

# SOVEREIGN EAGLE, LLC

## AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER <b>Stoltenberg #2</b>	AFE VERSION <b>SE-26-2-29-2F-1014</b>	DATE <b>10/28/2014</b>
LOCATION: SHL 1650' FNL & 2260' FWL Sec 26-T2S-R29E	PROSPECT <b>TULE MONTOYA/PENN</b>	
WELL NAME AND NUMBER <b>Sovereign Eagle, LLC</b>	COUNTY OR PARISH <b>ROOSEVELT</b>	STATE <b>New Mexico</b>
PROJECT DESCRIPTION AND LOCATION DRILL A NEW VERTICAL WELL TO 7290', offsetting the original Stoltenberg #1.	SECTION <b>26</b>	TOWNSHIP <b>2S</b>
	PROPOSED FORMATION <b>Montoya/Penn</b>	RANGE <b>29E</b>
		PROPOSED DEPTH <b>7290'</b>

ACCT CODE	INTANGIBLES (160 Accounts)	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP <b>24</b> Days @ \$ <b>15500</b> /Day	\$372,000		\$372,000
	Drilling - Day Work - ACP Days @ \$ <b>19000</b> /Day			
	Completion Rig & Coiled Tubing Unit		\$47,500	\$47,500
	Mobilization - Other Contractors Charges	\$130,000		\$130,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion	\$100,500	\$30,000	\$130,500
	Drill Bits, Coring & DST	\$35,000	\$2,500	\$37,500
	Transportation and Hauling	\$50,000	\$5,000	\$55,000
	Drilling Mud, Chemicals & Completion Fluids	\$56,000	\$2,500	\$58,500
	Fuel, Power, Water	\$40,400	\$55,000	\$95,400
	Cementing Services, Cementing Equipment, Hangers, Packers	\$86,000	\$40,000	\$126,000
	Mud Logging	\$73,500		\$73,500
	Open Hole Logging and Side Wall Coring	\$65,000		\$65,000
	Cased Hole Logging and Perforating		\$14,000	\$14,000
	Equipment Rental Including Solids Control, Closed loop & Directional Services	\$52,700	\$7,000	\$59,700
	Insurance	\$1,000		\$1,000
	Other Well Services, NU/BOP, Casing Inspection	\$22,000	\$20,000	\$42,000
	Overhead	\$8,500	\$2,500	\$11,000
	Supervision: Wellsite, Engineering, Geological, Consultants	\$49,000	\$30,000	\$79,000
	Contract Services	\$6,250	\$17,500	\$23,750
	Fluids & Cuttings Disposal	\$37,000	\$6,000	\$43,000
	Environmental Charges			
	Stimulation Treatment		\$25,000	\$25,000
	Plugging Costs			
	Miscellaneous Costs, Tax and Contingencies	\$86,438	\$44,028	\$130,466
	<b>TOTAL INTANGIBLES</b>	<b>\$1,271,288</b>	<b>\$348,528</b>	<b>\$1,619,816</b>

ACCT CODE	TANGIBLES(200 Accounts)						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor								
	Surface	<b>330</b>	<b>13 1/2"</b>	<b>48</b>	<b>H40</b>	<b>31.00</b>	\$10,230		\$10,230
	Surface								
	Intermediate	<b>2450</b>	<b>8 5/8"</b>	<b>24#</b>	<b>J55</b>	<b>15.00</b>	\$36,750		\$36,750
	Intermediate								
	Liner								
	Production	<b>7290</b>	<b>5 1/2"</b>	<b>17#</b>	<b>J55</b>	<b>12.15</b>		\$88,574	\$88,574
	Production								
	Tubing	<b>7300</b>	<b>2 7/8"</b>	<b>6.5</b>	<b>N80</b>	<b>8.00</b>		\$58,400	\$58,400
	Subsurface Well Equipment (Packers/Bottom Hole Pump)							\$5,000	\$5,000
	Rods, etc							\$2,500	\$2,500
	Wellhead Equipment (Casing Head/Christmas Tree)						\$3,000	\$5,000	\$8,000
	Pumping Equipment (Pumping Unit/Engine/Installation)							\$100,000	\$100,000
	Flowlines							\$30,000	\$30,000
	Tanks								
	Sales Line Equipment							\$3,000	\$3,000
	Separator-Prod. Equip.							\$15,500	\$15,500
	Valves,Fittings etc.							\$4,000	\$4,000
	Installation of Surface Lease Equipment							\$11,500	\$11,500
	Other Lease & Well Equip.							\$1,000	\$1,000
	<b>TOTAL TANGIBLES</b>						<b>\$49,980</b>	<b>\$324,474</b>	<b>\$374,454</b>
	<b>TOTAL WELL COSTS</b>						<b>\$1,321,268</b>	<b>\$673,002</b>	<b>\$1,994,270</b>
	<b>ROUNDED PROJECT COST</b>						<b>\$1,321,000</b>	<b>\$673,000</b>	<b>\$1,994,000</b>

Sovereign Eagle, LLC	SOVEREIGN-- DRY HOLE	SOVEREIGN -- COMPLETED
WI <b>92.69%</b> NRI	<b>\$1,224,372</b>	<b>\$1,848,144</b>
<b>JOINT INTEREST SHARE</b>		
COMPANY NAME	Signature	DATE
	BY:	
COMPANY OWNERSHIP-%	COMPANY COST-DRY HOLE	COMPANY COST-COMPLETED
WI NRI		

NMOCD CASE NO. 15224  
December 4, 2014  
Sovereign Eagle, LLC  
Exhibit No. 4