

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., 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 Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

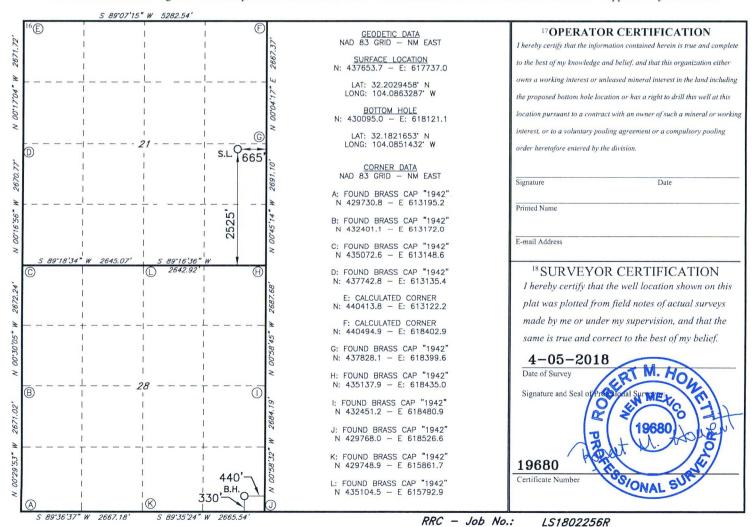
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

■ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number			2 Pool Code		³ Pool Name					
⁴ Property Code KANS .				ANSAS	⁵ Property Na 21/28 W 2I		⁶ Well Number 1 H				
the Property of the Control of the C							9Elevation 3023'				
					10 Surface	Location					
UL or lot no.	Section	Township Range Lot Ide			Feet from the	North/South line	Feet From the East/We		line County		
I	21	24S	28E	28E 2525 SOUTH 665		EAST	EDDY				
			11]	Bottom H	ole Location	If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West l	line County		
P	28	24S	28E		330	SOUTH	440	EAST	EDDY		
² Dedicated Acres	s 13 Joint	or Infill 14 (Consolidation	Code 15 C	order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



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Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Co	ode		K	KANSAS 21/28 WOIP FEDERAL COM							
7OGRID	NO.			MEWE	8 Operator N	Blevation 3023'					
					10 Surface	Location					
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P	28	24S	28E		330	SOUTH	440	EAST	EDDY		

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

		S 89°07'15" W 528.	2.54'		
2671.72'	¹⁶ ©		E	GEODETIC DATA NAD 83 GRID – NM EAST	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete
26		i i	i	SURFACE LOCATION N: 437653.2 - E: 617697.0	to the best of my knowledge and belief, and that this organization either
· ×				LAT: 32.2029447* N	owns a working interest or unleased mineral interest in the land including
. 40.11.00		i i	i	LONG: 104.0864580' W	the proposed bottom hole location or has a right to drill this well at this
			1	8 BOTTOM HOLE N: 430095.0 - E: 618121.1	location pursuant to a contract with an owner of such a mineral or working
>			i ©	LAT: 32.1821653* N	interest, or to a voluntary pooling agreement or a compulsory pooling
	©		s.L. 705	LONG: 104.0851432' W	order heretofore entered by the division.
2.77		1 1	703	CORNER DATA NAD 83 GRID — NM EAST	
2670.		i i		592	Signature Date
£		!		A: FOUND BRASS CAP "1942" № N 429730.8 — E 613195.2	Printed Name
.95,91.00				B: FOUND BRASS CAP "1942" N 432401.1 — E 613172.0	
NOG	S 89°18'34	"W 2645.07" S 89	7'16'36" W	C: FOUND BRASS CAP "1942" N 435072.6 - E 613148.6	E-mail Address
	©	20	642.92	D: FOUND BRASS CAP "1942" N: 437742.8 - E: 613135.4	¹⁸ SURVEYOR CERTIFICATION
2672.24		i i	[E: CALCULATED CORNER	I hereby certify that the well location shown on this
267.				N: 440413.8 – E: 613122.2	plat was plotted from field notes of actual surveys
¥		+	 	F: CALCULATED CORNER N: 440494.9 — E: 618402.9	made by me or under my supervision, and that the
50,0				G: FOUND BRASS CAP "1942"	same is true and correct to the best of my belief.
W .50,05.00		i i	I	N: 437828.1 – E: 618399.6	4-05-2018
>		1 1	i	→ H: FOUND BRASS CAP "1942" H: FOUND BRASS	Date of Survey
	®	28	0	N: 435137.9 - E: 618435.0	Signature and Seal of Processional Surveyor:
1.02		1	i	1: FOUND BRASS CAP "1942" N 432451.2 - E 618480.9	6 3
2671.02		i i	1	J: FOUND BRASS CAP "1942"	(19680)
Ź		+	+	N 429768.0 - E 618526.6	Talt With 10
00.29'53" W		!!!		K: FOUND BRASS CAP "1942" N 429748.9 - E 615861.7	19680
00.5			440'~	L: FOUND BRASS CAP "1942"	Certificate Number
>	(A)	I (K)	330, B.H.	N 435104.5 - E 615792.9	OWAL
L	S 89'36'37'		1'35'24" W 2665.54'	RRC - Job N	lo.: LS1802254R

TRACT OWNERHSIP Kansas "21/28" W2IP Federal Com No. 1H Kansas "21/28" W0IP Federal Com No. 2H E/2 of Section 28 & SE/4 of Section 21 Township 24 South, Range 28 East Eddy County, New Mexico

E/2 of Section 28 & SE/4 of Section 21: Wolfcamp formation:

% Leasehold Interest

Mewbourne Oil Company	73.70158%
COG Operating LLC	9.31723%
McCombs Energy, Ltd.	7.03492%
Marshall & Winston, Inc.	6.25000%
*Marathon Oil Permian LLC	2.15660%
Fasken Land and Minerals, Ltd.	0.70633%
KCK Energy, LLC	0.24417%
T.I.G. Properties, L.P.	0.16667%
Jane B. Ramsland Oil and Gas Partnership Ltd.	0.15000%
Bahnhof Holdings, LP	0.07750%
Elizabeth R. Robinson	0.07750%
Claudia R. Burch	0.07750%
Dinero Energy Corporation	0.04000%
	100.00000%

