

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

**APPLICATION OF ANSCHUTZ OIL COMPANY,
LLC FOR COMPULSORY POOLING, RIO ARRIBA
COUNTY, NEW MEXICO.**

Case No. 15,246

VERIFIED STATEMENT OF DEIDRE O'CALLAGHAN

Deidre O'Callaghan, being duly sworn upon her oath, deposes and states:

1. I am a landman for Anschutz Oil Company, LLC ("Anschutz") and have personal knowledge of the matters stated herein.
2. I have previously been qualified as an expert petroleum landman by the Division.
3. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the application filed herein:
 - (a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well and have not yet decided whether to join in the well or farm out their interests.
 - (b) Applicant is drilling its Regina Com. 25-2-14-15 Well No. 1H, to a depth sufficient to test the Mancos formation (Gavilan-Mancos Pool), and has dedicated the W/2 of Section 14 and all of Section 15, Township 25 North, Range 2 West, N.M.P.M., to the well to form a non-standard 960 acre spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent. The Gavilan-Mancos Pool (pool code 27194) has special pool rules providing for 640 acre well units and wells to be located no closer than 790 feet to a section line.
 - (c) A plat outlining the unit being pooled and the well's location is attached hereto as Attachment A. The non-standard oil well unit (project area) was previously approved by Division Administrative Order NSP-1974.
 - (d) Anschutz seeks an order pooling all working interest owners in the W/2 of Section 14 and all of Section 15. The well is a horizontal well, to be drilled from a surface location in the NW/4NE/4 of Section 14, with a terminus in the NW/4NW/4 of Section 15. The beginning of the producing interval will be approximately 830 feet from the north line and 2310 feet from the west line of Section 14, to a terminus 830 feet from the north line and 330 feet from the west line of Section 15. The location is unorthodox under the special rules and regulations for the Gavilan-Mancos Pool, and approval of the location was requested in Division Case No. 15234.

Oil Conservation Division
Case No. 15246
Exhibit No. 1

(e) The parties being pooled, their working interests in the well unit, and their last known addresses, are as follows:

Mountain States Natural Gas Corporation	5.932057%
P.O. Box 12323	
Las Vegas, Nevada 89121	

A. Kimbrough Davis, Successor Trustee	
Margaret Hunt Hill - Albert G. Hill III Trusts	0.513286%
c/o Abrams, Davis, Mason, Long LLC	
Suite 1600	
110 Peachtree Street	
Atlanta, Georgia 30309	

These addresses are current and correct.

(f) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Attachment B. We have also had telephone discussions and/or e-mails with these parties or their attorneys, but have been unable to reach final agreement with them.

(g) These parties are being pooled for the following reasons

(i) The Hill Trusts were inadvertently omitted from the notice list in Case No. 15234.

(ii) As to Mountain States, a title opinion indicated that Mountain States did not own this interest, and credited the interest to Hunt Oil Company. Recent additional title investigation has convinced Anschutz that the title opinion was incorrect. Therefore we proposed the well to Mountain States and have offered other alternatives to Mountain States.

As a result, additional pooling of this well is required. This hearing is necessary because the well is being drilled.

(h) Applicant has made a good faith effort to obtain the voluntary joinder of all interest owners in the well.

(i) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(j) A copy of the Authority for Expenditure for the well is attached hereto as Attachment C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth and length drilled in this area of Rio Arriba County.

(k) Overhead charges of \$10,500/month for a drilling well, and \$1500/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(l) Applicant requests that Anschutz Exploration Corporation be designated operator of the well.

VERIFICATION

CITY AND COUNTY OF DENVER)
) ss.
COUNTY OF COLORADO)

Deidre O'Callaghan, being duly sworn upon her oath, deposes and states that: She is a landman for Anschutz Oil Company, LLC; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

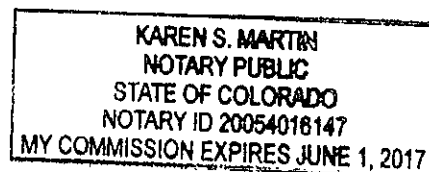
Deidre O'Callaghan
Deidre O'Callaghan

SUBSCRIBED AND SWORN TO before me this 12th day of December, 2014 by
Deidre O'Callaghan.

