 Fie						\$	185,60
50 050 Vel						\$	
SO COLDO	IW & Damages					\$	
	urance and Bonds					\$	57,50
50 ORA Dec	mits, Surveys, & Engineering					\$	10,00
150 101 Dril	It Bits					\$	30,00
	ment & Cementing Services	<del></del>					80,20
50 103 Cor	ntract Drilling (Daywork-Spud to RR)		22 000 10//	<del></del>			235,00
50 104 Mur	d, Fluid, and Chemicals		22,000 S/day		35 0 days	S	770,00
50 105 Ddl	lling Equipment Rental					S	410,40
50 106 Fue	al agraphical recitation						91,30
	upment Hauling						163,400
	ling Fluid Disposal					<u>S</u>	25,000
50 109 Dire	ectional Drilling Services					\$	38,400
50.110 Gas	s/Air Units						337,400
50 111 Mot	blization/Demobilization					<u> </u>	
50 112 Fish	hing Rentals/Labor				3 days	<u> </u>	177,800
50 113 Dow	wnhole Rental Tools					\$_	
	face Rentals					<u>  S</u>	65,100
50.115 Clos	sed Loop Rental					- \ <u>\$</u>	84,100
50.116 Drill	Pipe Rental & Damages					\$	135,800
50.117 Drill	ling Special Services					<u> </u>	54,500
50 118 Drill	ling Supervision					-   \$	134,500
50 150 Logo						S	159,600
50 160 Con	ing and Core Analysis					-   \$   S	10,000
50.995 Con			* · · · · · · · · · · · · · · · · · · ·		3 0%	- S	97,700
Tota	al Intangible Drilling Cost				<u> </u>	<u> </u>	
		TANGIBLE DRILLING C	120				3,353, and AfE
40 101 Con	Iductor Casing		150	ft @	50 00 S/H	S	7,500
40 103 Misc	c/Other casing equipment					5	285,000
40 106 Sunf	face Casing	1	3 3/8" 1,950	ft @	40 00  \$/fi	S	78,000
10 109 Inter	mediate Casing		0 3/4" 5,800	ft @	45 50 S/ft	\$	263,900
	mediate Casing		7 5/8" 12,810		25 82 S/ft	S	330,800
	duction Liner		4 1/2" 9,650	R @	15 58 S/ft	5	150,300
	duction Casing		5 1/2"   12 710		23 26 S/R	S	295,600
	at Tangible Drilling Cost					\$	1,411,
lota	al Rig Release Cost					S	4,764,4
	INTA	NGIBLE COMPLETION	COSTS				de el AFF
	nedial Cement & Service					S	inal AFE
	& Perforating Operations  Tank Rental					S	272,600
50.204 Fuel						\$	20,000
	pment Hauling					\$	20,000
50 206 Com	pletion Special Services					S	15,000
0.207 Stim	ulation					S	30,000
0.208 Com						\$	4,400,000
			" - سدا		1		
	outs		days	1	\$/day	S	
0.210 Wate	outs er Disposal		days		\$/day	\$	300,000
0.210 Wate 0.211 Down	outs er Disposal nhole Rentals		days		\$/day	\$ \$	30,000 300,000 65,000
0.211 Down 0.212 Surfa	outs er Disposal inhole Rentals ace Rentals		days		\$/day	\$ \$ \$	300,000 65,000 58,500
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi	outs er Disposal inhole Rentals ace Rentals in Water		days		\$/day	\$ \$ \$ \$	300,000 65,000 58,500 30,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy	outs er Disposal nhole Rentals ace Rentals h Water ycled Water		days		\$/day	\$ \$ \$ \$ \$	300,000 65,000 58,500 30,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy 0.215 Wate	outs er Disposal nhole Rentals ace Rentals h Water ycled Water er Transfer		days		\$/day	\$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Well	outs er Disposal nhole Rentals ace Rentals in Water ycled Water er Transfer Control		days		\$/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com	outs er Disposal er Disposal enhole Rentals ace Rentals h Water ycled Water er Transfer Control plebons Supervision		days		\$/day	\$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case	outs er Disposal er Disposal enhole Rentals ace Rentals h Water ycled Water er Transfer Control pletions Supervision ad Hole Logging		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case 0.220 Com	outs er Disposal nihole Rentals ace Rentals h Water ycled Water er Transfer Control pletions Supervision ad Hole Logging pletions Fishing		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case 0.220 Com 0.221 Mud/	outs er Disposal nihole Rentals ace Rentals in Water yeled Water er Transfer Control pietions Supervision ad Hole Logging pietions Fishing Gel		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case 0.220 Com 0.221 Mud/ 0.222 Frac	outs er Disposal nhole Rentals ace Rentals h Water ycled Water er Transfer Control pletions Supervision ad Hole Logging pletions Fishing (Ge) Pond		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fresi 0.214 Recy 0.215 Wate 0.217 Well 0.218 Come 0.219 Case 0.220 Com 0.221 Mud/ 0.222 Frac 0.216 Spec	outs er Disposal nihole Rentals ace Rentals h Water ycled Water er Transfer Control pletions Supervision ad Hole Logging pletlons Fishing (Gel Pond		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 5,000
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case 0.220 Com 0.221 Mud/ 0.221 Frac 0.221 Frac 0.225 Prod 0.250 Prod 0.251 Prod	outs er Disposal nihole Rentals ace Rentals in Water ycled Water er Transfer Control pletions Supervision ad Hole Logging pletions Fishing (Gel Pond cual Reservoir Testing uction Testing		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 5,000
0.210 Water 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.215 Water 0.215 Water 0.217 Well 0.218 Comn 0.219 Case 0.220 Com 0.221 Mud/ 0.222 Frac 0.222 Frac 0.2250 Doubling	outs er Disposal nihole Rentals ace Rentals in Water ycled Water er Transfer Control pitetions Supervision ad Hole Logging pitetions Fishing Gel Pond ala Reservoir Testing uction Testing ng Overhead		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 5,000
0.210 Wate 0.211 Down 0.212 Surface 0.213 Fresh 0.214 Recy 0.215 Wate 0.217 Weil 0.217 Weil 0.218 Com 0.220 Com 0.220 Com 0.221 Mud/ 0.222 Frac 0.220 Frac 0.220 Frac 0.220 Com 0.220 Com 0.221 Mud/ 0.222 Frac 0.220 Com 0.220 Co	outs er Disposal nhole Rentals ace Rentals h Water ycled Water er Transfer Control plebons Supervision ad Hole Logging pletlons Fishing (Gel Pond cial Reservoir Testing uction Testing ing Overhead ping Phase Cost (N2)		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 5,000
0.210 Wate 0.211 Down 0.211 Down 0.211 Surfac 0.213 Fresh 0.214 Recy 0.215 Wate 0.215 Wate 0.218 Com 0.219 Case 0.220 Com 0.220 Mud/ 0.222 Frac 0.230 0.216 Spec 0.250 Donlin 0.270 Punp 0.200 Non-	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletions Fishing  (Ge)  Pond  ial Reservoir Testing  uction Testing  ng Overhead  ping Phase Cost (N2)  op IDC		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 5,000 225,000
0.210 Wate 0.211 Down 0.211 Down 0.213 Fest 0.213 Fest 0.214 Recy 0.215 Wate 0.215 Wate 0.217 Well 0.218 Com 0.219 Com 0.219 Com 0.220 C	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletions Fishing  (Gel  Pond  cital Reservoir Testing  uction Testing  ing Overhead  ping Phase Cost (N2)  op IDC  ack		days			\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 15,000 78,750 15,000 50,000 5,000 225,000
0.210 Wate 0.211 Down 0.211 Surfa 0.212 Surfa 0.213 Frest 0.214 Recy 0.214 Recy 0.215 Wate 0.217 Weil 0.218 Com 0.219 Case 0.221 Mud 0.222 Frac 0.222 Frac 0.222 Frac 0.220 Mud 0.222 Frac 0.220 Mud 0.222 Frac 0.220 Mud 0.222 Frac 0.220 Mud 0.220 Prod 0.220 Prod 0.220 Mud 0.220 Prod 0.22	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletions Fishing  Gel  Pond  ial Reservoir Testing  uction Testing  ng Overhead  ping Phase Cost (N2)  op IDC  ack  pletions Contingency		days		S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 78,750 15,000 50,000 225,000
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0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Wate 0.217 Wate 0.221 Frac 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp 0.220 Comp	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletions Fishing  (Gel  Pond  cal Reservoir Testing  uction Testing  uction Testing  pring Phase Cost (N2)  op IDC  ack  pletions Contingency  I Intangible Completion Cost  IAN  pany Labor	GIBLE COMPLETION C				\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 15,000 78,750 15,000 50,000 225,000 190,000 6,521,8
0.210 Wate 0.211 Down 0.212 Surfa 0.213 Fress 0.214 Recy 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Well 0.218 Com 0.219 Case 0.217 Gase 0.227 Frac 0.227 Fra	outs er Disposal nhole Rentals ace Rentals h Water ycled Water er Transfer Control pletions Supervision ad Hole Loaging pletions Fishing (Gel Pond cial Reservoir Testing uction Testing uction Testing ing Overhead ping Phase Cost (N2) op IDC ack pletions Contingency I Intangible Completion Cost  TAN pany Labor I & Site Construction	GIBLE COMPLETION C				\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 15,000 78,750 15,000 5,000 225,000 190,000 6,521,8 Inal AFE 2,500 20,000 20,000
0.210 Wate 0.211 Down 0.212 Surfac 0.213 Fresh 0.214 Recy 0.214 Recy 0.215 Wate 0.217 Well 0.217 Well 0.217 Gord 0.227 Go	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletlons Fishing  (Gel  Pond  ala Reservoir Testing  uction Testing  uction Testing  ng Overhead  ping Phase Cost (N2)  op IDC  ack  pletions Contingency  I Intangible Completion Cost  JAN  pany Labor  at & Site Construction  ats, Surveys, & Engineering	GIBLE COMPLETION C				\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 552,000 150,000 15,000 78,750 15,000 50,000 225,000 190,000 6,521,8 Incal AFE 2,500 20,000 1,500
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0.210 Wate 0.211 Down 0.211 Surfa 0.213 Fress 0.214 Recy 0.213 Fress 0.214 Recy 0.213 Fress 0.214 Recy 0.215 Wate 0.217 Wate 0.217 Wate 0.217 Wate 0.218 Com 0.219 Case 0.220 Com 0.221 Mud 0.222 Frac 0.220 Donlin 0.220 Frac 0.220 Donlin 0.220 Prod 0.221 Pum 0.220 Pum 0.220 Com 0.201 Com 0.201 Donlin 0.220 Com 0.201 Donlin 0.220 Com 0.201 Donlin 0.220 Com 0.201 Donlin 0.220 Com 0.201 Donlin 0.220 Com 0.201 Donlin 0.220	outs  er Disposal  nhole Rentals  ace Rentals  h Water  ycled Water  er Transfer  Control  pletions Supervision  ad Hole Logging  pletions Fishing  (Gel  Pond  audition Testing  uction Testing  uction Testing  ping Phase Cost (N2)  op IDC  ack  pletions Contingency  I Intangible Completion Cost  IAN  pany Labor  1 & Sile Construction  miss, Surveys, & Engineering  litation  poment  rials & Parts  aal Lift  you  nead  pressor/Dehydrabon Unit	GIBLE COMPLETION C				\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	300,000 65,000 58,500 30,000 150,000 15,000 78,750 15,000 225,000 190,000 6,521,8 Ingl AFE 2,500 2,500 34,000 6,500 36,000 22,500
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 19th, 2018

XTO Energy, Inc. 22777 Springwoods Village Pkwy. Spring, Texas 77389

Re: Well Proposal - Brahman State Com 15-10 453H Section 10, T24S R35E. Lea County, NM Section 15. T24S R35E. Lea County, NM SHL: SW 4, Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 453H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980° and a TD of approximately 22,360° to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter. EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully.

