

September 7, 2017

Florene Davidson, Hearing Clerk Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

Re: NMOCD Orders R-14419 and R-14420

Dear Ms. Davidson:

Enclosed are examples of the letters mailed to all Pooled Working Interest Owners subject to the two above referenced NMOCD Orders. Sent with these letters were copies of the corresponding AFEs (also enclosed) matching the ones provided at each NMOCD hearing prior to the issuance of the Orders.

Should you have any questions, please feel free to contact me at the number below.

Sincerely, Tvnes Land Administrator

Enclosures

Special Energy Corporation | PO Drawer 369 | Stillwater Ok, 74076 | 405.377.1177



August 23, 2017

2011 SEP -7 A 11: 04

NAME ADD1 ADD2 ADD3

Re: <u>Jenna 1-H</u> W/2 E/2 Sec. 31-11S-38E, N.M.P.M. Lea County, NM

Attention Pooled Working Interest Owner:

Special Energy Corporation ("SEC"), P.O. Drawer 369, Stillwater, OK 74076, as Operator, has obtained the New Mexico Oil Conservation Division Order (No. R-14420) granting spacing, pooling, and the right to produce the above referenced well (see copy of said Order enclosed herewith).

Those that have not already leased to or made other arrangements with SEC, are considered Pooled Working Interest Owner(s) under this Order and have the right to either participate and pay their share of the estimated well costs detailed on the enclosed AFE or go Non-Consent per the terms of the New Mexico Statutes and this Order.

As provided in this Order, you have **30 DAYS FROM RECEIPT OF THIS LETTER** to make your election. Those electing to participate will be provided with a Joint Operating Agreement similar to the one currently being utilized for this well.

Thank you, and please do not hesitate to contact me at the number below should you have any questions.

Yours truly,

Gary Bond Vice President

Special Energy Corporation | PO Drawer 369 | Stillwater, OK 74076 | 405.377.1177



Authorization for Expenditure ESTIMATED COST*

Operator: Special Energy Corporation Prepared By: Special Energy Corporation Location: Lea County, New Mexico Date: 4/10/2017
 Well Name:
 Jenna 1-H
 Formation:
 San Andres

 SHL:
 2205' FEL & 290' FSL
 BHL:
 2205' FEL & 330' FSL

 Spacing:
 W/2E/2 Sec. 31-11S-38E
 Est. Total Depth:
 MD - 10,000' TVD - 5,250'