My Commission Expires:

June 1, 2017

Karen S. Martin
Notary Public



District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
511 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis
Santa Fe, NM 87505

Attachment

A

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 27194	Pool Name GAVILAN MANCOS
Property Code	Property Name REGINA COM 25-2-14-15	Well Number 1H
GRID No.	Operator Name ANSCHUTZ EXPLORATION CORPORATION	Elevation 7306'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 10	Feet from the	North/South line	Feet from the	East/West line	County
B	14	25N	2W		1070	NORTH	2383	EAST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 11	Feet from the	North/South line	Feet from the	East/West line	County
D	15	25N	2W		830	NORTH	330	WEST	RIO ARriba

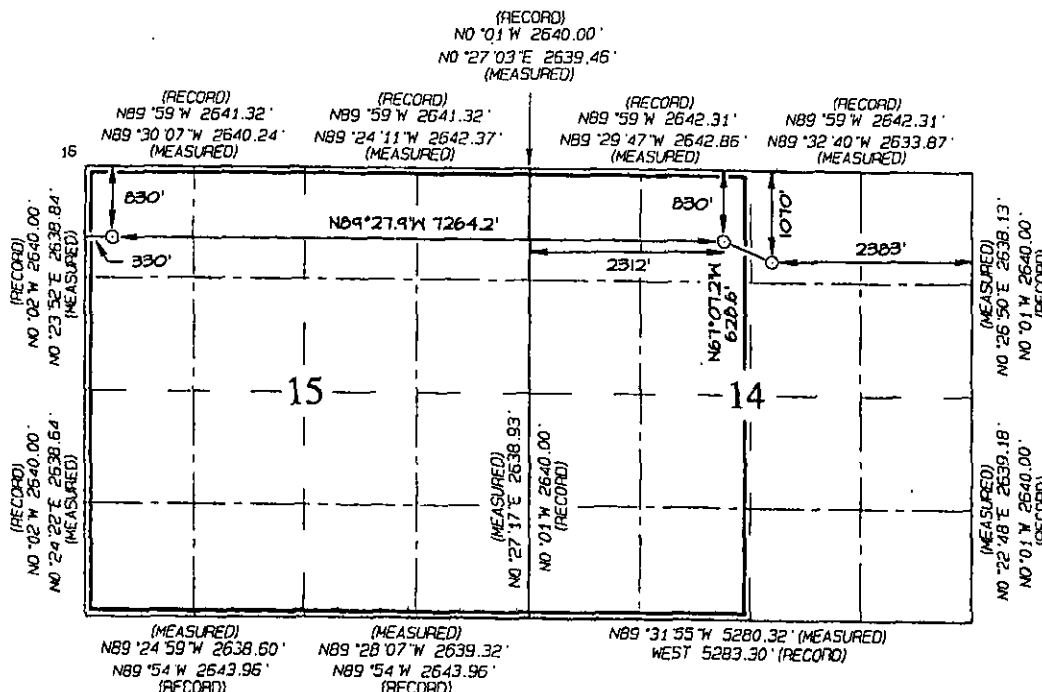
Dedicated Acres W/2 Section 14 & Entire Section 15	960.0 Acres	Joint or Infill	Consolidation Code	Order No.
---	-------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE
BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

END-OF-LATERAL
830' FNL 330' FNL
SECTION 15, T25N, R2W
LAT: 36.40291°N
LONG: 107.04474°W
DATUM: NAD1927
LAT: 36.40293°N
LONG: 107.04533°W
DATUM: NAD1983

POINT-OF-ENTRY
830' FNL 2312' FNL
SECTION 14, T25N, R2W
LAT: 36.40289°N
LONG: 107.02005°W
DATUM: NAD1927
LAT: 36.40290°N
LONG: 107.02065°W
DATUM: NAD1983

SURFACE LOCATION
1070' FNL 2383' FEL
SECTION 14, T25N, R2W
LAT: 36.40223°N
LONG: 107.01808°W
DATUM: NAD1927
LAT: 36.40224°N
LONG: 107.01867°W
DATUM: NAD1983



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *John Thompson* Date: 10/11/2014

Printed Name: John Thompson

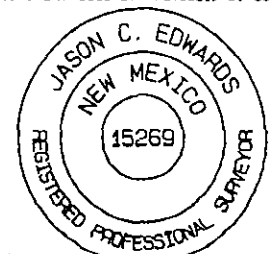
E-mail Address: john.thompson.net

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: OCTOBER 24, 2014
Survey Date: OCTOBER 15, 2014