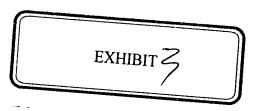
^{*} Total interest being pooled: 2.15660%

EXHIBIT 2

Summary of Communications Kansas 21/28 W2IP Federal Com No. 1H & Kansas 21/28 W0IP Federal Com No. 2H

Marathon Oil Permian LLC

- 2/12/18 Mailed Kansas W2IP Federal Com #1H & W0IP Federal Com #2H well proposal letters with AFE via certified mail dated 2/12/18.
- 2/20/18 Received green card signed by Richard?.
- 2/21/18 Mailed Kansas 21/28 E/2 JOA with cover letter via certified mail dated 2/21/18.
- 2/26/18 Received green card signed by Richard?.
- 2/22/18 Received email from Jessica Gorman to follow up with our well proposals and discuss.
- 4/13/18 Emailed Matthew Brown to follow up with Marathon's interest and discuss title issues.
- 5/1/18 Received phone call from Marathon to discuss prospect.
- 5/14/18 Emailed Jessica Gorman to follow up, received no response.
- 5/21/2018 Received 10 Well Proposals and corresponding AFEs from Marathon in the E/2 of Section 16 & Section 21, T24S, R28E.
- 6/7/18 Emailed Jessica Gorman to follow up, received no response.
- 6/19/18 Received a letter Marathon retracting the 10 Well Proposals, citing that Mewbourne Oil Company does not own a Working Interest in the lands and/or depths covered by these wells.
- 6/20/18 Emailed Mewbourne Oil Company's executed JOA signature pages, finalizing the JOA.
- 2/22/18-6/20/18 Various email correspondence with Marathon.



500 WEST TEXAS AVENUE, SUITE 1020 MIDLAND, TEXAS 79701-4279

> TELEPHONE (432) 682-3715 FACSIMILE (432) 685-4170

February 12, 2018

Via Certified Mail

Marathon Oil Permian LLC 5555 San Felipe Street Houston, Texas 77056 Attn: Mr. Matt Brown

Re:

Kansas "21/28" W2IP Federal Com No. 1H 2490' FNL & 865' FEL (SL) (Sec. 21) 330' FSL & 440' FEL (BHL) (Sec. 28) Section 21/28, T24S, R28E

Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 480.00 acre Working Interest Unit ("WIU") covering the SE/4 of the captioned Section 21 and the E/2 of the captioned Section 28 for oil and gas production. The targeted interval for the proposed unit is the Wolfcamp formation. Apparently Marathon Oil Permian LLC ("MRO") owns 6.46979% interest in the SE/4 of the captioned Section 21 (160.00 gross acres). Accordingly, MRO would own 2.15660% working interest in the proposed WIU (6.46979% interest X 160.00 gross acres = 10.35166 net acres / 480.00 gross acres = 2.15660% interest in the WIU).

Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 10,595 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 17,930 feet. The SE/4 of the captioned Section 21 and the E/2 of the captioned Section 28 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling is our AFE dated January 8, 2018 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Joint Operating Agreement to follow.

Should you have any questions regarding the above, please email me at <u>janderson@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Josh Anderson Landman

ful andum

500 WEST TEXAS AVENUE, SUITE 1020 MIDLAND, TEXAS 79701-4279

TELEPHONE (432) 682-3715 FACSIMILE (432) 685-4170

February 12, 2018

Via Certified Mail

Marathon Oil Permian LLC 5555 San Felipe Street Houston, Texas 77056 Attn: Mr. Matt Brown

Re:

Kansas "21/28" W0IP Federal Com No. 2H 2490' FNL & 905' FEL (SL) (Sec. 21) 330' FSL & 440' FEL (BHL) (Sec. 28) Section 21/28, T24S, R28E Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 480.00 acre Working Interest Unit ("WIU") covering the SE/4 of the captioned Section 21 and the E/2 of the captioned Section 28 for oil and gas production. The targeted interval for the proposed unit is the Wolfcamp formation. Apparently Marathon Oil Permian LLC ("MRO") owns 6.46979% interest in the SE/4 of the captioned Section 21 (160.00 gross acres). Accordingly, MRO would own 2.15660% working interest in the proposed WIU (6.46979% interest X 160.00 gross acres = 10.35166 net acres / 480.00 gross acres = 2.15660% interest in the WIU).

Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,565 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 16,940 feet. The SE/4 of the captioned Section 21 and the E/2 of the captioned Section 28 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling is our AFE dated January 8, 2018 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Joint Operating Agreement to follow.

Should you have any questions regarding the above, please email me at <u>janderson@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Josh Anderson

Landman

ful alulum



Date: February 20, 2018

Simple Certified:

The following is in response to your February 20, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945029089474. The delivery record shows that this item was delivered on February 20, 2018 at 2:21 pm in HOUSTON, TX 77056. The scanned image of the recipient information is provided below.

Signature of Recipient:

Address of Recipient:

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely, United States Postal Service

> Attn: Mr. Matt Brown Marathon Oil Company 5555 SAN FELIPE ST HOUSTON, TX 77056 Reference #: JA Kansas 21/28 W2IP Fed Com No1 Item ID: JA Kansas 21 28 W2IP Fed Com No1

500 WEST TEXAS AVENUE, SUITE 1020 MIDLAND, TEXAS 79701-4279

> TELEPHONE (432) 682-3715 FACSIMILE (432) 685-4170

February 21, 2018

Via Certified Mail

Marathon Oil Permian LLC 5555 San Felipe Street Houston, Texas 77056 Attn: Mr. Matt Brown

Re:

Working Interest Unit

Mewbourne's Kansas 21/28 Prospect

Section 21/28, T24S, R28E Eddy County, New Mexico

Gentlemen:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated February 28, 2018, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated February 12, 2018.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at janderson@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

ful amh

Josh Anderson

Landman



Date: February 26, 2018

Simple Certified:

The following is in response to your February 26, 2018 request for delivery information on your Certified Mail™/RRE item number 9402810699945029377057. The delivery record shows that this item was delivered on February 26, 2018 at 1:51 pm in HOUSTON, TX 77056. The scanned image of the recipient information is provided below.