ENERGEN/RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 453H July 19, 2018 Page 2

Elect to participate in the Brahman State Com 15-10 453H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 453H well.
XTO Energy, Inc. Date:
Ву:
Name:
Title:

# ENERGEN RESOURCES

## AUTHORIZATION FOR EXPENDITURE DRILLING AND COMPLETION

Brahman State Com 15-10 453H 9.550 00-000-00000 Energen Resources

Objective

D&C 22360° 3rd Bone Spring Honzontal well. Based on 38 day cycle time with lateral length of 9550° Completions Based on 48 stage slickwater job (§) 200 ft spacing and 400K lbs of proppart giving us 2011 lbs per lateral ft. Date

	Company Labor INTANGIBLE DRILLING COST					\$	ingi AFE
50.020	Company Supervision					\$	
50.030	Road & Site Construction					\$	185,60
	Field Office					\$	
	Vehicles					<u> </u>	
	ROW & Damages					S	57,50
	Insurance and Bonds					<u> </u>	10,00
	Permits, Surveys, & Engineering					<u>  \$</u>	30,00
	Drill Bits					<u> </u>	80,20
50 102	Cement & Cementing Services				,	S	235,00
50 103	Contract Drilling (Daywork-Spud to RR) S 22 000 S/c	day		35 0	days	_   \$	770,00
50 104	Mud, Fluid, and Chemicals						410,40
	Drilling Equipment Rental					S	91,30
50 106						S.	163,40
50.107	Equipment Hauling Dritting Fluid Disposal					<u> </u>	25,00
						S	38,40
50 109	Directional Drilling Services					1 \$	337,40
	Gas/Air Units Mobilization/Demobilization					_ <u>  S</u>	
	Fishing Rentals/Labor			3	days	<u>s</u>	177,80
	Downhole Rental Tools					<u>S</u>	00.40
	Surface Rentals					<u> </u>	65,10
	Closed Loop Rental					_ <u>\$</u>	84,10
	Drill Pipe Rental & Damages					5	135,80
	Drilling Special Services					<u> </u>	54,50
50 116	Onling Supervision					<u>\$</u>	134,50
50 150	Logges					<u> </u>	159,60
50 150	Logging Conng and Core Analysis					5	10,00
50 005	Conting and Core Analysis Contingency			2.00/		5	
SO 333/	Total Intangible Driffing Cost			3 0%			97,70
							3,353
40.221	Conductor Casing TANGIBLE DRILLING COST	100			10:0	Orig	Inal Aft
40 701	Musc (Other content on the content of	150	H (Q)	50 00	12/fl	-   S	7,50
40.103	Misc/Other casing equipment	000	(a o		10.00	<u> </u>	285,00
	Surface Casing 13 3/8" 1		f @	40 00	2/11	<u>\$</u> _	78,00
-0 100			n @	45 50	D/E	\$	263.90
		2,810	f @	25 82	3/II	S	330,80
40 104		0,650	ft @	15 58 23 26	S/II	<u> </u>	150,30
. 4.04	Total Tangible Drilling Cost	2,710	" (U)	2326	וועב	\$	295.60
	Total Rig Release Cost					5	1,411
	rotal Rig Release Cost					\$	4,764
	INTANGIBLE COMPLETION COSTS					Orto	Inal AFE
50 201	Remedial Cement & Service					S	
50.202	Plug & Perforating Operations					S	272,60
	Frac Tank Rental					S	20,00
50.204						\$	20,00
	Equipment Hauling					\$	15.00
	Completion Special Services					\$	30,00
50.207	Stimulation						30,00 4,400,00
50.207 50.208	Stimulation Completion Rig   da	γs			S/day	\$	30,00 4,400,00 30,00
50.207 50.208 50.209	Stimulation Completion Riq dai Dillouts	γs			S/day	\$ \$ \$ \$	30,00 4,400,00 30,00 300,00
50.207 50.208 50.209 50.210	Simulation   dar Completion Riq   dar Dnilouts   Water Disposal	γs			S/day	\$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00
50.207 50.208 50.209 50.210 50.211	Simulation   da: Completion Rig   da: Diniouis   Water Disposal   Downhole Remais	γs			S/day	\$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50
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50.207 50.208 50.209 50.210 50.211 50.212 50.213	Simulation Completion Riq da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water	уѕ			Siday	\$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50
50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214	Simulation	γs			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00
50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214 50.215	Simulation Completion Riq da Dinilouis Water Disposal Downhole Rentalis Surface Rentalis Fresh Water Recycled Water Water Tinsfer	уѕ			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00
50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214 50.215 50.217	Simulation Completion Rig da Dillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water United States of the	γε			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00 150,00
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50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.218 50.219	Simulation Completion Riq da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Cominol Completions Supervision Casaed Hole Logging	γς			Siday	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00 150,00
50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.218 50.219 50.220	Simulation   dar Completion Rig   dar Dnilouts Water Disposal Downhole Remails Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hole Logging Campletions Fishing	γε			Siday	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00 150,00 78,75
50.207 50.208 50.209 50.210 50.211 50.213 50.214 50.214 50.215 50.217 50.217 50.218 50.219 50.220 50.221	Simulation Completion Riq da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Inster Recycled Water Water Inster Well Control Completions Supervision Casad Hole Logging Completions Fishing Mud/Gel	γε			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00 150,00 78,75
50.207 50.208 50.209 50.210 50.211 50.213 50.214 50.214 50.215 50.217 50.217 50.218 50.219 50.220 50.221	Simulation Completion Rig da Dnilouis Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Casad Hole Logging Completions Fishing Mud(Ge) Frace Pond	уѕ			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 150,00 15,00 78,75
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50.207 50.208 50.209 50.210 50.211 50.212 50.213 50.214 50.215 50.217 50.217 50.218 50.218 50.220 50.221 50.221 50.221	Simulation Completion Rig da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Completions Supervision Completions Fishing Moul/Gel Frac Pond Special Reservor Testing Production Testing	уѕ			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 150,00 15,00 78,75
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50.207 50.208 50.209 50.210 50.211 50.213 50.213 50.214 50.216 50.217 50.218 50.219 50.220 50.221 50.221 50.221 50.225 50.226 50.226 50.226 50.226 50.250	Simulation Completion Riq da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Weil Commol Completions Supervision Completions Supervision Completions Fishing Mod/Gel Frac Pond Special Reservor Testing Production Testing Dnilling Overhead Dnilling Overhead Dnilling Overhead Dnilling Overhead Dnilling Overhead	γε			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 300,00 65,00 58,50 30,00 552,00 150,00 78,75
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50.207 50.208 50.209 50.210 50.211 50.211 50.214 50.215 50.214 50.215 50.216 50.220 50.221 50.221 50.221 50.221 50.220 50.220 50.200	Simulation Completion Riq da Dnilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Tonster Water Control Completions Supension Cosad Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservor Testing Production Testing Production Testing Dniling Overhead Pumping Phase Cos (N2) Non-op IDC Cuthack Cuthols	YS			S/day	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,00 4,400,00 30,00 30,00 65,00 58,50 30,00 150,00 78,75 15,00 50,00 50,00 225,00
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

September 4, 2018

James Jackson 3100 River Bend Dr Hurst, TX 76054

Re: Well Proposal – Brahman State Com 15-10 453H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 453H well as a horizontal well at the above-captioned location to a TVD of approximately 11,980' and a TD of approximately 22,360' to test the 3<sup>rd</sup> Bone Spring formation ("Operation"). The total cost of the Operation is estimated to be \$11,664,950.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W/2 of Section 15-T24S-R35E and the W/2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography. cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully.

1 11

ERGEN RESOURCES CORPORATION

Conner Stewart

Brahman State Com 15-10 453H September 4, 2018 Page 2

Elect to participate in the Brahman State Cor Elect <i>not</i> to participate in the Brahman State	n 15-10 453H well Com 15-10 453H well.		
James Jackson Date:			
Ву:			
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Name:			
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### ENERGEN RESOURCES

## AUTHORIZATION FOR EXPENDITURE DRILLING AND COMPLETION

AFE Number Well Name Lateral Length API Number Operator Legal

Brehman State Com 15-10 602H 9.550' 00-000-00000 Energen Resources Objective

D&C 22610 Worlcamp "A" Honzontal well. Based on 38.5 day cycle time with lateral length of 9550". Completions Based on 48 stage stickwater job 

② 200 ft spacing and 400K lbs of proposant giving us 2011 lbs per lateral ft. Date.