Acct Code	Intangibles Description	Drilling	Completion	Total Well Cost
205, 308	Casing Crews / Tongs	\$11,000.00	\$20,000.00	\$31,000.0
210, 310	Cement / Float Equipment	\$15,000.00	\$54,400.00	\$69,400.0
225 1	abor	\$0.00	\$115,000.00	\$115,000.0
226	ROW (Damages)	\$40,000.00	\$25,000.00	\$65,000.0
233 [Directional Services	\$70,000.00	\$0.00	\$70,000.0
227 (Drill Bits- Reamers - Stabilizers	\$30,000.00	\$4,000.00	\$34,000.0
	Drilling Rig - Daywork	\$150,000.00	\$22,500.00	\$172,500.0
	Drilling Overhead	\$5,000.00	\$0.00	\$5,000.0
	Tool Rentals & Services	\$13.850.00	\$75,250.00	\$89,100.0
	Logging - DST - Includes Mud Logging	\$7,000.00	\$0.00	\$7,000.0
	Geological Supervision	\$5,000.00	\$2,500.00	\$7,500.0
	Permits - Location	\$35,000.00	\$0.00	\$35,000.0
	Nater - Mud - Mud Hauling	\$40,000.00	\$75,000.00	\$115,000.0
<u>275, 380 F</u>		\$13,750.00	\$30,500.00	\$44,250.0
	Rig Setup - MH, RH, Conductor, Cellar, etc.	\$92,500.00	\$0.00	\$92,500.0
	Rig Fuel	\$31,250.00	\$3,750.00	\$35,000.0
	Transportation	\$24,000.00	\$10,000.00	\$34,000.0
	nsurance - Well Control - Inspection	\$8,000.00	\$0.00	\$8,000.0
	Completion Overhead	\$0.00	\$5,000.00	\$5,000.0
	Completion Rig	\$0.00	\$20,000.00	\$20,000.0
	Bond Log - Perforations	\$0.00	\$45,000.00	\$45,000.0
	_abor - Well Hook-up	\$0.00	\$5,000.00	\$5,000.0
	Stilulation - Acidizing - Fracturing - Plugs	\$0.00	\$430,000.00	\$430,000.0
320 8	Engineering Supervision - Consulting - Inspection	\$22,000.00	\$56,000.00	\$78,000.0
	Repairs - Safety	\$8,200.00	\$3,000.00	\$11,200.0
	Power - Fuel & Water	\$31,250.00	\$3,750.00	\$35,000.0
	Trucking	\$3,000.00	\$5,000.00	\$8,000.0
	Disposal - Production Testing - Flowback	\$0.00	\$65,000.00	\$65,000.0
260,360	Miscellaneous & Contingencies	\$21,400.00	\$99,100.00	\$173,145.0
	Total Intangibles Estimated Cost:	\$877,200.00	\$1,174,750.00	\$1,904,595.0
Acct Code	Tangibles Description	Drilling	Completion	Total
410, 510 F	Rathole/Mousehole/Conductor	\$15,000.00		\$15,000.0
	3 5/8" Casing - 1,500 feet @ 13.50/ft	\$20,250.00		\$20,250.0
410, 510 5	5.5" Casing - 10,000 feet @ 5.50/ft		\$55,000.00	\$55,000.0
	2 7/8" Tubing - 5,200 feet @ 3.75/ft		\$19,500.00	\$19,500.0
	Electrical System		\$65,000.00	\$65,000.0
642 5	Subsurface Equipment		\$135,000.00	\$135,000.0
				\$0.0
				\$0.0
	Packers - Sleeves		· · · · ·	\$0.0
	Vieters - Level Control	<u> </u>	\$5,000.00	\$5,000.0
	Production Tanks (Installed)		\$40,000.00	\$40,000.0
	Separation Equipment		\$61,000.00	\$61,000.0
	Water Tanks - Installed - 300bbl		\$50,000.00	\$50,000.0
÷	/alves - Connections - Flow Lines		\$10,000.00	\$10,000.0
<u>581 v</u>	Neil Head	\$3,000.00	\$18,500.00	\$21,600.0
<u> </u>				
				· · · · ·
	Total Well Equipment Estimated Cost:	\$38,250.00	\$459,000.00	\$497,250.0
	Total Well Equipment Estimated Cost Electrical & Disposal Infrastructure: Total AFE Estimated Cost:	\$38,250.00 \$715,450.00	\$459,000.00 \$1,633,750.00	\$497,250.0 \$100,000.0 \$2,501,845.0

Approvals:

Special Energy Corporation

Working Interest Owner

Ву:	Ву:
Tißė:	WI Percentage:
Date:	Date:

PLEASE NOTE: THE ABOVE COSTS ARE ESTIMATES AND THE ACTUAL COST MAY VARY. BY EXECUTION ABOVE, PARTICIPANT COMMITS TO PAY ITS PROPORTIONATE SHARE OF ACTUAL COSTS INCURRED.



August 23, 2017

NAME ADD1 ADD2 ADD3

Re: <u>Decker 1-H</u> W/2 W/2 Sec. 20-12S-38E, N.M.P.M. Lea County, NM

Attention Pooled Working Interest Owners:

Special Energy Corporation ("SEC"), P.O. Drawer 369, Stillwater, OK 74076, as Operator, has obtained the New Mexico Oil Conservation Division Order (No. R-14419) granting spacing, pooling, and the right to produce the above referenced well (see copy of said Order enclosed herewith).

Those that have not already leased to or made other arrangements with SEC, are considered Pooled Working Interest Owner(s) under this Order and have the right to either participate and pay their share of the estimated well costs detailed on the enclosed AFE or go Non-Consent per the terms of the New Mexico Statutes and this Order.

As provided in this Order, you have **30 DAYS FROM RECEIPT OF THIS LETTER** to make your election. Those electing to participate will be provided with a Joint Operating Agreement similar to the one currently being utilized for this well.

Thank you, and please do not hesitate to contact me at the number below should you have any questions.

Yours truly,

Gary Bond Vice President

Special Energy Corporation | PO Drawer 369 | Stillwater, OK 74076 | 405.377.1177



Authorization for Expenditure **ESTIMATED COST***

Operator: Special Energy Corporation Prepared By: Special Energy Corporation Location: Lea County, New Mexico Date: 4/10/2017

Well Name: Decker 1-H Formation: San Andres SHL: 250' FSL & 640' FWL BHL: 330' FSL & 640' FWL Spacing: W/2W/2 Sec. 20-12S-38E Est. Total Depth: MD - 10.000' TVD - 5.250'