Signature of Recipient:

Address of Recipient:

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

Attn: Matt Brown Marathon Oil Permian LLC 5555 SAN FELIPE ST HOUSTON, TX 77056

Reference #: JA Kansas 21 28 Prospect Item ID: JA Kansas 21 28 Prospect

From:

Josh Anderson

Sent:

Friday, February 23, 2018 8:35 AM

To:

'Gorman, Jessica (MRO)'

Subject:

RE: Kansas Federal 1H and 2H

It gives specific locations for the surface and bottom hole locations on the AFEs as well the well proposal letters I sent.

Kansas "21/28" W0IP Federal Com No. 2H 2490' FNL & 905' FEL (SL) (Sec. 21) 330' FSL & 440' FEL (BHL) (Sec. 28)

Kansas "21/28" W2IP Federal Com No. 1H 2490' FNL & 865' FEL (SL) (Sec. 21) 330' FSL & 440' FEL (BHL) (Sec. 28)

If you need anything else, let me know.

Thanks,

Josh Anderson

Petroleum Landman 500 West Texas Ave., Suite 1020 Midland, TX 79701

Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



From: Gorman, Jessica (MRO) [mailto:jgorman1@marathonoil.com]

Sent: Thursday, February 22, 2018 5:48 PM

To: Josh Anderson

Subject: RE: Kansas Federal 1H and 2H

Thank you Josh, can you tell me what the location is for the surface and bottom hole, I did not see any plats I can pull on this.

From: Josh Anderson [mailto:janderson@Mewbourne.com]

Sent: Thursday, February 22, 2018 10:53 AM

To: Gorman, Jessica (MRO) < jgorman1@marathonoil.com>

Subject: [External] RE: Kansas Federal 1H and 2H

Beware of links/attachments.

We do not have a Title Opinion yet, but will be getting started on it soon.

Right now, it's looking like early 4th quarter, but as always, it's subject to change depending on how fast we can get them ready.

If you have any other questions, don't hesitate to ask.

Thanks,

Josh Anderson

Petroleum Landman <u>500 West Texas Ave., Suite 1020</u> Midland, TX 79701 Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



From: Gorman, Jessica (MRO) [mailto:jgorman1@marathonoil.com]

Sent: Thursday, February 22, 2018 10:11 AM

To: Josh Anderson

Subject: Kansas Federal 1H and 2H

Josh,

I am in receipt of the 2 well proposals for the Kansas Federal 1H and 2H, I was wondering if you guys have a Title Opinion for these sections?

Also what time frame are you guys planning to spud these wells?

Respectfully,

Jessica Gorman



Advanced Land Specialist — Permian Telephone: 713-296-3024 5555 San Felipe St. Houston, Texas 77056

From:

Josh Anderson

Sent:

Friday, April 13, 2018 3:49 PM 'Brown, Matthew D. (MRO)'

Subject:

RE: Kansas 21-28 Prospect, T24S-R28E, Eddy Co., NM

Thanks Matt!

From: Brown, Matthew D. (MRO) [mailto:mbrown3@marathonoil.com]

Sent: Friday, April 13, 2018 3:29 PM

To: Josh Anderson

Subject: RE: Kansas 21-28 Prospect, T24S-R28E, Eddy Co., NM

Josh,

I reviewed the PSA and it appears we acquired a very small interest (~1.5 net acres) in NMNM-36975 in Section 21-24S-28E only. It's possible that BC assigned their interest to another company prior to our acquisition or inadvertently omitted the tract from the PSA.

Thanks,

Matt Brown, CPL

Marathon Oil Corporation

Land – Permian

Ph# 713.296.3408 / Cell# 281.468.8833

5555 San Felipe St. / Houston, TX 77056

From: Josh Anderson < janderson@Mewbourne.com >

Sent: Friday, April 13, 2018 2:55 PM

To: Brown, Matthew D. (MRO) < mbrown3@marathonoil.com Subject: [External] Kansas 21-28 Prospect, T24S-R28E, Eddy Co., NM

Beware of links/attachments.

Matt.

We're showing Devon conveying an interest in OGL USA NMNM-36975 to Crown Oil Partners V, LP, Crump Energy Partners II, LLC, & Nadel and Gussman Delaware, LLC in the W/2 of Sec. 28-24S-28E, Eddy Co., NM, but can't find that subsequently conveyed to Marathon.

Is it possible that it was in the PSA but accidently left of any Assignments to you guys?

Thanks,

Josh Anderson

Petroleum Landman 500 West Texas Ave., Suite 1020 Midland, TX 79701

Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



From:

Josh Anderson

Sent:

Monday, May 14, 2018 11:38 AM

To:

'Gorman, Jessica (MRO)'

Subject:

RE: Kansas Federal 1H and 2H

Jessica,

Any update on the Kansas wells? Anything I can help with?

Thanks,

Josh Anderson

Petroleum Landman 500 West Texas Ave., Suite 1020 Midland, TX 79701

Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



From: Josh Anderson

Sent: Thursday, February 22, 2018 10:53 AM

To: 'Gorman, Jessica (MRO)'

Subject: RE: Kansas Federal 1H and 2H

We do not have a Title Opinion yet, but will be getting started on it soon.

Right now, it's looking like early 4th quarter, but as always, it's subject to change depending on how fast we can get them ready.

If you have any other questions, don't hesitate to ask.

Thanks,

Josh Anderson

Petroleum Landman 500 West Texas Ave., Suite 1020 Midland, TX 79701 Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



From: Gorman, Jessica (MRO) [mailto:jgorman1@marathonoil.com]

Sent: Thursday, February 22, 2018 10:11 AM

To: Josh Anderson

Subject: Kansas Federal 1H and 2H

Josh,

I am in receipt of the 2 well proposals for the Kansas Federal 1H and 2H, I was wondering if you guys have a Title Opinion for these sections?