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

[RETURN TO OCD MAIN PAGE](#)[Well Files](#) [Log Files](#) [Administrative & Environmental Orders](#) [Hearing Orders](#) [Case Files](#)[Home](#) [Well File Search](#) [Well File Documents](#)

Well File Search

Please click on any thumbnail below in order to view the document. **Access to the OCD Internet images does not grant permission to reproduce, disseminate, disclose, or otherwise utilize materials subject to protection of United States copyright or trademark laws. Contact the copyright owner for specific permission to utilize any such materials.**

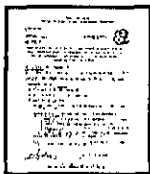
Clicking the "View All" button below will download a single file containing all documents. "View All" will select only those thumbnails shown in the currently selected API Number. If you wish to select a different API Number, please use the "Go Back" button.

Well Details

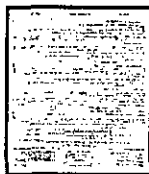
API Number: 3003931203
ULSTR: B-14-25N-2W
Footages: 1070 FNL & 2383 FEL
Well Name & Number: REGINA COM 25 2 14 15 No. 001H
Operator: ANSCHUTZ EXPLORATION CORPORATION

Note: If you are using Microsoft Internet Explorer and your system does not allow you to open TIFF images from the Internet without saving them first, please contact your administrator.

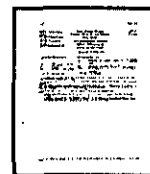
Sort Order: Ascending Descending



(1218 kB - 12/19/2013)



(2665 kB - 11/19/2014)



(1491 kB - 11/24/2014)

[View All](#) [Go Back](#)

New Mexico Energy, Minerals and Natural Resources Department | Copyright 2012
1220 South St. Francis Drive | Santa Fe, NM 87505 | P: (505) 476-3200 | F: (505) 476-3220

[EMNRD Home](#) [Division](#)



555 Seventeenth Street • Suite 2400 • Denver, Colorado 80202 • Telephone 303/298-1000 • Fax 303/299-1518

October 28, 2014

A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust
Abrams, Davis, Mason, Long LLC
1100 Peachtree Street, Suite 1600
Atlanta, GA 30309

Re: Regina 25-2-14-15-1H Well
T25N-R2W, W/2 Section 14 and All Section 15
Rio Arriba County, NM

Ladies and Gentlemen:

It is Anschutz's understanding that Hunt Oil Company has previously proposed the drilling of the subject well to Margaret Hunt Hill - Albert G. Hill III Trust, ("the Trust") and that the Trust indicated a desire to participate in the drilling of the well. Subsequently, Anschutz and Hunt have entered into an Exploration Agreement under which Anschutz will now operate the well. It is Anschutz's understanding that you are the new Administrator of the Trust.

Therefore, Anschutz Oil Company hereby proposes the drilling and completion of the above referenced horizontal well (the "Well") to an approximate total measured depth of 14,714' (7,534' total vertical depth) to test the Ojito Formation within the Mancos Group. Completion is designed as a multi-stage frac in the target formation. The estimated completed well cost is \$9.99 million as detailed within the attached Authority for Expenditure ("AFE"). The costs set forth in the attached AFE are estimates and actual costs may be higher or lower.

The spacing unit for this well is 960 acres, comprised of the W/2 Section 14 and all of Section 15, T25N-R2W. This spacing unit is a non-standard proration unit approved under the State of New Mexico Energy, Minerals and Natural Resources Department Administrative Order NSP-1974, Administrative Application Reference No. pPRG1329162766 dated January 31, 2014. According to our title information, A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust owns a working interest of approximately 0.513826% in the 960 acre spacing unit.

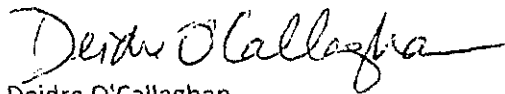
Attachment

B

Please indicate your election to participate or not participate in the drilling of this well, by signing and dating the appropriate space below, and if your election is to participate, please also sign and return the enclosed AFE. If your election is to participate, we will provide you with a JOA on the AAPL 1989 model form with Horizontal Modifications for your review and signature. In the event that you are not interested in participating in the drilling of this well, please contact the undersigned to discuss other options in connection with your interest in the spacing unit and well (i.e., farmout, term assignment, or entering into a JOA providing for a 300% non-consent penalty). Anschutz is working under a tight deadline to drill this well, and hopes to keep costs down by commencing operations as soon as possible to avoid winter conditions to the greatest extent possible, therefore, we will appreciate your prompt response to this notice. Please respond by October 31, 2014 if at all possible.