	INTANGIBLE DRILLING COST Company Labor		gingt AFE
	Company Supervision	15	
	Road & Site Construction	S	185 600 0
	Field Office Vehicles	! 5	
	ROW & Damages	<u> </u>	£7.£00.0
	Insurance and Bonds	<del>-</del> \$	57,500 0 10,000 0
	Permits, Surveys, & Engineering	<u>3</u> -	30 000 0
	Onli Bits	: \$	80,200 0
102	Cement & Cementing Services	. \$	235,000 0
0.103	Contract Orilling (Daywork-Spud to RR) \$ 22,000 [S/day 35.5 days	5	781 000 0
	Mud. Fluid, and Chemicals		410 800 0
	Drilling Equipment Rental	1.5	92,300 0
	Fuel	5	165,600.0
1.107	Equipment Hauding Drilling Fluid Disposal	<u> </u>	25,000 0
	Directional Drilling Services	15	38 400 0
	Gas/Air Units	<u> </u>	341 300 0
	Mobilization/Demobilization 3 days	- S	177 800 0
	Fishing Rentals/Labor	5	117 800 0
	Downhole Rental Tools	S	65.200 C
	Surface Rentals	1.5	85 100.0
	Closed Loop Renta	3	137,600 0
.116	Onli Pipe Rental & Damages	Š	55 700 0
	Drilling: Special Services	; š	134 500 0
	Ontiling Supervision	5	161,700 0
1.150	Logging	S	10,000 0
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.955	Contingency 3 0% (	S	98 400 0
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	Conductor Casing 1 to 150 to 150 to 150	5	7,500 £
	MisciOther casing equipment	S	290,000.0
	Surface Casing 50   f @ 40 00   Sh	S	78,000 0
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104	Production Casing 5 1/2 12 960 Ift @ 23.26 SP	\$	301 400 0
	Total Tangible Drilling Cost	S	1,428,30
	Total Rig Release Cost	\$	4,807,00
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	Plug & Perforating Operations	15	272,600 0
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203 204 205 206 207 208 209 210 211	Frac Tank Renta Frae: Frae: Frae:  Equipment Hauling Completion Special Services Stimulation Completion Ric Idays \$/day Dilloids Water Disposal Downhold Rentals	S   S   S   S   S   S   S	20,000 0 20,000 0 15,000 0 30,000 0 30,000 0 300 000 0 58,500 0
203 204 205 206 207 208 209 210 211 212	Frac Tank Renta Fue: Equipment Hauling Completion Special Services Similation Completion Ric Idays S/day Dirilous Water Disposal Committed Rentalis Surface Rentalis	S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 15,000 ( 30,000 ( 4,400,000 ( 30,000 ( 56,500 ( 30,000 (
203 204 205 206 207 208 209 210 211 212 213	Frac Tank Renta Fue:  Equipment Hauling Completion: Special Services Similation Completion Ric   Idays \$/day Disposal Water Disposal Commiss Water Rentals Fresh Water	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 15,000 ( 30,000 ( 4,400,000 ( 30,000 ( 56,500 ( 30,000 (
203 204 205 206 207 208 209 210 211 212 213	Frac Tank Renta Fue:  Equipment Hauling Completion Secual Services Stimulation Completion Ric Idays \$/day Dinious Water Disposal Cowmoid Rentals Surface Rentals Fresh Water Recycled Water	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000) (30,000 (30,000 (30,000 (30,000 (30,000 (30,000 (30,000 (30,00
203 204 205 205 206 207 208 209 210 211 212 213 214 215	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Stimulation Completion Ric Idays \$/day Dillous United Disposal Downhold Rentals Surface Rentals Fresh Water Recycled Water Water Transfer	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000) (30,000 (30,000 (30,000 (30,000 (30,000 (30,000 (30,000 (30,00
203 204 205 206 207 208 209 210 211 212 213 214 215 217	Frac Tank Renta Fue: Equipment Hauling Completion Special Services Simulation Completion Ric   Idays   \$/day Difficults Water Disposal Downhold Rentalis Surface Rentalis Fresh Water Recycled Waiter Water Transfer Well Cartrol	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000
203 204 205 206 207 208 209 210 211 212 213 214 215 217 218	Frac Tank Renta Fue:  Equipment Hauting Completion Special Services Similarition Completion Riq Idays \$/day Disposal Downhold Rentalis Surface Rentalis Fresh Water Recycled Water Water Transfer Water Control Completions Supervision Completions Surface Rentalis Fresh Water Recycled Water	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000
203 204 205 206 207 208 209 210 211 212 213 214 215 218 219	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Ric Idays \$/day Dillouts Water Disposal Common Rentis Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Completions Supervision Completions Supervision Consequence Control Control Completions Supervision Cassed Hole Logging	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000
203 204 205 206 207 208 209 210 211 212 213 214 215 217 218 219 220	Frac Tank Renta Fues  Equipment Hauling  Completion Special Services  Similarition  Completion Ric Idays S/day  Dirilotas  Water Disposal  Ocuminal Rentalis  Fresh Water  Recycled Water  Water Transfer  Well Control  Completions Supervision  Completions Supervision  Completions Fishing  Completions Fishing  Completions Fishing  Completions Fishing	S   S   S   S   S   S   S   S   S   S	20,000 20,000 15,000 30,000 4,400,000 30,000 55,000 58,500 58,500 150,000 15,000 78,750
203 204 205 206 207 208 209 210 211 212 213 214 215 217 2218 229 220 221	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Ric I Idays \$/day Dirilous Water Disposal Downhole Rentalis Syrface Rentalis Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing MudGel	S   S   S   S   S   S   S   S   S   S	20,000 (20,000 (30,000 (30,000 (55,000
203 204 205 206 207 208 209 211 212 213 214 215 217 218 2219 220 221 222	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Ric Idays \$/day Dislouts Water Disposal Committee Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing Mud/Gel Fresh Pond	S   S   S   S   S   S   S   S   S   S	20,000 20,000 15,000 30,000 4,400,000 30,000 30,000 55,000 30,000 15,000 15,000 78,750 15,000 50,000
203 204 205 206 207 208 209 210 211 212 213 214 215 217 2218 2219 2220 221 2216	Frac Tank Renta Fues  Equipment Hauling  Completion Special Services  Simulation  Completion Ric Idays S/day  Dirious  Water Disposal  Cownhole Rentals  Surface Rentals  Fresh Water  Water Transfer  Well Control  Completions Superinsion  Completions Superinsion  Completions Fishing  Mud/Gel Frac Pond  Special Reservoir Testing	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,000 ( 15,000 ( 15,000 ( 15,000 ( 50,
203 204 205 206 207 208 209 211 212 213 214 215 217 2218 220 221 222 216 250	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Ric Idays \$/day Dislouts Water Disposal Committee Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing Mud/Gel Fresh Pond	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,000 ( 15,000 ( 15,000 ( 15,000 ( 50,
203 204 205 206 207 208 209 210 211 212 213 214 215 221 221 222 221 222 236 250 260 270 271 271 271 271 271 271 271 271	Frac Tank Renta Fue: Equipment Hauling Completion   Special Services Simulation Completion Ric   Idays   Siday Disloss Waiter Disposal Downhold Rentalis Surface Rentalis Fresh Water Recycled Waiter Waiter Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing MudiGet Frac Pond Special Reservoir Testing Production Testing Disling Overhead	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,000 ( 15,000 ( 15,000 ( 15,000 ( 50,
203 204 205 206 207 208 209 210 211 212 213 214 215 217 2219 2220 221 222 216 250 260 270	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Rig   Idays   Siday Dirilotas Water Disposal Downhold Rentalis Syrface Rentalis Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Halle Logging Completions Fishing MudGel Frac Pond Special Reservoir Testing Production Testing	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,000 ( 15,000 ( 15,000 ( 15,000 ( 50,
203 204 205 206 207 208 209 209 211 212 213 214 215 217 218 219 220 221 221 222 216 250 260 270 270 270 270 270 270 270 27	Frac Tank Renta Fue:  Equipment Hauling Completion Special Services Simulation Completion Ric Idays \$/day Dinious Water Disposal Cownhole Rentals Surface Rentals Fresh Water Water Transfer Well Control Completions Supervision Completions Fishing Mud/Gel Frac Pond Special Reservor Testing Production Testing Dinling Overhead Dinling Overhead Dinling Overhead	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,000 ( 15,000 ( 15,000 ( 15,000 ( 50,
203 204 205 206 207 208 209 210 211 212 213 214 215 221 221 222 216 250 260 270 299 299 299 299 209 209 209 20	Frac Tank Renta Fue: Equipment Hauling Completion   Special Services Simulation Completion Ric   Idays   Siday Disloss Waiter Disposal Downhold Rentalis Surface Rentalis Fresh Water Recycled Waiter Waiter Transfer Well Control Completions Supervision Cased Hole Logding Completions Fishing MudiGet   Frac Pond Special Reservoir Testing Production Tosting Disling Overhead Disling Overhead Pumping Phase Cost N2 Non-op IDC Cutback	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 58,500 ( 30,000 ( 58,500 ( 30,000 ( 58,500 ( 15,000 ( 15,000 ( 50,
203 204 205 205 207 208 209 210 211 212 213 214 215 217 228 229 220 220 250 260 270 900 909	Frac Tank Renta Fues  Equipment Hauling  Completion Special Services  Simulation  Completion Ric  Dislots  Water Disposal  Cownhold Rentals  Fresh Water  Water Transfer  Well Control  Completions Supervision  Completions Fishing  Mud/Gel  Frac Pond  Special Reservoir Testing  Production Testing  Disling Coverbead  Pumping Phase Cost N2  Non-op IOC  Cutback  Completions Contingency  3%	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 4,400,000 ( 30,000 (