Also what time frame are you guys planning to spud these wells?

Respectfully,

Jessica Gorman



Advanced Land Specialist — Permian Telephone: 713-296-3024 5555 San Felipe St. Houston, Texas 77056 Chase Rice Staff Land Professional



Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056 Telephone: 713-296-3055 Fax: 713.513.4006 cfrice@marathonoil.com

May 21, 2018

VIA CERTIFIED RETURN RECEIPT MAIL

Mewbourne Oil Company 500 West Texas, Suite 1020 Midland, Texas 79701 432-682-3715

Re: Dobro Federal 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H & 10H Well Proposals E2 Section 16 and E2 Section 21, T24S-R28E Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the following wells with the productive laterals located in the E/2 Section 16 and E/2 Section 21, T24S R28E, Eddy County, New Mexico. The surface pad locations will be located in the NE4 NE4 of Section 16 T24S R28E (subject to change).

- Dobro Federal 24 28 16 WXY 2H with a proposed first take point located 495' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 495' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp XY Formation (~9,492' TVD) with a productive lateral length of approximately 10,025'. The total estimated drilling and completion cost is \$9,959,336 as shown in the attached AFE.
- Dobro Federal 24 28 16 WA 4H with a proposed first take point located 1,320' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 1,320' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp A Formation (~9,570' TVD) with a productive lateral length of approximately 10,026'. The total estimated drilling and completion cost is \$9,976,296 as shown in the attached AFE.
- Dobro Federal 24 28 16 TB 6H with a proposed first take point located 1,650' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 1,650' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Third Bone Spring Formation (~9,341' TVD) with a productive lateral length of approximately 10,026'. The total estimated drilling and completion cost is \$9,713,684 as shown in the attached AFE.
- Dobro Federal 24 28 16 WXY 9H with a proposed first take point located 2,310' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 2,310' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp XY Formation (~9,492' TVD) with a productive lateral length of approximately 10,026'. The total estimated drilling and completion cost is \$9,916,936 as shown in the attached AFE.
- Dobro Federal 24 28 16 SB 1H with a proposed first take point located 660' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 660' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Second Bone Spring Formation (~8,068' TVD) with a productive lateral length of approximately 10,023'. The total estimated drilling and completion cost is \$9,592,949 as shown in the attached AFE.

- Dobro Federal 24 28 16 WD 3H with a proposed first take point located 330' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 330' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp D Formation (~10,255' TVD) with a productive lateral length of approximately 10,022'. The total estimated drilling and completion cost is \$10,014,704 as shown in the attached AFE.
- Dobro Federal 24 28 16 WD 5H with a proposed first take point located 990' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 990' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp D Formation (~10,548' TVD) with a productive lateral length of approximately 10,023'. The total estimated drilling and completion cost is \$10,014,704 as shown in the attached AFE.
- Dobro Federal 24 28 16 WD 7H with a proposed first take point located 1,650' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 1,650' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp D Formation (~10,255' TVD) with a productive lateral length of approximately 10,026'. The total estimated drilling and completion cost is \$10,014,704 as shown in the attached AFE.
- Dobro Federal 24 28 16 SB 8H with a proposed first take point located 1,980' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 1,980' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Second Bone Spring Formation (~8,068' TVD) with a productive lateral length of approximately 10,026'. The total estimated drilling and completion cost is \$9,594,019 as shown in the attached AFE.
- Dobro Federal 24 28 16 WD 10H with a proposed first take point located 2,310' FEL and 330' FNL of Section 16, 24S-28E, and a proposed last take point located 2,310' FEL and 330' FSL of Section 21, 24S-28E. The well will have a targeted interval located in the Wolfcamp D Formation (~10,548' TVD) with a productive lateral length of approximately 10,022'. The total estimated drilling and completion cost is \$10,014,704 as shown in the attached AFE.

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The AFEs represent an estimate of the costs that will be incurred to drill and complete the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred.

If your election is to participate in the drilling and completion of the wells, please sign and return a copy of this letter indicating your election for each well along with the enclosed AFE within thirty (30) days of receipt of this proposal. Our Joint Operating Agreement will be sent for your review and approval, which provides for a Drilling Well Rate of 8,000 per month and a Producing Well Rate of \$800.00 per month.

Should you have any questions regarding this or other matters, please don't hesitate to contact me at the above listed numbers.

Sincerely,

Chase Rice, CPL

Add Silve

Dobro Federal 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H & 10H

	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WXY 2H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WXY 2H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WA 4H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WA 4H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 TB 6H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 TB 6H well.
•	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WXY 9H well.
_	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WXY 9H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 SB 1H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 SB 1H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 3H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 3H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 5H well.
· · · · · · · · · · · · · · · · · · ·	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 5H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 7H well.
····	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 7H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 SB 8H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 SB 8H well.
	elects to participate in the drilling, completing, and equipping of the Dobro Federal 24 28 16 WD 10H well.
	elects NOT to participate in the drilling, completing, and equipping of the Dobro Federal

Mewbourne Oil Company

Ву:	 		<u>-</u>
Print Name: _	 	····	
Title:	 		
Date:			

From:

Josh Anderson

Sent:

Thursday, June 07, 2018 4:30 PM

To:

'Gorman, Jessica (MRO)'

Subject:

Kansas 21/28 Fed Com #1H & #2H, & Kansas 21/28 Federal #1H & #2H

Jessica,

Just touching base to see where we are at on these and if there is anything I can help with.

If you have any questions, let me know.