Please feel free to call me if you should have any questions, or if I can be of assistance to you in any way.

Sincerely,



Deidre O'Callaghan
Senior Landman

_____ I/We elect to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well, enclosed is the executed AFE.

_____ I/We elect not to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well. I/We would like to consider an option to farmout or enter into a term assignment or joint operating agreement in connection with my/our interest in the well and associated spacing unit.

A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Trust

Signature: _____

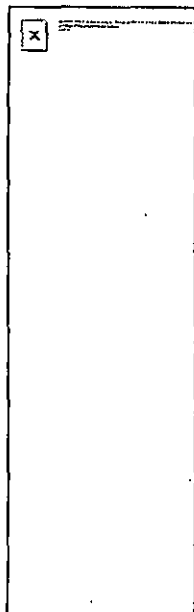
Name: _____

Title: _____

Date: _____

Deidre O'Callaghan

From: trackingupdates@fedex.com
Sent: Wednesday, October 29, 2014 7:57 AM
To: Deidre O'Callaghan
Subject: FedEx Shipment 771649532075 Delivered

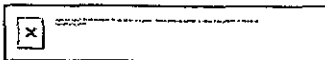


[fedex.com](#) | [Ship](#) | [Track](#) | [Manage](#) | [Learn](#) | [Office/Print Services](#)

Your package has been delivered

Tracking # 771649532075

Ship (P/U) date:
Tuesday, 10/28/14
Deidre O'Callaghan
Anschutz Exploration
Corp.
Denver, CO 80202
US



Delivered

Delivery date:
Wednesday,
10/29/14 9:50 AM
A. Kimbrough Davis
Abrams, Davis, Mason,
Long LLC
1100 PEACHTREE ST
NE
ATLANTA, GA 30309
US

Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	<u>771649532075</u>
Status:	Delivered: 10/29/2014 09:50 AM Signed for By: P.NEIL
Signed for by:	P.NEIL
Delivery location:	ATLANTA, GA
Delivered to:	Receptionist/Front Desk
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

From: (303) 299-1478
Deidre OCallaghan
Anschutz Exploration Corp.
555 17th Street, Suite 2400

Denver, CO 80202

Origin ID: TEXA



J142214092303uv

Ship Date: 28OCT14
ActWgt: 1.0 LB
CAD: 7834884/INET3550

Delivery Address Bar Code

Ref #
Invoice #
PO #
Dept #

SHIP TO: (404) 815-6060

BILL SENDER

A. Kimbrough Davis
Abrams, Davis, Mason, Long LLC
1100 PEACHTREE ST NE

ATLANTA, GA 30309

WED - 29 OCT AA
STANDARD OVERNIGHT

TRK# 7716 4953 2075

0201

XH QFEA

30309

GA-US

ATL

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.



555 SEVENTEENTH STREET • SUITE 2400 • DENVER, COLORADO 80202 • 303 298-1000 • FAX 303 299-1518

November 21, 2014

Mountain States Natural Gas Corporation
P.O. Box 12323
Las Vegas, NV 89121
Attn: Mr. Albert Blair

Mountain States Natural Gas Corporation
c/o Mr. Lon Abadie
Abadie & Schill, P.C.
555 Rivergate Lane, Suite B4-180
Durango, CO 81301

Re: Well Proposal and Notice of Force Pooling Hearing
Regina 25-2-14-15-1H Well
T25N-R2W, W/2 Section 14 and All Section 15
Rio Arriba County, NM

Dear Mr. Blair:

Anschutz Oil Company, LLC ("Anschutz") and Hunt Oil Company ("Hunt") have recently entered into an Exploration Agreement under which Anschutz will now operate the above referenced well.

Hunt provided Anschutz with title opinions covering the spacing unit described above. Anschutz has recently determined that there appears to be an error in the title opinion, under which the examining attorney attributed ownership of the leases listed on the attached summary to Hunt, when in fact, it appears that title to these leases remains vested in Mountain States Natural Gas Corporation ("Mountain States"). If in fact Mountain States does own the leases listed on the attached, it appears that Mountain States owns leases covering 56.9478 net acres, or 17.796% Working Interest ("WI") in the W/2 Section 15. In the planned 960 acre spacing unit, Mountain States will own a 5.932% WI, provided our revised analysis of the title in this tract is correct.