203 204 205 206 207 208 209 210 211 212 213 214 215 219 220 221 222 216 250 260 299 299 299 299 209 209 209 20	Frac Tank Renta Fues  Equapment Hauling  Completion Special Services  Simulation  Completion Ric Idays Siday  Dinious  Water Disposal  Cownhole Rentalis  Surface Rentalis  Fresh Water  Water Transfer  Well Control  Completions Superinsion  Completions Fishing  Mud/Gel Frac Pond  Special Reservoir Testing  Production Testing  Dinling Overhead  Pumping Phase Cost N2  Non-op IDC  Curtipack  Completions Contingency 3%  Total Intangible Completion Cost	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 30,000 ( 30,000 ( 30,000 ( 55,
203 204 205 206 207 208 209 210 211 212 213 214 215 217 220 221 222 226 250 260 270 270 270 270 270 270 270 27	Frac Tank Renta Fues Equament Hauling Completion Special Services Simulation Completion Ric Completion Ric Disloss Water Disposal Downhold Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supernsion Cased Hole Logding Completions Fishing MudiGel Frac Pend Special Reservoir Testing Production Testing Production Testing Dishing Overhead Productions Completions Control Completions Control Completions Control Completions Control Completions Control Completions Control Completions Fishing MudiGel Frac Pend Special Reservoir Testing Production Testing Control Control Control Control Control Control Control Control Completions Control	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 206 207 208 209 210 211 212 213 214 215 217 220 221 221 222 216 250 260 270 270 270 270 270 270 270 27	Frac Tank Renta Fue: Equipment Hauling Completion Special Services Simulation Completion Ric Idays Siday Dislots Water Disposal Common Rentis Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Fishing MudGel Frac Pond Special Reservor Tosting Production Testing Disling Overhead Pumping Phase Cost N2 Non-op IDC Cuttack Campletions Contingency Total Intangible Completion Cost  Campletions Contingency Tangible Completion Cost  Tangible Completion Costs	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 4,400,000 ( 30,000 (
203 204 205 206 207 208 209 210 211 212 212 213 214 215 2216 220 221 2216 250 260 290 9996	Frac Tank Renta Fues  Equapment Hauling  Completion Special Services  Simulation  Completion Ric Idays Siday  Dinious  Water Disposal  Cownhole Rentals  Fresh Water  Water Transfer  Well Control  Completions Superinsion  Completions Fishing  Mud/Gel  Frac Pond  Special Reservoir Testing  Production Testing  Dinling Overhead  Pumping Phase Cost N2  Non-op IDC  Completions Completion Cost  Completions Contingency 3%  Total Intangible Completion Cost  Langible Completion Costs  Completion Completion Costs  Langible Completion Costs  Completion Completion Costs  Langible Completion Costs  Company Lubor  Road & Site Construction	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 4,400,000 ( 30,000 ( 30,000 ( 55,000 ( 55,000 ( 15,000 ( 15,000 ( 55,000 ( 55,000 ( 15,000 ( 55,000 ( 15,000 (
203 204 205 205 207 208 209 209 211 212 213 214 215 217 218 219 229 220 220 220 250 260 270 9996	Frac Tank Renta Fue: Equipment Hauling Completion Special Services Simulation Completion Ric Idays Siday Dislots Water Disposal Common Rentis Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Fishing MudGel Frac Pond Special Reservor Tosting Production Testing Disling Overhead Pumping Phase Cost N2 Non-op IDC Cuttack Campletions Contingency Total Intangible Completion Cost  Campletions Contingency Tangible Completion Cost  Tangible Completion Costs	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 205 207 208 209 209 211 212 213 214 215 217 218 219 220 221 221 221 221 221 221 221 221 221	Frace Tank Rentas Fues  Equipment Hauling  Completion Special Services  Simulation  Completion Ric  Unious  Water Disposal  Committee Rentals  Fresh Water  Recycled Water  Water Transfer  Well Control  Completions Supervision  Cased Hole Logique  Completions Fishing  Mud/Gel  Frace Pend  Special Reservoir Testing  Production Testing  Production Testing  Production Testing  Production Testing  Production Control  Cottack  Campletions Contingency  3%  Total Intangible Completion Cost   Company Labor  Road & Site Construction  Permits, Surveys, & Engineency  remits, Surveys, & Engineency  Read & Site Construction	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 206 207 208 209 211 212 213 214 215 221 221 221 221 221 220 221 250 260 270 299 299 209 209 209 209 209 20	Fract Early Renta Fue: Equament Hauling Completion   Special Services   Simulation   Completion Ric   Idays   \$/day   Dislotas   Water Disposal   Downhold Rentals   Fresh Water   Recycled Water   Water Transfer   Well Control   Completions Supervision   Carefulding Supervision	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 4,400,000 ( 30,000 ( 30,000 ( 58,500 (
203 204 205 206 207 208 209 211 212 213 214 215 217 2216 221 222 221 220 220 221 220 220 221 231 24 25 26 26 27 27 27 27 27 27 27 27 27 27 27 27 27	Frac Tank Renta Fues  Equipment Hauling  Completion Special Services  Simulation  Completion Ric Idays Siday  Dinious  Water Disposal  Cownhole Rentalis  Surface Rentalis  Fresh Water  Water Transfer  Well Control  Completions Superinsion  Completions Fishing  MudiGel  Frac Pond  Special Reservar Testing  Production Testing  Dinling Overhead  Pumping Phase Cost N2  Non-op IDC  Cutplack  Completions Contingency 3%  Total Intangible Completion Cost  Langible Completion Costs  Company Lubor  Road & Site Construction  Permits, Surveys, & Engineering  Equipment	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 205 207 207 207 227 227 227 227 227 227 227	Fract Early Renta Fue: Equament Hauling Completion   Special Services   Simulation   Completion Ric   Idays   \$Vday   Divious   Water Disposal   Downhold Rentals   Fresh Water   Recycled Water   Water Transfer   Well Control   Completions Supervision   Caregilations Fishing   Mad/Get   Frace Pond   Special Reservoir Testing   Production   Testing   Dinling Overhead   Pumping Phase Cost N2   Non-op IDC   Completions Contingency   3%   Total Intangible Completion Cost   IANG/BUE COMPLETION COSTS   Company Labor   Road & Sito Construction   Permits, Surveys, & Engineerics   Insalitation   Equament   E	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,000 ( 4,400,000 ( 30,000 ( 30,000 ( 55,000 (
203 204 205 206 206 206 207 208 2208 2210 2211 2212 2213 2214 2214 2215 2216 2216 2226 2227 2227 2227 2227 2227	Frace Tank Renta Fues Equament Hauling Completion   Special Services   Simulation   Completion   Ric   Idays   \$Vday   Divisors   Divisors   Divisors   Divisors   Downhold Rentalis   Surface Rentalis   Fresh Water   Recycled Waiter   Water Transfer   Well Control   Completions Supervision   Carefuldions Supervision   Carefuldions Fishing   Mad/Get   Frace Pond   Special Reservoir Testing   Production   Testing   Divising Overhead   Pumping Phase Cost N2   Non-op IDC   Curback   Completions Contingency   3%   Total Intangible Completion Cost   IANG/Bit COMPLETION COSTS   Company Labor   Road & Sito Construction   Permits, Surveys, & Engineerics   Insalitation   Equament   Materials & Parts   Antifical Lift   Road & Sito Construction   Permits, Surveys, & Engineerics   Insalitation   Equament   Materials & Parts   Antifical Lift   Road s Italiang   Italiang	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 205 207 208 209 210 211 212 213 214 215 217 2212 2213 222 221 222 220 227 221 2216 227 227 227 227 227 227 227 227 227 22	Frace Tank Renta Fues Equipment Haiding Completion Special Services Stimulation Completion Rig I lidays Stiday Dillouts Water Disposal Downhold Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing MudGet Frac Pond Special Reservoir Testing Production Tosting Dinling Overhead Pringing Prise Cost N2 Non-op IDC Curback Completions Contingency 3% Total Intangible Completion Cost  Campany Labor Road & Site Construction Permits, Surveys, & Engineering Insaliation Equipment Road Road Road Road Road Road Road Road	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 206 207 208 209 210 212 211 212 213 214 215 217 218 219 220 220 220 220 230 630 660 660 660 660 660 660 6	Frace Tank Renta Fues Equipment Hauling Completion Special Services Shmulation Completion Rig Idays S/day Dillous Water Disposal Comment Hauling Completion Rig Idays S/day Dillous Water Disposal Common Rentals Surface Rentals Fresh Water Recycled Waiter Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing MutuGet Frace Pand Special Reservor Testing Production Testing Dilling Overhead Pumping Phase Cast N2 Non-op IDC Cuttack Cuttack Completions Contingency 3% Tanglist Completion Cost  Tanglist Completion Costs  Company Labor Road & Side Construction Permits, Surveys, & Engineering Road Road Road Road Road Road Road Road	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 30,000 c 55,000 c 58,500 c 30,000 c 15,000 c 15,000 c 15,000 c 50,000 c 50,
203 204 205 205 207 208 209 210 211 212 213 214 215 219 221 221 221 221 221 221 221	Frace Tank Renta Fues Equipment Haighing Completion Special Services Stimulation Completion Rig   Idays   Siday Dillotas Water Disposal Downhold Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hale Logding Completions Fishing MudiCel Frace Pind Special Reservant Testing Production Testing Dinling Overheae Pumping Phase Cost N2 Non-op IDC Cutback Completions Completion Cost TANGIBLE COMPLETION COSTS Company Labor Road & Sida Construction Permits, Surveys, & Engineering Institute Institute Red & Sida Construction Permits, Surveys, & Engineering Institute Road Antificial Lift Road Tuturn Road Tutur	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 30,000 c 55,000 c 58,500 c 30,000 c 15,000 c 15,000 c 15,000 c 50,000 c 50,
