

RSC Resources, L.P.
6824 Island Cir.
Midland, Tx 79707

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Guardian Operating Corp.
Guardian_op@yahoo.com
432-553-1849

January 28, 2013

New Mexico Oil Conservation Division
Attn: Examiner Richard I. Ezeanyim
1220 South St. Francis Dr.
Santa Fe, NM 87505

**RE: Marra No. 1 Itemized Schedule
of Estimated Costs Under
NMOCD Pooling Order No. 13666
660' FNL & 1980' FWL
Sec 14-24S-28E: N2 Spacing Unit
Eddy County, NM**

Gentlemen,

On December 17, 2012, the NMOCD entered Order No. R-13666 pooling the uncommitted interests on the above referenced well. The Order requires that each known pooled interest be furnished an itemized schedule of estimated costs of re-entering, completing, and equipping the well. The Order states each pooled interest shall have the right to pay its share of the costs within 30 days of receipt of the cost estimate.

Please find the enclosed itemized schedule of estimated **costs** in the amount of \$1,696,000.

Also, enclosed is a copy of the letter to the known uncommitted interests and a list of their addresses.

Please contact the undersigned with any questions or to discuss possible leasing of the interest.

Best Regards,



Randall Cate
President

RSC Resources, L.P.
6824 Island Cir.
Midland, Tx 79707

Guardian Operating Corp.
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432-553-1849

January 28, 2013

**RE: Marra No. 1 Proposed Operations Under
NMOCD Pooling Order No. 13666
660' FNL & 1980' FWL
Sec 14-24S-28E: N2 Spacing Unit
Eddy County, NM**

Dear Mineral Owner,

RSC Resources, L.P. had previously proposed the reentry and completion of the Marra No.1 to the Wolfcamp interval from 10,400'-11,200'. The designated orthodox spacing unit is the N2 of section 14-24S-28E, containing approximately 320 acres. Your interest is still uncommitted.

On December 17, 2012, the NMOCD entered Order No. R-13666 pooling your interest for the purposes of the proposed operation. The Order also requires that each known pooled interest be furnished an itemized schedule of estimated costs of re-entering, completing, and equipping the well. The Order states each pooled interest shall have the right to pay its share of the costs within 30 days of receipt of the cost estimate.

Please find the enclosed Authority for Expenditure(AFE) in the amount of \$1,696,000. Please be aware this is only an estimated cost and actual final costs may be different. If you decide to join in the operation as a working interest owner, please signify by executing the AFE in the space provided and return to RSC as soon as possible. RSC will then provide an invoice for your proportionate share of the costs. Guardian Operating Corp., wholly owned by RSC, will be designated as Operator.

As an alternative, RSC still offers to take an oil and gas lease covering the above described lands and will pay \$500 per net acre as bonus for the lease, 1 yr term, 1/5th royalty.

If you decide to enter into a lease agreement, RSC will then send the Lease form within 3 business days. Please fill in the information requested below and return this letter also.

Please provide proof of ownership; i.e., copy of deed, will or probate. Thank you for your cooperation.

Please contact the undersigned with any questions or to discuss possible leasing of the interest.

Will participate:_____

Will not participate:_____

Will Lease:_____

Best Regards,



Randall Cate
President

RSC Resources, L.P.
AUTHORITY FOR EXPENDITURE
ESTIMATED WORKOVER COSTS - REVISED

PAGE 1 of 1

OPERATOR Guardian Operating Corp.	AFE # 1	DATE 1/25/2013
WELL NAME AND NUMBER Marra #1	FIELD OR PROSPECT Malaga	
LOCATION 660' FN & 1980' FW	SECTION 14	TWSHP 24S
PROJECT DESCRIPTION AND LOCATION Recomplete Marra 14 #1 to the Wolfcamp, fracture stimulate Replace surface facilities	RANGE 28E	
	COUNTY Eddy	STATE NM
	PROPOSED FORMATION Wolfcamp	PROPOSED DEPTH (tvd/md) 11,400' MD PBTD

INTANGIBLES			TOTAL
Completion Rig 15 days		\$60,000	\$60,000
Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$50,000	\$50,000
Transportation and Hauling		\$15,000	\$15,000
Fuel, Power, Water		\$30,000	\$30,000
CIBP, cmt		\$10,000	\$10,000
Cased Hole logging, Perforating		\$40,000	\$40,000
Rental Equipment - Surface		\$20,000	\$20,000
Rental Equipment - Downhole		\$14,000	\$14,000
Other Well Services, NU/BOP, Casing Inspection		\$20,000	\$20,000
Overhead & Insurance		\$7,000	\$7,000
Supervision: Wellsite, Engineering, Geological, Consultants		\$10,000	\$10,000
Contract Services		\$10,000	\$10,000
Fluids Disposal		\$55,000	\$55,000
Environmental Charges		\$3,000	\$3,000
Stimulation Treatment		\$360,000	\$360,000
Frac Tank Rentals, trucking		\$45,000	\$45,000
Acquisition of Existing Marra wellbore		\$500,000	\$500,000
Miscellaneous Costs, Tax and Contingencies		\$50,000	\$50,000
TOTAL INTANGIBLES		\$1,299,000	\$1,299,000