Thanks,

Josh Anderson

Petroleum Landman <u>500 West Texas Ave., Suite 1020</u> Midland, TX 79701 Phone: (432) 682-3715 | Fax: (432) 685-4170 Cell: (405) 406-8982



Chase Rice Staff Land Professional



Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056 Telephone: 713-296-3055 Fax: 713.513.4006 cfrice@marathonoil.com

June 19, 2018

VIA FEDEX PRIORITY

Mewbourne Oil Company 500 West Texas, Suite 1020 Midland, Texas 79701 432-682-3715

Re:

Dobro Federal 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H & 10H Well Proposals

E2 Section 16 and E2 Section 21, T24S-R28E

Eddy County, New Mexico

Dear Mewbourne Oil Company:

The purpose of this letter is to inform you that Marathon Oil Permian LLC is retracting the offers contained in the Dobro Federal Wells Proposal Letter dated May 21, 2018. After further title research, it was determined that Mewbourne Oil Company does not own a working interest in the lands and/or depths covered by the Dobro Federal Wells.

We apologize for any inconvenience.

Sincerely,

Chase Rice, CPL

me fine

From:

Gorman, Jessica (MRO) < jgorman1@marathonoil.com>

Sent:

Wednesday, June 20, 2018 1:24 PM

To:

Josh Anderson; Brown, Matthew D. (MRO)

Subject:

RE: E/2 Kansas 21/28 JOA dated 2/28/18, Eddy Co., NM, MOC Executed Signature Pages

Josh,

I will attach this to our files.

Thank you

From: Josh Anderson < janderson@Mewbourne.com >

Sent: Wednesday, June 20, 2018 11:28 AM

To: Brown, Matthew D. (MRO) < mbrown3@marathonoil.com cc: Gorman, Jessica (MRO) < jgorman1@marathonoil.com jgorman1@marathonoil.com mbrown3@marathonoil.com <a href="mailto:mbrown3@marath

Subject: [External] E/2 Kansas 21/28 JOA dated 2/28/18, Eddy Co., NM, MOC Executed Signature Pages

Beware of links/attachments.

Matt,

Attached are the executed signature pages for Mewbourne Oil Company in the above captioned JOA.

Please add these to your file, and if you have any questions or concerns, please advise.

Thanks,

Josh Anderson

Petroleum Landman 500 West Texas Ave., Suite 1020 Midland, TX 79701 Phone: (432) 682-3715 | Fax: (432) 685-4170