203 204 205 205 207 208 209 211 212 213 214 215 217 218 219 221 221 221 221 221 221 221	Frace Tank Renta Equament Hauling Completion Special Services Simulation Completion Ric Idays Stiday Difficults Water Disposal Committee Rentalis Fresh Water Resyled Water Water Transfer Well Control Completions Superinsion Completions Superinsion Cased Hale Longling Completions France Mud Get Frace Pand Special Reservoir Testing Production Testing Production Testing Disfing Overhead Pumping Phase Cost N2 Non-op IDC Curback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS Company Labor Read & Sife Construction Permits, Surveys, & Engineering Read Read Read Read Read Read Read Read	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 30,000 c 55,000 c 58,500 c 30,000 c 15,000 c 15,000 c 15,000 c 50,000 c 50,
203 206 207 207 207 207 207 207 207 207 207 207	Frace Tank Renta Equipment Hauling Completion Special Services Stimulation Completion Ric Idays Stiday Dillogias Water Disposal Downhold Rentals Freigh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Supervision Cased Hale Logging Completions Fristing Muti-Ger Frace Prod Special Reservant Testing Production Testing Dilling Overhead Pumping Phase Cost N2 Non-op IDC Cuttack Completions Contingency Total Intangible Completion Cost  LANGIBLE COMPLETION COSTS  Campany Liabor Road & Site Construction Permits, Surveys, & Engineerance Insaliation Equipment Musterials & Paris Antifical Lin Rods Indiang Wellinead Compressor/Dethydration _nit Meters/moter runs Diver Surface Equipment Meters/moter runs	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 30,000 c 55,000 c 58,500 c 30,000 c 15,000 c 15,000 c 15,000 c 50,000 c 50,
203 204 205 205 207 208 207 208 210 211 212 213 214 215 217 220 221 221 221 221 221 221 221	Frace Tank Renta Frace Equament Hauling Completion Special Services Simulation Completion Ric Idays Stray Diributs Water Disposal Commonio Rentalis Surface Rentalis Fresh Water Respublic Water Water Transfer Well Control Completions Supervision Completions Supervision Completions Frature Well Control Completions Frature Mud Gei Frace Pand Special Reserver Testing Production 1 cosing Diribing Overhead Pumping Phase Cost N2 Non-og IDC Cutback Completions Confundency Total Intangible Completion Cost  Completion Site Construction Permits, Surveys, & Engineering Equamers Road & Site Construction Permits, Surveys, & Engineering Road Road Road Road Road Road Road Road	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 205 207 208 207 208 209 219 210 211 212 213 214 215 221 221 221 221 221 221 221	Frace Tank Rental Equipment Hauling Completion Special Services Shmutation Completion Rick Diliboral Water Disposal Commonity Rentals Fresh Water Respired Water Water Transfer Well Control Completions Supervision Completions Fishing Mustified Frace Pond Special Reservor Testing Production Testing Dinling Overhead Pumping Physics Cost N2 Non-op IDC Curback Curback Curback Completions Contingency Total Intangible Completion Cost Famping Libor Read & Site Construction Permits, Surveys, & Engineerory Installation Read & Site Construction Permits, Surveys, & Engineerory Installation Read & Site Construction Permits, Surveys, & Engineerory Read & Site Construction Permits, Surveys, & Engineerory Read & Parts Antifical Lin Roots Tubing Wellmad Compensor/Dehydration _ nit Meiers/meter runs Comprisor/Dehydration _ nit Meiers/meter runs Comprisor/D	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 206 207 208 207 208 207 208 211 212 212 211 212 218 219 220 220 220 250 600 600 600 600 600 600 600 600 600 6	Frace Tank Rental Equament Hauling Completion Special Services Shmutation Completion Ric I days \$/day Dillouts Water Disposal Cownoile Rentalis Fresh Water Responder Water Water Transfer Well Control Completions Supervision Cased Hole Longling Completions Fishing MudGer Frace Pand Special Reservor Tristing Production Testing Diffing Overhead Pumping Phase Cost N2 Non-og IDC Cutback Campative Libbor Road & Site Construction Permits, Surveys, & Engineering Responder Responder Responder Responder Road & Site Construction Permits, Surveys, & Engineering Responder Road & Site Construction Road & Site Construction Remains Surveys, & Engineering Road Road Road Road Road Road Road Road	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 55,000 c 55,000 c 15,000 c 15,000 c 55,000 c 225,000 c 15,000 c 5,000 c 225,000 c 30,000 c 30
203 204 205 206 207 207 207 207 207 207 207 207 207 207	Frac Tank Renta Fourier Equipment Hauling Completion Special Services Simulation Completion Ric Divisors  Completion Ric Divisors  Water Disposal Cownitor Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing MustGer Frac Pond Special Reservoir Testing Production Testing Diving Overhead Diving Overhead Diving Overhead Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Campainv Liabor Road & Sing Construction Permits, Surveys, & Engineering Installation Materials & Parts Antificial Lin Rods Materials & Parts Antificial Lin Rods Materials & Parts Materials & Parts Materials & Parts Materials & Parts Materials and Compressor/Dehydration Int Medicipment Prasso Cests Well Compressor/Dehydration Int Medicipment Plansor Compressor/Dehydration Int Medicipment Plansor Rods Compressor/Dehydration Int Medicipment Plansor Roman Plan	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 d 20,000 d 30,000 d 4,400,000 d 30,000 d 30,000 d 30,000 d 55,000 d 55,000 d 15,000 d 15,000 d 55,000 d
203 204 205 206 207 211 214 215 216 227 220 220 220 220 200 110 110 200 200 200	Frace Tank Rental Equament Hauling Completion Special Services Shmutation Completion Ric I days \$/day Dillouts Water Disposal Cownoile Rentalis Fresh Water Responder Water Water Transfer Well Control Completions Supervision Cased Hole Longling Completions Fishing MudGer Frace Pand Special Reservor Tristing Production Testing Diffing Overhead Pumping Phase Cost N2 Non-og IDC Cutback Campative Libbor Road & Site Construction Permits, Surveys, & Engineering Responder Responder Responder Responder Road & Site Construction Permits, Surveys, & Engineering Responder Road & Site Construction Road & Site Construction Remains Surveys, & Engineering Road Road Road Road Road Road Road Road	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 55,000 c 55,000 c 15,000 c 15,000 c 55,000 c 55,000 c 15,000 c 225,000 c 15,000 c 30,000 c 30
203 206 207 217 217 217 217 217 217 217 217 217 21	Frac Tank Renta Fourier Equipment Hauling Completion Special Services Simulation Completion Ric Divisors  Completion Ric Divisors  Water Disposal Cownitor Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing MustGer Frac Pond Special Reservoir Testing Production Testing Diving Overhead Diving Overhead Diving Overhead Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Campainv Liabor Road & Sing Construction Permits, Surveys, & Engineering Installation Materials & Parts Antificial Lin Rods Materials & Parts Antificial Lin Rods Materials & Parts Materials & Parts Materials & Parts Materials & Parts Materials and Compressor/Dehydration Int Medicipment Prasso Cests Well Compressor/Dehydration Int Medicipment Plansor Compressor/Dehydration Int Medicipment Plansor Rods Compressor/Dehydration Int Medicipment Plansor Roman Plan	S   S   S   S   S   S   S   S   S   S	20,000 C 20,000 C 20,000 G 30,000 G 30,000 G 30,000 G 30,000 G 55,000 G 55,000 G 15,000 G 15,000 G 15,000 G 55,000 G 15,000 G
203 204 205 205 207 206 207 210 211 211 211 211 211 211 211 211 211	Frac Tank Renta Fourier Equipment Hauling Completion Special Services Simulation Completion Ric Divisors  Completion Ric Divisors  Water Disposal Cownitor Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hale Logging Completions Fishing MustGer Frac Pond Special Reservoir Testing Production Testing Diving Overhead Diving Overhead Diving Overhead Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Campainv Liabor Road & Sing Construction Permits, Surveys, & Engineering Installation Materials & Parts Antificial Lin Rods Materials & Parts Antificial Lin Rods Materials & Parts Materials & Parts Materials & Parts Materials & Parts Materials and Compressor/Dehydration Int Medicipment Prasso Cests Well Compressor/Dehydration Int Medicipment Plansor Compressor/Dehydration Int Medicipment Plansor Rods Compressor/Dehydration Int Medicipment Plansor Roman Plan	S   S   S   S   S   S   S   S   S   S	20,000 ( 20,000 ( 20,000 ( 30,
203 204 205 205 206 207 208 209 210 211 212 213 214 215 217 218 219 220 221 221 221 221 221 221 221	Frac Tank Rents Frue: Equipment Hadring Completion Special Services Shimutation Completion Ric Disposal Downhold Rents Water Disposal Downhold Rents Syrface Rents Fresh Water Water Transfer Well Control Completions Supervision Cased Hole Logding Completions Supervision Cased Hole Logding Completions Fishing MudGel Frac Pord Special Reservoir Testing Production Testing Disting Ownhead Pumping Phase Cast N2 Non-op IC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS Campany Libbor Read & Sito Construction Permits, Surveys, & Engineering Reds Reds Reds Reds Reds Reds Reds Reds	S   S   S   S   S   S   S   S   S   S	20,000 c 20,000 c 20,000 c 15,000 c 30,000 c 30,000 c 30,000 c 55,000 c 55,000 c 15,000 c 15,000 c 55,000 c 55,000 c 15,000 c 225,000 c 15,000 c 30,000 c 30