Anschutz is working under a tight deadline under the terms of the various agreements affecting this well, and in fact has a rig under contract which will likely begin drilling on this well late next week. On November 18, 2014, Anschutz filed an application for an order pooling all interests in the Gavilan Mancos Pool underlying the above described spacing unit, a copy of which will be mailed to you by separate letter.

Therefore, as required by statute, Anschutz Oil Company hereby proposes to Mountain States the drilling and completion of the above referenced horizontal well (the "Well") to an approximate total measured depth of 14,895' (7,151' total vertical depth) to test the Ojito Formation within the Mancos Group. Completion is designed as a multi-stage frac in the target formation. The estimated completed well cost is \$9.99 million, as detailed within the attached Authority for Expenditure ("AFE"). The costs set forth in the attached AFE are estimates and actual costs may be higher or lower.

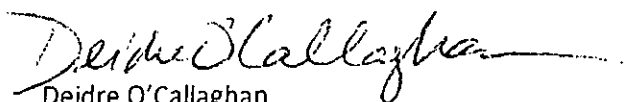
The spacing unit for this well is 960 acres, comprised of the W/2 Section 14 and all of Section 15, T25N-R2W. This spacing unit is a non-standard proration unit approved under the State of New Mexico Energy, Minerals and Natural Resources Department Administrative Order NSP-1974, Administrative Application Reference No. pPRG1329162766 dated January 31, 2014. According to our title information, Chevron owns a working interest of approximately 4.1667%% in the 960 acre spacing unit.

Please indicate your election to participate or not participate in the drilling of this well, by signing and dating the appropriate space below. In the event that you are not interested in participating in the drilling of this well, Anschutz hereby offers the following options to Mountain States:

- Farmout Mountain States WI in the Mancos formation in the W/2 Section 15, retaining an overriding royalty equal to the difference between existing lease burdens and 25%, with the right to covert said overriding royalty to a 25% WI at payout; or
- Deliver a term assignment of Mountain States' WI in the Mancos formation in the W/2 Section 15 for consideration of \$500 per net acre, retaining an overriding royalty interest equal to the difference between lease burdens and 25%.

Please respond by December 15, 2014 if at all possible.

Sincerely,



Deidre O'Callaghan
Senior Landman

_____ Mountain States Natural Gas Corporation elects to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well, enclosed is the executed AFE.

_____ Mountain States Natural Gas Corporation elects not to participate in the drilling and completion of the Regina Com 25-2-14-15-1H Well. Further, Mountain States Natural Gas Corporation elects _____ to farmout; or _____ to enter into a term assignment or joint operating agreement in connection with its interest in the well and associated spacing unit, as outlined above.

Mountain States Natural Gas Corporation

Signature: _____

Name: _____

Title: _____

Date: _____

ANSCHUTZ Oil Company
AUTHORITY FOR EXPENDITURE
DRILLING, COMPLETION, EQUIPMENT

BU/Job #: _____ BU/Job Name: Regina Com 25-2-14-15

Parent BU#: 2967 Date: October 15, 2014

Description: Drill, complete and equip a 14,714' Ojito test (7180' lateral).
Regina Com 25-2-14-15
Rio Arriba, NM

ANSCHUTZ EXPLORATION CORPORATION EXPENDITURES

	Previously Approved	Currently Requested	Total
Drilling	0	4,526,070	4,526,070
Completion	0	3,662,710	3,662,710
Total Costs	\$0	\$8,188,780	\$8,188,780

REASON FOR RECOMMENDATION

Costs above reflect Anschutz Oil Company WI share of the well.
Gross estimated costs to drill, complete and equip well total \$9,999M

AUTHORIZATION AND APPROVAL

Recommended by:	<u>Mark Amundson</u>	Approved by:	<u>Galen Brenize, VP Ops & Eng</u>
	<u>Ashley Tolbert</u>	Name:	
	<u>Gregg Randall</u>	Date:	
Date:			
Election		Approved by:	<u>Joseph DeDominic</u>
Approved by:		Name:	<u>Joseph DeDominic, President and COO</u>
Print Name		Date:	
Title		Approved by:	<u>Deidre O'Callaghan</u>
Company		Name:	<u>Deidre O'Callaghan</u>
Date		Date:	<u>11-21-14</u>