Cell: (405) 406-8982



AUTHORIZATION FOR EXPENDITURE

Well Name: Kansas 21/28 W2IP Federal Com #1H	Pros	pect: Wo	lfcamp D Shale		
Location: SHL: 2490' FNL & 865' FEL (21); BHL: 330' FSL & 440' FEL	_ (28) Co	unty: Ed	dy		ST: NM
Sec. 21 Blk: Survey:	TWP: 24S	RNG:	28E Prop. TVD	: 10595	TMD: 17930
INTANGIBLE COSTS 0180	<u> </u>	CODE	ТСР	CODE	СС
Regulatory Permits & Surveys		0180-0100		0180-0200	
Location / Road / Site / Preparation		0180-0105		0180-0205	\$25,000
Location / Restoration	_	0180-0106			\$30,000
Daywork / Turnkey / Footage Drilling 32 days drlg / 3 days comp @ \$1	9000/d	0180-0110			\$60,900
Fuel 1500 gal/day @ 2.46/gal Mud, Chemical & Additives		0180-0114		0180-0214	
Horizontal Drillout Services Coil Tbg Drillout	-	0100-0120	\$200,000	0180-0222	\$140,000
Cementing		0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130		0180-0230	\$290,000
Casing / Tubing / Snubbing Service		0180-0134		0180-0234	\$70,000
Mud Logging Stimulation 44 Stg 17.8 MM gal / 17.8 MM lb		0180-0137	\$25,000	0180-0241	\$2,982,000
Stimulation Rentals & Other				0180-0242	\$160,000
Water & Other		0180-0145		0180-0245	\$450,000
Bits		0180-0148		0180-0248	\$5,000
Inspection & Repair Services		0180-0150		0180-0250	\$5,000
Misc. Alr & Pumping Services Testing & Flowback Services		0180-0154 0180-0158		0180-0254 0180-0258	
Completion / Workover Rig		0100 0100	\$10,000	0180-0260	
Rig Mobilization		0180-0164	\$110,000		
Transportation		0180-0165		0180-0265	\$20,000
Welding Services	· -	0180-0168		0180-0268	\$15,000
Contract Services & Supervision	EXHIBIT	0180-0170 0180-0175	 	0180-0270	\$31,500
Equipment Rental	▕▋▕▍▔	0180-0180		0180-0280	\$30,000
Well / Lease Legal	፟ 🔻 📗	0180-0184		0180-0284	
Well / Lease Insurance	ш	0180-0185	+	0180-0285	
Intangible Supplies	-	0180-0188		0180-0288	\$1,000
Damages ROW & Easements	- 11	0180-0190		0180-0290 0180-0292	\$10,000
Pipeline Interconnect		0180-0192		0180-0292	
Company Supervision)J •	0180-0195	\$165,600	0180-0295	
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	<u>.</u> .	0180-0198		0180-0298	
Contingencies 10% (TCP) 10% (CC)	TOT41	0180-0199		0180-0299	
	TOTAL	 	\$2,683,100		\$4,945,400
TANGIBLE COSTS 0181		04.04 0702			
Casing (19.1" - 30") Casing (10.1" - 19.0") 420' - 13 3/8" 54.5# J-55 ST&C @ \$32.50/ft	···	0181-0793			
Casing (8.1" - 10.0") 2450' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft	-	0181-0795			
Casing (6.1" - 8.0") 10920' - 7" 29# P-110 LT&C @ \$27.76/ft		0181-0796			
Casing (4.1" - 6.0") 7910' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft					
- · · · · · · · · · · · · · · · · · · ·			ļ	0181-0797	\$115,400
Tubing (2" - 4")		0184 0866	\$40,000	0181-0797 0181-0798	\$115,400
Drilling Head		0181-0860	\$40,000	0181-0797 0181-0798	
		0181-0860	\$40,000	0181-0797 0181-0798	\$48,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Completion Liner Hanger		0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875	\$48,000 \$70,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment		0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0875 0181-0880	\$48,000 \$70,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems		0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0884	\$48,000 \$70,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit		0181-0860	\$40,000	0181-0798 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0884 0181-0885	\$48,000 \$70,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems		0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0884	\$48,000 \$70,000 \$35,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water 3 - 750 bbl steel coated		0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0885 0181-0886 0181-0886 0181-0886 0181-0886	\$48,000 \$70,000 \$35,000 \$50,000 \$55,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor	3ph/Gun bbl	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0885 0181-0886 0181-0886 0181-0890 0181-0890	\$48,000 \$70,000 \$35,000 \$50,000 \$55,000 \$40,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Completion Liner Hanger L	3ph/Gun bbl	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0896 0181-0891 0181-0895 0181-0895	\$48,000 \$70,000 \$35,000 \$50,000 \$55,000 \$40,000 \$16,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor	·	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0875 0181-0875 0181-0885 0181-0886 0181-0886 0181-0890 0181-0890 0181-0897 0181-0897	\$48,000 \$70,000 \$70,000 \$35,000 \$50,000 \$55,000 \$40,000 \$16,000 \$7,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Completion Liner Hanger Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl 3 - 750 bbl steel coated 30"x10"x1k# 3 ph/36"x15"x1k# Hor	·	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0896 0181-0891 0181-0895 0181-0895	\$48,000 \$70,000 \$35,000 \$50,000 \$55,000 \$40,000 \$16,000 \$7,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Completion Liner Hanger Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl 3 - 750 bbl steel coated 30"x10"x1k# 3 ph/36"x15"x1k# Hor 6"x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection	·	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0877 0181-08870 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0890 0181-0990	\$48,000 \$70,000 \$35,000 \$50,000 \$55,000 \$40,000 \$16,000 \$7,000 \$60,000 \$60,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Completion Liner Hanger Completion Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl 3 - 750 bbl 3 - 750 bbl steel coated 6'x20'x75# HT Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1	·	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0871 0181-0871 0181-0880 0181-0889 0181-0890 0181-0899 0181-0899 0181-0899 0181-0899 0181-0899 0181-0909	\$48,000 \$70,000 \$35,000 \$55,000 \$40,000 \$16,000 \$55,000 \$60,000 \$5,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Completion Liner Hanger Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl 3 - 750 bbl steel coated 30"x10"x1k# 3 ph/36"x15"x1k# Hor 6"x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection	12" Poly Water	0181-0860	\$40,000	0181-0797 0181-0798 0181-0870 0181-0875 0181-0885 0181-0884 0181-0890 0181-0890 0181-0897 0181-0897 0181-0895 0181-0908 0181-0908 0181-0908 0181-0908	\$48,000 \$70,000 \$70,000 \$35,000 \$50,000 \$40,000 \$16,000 \$55,000 \$60,000 \$50,000 \$50,000
Drilling Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical installation Equipment Installation Completion Liner Hanger Completion Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl steel coated 30"x10"x1k# 3 ph/36"x15"x1k# Hore 6'x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical installation Equipment Installation	12" Poly Water			0181-0797 0181-0798 0181-0870 0181-0870 0181-0875 0181-0880 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$48,000 \$70,000 \$35,000 \$55,000 \$40,000 \$16,000 \$7,000 \$55,000 \$50,000 \$50,000 \$40,000
Drilling Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical installation Equipment Installation Completion Liner Hanger Completion Liner Hanger 1/2 VRU/SWD Pump/Circ Pump 3 - 750 bbl steel coated 30"x10"x1k# 3 ph/36"x15"x1k# Hore 6'x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical installation Equipment Installation	2" Poly Water Aile 12" Poly TOTAL		\$450,700	0181-0797 0181-0798 0181-0870 0181-0877 0181-08870 0181-0886 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0890 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$55,000 \$60,000 \$50,000 \$40,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M	Aile 12" Poly Water TOTAL SUBTOTAL			0181-0797 0181-0798 0181-0870 0181-0877 0181-08870 0181-0886 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0890 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$48,000 \$70,000 \$35,000 \$55,000 \$40,000 \$16,000 \$7,000 \$55,000 \$50,000 \$50,000 \$40,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M	2" Poly Water Aile 12" Poly TOTAL		\$450,700 \$3,133,800	0181-0797 0181-0798 0181-0870 0181-0877 0181-08870 0181-0886 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0890 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$55,000 \$60,000 \$50,000 \$40,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M	Aile 12" Poly Water TOTAL SUBTOTAL		\$450,700 \$3,133,800	0181-0797 0181-0798 0181-0879 0181-0879 0181-0887 0181-0886 0181-0886 0181-0890 0181-0890 0181-0890 0181-0890 0181-0900 0181-0900 0181-0900 0181-0900	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$55,000 \$60,000 \$50,000 \$40,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water 3 - 750 bbl steel coated Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an	Aile 12" Poly Water TOTAL SUBTOTAL FELL COST	tionate sha	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an Operator has secured Extra Expense Insurance covering costs of water and the substance of the control of the substance of the cost of water and the substance of the cost of the cost of water and the cost of the	Aile 12" Poly Water TOTAL SUBTOTAL FELL COST	tionate sha	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil 3 - 750 bbl Tanks - Water 3 - 750 bbl steel coated Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an	Aile 12" Poly Water TOTAL SUBTOTAL FELL COST	tionate sha	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers Tanks - Oil Tanks - Oil Tanks - Water Separation / Treating Equipment Heater Treaters, Line Heaters Metering Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an Operator has secured Extra Expense Insurance covering costs of water and the substance of the control of the substance of the cost of water and the substance of the cost of the cost of water and the cost of the	Aile 12" Poly TOTAL SUBTOTAL ZELL COST and pay my propor	rtionate shaup and redn	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor Heater Treaters, Line Heaters 6"x20"x75# HT Metering Equipment 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an Operator has secured Extra Expense Insurance covering costs of w I elect to purchase my own well control Insurance policy. If neither box is checked above, non-operating working Interest owner elects to be covered by 0	Aile 12" Poly TOTAL SUBTOTAL ZELL COST and pay my propor	tionate shaup and redr	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor Heater Treaters, Line Heaters 6"x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Equipment Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and Operator has secured Extra Expense Insurance covering costs of w I elect to purchase my own well control Insurance policy. If neither box is checked above, non-operating working Interest owner elects to be covered by Creater and Covere	Aile 12" Poly Water TOTAL SUBTOTAL YELL COST and pay my proposite of control, clean Operator's well control Date	rtionate shaup and redr	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor Heater Treaters, Line Heaters 6"x20"x75# HT Metering Equipment 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M TOTAL W Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance an Operator has secured Extra Expense Insurance covering costs of w I elect to purchase my own well control Insurance policy. If neither box is checked above, non-operating working Interest owner elects to be covered by 0	Aile 12" Poly TOTAL SUBTOTAL FELL COST and pay my propor vell control, clean	rtionate shaup and redr	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000
Drilling Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump Tanks - Oil 3 - 750 bbl Tanks - Oil 3 - 750 bbl steel coated Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor Heater Treaters, Line Heaters 6"x20"x75# HT Metering Equipment Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas & 1 Fittings / Valves & Accessories Cathodic Protection Electrical Installation Equipment Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3 M Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and Operator has secured Extra Expense Insurance covering costs of w I elect to purchase my own well control Insurance policy. If neither box is checked above, non-operating working Interest owner elects to be covered by Creater and Covere	Aile 12" Poly Water TOTAL SUBTOTAL YELL COST and pay my proposite of control, clean Operator's well control Date	rtionate shaup and redr	\$450,700 \$3,133,800 \$8,7	0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0880 0181-0886 0181-0889 0181-0890 0181-0890 0181-0990 0181-0990 0181-0990 0181-0990 0181-0990	\$48,000 \$70,000 \$50,000 \$55,000 \$40,000 \$16,000 \$5,000 \$60,000 \$50,000 \$50,000 \$50,000 \$50,000