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

June 5th, 2018

Attn: Matt Solomon Concho Resources, Inc. 600 W. Illinois Ave. Midland, Texas 79701

Re: Well Proposal – Brahman State Com 15-10 602H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 602H well as a horizontal well at the above-captioned location to a TVD of approximately 12,200' and a TD of approximately 22,610' to test the Wolfcamp formation ("Operation"). The total cost of the Operation is estimated to be \$11,707,550.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W/2 of Section 15-T24S-R35E and the W/2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

EXHIBIT

Brahman State Com 15-10 602H June 5, 2018 Page 2

	Elect to participate in the Brahman State Com 15-10 602H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 602H well.
Concho	Resources, Inc. Date:
Ву:	
Name: _	



AFE Number Well Name Lateral Length API Number Operator Legal

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Brahman State Com 15-10 602
9.550
00-000-00000
Energen Resources

Proposed TD Formation Well Type County, State Energen WI Energen NRI

22,610		
Wolfcamp "A"		
Development		
Lea, NM		
0.0000%	Rev. WI	0.000000%
0.0000%	Rev. NRI	0.000000%

Objective

D&C 22610' Wolfcamp "A" Horizontal well. Based on 38.5 day cycle time with lateral length of 9550'. Completions: Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft Date

	Company Labor	\$
U3V	Company Supervision	\$ 185,600
	Road & Site Construction	\$ 185,600
	Field Office	\$
	Vehicles ROW & Damages	\$ 57,500
	Insurance and Bonds	\$ 10,000
	Permits, Surveys, & Engineering	\$ 30,000
	Drill Bits	\$ 80,200
	Cement & Cementing Services	\$ 235,000
103	Contract Drilling (Daywork-Spud to RR) \$ 22,000 \$/day 35.5 days	\$ 781,000
	Mud, Fluid, and Chemicals	\$ 410,800
	Drilling Equipment Rental	\$ 92,300
106	Fuel	\$ 165,600
107	Equipment Hauling	\$ 25,000
	Drilling Fluid Disposal	\$ 38,400
	Directional Drilling Services	\$ 341,300
	Gas/Air Units	177.000
	Mobilization/Demobilization 3 days	\$ 177,800
	Fishing Rentals/Labor	\$ 65,200
	Downhole Rental Tools	\$ 85,100
	Surface Rentals	\$ 137,600
	Closed Loop Rental Drill Pipe Rental & Damages	\$ 55,700
	Drilling: Special Services	\$ 134,500
	Drilling Supervision	\$ 161,700
	Logging	\$ 10,000
150	Coring and Core Analysis	\$
	Contingency 3.0%	\$ 98,400
333	Total Intangible Drilling Cost	\$ 3,378.
18.5°F	TANGIBLE DRILLING COST	Original AFE
10-1	Conductor Casing 150 ft @ 50.00 \$/ft	\$ 7,500
	Conductor Casing   150   π (@   50.00   s/π ()   Misc/Other casing equipment	\$ 290,000
		\$ 78,000
	Contavo Cours	\$ 263,900
	TREATMENT OF THE PROPERTY OF T	\$ 337,200
	movine de la companya del companya del companya de la companya de	\$ 150,300
	Production Liner         4 1/2"         9,650         ft @         15.58         \$/ft           Production Casing         5 1/2"         12,960         ft @         23 26         \$/ft	\$ 301,400
104	Total Tangible Drilling Cost	\$ 1,428,
	Total Rig Release Cost	\$ 4,807,
	Total Rig Release Cost	4 4,0071
	NAME OF STATE  Original AFE	
	INTANGIBLE COMPLETION COSTS	S
	Remedial Cement & Service	\$ 272,600
	Plug & Perforating Operations	\$ 20,000
	Frac Tank Rental	\$ 20,000
	Fuel Services Hauting	\$ 15,000
	Equipment Hauling Completion : Special Services	\$ 30,000
	Stimulation	\$ 4,400,000
	Completion Rig days \$/day	
		\$ 30,000
	Completion	\$ 300,000
209	Drillouts	\$ 300,000
209 210	Drillouts Water Disposal	\$ 300,000 \$ 65,000
.209 .210 .211	Drillouts	\$ 300,000 \$ 65,000 \$ 58,500
209 210 211 212	Drillouts Water Disposal Downhole Rentals Surface Rentals	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000
209 210 211 212 213	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000
209 210 211 212 213 214	Drillouts Water Disposal Downhole Rentals Surface Rentals	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$
.209 .210 .211 .212 .213 .214 .215	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000
.209 .210 .211 .212 .213 .214 .215	Drilouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000
.209 .210 .211 .212 .213 .214 .215 .217	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000
.209 .210 .211 .212 .213 .214 .215 .217 .218	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ \$
209 210 211 212 213 214 215 217 218 219 220 221	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 3 \$ 15,000
209 210 211 212 213 214 215 217 218 219 220 221	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 15,000 \$ 50,000
209 210 211 212 213 214 215 217 218 219 220 221 221 216	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 50,000
209 210 211 212 213 214 215 217 218 219 220 221 222 216 250	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 50,000
.209 .210 .211 .212 .213 .214 .215 .217 .218 .229 .220 .221 .222 .216 .250 .260	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 50,000
.209 .210 .211 .212 .213 .214 .215 .217 .228 .229 .220 .221 .222 .216 .250 .260	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2)	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 15,000 \$ 5,000 \$ 5,000 \$ 225,000
.209 .210 .211 .212 .213 .214 .215 .217 .218 .219 .220 .221 .222 .216 .250 .260 .270	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosl (N2) Non-op IDC	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 15,000 \$ 5,000 \$ 225,000 \$ 3
.209 .210 .211 .212 .213 .214 .215 .217 .218 .219 .220 .221 .222 .216 .250 .260 .270 .900	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosl (N2) Non-op IDC Cutback	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 50,000 \$ 225,000 \$ \$
.209 .210 .211 .212 .213 .214 .215 .217 .218 .220 .221 .222 .216 .250 .260 .270	Driliouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency 3%	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 225,000 \$ \$
209 210 211 212 213 214 215 217 218 219 220 221 222 216 250 260 270 900	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Production Testing Pumping Phase Cosl (N2) Non-op IDC Cutback Completions Contingency 3% Total Intangible Completion Cost	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 15,000 \$ 50,000 \$ 225,000 \$ 225,000 \$ \$ 190,000 \$ 6,521,
209 210 211 212 213 214 215 217 218 229 220 221 222 216 250 260 990 999 9996	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosl (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 78,750 \$ 3 \$ 15,000 \$ 5,000 \$ 225,000 \$ 3 \$ 3 \$ 190,000 \$ 6,521,
209 210 211 212 213 214 215 217 218 220 221 222 216 250 270 990 999 996	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 78,750 \$ 5,000 \$ 5,000 \$ 5,000 \$ 225,000 \$ \$ 3 \$ 190,000 \$ 6,521,
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209 210 211 212 213 214 215 217 218 229 221 222 216 250 260 270 999 996	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  Tangle E Completion Costs  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 50,000 \$ 50,000 \$ 225,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 3 5,000 \$ 5 5 5,000 \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
209 210 211 212 213 214 215 217 221 222 216 220 220 221 222 216 250 260 999 9996 010 030 070 070 0110 130 1105 1105	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosl (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Roads Tubing Tubing	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 225,000 \$ 225,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 225,000 \$ 3 1,500 \$ 3 1,500
209 210 211 212 213 214 215 217 221 222 216 250 270 909 999 996 010 030 080 070 110 130 102 105	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000 \$ 78,750 \$ \$ \$ 15,000 \$ 225,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 1,500 \$ 3 1,000 \$ 3 1,000 \$ 3 1,500 \$ 3 3 1,000 \$ 3 3 1,000
209 210 211 212 213 214 215 221 220 221 222 216 250 270 999 996 010 030 070 110 130 102 105	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 225,000 \$ 225,000 \$ 225,000 \$ 3 190,000 \$ 6,521, Original AFE \$ 2,500 \$ 3 20,000 \$ 3 34,000 \$ 3 34,000 \$ 3 35,000 \$ 3 35,000 \$ 3 35,000 \$ 3 35,000 \$ 3 35,000 \$ 3 35,000 \$ 3 35,000
209 210 211 212 213 214 215 217 218 219 220 221 221 221 221 220 230 270 200 201 201 201 201 201 201 20	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost Total Intangible Completion Cost Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wetthead Compressor/Dehydration Unit Meters/meter runs	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 50,000 \$ 5,000 \$ 225,000 \$ 5,000 \$ 5,000 \$ 3 190,000 \$ 6,521, Orlohad AFE \$ 2,500 \$ 3 36,000 \$ 3 36,000 \$ 3 36,000 \$ 3 35,000 \$ 3 36,000 \$ 3 35,000 \$ 3 35,000
209 210 211 212 213 214 215 217 218 219 220 221 222 216 250 290 999 996 001 003 008 007 008 008 009 009 009 009 009 009	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 225,000 \$ 225,000 \$ 225,000 \$ 3 5,000 \$
209 210 211 212 213 214 215 217 220 220 220 221 222 216 250 260 999 996 110 110 110 102 201 201 201 202 203 204 205 206 207 207 208 209 209 209 209 209 209 209 209	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cosi (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMPLETION COSTS Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Meters/meter runs Other Surface Equipment Pumping Unit	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 225,000 \$ 50,000 \$ 50,000 \$ 50,000 \$ 50,000 \$ 225,000 \$ 3 5,000 \$ 3 5,
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.209 .210 .211 .212 .213 .214 .215 .217 .222 .220 .220 .220 .260 .270 .030 .070 .030 .070 .010 .030 .070 .110 .110 .102 .105 .105 .105 .105 .105 .105 .105 .105	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Unites Company Labor Rods Treater Pumping Unit Seperator & Treater Pumping Unit Seperator & Treater	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 25,000 \$ 225,000 \$ 5,000 \$ 5,000 \$ 5,000 \$ 3 5,000 \$ 5 5 5,000 \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
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209 210 211 212 213 214 215 217 218 220 221 222 216 250 270 990 999 996 010 030 070 070 070 070 070 070 070 070 07	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Unit Seperator & Treater Pumping Unites Company Labor Rods Treater Pumping Unit Seperator & Treater Pumping Unit Seperator & Treater	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000 \$ 78,750 \$ \$ 15,000 \$ 225,000 \$ 225,000 \$ 225,000 \$ 3 5,000 \$ 3 5,000
.209 .210 .211 .212 .213 .214 .215 .217 .221 .221 .222 .226 .226 .226 .226 .226	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Phase Costs Wellhead/Facilities Contingency 3% Wellhead/Facilities Contingency 3% Wellhead/Facilities Contingency	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 50,000 \$ 5,000 \$ 225,000 \$ 5,000 \$ 225,000 \$ 3 190,000 \$ 6,521, Original AFO \$ 34,000 \$ 36,000 \$ 3
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.209 .210 .211 .212 .213 .214 .215 .217 .221 .221 .222 .226 .226 .226 .226 .226	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE COMPLETION COSTS  Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artifical Lift Rods Tubing Wellhead Compressor/Dehydration Unit Meters/meter runs Other Surface Equipment Pumping Phase Costs Wellhead/Facilities Completion Cost  Sub-total Completion Cost  3% Total Tangible Completion Surveys Seperator & Treater Pumping Phase Costs Wellhead/Facilities Contingency Total Tangible Completion Cost	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 150,000 \$ 15,000 \$ 78,750 \$ \$ 15,000 \$ 225,000 \$ 225,000 \$ 225,000 \$ 3 5,000 \$ 3 5,000
0.209 0.210 0.211 0.211 0.212 0.213 0.214 0.215 0.221 0.221 0.221 0.222 0.250 0.	Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mul/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Tangible Completion Cost Tangible Completion Cost Tangible Completion Equipment Materials & Parts Artifical Lift Rods Tubing Wellheadf Surface Equipment Pumping Phase Costs Well Plase Costs Wellheadf Scriedies Surface Surface Surface Equipment Pumping Phase Costs Wellheadf Scriedies Surface Well Plase Costs Wellheadf Scriedies Surface Well Plase Costs Wellheadf Scriedies Contingency 3% Total Tangible Completion Cost	\$ 300,000 \$ 65,000 \$ 58,500 \$ 30,000 \$ 552,000 \$ 15,000 \$ 15,000 \$ 78,750 \$ 50,000 \$ 50,000 \$ 50,000 \$ 225,000 \$ 50,000 \$ 50,000 \$ 3 50,000 \$ 50



