

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 8/30/2016	LEASE: Nostler 12 Fed	WELL #: MO 88	AFE #: 2467
OPERATOR: Burnett Oil Co., Inc.	LOCATION:		PROPERTY #: 0-24002K-16-3030
COUNTY/STATE: Eddy County, NM	SL: Unit M, 676' FSL, 182' FWL, Sec 12, T17S, R31E		FED LEASE #: LMI 0296180
PROSPECT/FIELD: FREN (Glor. Vaso)	DHL: Unit O, 330' FSL, 1,661' FEL, Sec 12, T17S, R31E		FORMATION: Paddock
RECOMMENDATION: Drill & complete a 9.75 mile (3,300') horizontal well in the Paddock		TD: 9,100'	TVD: 5,400'

Surface location dictated by Sand Dune Land habitat existing infrastructure and offset operator activity

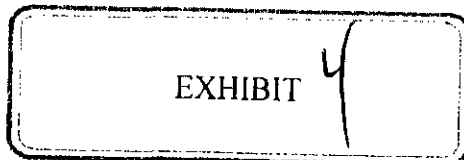
INTANGIBLE COSTS:						DRILL	COMPL	TOTAL
5830 10	5830 08	LOCATION & ROADWAY (RAI) HOLE, ETC)				10,000		10,000
5830 12		LOCATION & ROADWAY RESTORATION					4,500	4,500
5830 23	5830 23	RIG MOVE-RIG UP, RIG DOWN						75,000
5830 20	5830 21	CONTRACT RATE-FTG/TURKEY	FEET @		PER FOOT			0
5830 21	5830 21	CONTRACT RATE/DAYWORK	DAYS @	1	PER DAY			172,000
	5830 20	COMPLETION, WORKOVER UNIT	DAYS @	32	PER DAY			21,600
5830 26	5830 26	WTS AND STABILIZERS						28,000
5830 22	5830 22	FUEL, LUBRICANTS, WATER						40,000
5830 00	5830 00	TRUCKING AND TRANSPORTATION (Water)						36,140
5830 33	5830 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL						103,000
5830 50	5830 50	PRIMARY CEMENTING (incl. Equip.)		No NO plug				103,400
5830 50	5830 50	SQUEEZE CEMENTING						0
5830 44		CORING AND CORE ANALYSIS						0
5830 46		MUD LOGGING	13	DAYS @	PER DAY			15,600
5830 42		DRILL STEM TESTING						0
5830 40		OPEN HOLE LOGGING						0
	5830 40	PERFORATING AND CASING HOLE LOGS						0
5830 76	5830 76	CASING CREWS, TONGS, HANDLING TOOLS						21,200
5830 24	5830 24	SURFACE EQUIPMENT RENTALS						157,400
5830 29	5830 29	DOWNHOLE EQUIPMENT RENTALS						81,300
5830 76	5830 76	MISCELLANEOUS LABOR						22,200
	5830 10	ACIDIZING						4,000
	5830 15	FRACTURING						551,500
	5830 05	WELL TESTING (FLWBCK, BHP, ETC)						0
	5830 78	CONTRACT LABOR						0
5830 37		DIRECTIONAL DRILLING						76,000
5830 27	5830 27	FISHING RENTAL AND SERVICES						0
5830 71	5830 71	SUPERVISION		DAYS @	PER DAY			31,200
5830 72	5830 72	OPERATING OVERHEAD						7,500
5830 80	5830 80	OTHER / CONTINGENCIES			Completion			109,000
5830 55		PLUGGING EXPENSE				0,000		6,000
5830 84	5830 84	INSURANCE						4,200
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$910,800	\$974,400	1,885,200
TANGIBLE COSTS:		FEET	SIZE / LOG	WEIGHT / GRADE				
840 10	CASING, DRIVE / CONDUCTOR	90	20"	48# J-55 ST&C				0
840 10	CASING, SURFACE	850	13-3/8"	36# J-55 ST&C				20,400
840 15	CASING, PROTECTION/INTERMED	2200	9-5/8"	23# J-55 ST&C				40,700
840 10	CASING, PROD, PACKER COMPLETION	9100	7" x 5-1/2"	23# L & 14# L-80 HT				366,400
860 15	TUBING	5000	2-7/8"	8.5# J-55				23,000
840 20	WELL HEAD TO CASING POINT							28,500
860 20	CHRISTMAS TREE ASSEMBLY - COMPLETION							10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:						\$96,600	\$401,400	\$498,000
TOTAL DRILLING AND COMPLETION COSTS:						\$1,001,400	\$1,375,800	\$2,377,200
LEASE EQUIPMENT COSTS:								
870 20	TANKS, HEATERS, TREATING FACILITIES							0
870 22	SEPARATOR & HEATER TREATER							0
870 23	COMPRESSOR & DEHYDRATOR							0
870 53	FLOW LINE AND INSTALLATION	4500	2-7/8"	6.5# J-55	\$	5.00		22,500
870 75	PERM IMPROVEMENTS (GATES, FENCES, ETC.)							0
870 13	ROOS	5000	3/4" 7/8" & 1"	Grade 15	\$	4.50		22,500
870 15	SUBSURFACE PRODUCTION EQUIPMENT							4,600
870 10	PUMPING (SURFACE) UNIT & EQUIP							111,500
870 11	PUMP BASE & TIE DOWNS						8,000	8,000
870 14	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT						5,000	5,000
870 17	INSTALLATION COSTS							17,200
870 70	SUPERVISION							0
	OTHER						9,500	9,500
TOTAL LEASE EQUIPMENT COSTS:						\$0	\$198,000	\$198,000
LEASEHOLD COSTS:								
810 35	TITLE FEES							0
TOTAL LEASEHOLD COSTS:						\$0	\$0	\$0
TOTAL WELL COST:						\$1,001,400	\$1,574,800	\$2,576,200
TOTAL DRY HOLE COST:						\$1,001,400	\$1,574,800	\$2,576,200

PREPARED BY: wmg/baa *Wmg*

DIVISION OF INTEREST:

Burnett Oil Company	38.46855%
Chase Oil Corporation	33.33000%
Javelina Partners	15.11612%
And Oil Ltd. & And Energy Ltd	7.22292%
Zona Partners, Ltd	4.00000%
COG Operating, LLC	3.61146%
EMC Oil and Gas, Ltd	0.12548%
Rose Anne Crans, Individually,	0.12648%
and as Trustee of the Crans Credit Shelter Trust	100.00000%

APPROVED BY BURNETT OIL CO., INC.
SIGNATURE: *Charles E. Nostler*
CHARLES E. NOSTLER, PRESIDENT
DATE: 8-31-16



APPROVED: _____
COMPANY: _____
NAME: _____
TITLE: _____
DATE: _____