Attachment **C**

ANSCHUTZ Oil Company

AUTHORITY FOR EXPENDITURE

DRILLING AND COMPLETION

BU/Job #: _____

BU/Job Name: Regina Com 25-2-14-15

Parent BU#: _____ 2967

Date: October 15, 2014

DETAIL COSTS

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Intangible Drilling Costs				
3530.00200	IDC- Allocated Labor	-	-	-
3530.00210	IDC- Alloc. Labor Burden	-	-	-
3530.00220	IDC- Drill Bits	-	139,932	139,932
3530.00230	IDC- Casing Crews, Too	-	210,863	210,863
3530.00240	IDC- Cement, Cementing	-	200,797	200,797
3530.00250	IDC- Communications	-	2,250	2,250
3530.00260	IDC- Contract Drilling	-	1,029,000	1,029,000
3530.00270	IDC- Coring, Coreheads	-	-	-
3530.00280	IDC- Directional Drill	-	448,784	448,784
3530.00290	IDC- Drillstem Testing	-	-	-
3530.00300	IDC- Equipment Rental	-	503,770	503,770
3530.00310	IDC- Fuels, Lubricants	-	263,471	263,471
3530.00320	IDC- Inspect - Tubular	-	59,174	59,174
3530.00330	IDC- Insurance	-	317	317
3530.00340	IDC- Location, Road	-	350,000	350,000
3530.00350	IDC- Logging Downhole	-	85,000	85,000
3530.00360	IDC- Mobilization, Demobilization	-	300,000	300,000
3530.00370	IDC- Mud logging	-	110,088	110,088
3530.00380	IDC- Mud, Chemicals	-	501,108	501,108
3530.00390	IDC- Other Intangible	-	293,869	293,869
3530.00400	IDC- Outside Operated	-	-	-
3530.00410	IDC- Overhead	-	7,375	7,375
3530.00420	IDC- Plug & Abandonment	-	-	-
3530.00430	IDC- Product, Test	-	-	-
3530.00440	IDC- Surv, Prmts, Surf DMG	102,000	-	102,000
3530.00450	IDC- Taxes	-	-	-
3530.00460	IDC- Third Party Supervision	-	221,127	221,127
3530.00470	IDC- Transportation	-	108,661	108,661
3530.00480	IDC- Vehicle Charges	-	-	-
3530.00490	IDC- Water	-	12,162	12,162
3530.00500	IDC- Year End Well	-	-	-
Intangible Drilling Subtotal		\$102,000	\$4,847,748	\$4,949,748

ANSCHUTZ Oil Company
AUTHORITY FOR EXPENDITURE
DRILLING AND COMPLETION

BU/Job #: _____ BU/Job Name: Regina Com 25-2-14-15
 Parent BU#: 2967 Date: October 15, 2014
 Location: Regina Com 25-2-14-15 County, State: Rio Arriba, NM

DIETARY COSTS

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Tangible Drilling Costs				
3540.00600	TDC- Surface Casing		10,622	10,622
3540.00610	TDC- Intermediate Casing		284,714	284,714
3540.00620	TDC- Well Head Equipment		42,000	42,000
3540.00630	TDC- Casing Head			
3540.00640	TDC- Production Casing		239,409	239,409
3540.00650	TDC- Outside Operated LW			
Tangible Drilling Subtotal		\$0	\$576,745	\$576,745
TOTAL		\$102,000	\$5,424,493	\$5,526,493

STATUS

Preliminary



Revised



Final



DIVISION OF INTERESTS

WORKING INTEREST OWNER(S)	BCP %	ACP%	Post comp %
Anschutz Oil Company	81.897683%	81.897683%	40.948842%
Hunt Oil Company	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	1.951091%	1.951091%	1.951091%
Ibex Partnership	1.951091%	1.951091%	1.951091%
Mountain States Natural Gas	5.932057%	5.932057%	5.932057%
Williams Production Company	2.343750%	2.343750%	2.343750%
KAB Acquisitions LLLP, VII	3.355830%	3.355830%	3.355830%
A. Kimbrough Davis, Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush Wisenbaker, Jr. Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill Wisenbaker Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill Wikert Trust	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur Wikert Trust	0.513668%	0.513668%	0.513668%
TOTAL	100.000000%	100.000000%	100.000001%