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 18th, 2018

Attn: Katie Dean Devon Energy 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102

Re: Well Proposal Brahman State Com 15-10 602H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW'4, Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 602H well as a horizontal well at the above-captioned location to a TVD of approximately 12.200° and a TD of approximately 22,610° to test the Wolfcamp formation ("Operation"). The total cost of the Operation is estimated to be \$11,707.550.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100-300% Non-consenting penalty
- \$7,000 \$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully.

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 602H July 18, 2018 Page 2

	Elect to participate in the Brahman State Com 15-10 602H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 602H well.
Devon E	nergy Date:
Ву:	
Name: _	
Title	



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 602
9,550'
00-000-00000
Energen Resources

Proposed TD Formation Well Type County, State Energen Wi Energen NRI

22,610		
Wolfcamp "A"		
Development		
Lea, NM		
0 0000%	Rev. WI	0.000000%
0 0000%	Rev NRI	0.000000%

Objective

D&C 22610' Wolfcamp "A" Honzontal well. Based on 38 5 day cycle time with lateral length of 9550' Completions Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft. Date

950 020	Company Labor	RILLING COST				Orlati	79-01-
860 030	Company Supervision					\$	
	Road & Site Construction					<u>s</u>	405.500.0
	Field Office					\$ \$	185,600 0
	Vehicles					\$	<del></del>
	ROW & Damages					Š	57,500 0
	Insurance and Bonds Permits, Surveys, & Engineering					\$	10,000.0
950.101	Drill Bits					<u>  \$</u>	30,000 0
950 102	Cement & Cementing Services					<u> </u>	80,200.0
950 103	Contract Drilling (Daywork-Spud to RR)	\$ 22,000	S/day		35 5 days	\$	235,000.0 781,000.0
950.104	Mud, Fluid, and Chemicals		1		00 0 10013	\$	410,800 0
950 105 950 106	Orilling Equipment Rental					\$	92,300 0
	Equipment Hauling					S	165,600 0
	Dniling Fluid Disposal					<u>s</u>	25,000 0
	Directional Drilling Services					S   S	38,400 0
	Gas/Air Units	·			· · · · · · · · · · · · · · · · · · ·	\$	341,300 0
	Mobilization/Demobilization				3 days	\$	177,800 0
	Fishing Rentals/Labor Downhole Rental Tools					S	
	Surface Rentals					S	65,200 0
	Closed Loop Rental				······································	<u> </u>	85,100 0
950.116	Onll Pipe Rental & Damages					S   S	137,600 C
950 117	Drilling Special Services					\$	134,500.0
	Drilling Supervision					S	161,700 0
	Logging Coring and Core Analysis					\$	10,000 0
	Contingency				2.00	<u>\$</u>	
	Total Intangible Drilling Cost				3 0%	<u>į</u>	98,400 0
	TANGIBLE OR	HING COST				\$	3,378,70
940.101	Conductor Casing		150	ft@	50 00 S/R	\$	7,500 0
940.103	Misc/Other casing equipment					Š	290,000 0
	Surface Casing Intermediate Casing	13 3/8*		ft @	40 00 S/ft	\$	78,000 0
	Intermediate Casing	10 3/4" 7 5/8"	5,800	l @	45 50 S/ft	S	263,900 0
940 104	Production Liner	4 1/2"		ft@ ft@	25 82 \$/ft 15 58 \$/ft		337,200 0
	Production Casing	5 1/2"		n@	23 26 \$/ft		150,300 0 301,400 0
	Total Tangible Drilling Cost		***	1		\$	1,428,30
	Total Rig Release Cost					\$	4,807,00
950 201	Remedial Cement & Service INTANGIBLE CON	PLETION COSTS				Origin	al AFE
	Plug & Perforating Operations					<u>\$</u>	
	Frac Tank Rental					S   S	272,600 0 20,000 0
950.204						- S	20,000 0
950.205	Egulpment Hauling Completion Special Services						15,000 0
						\$	13,000 0
						S	30,000 0
50.207	Stimulation Completion Rig		dave		\$ (do.)	\$ \$ 4,	30,000 0 400,000 0
950.207 950 208 950 209	Stimulation Completion Rig Drillouts		days		\$/day	\$ \$ 4, \$	30,000 0 400,000 0 30,000 0
950.207 950 208 950 209 950.210	Stimulation Completion Rig Drillouts Water Disposal		days		\$/day	\$ 4, \$ 5	30,000 0 400,000 0 30,000 0 300,000 0
950.207 950.208 950.209 950.210	Stimulation Completion Rig Drillouts Water Disposal Downhole Rentals		days		\$/day	\$ \$ 4, \$	30,000 0 400,000 0 30,000 0 300,000 0 65,000 0
950.207 950.208 950.209 950.210 950.211	Stimulation Completion Rig Drillouts Water Disposal Downhole Rentals Surface Rentals		days		\$/day	\$ 4, \$ 5 \$ \$	30,000 0 400,000 0 30,000 0 300,000 0 65,000 0 58,500 0
950.207 950.208 950.209 950.210 950.211 950.212	Stimulation Completion Riq Drillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water		days		\$/day	\$ 4, \$ 5 \$ 5 \$ 5 \$ 5	30,000 0 400,000 0 30,000 0 300,000 0 65,000 0 58,500 0 30,000 0
950.207 950.208 950.209 950.210 950.211 950.212 950.213	Stimulation Completion Rig Drillouts Water Disposal Downhole Rentals Surface Rentals		days		\$/day	\$ 4, \$ 5 \$ 5 \$ 5 \$ 5 \$ 5	30,000 0 400,000 0 30,000 0 300,000 0 65,000 0 58,500 0 30,000 0 552,000 0
950.207 950.208 950.209 950.210 950.211 950.212 950.213 950.214	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water		days		[\$/day	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 300,000 0 65,000 0 58,500 0 30,000 0 552,000 0
950.207 950.208 950.210 950.211 950.212 950.213 950.214 950.215 950.217 950.217	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision		days		[\$/day	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 65,000 0 58,500 0 30,000 0 552,000 0 150,000 0
950.207 950.208 950.209 950.210 950.211 950.212 950.213 950.214 950.215 950.217 950.217	Stimulation Completion Rig Dorllouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging		days		[\$/day	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 30,000 0 65,000 0 58,500 0 30,000 0 552,000 0 150,000 0
950.207 950.208 950.209 950.210 950.211 950.213 950.213 950.214 950.215 950.217 950.217 950.218 950.219	Stimulation Completion Rig Dorillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cassed Hole Logqing Completions Fishing		days		[\$/day	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 65,000 0 58,500 0 30,000 0 552,000 0 150,000 0 78,750 0
950.207 950.208 950.210 950.210 950.212 950.213 950.213 950.214 950.215 950.217 950.218 950.219 950.221	Stimulation Completion Riq Difflouts Water Disposal Downhole Rentalis Surface Rentalis Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hole Logqing Completions Fishing Mud/Gel		days		[\$/day	S 4, S 5 S 5 S 5 S 5 S 5 S 5 S 5 S 5 S 5 S 5	30,000 0 400,000 0 30,000 0 65,000 0 58,500 0 30,000 0 150,000 0 15,000 0 78,750 0
950.207 950.208 950.210 950.210 950.212 950.213 950.213 950.214 950.217 950.217 950.218 950.219 950.221	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond		days		[\$/day	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 30,000 0 58,500 0 58,500 0 150,000 0 15,000 0 78,750 0
250.207 250.208 250.209 250.210 250.211 250.212 250.213 250.214 250.215 250.217 250.218 250.221 250.221 250.221 250.221 250.221 250.221 250.221 250.221 250.221 250.222	Stimulation Completion Riq Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water Completions Supervision Cased Hole Logqina Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing		days		[\$/day	\$ 4, \$ 5 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	30,000 0 400,000 0 30,000 0 30,000 0 58,500 0 30,000 0 552,000 0 150,000 0 78,750 0 15,000 0 55,000 0 55,000 0
250.207 250.208 250.209 250.210 250.211 250.212 250.213 250.214 250.215 250.217 250.218 250.219 250.220 250.221	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logding Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dniling Overhead		days		[\$/day	\$ 4, \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 30,000 0 58,500 0 30,000 0 552,000 0 150,000 0 78,750 0 15,000 0 55,000 0 55,000 0
950.207 950.208 950.210 950.211 950.212 950.213 950.214 950.215 950.218 950.218 950.221 950.221 950.221 950.221 950.221 950.221 950.221 950.221 950.221	Stimulation Completion Rig Dirllouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Wall Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Dilling Overhead Dumping Phase Cost (N2)		days		[\$/day	\$ 4, \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5	30,000 0 400,000 0 30,000 0 30,000 0 58,500 0 30,000 0 552,000 0 150,000 0 78,750 0 15,000 0 55,000 0 55,000 0
50.207 50 208 50 209 50.210 50.211 50 212 50.213 50 214 50 215 50.217 50.218 50.219 50.221	Stimulation Completion Rig Dorillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Wall Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC		days		[\$/day	\$ 4, \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 300,000 0 65,000 0 58,500 0 58,500 0 150,000 0 78,750 0 78,750 0 50,000 0 50,000 0
50.207 50 208 50 209 50 210 50 211 50 212 50 213 50 214 50 215 50 217 50 218 60 219 60 220 60 220 60 250 60 250	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Loggling Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Diffling Overflead Cumping Phase Cost (N2) Non-op IDC Loback		days			\$ 4, \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5	30,000 0 400,000 0 300,000 0 65,000 0 58,500 0 58,500 0 150,000 0 150,000 0 78,750 0 78,750 0 50,000 0 50,000 0
50.207 50 208 50 209 50 210 50 211 50 212 50 213 50 214 50 214 50 215 50 217 50 218 60 219 60 250 60 250	Stimulation Completion Rig Dorillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Wall Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC		days		[\$/day	\$ 4, \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 300,000 0 55,000 0 58,500 0 58,500 0 552,000 0 78,750 0 78,750 0 50,000 0 50,000 0 50,000 0
50.207   50.	Stimulation Completion Riq Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water Transfer Water Transfer Water Transfer Gampletions Supervision Cased Hole Logqina Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Diffling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP					\$ 4, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5,	30,000 0 400,000 0 300,000 0 65,000 0 552,000 0 15,000 0 15,000 0 78,750 0 15,000 0 225,000 0 225,000 0 6,521,85
550.207 550.207 550.207 550.207 550.209 550.209 550.209 550.209 550.200 550.20	Stimulation Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Diffling Overhead Pumping Phase Cost (N2) Von-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP					\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 300,000 0 65,000 0 65,000 0 558,500 0 30,000 0 15,000 0 15,000 0 78,750 0 15,000 0 225,000 0
50.207 50 209 50 200 50	Stimulation Completion Rig Dirillouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water Transfer Wall Control Completions Supervision Cased Hole Logding Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Production Testing Diriling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP Company Labor Road & Site Construction					\$ 4, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5,	30,000 0 400,000 0 300,000 0 65,000 0 65,000 0 58,500 0 150,000 0 150,000 0 78,750 0 78,750 0 50,000 0 6,521,850
550.207 550.208 550.20	Stimulation Completion Riq Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water Transfer Weil Control Completions Supervision Cased Hole Logqina Completions Fishing Mud/Get Frac Pond Special Reservoir Testing Production Testing Diffling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP Company Labor Company Labor Pompany Labor Pompany Labor Pompany Labor Permits, Surveys, & Engineering					\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 300,000 0 50,000 0 58,500 0 15,000 0
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150.207   150.20	Stimulation Completion Rig Dominion Completion Rig Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Well Control Completions Supervision Cased Hole Logding Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Diffling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Fotal Intangible Completion Cost TANGIBLE COMP Road & Site Construction Permits, Surveys, & Engineering Installation Inguipment Asterials & Parts Velifical Lift Cods Velifiead Compressor/Dehydration Unit Meters/meter runs There Surface Equipment Vemping Unit Meters/meter runs There Surface Equipment Vemping Unit Meters/meter runs There Surface Equipment Vemping Unit Meters/meter runs There Surface Equipment Vemping Unit Meters/meter d Treater					\$ 4, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5,	30,000 0 400,000 0 30,000 0 65,000 0 65,000 0 65,000 0 150,000 0 15,000 0 78,750 0 15,000 0 5,000 0 150,000 0 1,000 0
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59.207   59.208   59.	Stimulation Completion Riq Dominion Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Water Transfer Water Transfer Water Transfer Well Control Completions Supervision Cased Hole Logqing Completions Fishing MiddGel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP Company Labor Togad & Site Construction Teamits, Surveys, & Engineering Installation Temping Phase Cost (N2) Wellhead Compressor/Dehydration Unit Reters/meter runs There Surface Equipment Tumping Phase Costs Vellhead Temping Phase Costs VellheadFacilities Contingency				3%	\$ 4, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5,	30,000 0 400,000 0 30,000 0 50,000 0 58,500 0 552,000 0 150,000 0
59.207   59.208   59.209   59.	Stimulation Completion Riq Dominion Completion Riq Difflouts Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Well Control Completions Supervision Cased Hole Logging Completions Fishing Mud/Gel Frac Pond Special Reservoir Testing Production Testing Drilling Overhead Pumping Phase Cost (N2) Non-op IDC Curback Completions Contingency Total Intangible Completion Cost TANGIBLE COMP Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Astensia & Parts Authficial Lift Rods Vellhead Compressor/Dehydration Unit Aeters/meter runs Other Surface Equipment Vellhead Compressor/Dehydration Unit Aeters/meter runs Other Surface Equipment Vellhead Facilities Contingency otal Tangible Completion Cost				3%	\$ 4, 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	30,000 0 400,000 0 30,000 0 50,000 0 55,000 0 55,000 0 15
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50.207   50.207   50.207   7   7   7   7   7   7   7   7   7	Stimulation Completion Riq Dominion Water Disposal Downhole Rentals Surface Rentals Fresh Water Recycled Water Water Transfer Transfer  Tamping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost Tangible Completion Cost Tangible Completion Gustal Intangible Construction Parmits, Surveys, & Engineering Installation Gustal Transfer Verifical Lift Nods Verifical Lift Nods Verifical Completion Cost Verificater Tumping Phase Costs Verificater Tumping Unit Department Completion Cost Verificater Verificater Transfer Trans	LETION COSTS		Date	3%	\$ 4, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5, \$ 5,	30,000 0 400,000 0 30,000 0 50,000 0 55,000 0 55,000 0 15



605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

July 19th, 2018

XTO Energy, Inc. 22777 Springwoods Village Pkwy. Spring, Texas 77389

Re: Well Proposal - Brahman State Com 15-10 602H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E. Lea County, NM SHL: SW 4, Sec 15-T24S-R35E BHL: NW 4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 15-10 602H well as a horizontal well at the above-captioned location to a TVD of approximately 12.200' and a TD of approximately 22.610' to test the Wolfcamp formation ("Operation"). The total cost of the Operation is estimated to be \$11,707.550.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W 2 of Section 15-T24S-R35E and the W 2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 602H July 19, 2018 Page 2

	Elect to participate in the Brahman State Con Elect <u>not</u> to participate in the Brahman State	
XTO Er	nergy, Inc. Date:	nor menous
Ву:		-
Name: _		-
Title:		



AFE Number Well Name Lateral Length API Number Operator Legal

Brahman State Com 15-10 60	)2H
9.550'	
00-000-00000	
Energen Resources	

Proposed TD Formation Well Type County, State Energen WI Energen NRI

22,610		
Wolfcamp "A"		
Development		
Lea, NM		
0.0000%	Rev. WI	0.000000%
0 0000%	Rev. NRI	0 000000%

Objective

D&C 22610' Wolfcamp "A" Horizontal well—Based on 38 5 day cycle time with lateral length of 9550' Completions Based on 48 stage slickwater job @ 200 ft spacing and 400K lbs of proppant giving us 2011 lbs per lateral ft. Date