TANGIBLES (155 Accounts)						COMPLETION	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT		
Conductor					\$ -		
Surface					\$ 35.00		
Surface					\$ -		
Intermediate					\$ 28.00		
Intermediate					\$ -		
Liner					\$ 28.00		
Production					\$ 16.00		
Production	11,300	5 1/2	20-23	P-110	\$13	\$147,000	\$147,000
Tubing							
Subsurface Well Equipment (Packers/Bottom Hole Pump)						\$8,000	\$8,000
Wellhead Equipment (Casing Head/Christmas Tree)						\$20,000	\$20,000
Lift Equipment						\$110,000	\$110,000
Flowlines						\$2,000	\$2,000
Tanks						\$25,000	\$25,000
Sales Line Equipment						\$5,000	\$5,000
Separator-Prod. Equip.						\$30,000	\$30,000
Valves, Fittings etc.						\$20,000	\$20,000
Installation of Surface Lease Equipment						\$25,000	\$25,000
Other Lease & Well Equip.						\$5,000	\$5,000
TOTAL TANGIBLES						\$397,000	\$397,000
TOTAL WELL COSTS						\$1,696,000	\$1,696,000
ESTIMATED PROJECT COST						\$1,696,000	\$1,696,000

RSC Resources, LP		RSC RESOURCES, LP- COMPLETED COST
		\$1,696,000
		BY:
		Randall Cate
JOINT INTEREST SHARE		
COMPANY NAME/OWNER	Signature	DATE
	BY:	

OWNER	ADDRESS	CITY	STATE	ZIP
THE LAUNDRY BASKET, LLC C/O TERRY WAYNE AMERINE	520 N. HERSHEY AVE.	BELOIT	KS	67420
ELSIE R. and ROBERT BARKER	515 MAGISTRATE COURT	RENO	NV	89509
Wendell F. Berry and Stanley E. Berry	1840 NE BERLIN RD	MAYSVILLE	MO	64469
LEWIS and ELAINE CROMWELL C/O BETTY GRIMM	4320 KENSINGTON	DETROIT	MI	48224
DALLMAN, JOHN Heirs c/o Dara Lynn Bobbitt	1065 TRONA DR	GREEN RIVER	WY	82935
DEVON ENERGY Attn. Mr. Ken Gray	20 N. Broadway Ave.	Oklahoma City	OK	73102
HELENE SOOBY ELLER, Heirs c/o DEANNA POTEET	921 MONTCREST DR.	REDDING	CA	96003
KELLY D. EVENSEN	13303 Rocky Lane	Grass Valley	CA	95949
Nancy L. Galloway	P.O. BOX 1485	CARLSBAD	NM	88221-1485
Royal Zane Galloway, Jr., c/o Nancy L. Galloway	P.O. BOX 1485	CARLSBAD	NM	88221-1485
Clyde Shane Galloway c/o Nancy L. Galloway	P.O. BOX 1485	CARLSBAD	NM	88221-1485
Debra Lynn Harris c/o Nancy L. Galloway	P.O. BOX 1485	CARLSBAD	NM	88221-1485
GOSSETT, LONNIE RAY	PO BOX 361	Loving	NM	88256
GOSSETT, JUANITA F.	PO BOX 361	Loving	NM	88256
HEAPHY, MARY LOU	1635 HARVARD N.E	ALBUQUERQUE	NM	87106
DONALD JOHNSON,	8764 Bud Stel Rd	LAKE CHARLES	LA	70605
LENORE M. JOHNSON	1146 Robinhood Lane	Norman	Ok	73072

Carla Doty	3605 Dover	LAKE CHARLES	LA	70605
WALLY JOHNSON	BOX 6161	LAKE CHARLES	LA	70605
HERBERT and BARBARA MCNAMA C/O MARJORIE S McCAMENT	3421 Calle Del Monte NE	ALBUQUERQUE	NM	87106
HEIRS OF JACK MCNAMA C/O MARJORIE S McCAMENT	3421 Calle Del Monte NE	ALBUQUERQUE	NM	87106
MILLER FAMILY TRUST	ROUTE 1 BOX 137	SNYDER	OK	73566
DAVID HOLLOWAY	24040 ST. HWY 5	CHATTANOOGA	OK	73528
PATRICIA A. AND FELICIA MUNOZ	PO BOX 1954	CARLSBAD	NM	88220
JAMES F. and BETTY JOE FARRER	2718 Rio Bravo Blvd SW	Albuquerque	NM	87105
MARY NEARHOOD	425 Random RD.	El Dorado	KS	67042
QUINN, STEPHEN	PO BOX 490	CLOVIS	NM	88101
EVELYN L. RAMSEY, TRUSTEE	9415 FOREST HILLS BLVD	DALLAS	TX	75218
MYCO INDUSTRIES, INC	105 S. FOURTH ST.	ARTESIA	NM	88210
MCCAMENT, MARJORIE SCOTT	3421 Calle Del Monte NE	ALBUQUERQUE	NM	87106
DEANNA POTEET	921 MONTCREST DR.	REDDING	CA	96003
Janet Sperling	2924 CONCORD BLVD.	CONCORD	CA	94519
SPERLING, OPAL L.	4338 TANDA N.W.	BREMERTON	WA	98312
CELENIA F HARRIS.	1402 MEADOWS DR. TX.	ROUNDROCK	TX	78681
THELMA L. RAMSEY	711 N. HAPPY VALLEY RD.	CARLSBAD	NM	88220
REBA N. ROBERTSON	1814 S. MAIN AVE.	PORTALES	NM	88130