AUTHORIZATION AND APPROVAL

Recommended by: Mark Amundson
Ashley Tolbert
Gregg Randall

Approved by: _____
 Name: Galen Brenize, VP Ops & Eng
 Date: _____

Date: _____

Approved by: JRD
 Name: Joseph DeDominic, President and COO
 Date: _____

Election _____
 Approved by: _____
 Print Name _____
 Title _____
 Company _____
 Date _____

Approved by: DOC
 Name: Deidre O'callaghan
 Date: 11-21-14

ANSCHUTZ Oil Company
AUTHORITY FOR EXPENDITURE
DRILLING AND COMPLETION

BU/Job #: _____

BU/Job Name: Regina Com 25-2-14-15

Parent BU#: _____ 2967

Date: October 15, 2014

DETAIL COSTS

<u>ACCOUNT #</u>	<u>DESCRIPTION</u>	<u>PREVIOUSLY APPROVED</u>	<u>CURRENTLY REQUESTED</u>	<u>TOTAL</u>
Intangible Completion Costs				
3550.00700	Allocated Labor	-	-	-
3550.00710	Allocated Labor Burden	-	-	-
3550.00720	Bits & Reamers	70,000	70,000	70,000
3550.00730	Casing Crews, Tools	40,000	40,000	40,000
3550.00740	Cement, Cementing	-	-	-
3550.00750	Communications	-	-	-
3550.00760	Contract Drilling	213,000	213,000	213,000
3550.00770	Drillstem Testing	-	-	-
3550.00780	Equipment Rental	185,000	185,000	185,000
3550.00790	Fuels, Lubricants	15,000	15,000	15,000
3550.00800	Inspect - Tubular	10,000	10,000	10,000
3550.00810	Insurance	-	-	-
3550.00820	Locations, Road	15,000	15,000	15,000
3550.00830	Logging, Downhole	242,000	242,000	242,000
3550.00840	Mobilization, Demobilization	14,000	14,000	14,000
3550.00850	Mud, Chemicals	30,000	30,000	30,000
3550.00860	Other Intangible	210,000	210,000	210,000
3550.00870	Outside Operated	-	-	-
3550.00880	Overhead	4,300	4,300	4,300
3550.00890	Plug & Abandonment	-	-	-
3550.00900	Production Test, Pressure Survey	75,000	75,000	75,000
3550.00910	Stimulation	2,600,000	2,600,000	2,600,000
3550.00920	Surv, Prmts, Surf DMG	-	-	-
3550.00930	Taxes	-	-	-
3550.00940	Third Party Supervision	57,000	57,000	57,000
3550.00950	Transportation	36,000	36,000	36,000
3550.00960	Vehicle Charges	-	-	-
3550.00970	Water	120,000	120,000	120,000
Intangible Completion Subtotal		\$0	\$3,936,300	\$3,936,300

ANSCHUTZ Oil Company AUTHORITY FOR EXPENDITURE DRILLING AND COMPLETION

BU/Job #: _____ BU/Job Name: Regina Com 25-2-14-15

Parent BU#: _____ 2967 Date: October 15, 2014

Location: Regina Com 25-2-14-15 County, State: Rio Arriba, NM

DETAIL COSTS

ACCOUNT #	DESCRIPTION	PREVIOUSLY APPROVED	CURRENTLY REQUESTED	TOTAL
Tangible Completion Costs				
3560.01100	Artificial lift Equipment		182,500	182,500
3560.01110	Battery & Production		165,000	165,000
3560.01120	Buildings		25,000	25,000
3560.01130	Flowlines, Fittings		25,000	25,000
3560.01140	Gas Sales Facility & Comp.		-	-
3560.01150	Install, Trans of Lease		35,000	35,000
3560.01160	Miscellaneous Equipment		10,000	10,000
3560.01170	Outside Operated Comp.		-	-
3560.01180	Pipelines		-	-
3560.01190	Production Casing		-	-
3560.01200	Tubing, Subsurface Prod.		60,500	60,500
3560.01210	Wellhead Equipment		33,000	33,000
Tangible Completion Subtotal		\$0	\$536,000	\$536,000
TOTAL		\$0	\$4,472,300	\$4,472,300