AUTHORIZATION FOR EXPENDITURE

Well Name: Kansas 21/28 W0IP Federal Com #2H		Prosp	pect: Wo	olfcamp Y Sand		
Location: SHL: 2490' FNL & 905' FEL (21); BHL: 330' FSL & 440' FE	EL (28)	c。	ounty: Ed	dy		ST: NM
Sec. 21 Blk: Survey:	TWP:	245	RNG:	28E Prop. TVD	9565	TMD: 16940
						
INTANGIBLE COSTS 0180 Regulatory Permits & Surveys		1	0180-0100	TCP \$20,000	CODE 0180-0200	cc
Location / Road / Site / Preparation			0180-010		0180-0205	\$25,000
Location / Restoration			0180-0106		0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 3 days comp @ \$	19000/d		0180-0110		0180-0210	\$60,900
Fuel 1500 gal/day @ 2.46/gal			0180-0114		0180-0214	
Mud, Chemical & Additives Horizontal Drillout Services Coil Tbg Drillout			0180-0120	\$200,000	0180-0220 0180-0222	\$140,000
Cementing			0180-012	\$80,000	0180-0225	\$30,000
Logging & Wireline Services			0180-0130	\$1,500	0180-0230	\$290,000
Casing / Tubing / Snubbing Service			0180-0134		0180-0234	\$70,000
Mud Logging			0180-013	\$25,000	0400 0044	60,000,000
Stimulation 44 Stg 17.8 MM gal / 17.8 MM II Stimulation Rentals & Other	<u> </u>			 	0180-0241 0180-0242	\$2,982,000 \$160,000
Water & Other			0180-014	<u> </u>	0180-0245	\$450,000
Bits			0180-014	\$81,000	0180-0248	\$5,000
Inspection & Repair Services			0180-015		0180-0250	\$5,000
Misc. Air & Pumping Services			0180-015		0180-0254	\$10,000
Testing & Flowback Services Completion / Workover Rig			0180-015	\$15,000	0180-0258 0180-0260	\$30,000 \$10,500
Rig Mobilization			0180-0164	\$110,000	0100-0200	\$10,500
Transportation			0180-016		0180-0265	\$20,000
Welding Services			0180-016		0180-0268	\$15,000
Contract Services & Supervision			0180-017		0180-0270	\$31,500
Directional Services Includes Vertical Control			0180-017			620.000
Equipment Rental Well / Lease Legal			0180-018 0180-018		0180-0280 0180-0284	\$30,000
Well / Lease Insurance	-		0180-018		0180-0285	
Intangible Supplies			0180-018		0180-0288	\$1,000
Damages	-		0180-019		0180-0290	
ROW & Easements			0180-019	2	0180-0292	\$10,000
Pipeline Interconnect					0180-0293	
Company Supervision Overhead Fixed Rate			0180-019		0180-0295 0180-0296	\$69,900
Well Abandonment			0180-019		0180-0298	\$20,000
Contingencies 10% (TCP) 10% (CC)			0180-019		0180-0299	\$449,600
	TC	OTAL		\$2,465,800		\$4,945,400
TANGIBLE COSTS 0181	······································			T .		
Casing (19.1" - 30")			0181-079	3	1	
Casing (10.1" - 19.0") 420' - 13 3/8" 54.5# J-55 ST&C @ \$32.50/ft			0181-079			
Casing (8.1" - 10.0") 2450' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft			0181-079			
Casing (6.1" - 8.0") 9850' - 7" 29# P-110 LT&C @ \$27.76/ft			0181-079	\$292,100		
Casing (4.1" - 6.0") 7910' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			}	·	0181-0797	\$115,400
Tubing (2" - 4") 8950' - 2 7/8" 6.5# L-80 EUE 8rd @ \$4.90/ft Drilling Head			0181-086	\$40,000	0181-0798	\$46,900
Tubing Head & Upper Section			0101-000	7 040,000	0181-0870	\$48,000
Horizontal Completion Tools Completion Liner Hanger					0181-0871	\$70,000
Sucker Rods					0181-0875	
Subsurface Equipment			∦ _	<u> </u>	0181-0880	
Artificial Lift Systems Gas Lift Valves Pumping Unit			╂	 	0181-0884 0181-0885	\$10,000
Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump			├ ──	+	0181-0886	\$35,000
Tanks - Oil 3 - 750 bbl					0181-0890	\$50,000
Tanks - Water 3 - 750 bbl steel coated					0181-0891	\$55,000
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15'x1k# Ho	or 3ph/Gun t	bbl	 		0181-0895	\$40,000
Heater Treaters, Line Heaters 6'x20'x75# HT Metering Equipment			₩	 	0181-0897	\$16,000
Line Pipe & Valves - Gathering 1/2 of 1/2 Mile 4" Gas &	12" Polv W	ater		1	0181-0898	\$7,000 \$55,000
Fittings / Valves & Accessories					0181-0906	\$60,000
Cathodic Protection					0181-0908	\$5,000
Electrical Installation			<u> </u>	ļ	0181-0909	\$50,000
Equipment Installation Pipeline Construction 1/2 of 1/2 Mile Buried 4" Steel & 1/3	Milo 12" Po	he			0181-0910	\$40,000
The state of the s		_				
	10	DTAL	<u> </u>	\$419,000		\$753,300
	SUBTO	DTAL		\$2,884,800		\$5,698,700
TOTAL	WELL CO	ST	i	\$8,5	83,500	
Extra Expense Insurance					<u> </u>	
I elect to be covered by Operator's Extra Expense Insurance	and pay my p	propor	tionate sh	re of the premium	n.	
Operator has secured Extra Expense Insurance covering costs of	well control,	clean	up and red	illing as estimated	in Line Item	0180-0185.
l elect to purchase my own well control insurance policy.						
If neither box is checked above, non-operating working interest owner elects to be covered by	v Operator's we	ell contr	ni insurance			
	,		-		_	
Prepared by: T. Cude				- u		
		Date:	1/8/20	10_		
Company Approval:		Date:		<u> </u>		
	:					
Joint Owner Interest: Amount:	Signatur	Date:				