Acct Intangibles Description Drilling Total Well Cost Code Completion 205, 308 Casing Crews / Tongs \$11,000.00 \$20,000.00 \$31,000.00 210, 310 Cement / Float Equipment \$15,000.00 \$54,400.00 \$69,400.00 225 Labor \$0.00 \$115,000.00 \$115,000.00 226 ROW (Damages) \$40,000.00 \$25,000.00 \$65,000.00 233 Directional Services \$70,000.00 \$0.00 \$70,000.00 \$34,000.00 227 Drill Bits- Reamers - Stabilizers \$30,000.00 \$4,000.00 228 Drilling Rig - Daywork \$150,000.00 \$22,500.00 \$172,500.00 202 Drilling Overhead \$5,000.00 \$5,000.00 \$0.00 235, 335 Tool Rentals & Services \$13,850.00 \$75,250.00 \$89,100.00 237, 250 Logging - DST - Includes Mud Logging \$7,000.00 \$0.00 \$7,000.00 240 Geological Supervision \$5,000.00 \$2,500.00 \$7,500.00 242 Permits - Location \$35,000.00 \$35,000.00 \$0.00 231 Water - Mud - Mud Hauling \$40,000.00 \$75,000.00 \$115,000.00 275, 380 Rentals \$13,750.00 \$44,250.00 \$30,500.00 280 Rig Setup - MH. RH, Conductor, Cellar, etc \$92,500.00 \$0.00 \$92,500.00 \$35,000.00 265 Rig Fuel \$31,250.00 \$3,750.00 294 Transportation \$24,000.00 \$10,000.00 \$34,000.00 241 Insurance - Well Control - Inspection \$8,000.00 \$0.00 \$8,000.00 302 Completion Overhead \$0.00 \$5,000.00 \$5,000.00 315 Completion Rig \$0.00 \$20,000.00 \$20,000.00 316 Bond Log - Perforations \$0.00 \$45,000.00 \$45,000.00 325 Labor - Well Hook-up \$0.00 \$5,000.00 \$5,000.00 338 Stilulation - Acidizing - Fracturing - Plugs \$0.00 \$430,000.00 \$430,000.00 320 Engineering Supervision - Consulting - Inspection \$22,000.00 \$56,000.00 \$78,000.00 310 Repairs - Safety \$8,200.00 \$3,000.00 \$11,200.00 370 Power - Fuel & Water \$31,250.00 \$3,750.00 \$35,000.00 394 Trucking \$3,000.00 \$5,000.00 \$8,000.00 396 Disposal - Production Testing - Flowback \$0.00 \$65,000.00 \$65,000.00 260,360 Miscellaneous & Contingencies \$21 400 00 \$99,100.00 \$173,145.00 Total Intangibles Estimated Cost \$677,200.00 \$1,174,750.00 \$1,904,595.00 Acct **Tangibles Description** Code Driiling Completion Total 410, 510 Rathole/Mousehole/Conductor \$15,000.00 \$15,000.00 410, 510 9 5/8" Casing - 1,500 feet @ 13.50/ft \$20,250.00 \$20,250.00 410, 510 5.5" Casing - 10.000 feet @ 5.50/ft \$55,000.00 \$55.000.00 580 2 7/8" Tubing - 5,200 feet @ 3.75/ft \$19,500.00 \$19,500.00 513 Electrical System \$65,000.00 \$65,000.00 \$135,000.00 642 Subsurface Equipment \$135,000.00 \$0.00 \$0.00 527 Packers - Sleeves \$0.00 \$5,000.00 \$5.000.00 530 Meters - Level Control \$40,000.00 \$40,000.00 560 Production Tanks (Installed) \$61,000.00 \$61,000.00 560 Separation Equipment 564 Water Tanks - Installed - 300bbl \$50,000.00 \$50,000.00 \$10,000.00 \$10,000.00 515 Valves - Connections - Flow Lines 581 Well Head \$3,000.00 \$18,500.00 \$21,500.00 \$38,250.00 **Total Well Equipment Estimated Cost:** \$459,000.00 \$497,250.00 \$100,000.00 Electrical & Disposal Infrastructure: Total AFE Estimated Cost \$715.450.00 \$1.633.750.00 \$2,501,845.00

Approvals:

Special Energy Corporation

Working Interest Owner

By:		By:
Title:	<u></u>	Wi Percentage:
Date:	. <u></u>	Date:

PLEASE NOTE: THE ABOVE COSTS ARE ESTIMATES AND THE ACTUAL COST MAY VARY. BY EXECUTION ABOVE, PARTICIPANT COMMITS TO PAY ITS PROPORTIONATE SHARE OF ACTUAL COSTS INCURRED.