950 010		LE DRILLING COST	Orlginal AFE
100 020	Company Labor Company Supervision		\$ - \$ -
950 030	Road & Site Construction		\$ 185,600 00
	Field Office		\$ ·
	Vehicles ROW & Damages		S -
	Insurance and Bonds		\$ 57,500 00 \$ 10,000 00
950 080	Permits, Surveys, & Engineering		\$ 30,000 00
	Doil Bits		\$ 80,200 00
950 102	Cement & Cementing Services Contract Drilling (Daywork-Spud to RR)	\$ 22,000 \$/day 35,5 Idays	\$ 235,000 00
950 104	Mud, Fluid, and Chemicals	\$ 22,000 \$/day 35.5 days	\$ 781,000 00 \$ 410,800 00
	Drilling Equipment Rental		\$ 92,300 00
950 106			\$ 165,600 00
	Equipment Hauling		\$ 25,000.00
	Drilling Fluid Disposal Directional Onling Services		\$ 38,400.00
	Gas/Air Units		\$ 341,300 00
	Mobilization/Demobilization	3 days	\$ 177,800 00
	Fishing Rentals/Labor		S -
	Downhole Rental Tools		\$ 65,200 00
	Surface Rentals Closed Loop Rental		\$ 85,100 00
	Onli Pipe Rental & Damages		\$ 137,600 00 \$ 55,700 00
950 117	Drilling Special Services	The state of the s	\$ 134,500 00
	Driffing Supervision		\$ 161,700 00
	Logging		\$ 10,000 00
	Conng and Core Analysis Contingency		<u> </u>
320 332	Total Intangible Drilling Cost	3 0%	\$ 98,400.00
		E DRILLING COST	\$ 3,378,700
940 101	Conductor Casing	150 ft @ 50 00 S/ft	Origina) AFE \$ 7,500 00
940.103	Misc/Other casing equipment		\$ 290,000 00
	Surface Casing	13 3/8" 1,950 ft @ 40 00 \$/ft	\$ 78,000 00
	Intermediate Casing Intermediate Casing	10 3/4" 5,800 ft @ 45 50 S/ft	\$ 263,900 00
	Production Liner	7 5/8" 13,060 ft @ 25 82 \$/ft 4 1/2" 9,650 ft @ 15 58 \$/ft	\$ 337,200 00 \$ 150,300 00
	Production Casing	5 1/2" 12 960 ft @ 23.26 5/ft	\$ 150,300 00 \$ 301,400 00
	Total Tangible Drilling Cost		\$ 1,428,300
	Total Rig Release Cost		\$ 4,807,000
050.004	INTANGIBLE	COMPLETION COSTS	Orlainal AFE
	Remedial Cement & Service Plug & Perforating Operations		S -
	Frac Tank Rental		\$ 272,600 00 \$ 20,000 00
950.204	Fuel		\$ 20,000 00
	Equipment Hauling		\$ 15,000.00
	Completion Special Services		\$ 30,000 00
	Stimulation Completion Rig	days  \$/day	\$ 4,400,000 00
	Dnllouts		\$ 30,000 00 \$ 300,000 00
950.210	Water Disposal		\$ 65,000 00
	Downhole Rentals		\$ 58,500 00
	Surface Rentals		S 30,000 00
	Fresh Water Recycled Water		\$ 552,000 00 \$
	Water Transfer		\$ 150,000 00
	Well Control		\$ 15,000 00
950.218	Completions Supervision		\$ 78,750 00
950 219	Cased Hole Logging		<u> </u>
	Completions Fishing Mud/Gei		\$ - \$ 15,000 00
	Frac Pond		\$ 50,000 00
950 216	Special Reservoir Testing		\$ 5,000 00
	Production Testing		6 000 000 00
	Drilling Overhead		
000 000			\$ -
	Pumping Phase Cost (N2)		\$ - \$ -
950 900			\$ - \$ - \$ -
950 <b>900</b> 950 <b>999</b>	Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency	3%	\$ - \$ - \$ - \$ -
950 <b>900</b> 950 <b>999</b>	Pumping Phase Cost (N2) Non-op IDC Curback Completions Contingency Total Intangible Completion Cost		\$ - \$ - \$ - \$ - \$ 190.000.00 \$ 6,521,850
950 900 950 999 950 996	Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost TANGIBLE C	OMPLETION COSTS	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
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950 900 950 999 950 996 960.010 960 030	Pumping Phase Cost (N2) Non-op IDC Curiback Completions Contingency Total Intangible Completion Cost TANGIBLE C Company Labor Road & Site Construction		\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
950 900 950 999 950 996 960.010 960 030 960 080 960 070	Pumping Phase Cost (N2) Non-op IDC Cutback Completions Contingency Total Intangible Completion Cost  TANGIBLE C Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
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950 900 950 999 950 996 960 010 960 030 960 070 960 110 960 130 940 102	Pumping Phase Cost (N2) Non-op IDC Curback Completions Contingency Total Intangible Completion Cost  TANGIBLE C Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
950 900 950 999 950 996 960 010 960 030 960 070 960 110 960 130 940 102 940 102	Pumping Phase Cost (N2) Non-op IDC Curback Completions Contingency Total Intangible Completion Cost  TANGIBLE C Company Labor Road & Site Construction Permits, Surveys, & Engineering Installation Equipment Materials & Parts Artificial Lift		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
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605 Richard Arrington, Jr. Boulevard North Birmingham, Alabama 35203-2707 Telephone (205) 326-2700

September 4, 2018

James Jackson 3100 River Bend Dr. Hurst, TX 76054

Re: Well Proposal – Brahman State Com 15-10 602H Section 10, T24S R35E, Lea County, NM Section 15, T24S R35E, Lea County, NM SHL: SW/4, Sec 15-T24S-R35E BHL: NW/4, Sec 10-T24E-R35E Lea County, New Mexico

To Whom it May Concern:

Energen Resources Corporation ("EGN") hereby proposes the drilling of the Brahman State Com 10-15 602H well as a horizontal well at the above-captioned location to a TVD of approximately 12,200' and a TD of approximately 22,610' to test the Wolfcamp formation ("Operation"). The total cost of the Operation is estimated to be \$11,707,550.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

EGN is proposing to drill this well under the terms of an AAPL Form 610-1989 Operating Agreement. The proposed Operating Agreement will cover the W/2 of Section 15-T24S-R35E and the W/2 of Section 10-T24S-R35E, Lea County, New Mexico. It contains the following general provisions:

- 100/300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Energen Resources Corporation named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate in the Operation, EGN proposes to acquire your interest via farmout. The Farmout offer is subject to approval of EGN's management and verification of title.

EGN reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. EGN will advise you of any such modifications.

If an agreement cannot be reached within 30 days of the date of this letter, EGN will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 205-326-8486.

Respectfully,

ENERGEN RESOURCES CORPORATION

Conner Stewart Landman

Brahman State Com 15-10 602H September 4, 2018 Page 2

Elect to participate in the Brahman State Com 15-10 602H well.  Elect <u>not</u> to participate in the Brahman State Com 15-10 602H well.				
James Jackson Date:				
Ву:				
Name:				
Title:				



AFE Number Well Name Lateral Length API Number Operator Legal

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Br	atimen State Com 15-10 452	2H
9.	550	
00	-000-00000	
Er	tergen Resources	~

Proposed TD	22 360				
Formation	3rd Bone Spn	3rd Bone Spring			
Well Type	Developmers				
County, State	Lea. NM				
Energen WI	0.0000%	Rev. WI	0 000000%		
Energen NRI	0 0000%	Rev. NRII	0.000000%		

Objective

D8C 22360°3rd Sone Spring Horizontal well Based on 38 day cycle time with lateral length of 9550° Completions Based on 48 stage slictwater job 食 200 ft spacing and 490K lbs of proppart giving us 2011 is per lateral ft. Date

	Company Labor	HE DRILLING COST	Orlainal AFE
	Company Supervision		3
	Road & Site Construction		\$ 185,600
	Field Office Vehicles		5 5
	ROW & Damages	The state of the s	\$ 57,500
	Insurance and Bonds		\$ 10,000
	Permits, Surveys, & Engineering		5 30,000
	Doll Bits		\$ 80,200
	Comorn & Cementing Services		5 235,000
	Contract Drilling (Daywork-Soud to RR Mud. Fluid: and Chemicals	\$ 22,000  \$/day   1 35,0  days	\$ 770,000 \$ 410,400
	Drilling Eouspment Rental		5 9:300
106		**************************************	\$ 163.400
	Equipment Hauting		\$ 25,000
	Orliting Fluid Disposal		\$ 38,400
	Directional Driving Services		§ 337 <b>40</b> 0
	Gos/Air Units Mobilization	314	\$ 177,800
	Fishing Rentals/Labor	3/days	S .77 80.
	Downhote Renta Tools		5 65 100
	Surface Remais		\$ 84,100
	Closed Loop Rental		\$ 135,800
	Drill Pipe Rental & Damages		5 54 500
	Onlling Special Services Onlling Supervision		1 5 134 500 \$ 159 600
	Logging		\$ 10,000
	Connig and Core Analysis		S
	Contingency	30	5 97 700
	Total Intangible Onling Cost		S 3,353,
	IANGIB	LE DRILLING COST	Orlated AFE
	Conductor Casing	150   15 50 00   S/H	\$ 7 500
	Misc/Other casing equipment Surface Casing	13 3.8 1 1,950 1° 40 00 [S/II	\$ 285,000 1.\$ 78,000
	Intermediate Casing	1 19 3/4"   5 800   h   45 50   \$/fi	\$ 253,900
	Intermediate Casing	7 5/8° 12 810 ft 😩 25 82 S/A	\$ 330,600
104	Production Liner	1 4 1/2"   9 650   ft   15 58 Stft	\$ 150,300
	Production Casing	5 1/2" 12 710 ft @ 23 26 S/R	\$ 295 600
	Total Tangible Drilling Cost		\$ 1,411,
	Total Rig Release Cost		\$ 4764.
	INTANGIBLE Remedial Cement & Service Plug & Perforating Operations	COMPLETION COSTS	Original AFE   S     S     272  >
	Frac Tenk Renta		5 20,000
	Fuel		
.205	Equipment Hawling		\$ 15,000
205 206	Equipment Hauting Completion   Special Services		\$ 15,000 \$ 30,000
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### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF ENERGEN RESOURCES CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 16383

APPLICATION OF ENERGEN RESOURCES CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 16384

APPLICATION OF ENERGEN RESOURCES CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 16385

### **AFFIDAVIT OF NOTICE**

COUNTY OF SANTA FE ) ss.
STATE OF NEW MEXICO )

James Bruce, being duly sworn upon his oath, deposes and states:

- 1. I am over the age of 18, and have personal knowledge of the matters stated herein.
- 2. I am an attorney for Energen Resources Corporation.
- 3. Energen Resources Corporation has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
- 4. Notice of the application was provided to the interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.

5. Applicant has complied with the notice provisions of Division Rules.

James Bruce

Notary/Public

SUBSCRIBED AND SWORN TO before me this

James Bruce.

My Commission Ex

OFFICIAL SEAL KERRIE C. ALLEN

Netary Public
State of New Mexico

My Commission Expires 10 221

\_ day of September, 2018 by

A REPORT OF THE PROPERTY OF

EXHIBIT

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

August 14, 2018

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of the following compulsory pooling applications filed with the New Mexico Oil Conservation Division by Energen Resources Corporation:

- 1. Case No. 16383, for a Bone Spring well in the W/2W/2 of Section 15 and W/2EW2 of Section 10;
- 2. Case No. 16384, for a Bone Spring well in the E/2W/2 of Section 15 and E/2W/2 of Section 10; and
- 3. Case No. 16385, for a Wolfcamp well in the E/2W/2 of Section 15 and E/2W/2 of Section 10,

all in Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, September 6, 2018, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, August 30, 20178. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and his or her attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and

ATTACHMENT

identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

ames Bruce

Attorney for Energen Resources Corporation

### EXHIBIT A

Devon Energy Production Company, L.P. 333 West Sheridan Oklahoma City, Oklahoma 73102

COG Operating LLC Concho Resources, Inc. 600 West Illinois Midland, Texas 79701

ExxonMobil Corporation c/o XTO Energy Inc. 22777 Springwoods Village Parkway Spring, Texas 77389

U.S. Postal Service"  CERTIFIED MAIL® RECEIFT  Domestic Mail Only  For delivery information, visit our website at www.usps.	The Services & Fees (check box, add fee as appropriate)  The Description of the services of th	Cardina Mail Restricted Delivery \$ Postm	Total Postage and Fees  Sent To Sent To Sent To Co XTO Energy Inc. Since and Apt. No. or F22717 Springwoods Village Parkway City, State, ZiP+4*  DS Form 3:00, Aptil 2015 PSN7530420050047  See Reverse	
comprete this section on pervent signature (AIM) a Agent Addressee  B. Received by (Printed Name) C. Date of Delivery	D. Is delivery address different from item 40: 417 Yes if YES, enter delivery address below.	SIDS STATES	elivery very d Delivery ery	Energy Domestic Return Receipt
SENDER: COMPLETE THIS SECTION  Complete items 1, 2  Print your name and address on the reverse so that we can return the card to you.  Attach this card to the back of the mailpiece,	or on the front if space permits.  1. Article Addressed to:	Devon Energy Production Company, L.P. 333 West Sheridan Oklahoma City, Oklahoma 73102	2. Article Number (Transfer from service label) 7018 0350 0218	PS Form 3811, July 2015 PSN 7530-02-000-9053

delivery information, visit our website at www.usps.com\*.

Postmark Here

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S Total Postage and Fees  S Devon Energy Production Company, L. P.  Sent 70 313 West Sheridan  Street and Apt. No. or P. Deco. No. Oklahoma 73102  City, State, 21944*	9590 9402 4079 8092 0247 57 2. Article 701.8 0350 0000 2188	3. Service Type  Adult Signature Adult Signature Restricted Delivery Certified Mail Restricted Delivery Certified Mail Restricted Delivery Collect on Delivery Collec
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