		Cree	dence/Kansas A	rea Offset Wolfcam	p Production Tab	le			
Well Name	Operator	API	Locaiton	WFMP Comp Date	Cum Oil (Mbo)	Cum Gas (Bcf)	Cum Water (Mbw)	NS/EW	WFMP Zone
Guitar 10 24 28 RB 202H	Matador	3001542660	10H/24S/28E	4/2/2015	225.4	0.4	672.3	EW	WFMP Y Sand
Rock Spur 27 W2CN State Com 1H	Mewbourne	3001543212	27C/24S/28E	6/30/2017	162.9	1.8	531.8	NS	WFMP D Shale
Guitar 10-24S-28E RB 222H	Matador	3001543693	10H/24S/28E	8/12/2016	120.1	1.07	427.8	EW	WFMP D Shale
Anne Com 15 24S 28E RB 221H	Matador	3001543899	15D/24S/28E	11/21/2016	107.9	1.3	473.5	EW	WFMP D Shale
Guitar 10 24 28 RB 201H	Matador	3001543940	11D/24S/28E	5/20/2017	180.7	0.4	576.3	EW	WFMP Y Sand
Guitar 10 24 28 RB 221H	Matador	3001543966	11D/24S/28E	4/30/2017	93.1	1.2	392.1	EW	WFMP D Shale
Guitar 10 24S 28E RB 205H	Matador	3001543993	11D/24S/28E	5/17/2017	132.7	0.4	433	EW	WFMP Y Sand
Rock Spur 27 W0CN State Com 2H	Mewbourne	3001544064	27C/24S/28E	6/30/2017	256.9	0.6	681.1	NS	WFMP Y Sand
Anne Com 15 24S 28E RB 201H	Matador	3001544210	15D/24S/28E	10/6/2017	149.1	0.3	412.7	EW	WFMP Y Sand
Tom Matthews 10 24S 28E RB 223H	Matador	3001544257	91/24/28E	10/21/2017	61.6	1.05	308.2	EW	WFMP D Shale
Anne Com 15 24S 28E 202H	Matador	3001544417	15E/24S/28E	1/7/2018	143.1	0.3	404.5	EW	WFMP Y Sand
Anne Com 15 24S 28E 222H	Matador	3001544421	15E/24S/28E	12/23/2017	54.5	0.8	236.9	EW	WFMP D Shale
Tom Matthews 10 24S 28E RB 204H	Matador	3001544515	10M/24S/28E	5/5/2018	79.7	0.2	262.4	EW	WFMP Y Sand
Tom Matthews 10 24S 28E RB 224H	Matador	3001544516	10M/24S/28E	4/14/2018	35.3	0.5	173.9	EW	WFMP D Shale
Tom Matthews 10 24S 28E RB 203H	Matador	3001544561	91/24S/28E	4/22/2018	77.2	0.2	273	EW	WFMP Y Sand
Kyle 34 Federal Com 3H	Marathon	3001543405	34N/24S/28E	1/24/2018		Pending		NS	WFMP Y Sand
Rock Spur 27 W2AP State 1H	Mewbourne	3001544092	27A/24S/28E	4/28/2018		Pending		NS	WFMP D Shale
Rock Spur 27 W0AP State 2H	Mewbourne	3001544093	27A/24S/28E	4/28/2018		Pending		NS	WFMP Y Sand
Chicken Fry Federal Com 1H	Marathon	3001542882	22A/24S/28E		Pend	ding		NS	WFMP Y Sand
Willow Lake WC 15 1H	Kaiser-Francis	3001543990	14L/24S/28E		Pend	ding		EW	WFMP D Shale
Chicago 9/8 W0HE Fee Com 1H	Mewbourne	3001544260	9H/24S/28E		Pend	ding		EW	WFMP Y Sand
Chicago 9/8 WOIL Fee Com 1H	Mewbourne	3001544261	9H/24S/28E		Pend	ding		EW	WFMP Y Sand