STATUS

Preliminary ☒ Revised ☐ Final ☐

DIVISION OF INTEREST

WORKING INTEREST OWNER(S)	BCP %	ACP%	Post comp %
Anschutz Oil Company	81.897683%	81.897683%	40.948842%
Hunt Oil Company	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	1.951091%	1.951091%	1.951091%
Ibex Partnership	1.951091%	1.951091%	1.951091%
Mountain States Natural Gas	5.932057%	5.932057%	5.932057%
Williams Production Company	2.343750%	2.343750%	2.343750%
KAB Acquisitions LLLP, Vill	3.355830%	3.355830%	3.355830%
A.Kimbrough Davis, Successor Trustee, Margaret Hunt Hill - Albert G. Hill III Tr	0.513826%	0.513826%	0.513826%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush Wisenbake	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill Wisenbaker	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill Wikert Tru	0.513668%	0.513668%	0.513668%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur Wikert Tr	0.513668%	0.513668%	0.513668%
TOTAL			
TOTAL	100.000000%	100.000000%	100.000001%

AUTHORIZATION AND APPROVAL

Recommended by: Mark Amundson
Ashley Tolbert
Gregg Randall

Date: _____

Approved by: _____
 Name: Galen Brenize, VP Ops & Eng
 Date: _____

Approved by: [Signature]
 Name: Joseph DeDominic, President and COO
 Date: _____

Election _____
 Approved by: _____
 Print Name _____
 Title _____
 Company _____
 Date _____

Approved by: [Signature]
 Name: Deidre O'callaghan
 Date: 11-21-14

ANSCHUTZ OIL COMPANY ACCOUNTING DATA SHEET DRILLING AND COMPLETION

BU/Job #: 0 BU/Job Name: Regina Com 25-2-14-15
Parent BU#: 2967 Date: 10/15/2014

Well Name: Regina Com 25-2-14-15 County, State: Rio Arriba, NM
Prospect Name: SJB Basin/Trend Ojito
Estimated Spud Date: Location:
Estimated Completion Date: Operating Agt Dated:
Operator: AEC

COSTS AND EXPENSES (to be determined)	NON-CONSENT PENALTY (to be determined)	EXPENDITURE LIMIT (to be determined)
Prebidding Allowed n/a	n/a % Surface	W/O Approval n/a
Interest Rate n/a	n/a % Subsurface	AFE Approval n/a

OVERHEAD \$/MO (to be determined)	CONSTRUCTION OH (to be determined)
Drilling: \$ 10,000.00	Percent: Total Cost MS: Percent of:
Production: \$ 1,000.00	5.00% \$100,000.00
	3.00% \$100,000.00+
EFFECTIVE:	2.00% \$1,000,000.00+

STATUS

PRELIMINARY ☒ REVISED ☐ FINAL ☐
EFFECTIVE DATE (Must be Completed) - SPUD DATE

DIVISION OF INTEREST		BCP %	ACP%	Post comp %
WI OWNER(S)/BILLING ADDRESS				
Anschutz Oil Company		81.897683%	81.897683%	40.948842%
Hunt Oil Company	1900 N. Akard Street, Dallas, TX 75201-2300	0.000000%	0.000000%	40.948842%
Brazos Limited Partnership	Breckenridge, TX 76424-0911	1.9510910%	1.9510910%	1.9510910%
Ibex Partnership	Breckenridge, TX 76424-0911	1.9510910%	1.9510910%	1.9510910%
Mountain States Natural Gas Corporation		5.9320570%	5.9320570%	5.9320570%
Williams Production Company		2.3437500%	2.3437500%	2.3437500%
KAB Acquisitions LLLP, VIII	Suite 1151, Denver, CO 80202	3.3558300%	3.3558300%	3.3558300%
A. Kimbrough Davis, Successor Trustee, Margaret Hunt Hill -	1100 Peachtree St., Suite 1600, Atlanta, GA 30309	0.5138260%	0.5138260%	0.5138260%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Michael Bush	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Wesley Hill	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Margretta Hill	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
Legacy Trust Company, Trustee, Margaret Hunt Hill - Cody McArthur	2101 Cedar Springs, Suite 1800, Dallas, TX 75201	0.5136680%	0.5136680%	0.5136680%
		100.000000%	100.000000%	100.000001%

SPECIAL PROVISIONS

Is Well in a Tax Partnership? Yes Why: HOC earned interest

Accounting Procedure: Employee Benefits Limit:

Other Special Provisions:

AUTHORIZATION AND APPROVAL

Prepared by: Deidre O'Callaghan *DO* Approved by: _____
Date: 11-21-14 10/16/2014 Name: _____
JDE Input by: _____ Date: _____
Date: _____ Approved by: _____
Date: _____ Name: _____
Date: _____