

READ & STEVENS, INC.

OIL PRODUCERS

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Warneil

June 10, 2009

Case 14152

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
ATTN: Florence Davidson

RE: Highway 5 Federal Com. #1
N/2 Section 5, T20S-R34E
Lea County, NM
R&S #10,265W

Gentlemen:

In accordance with NMOCD Order No. R-12985, please find the attached itemized schedule of actual well costs for the captioned well which was completed on April 21, 2009.

Respectfully,

Robert H. Watson / J.

Robert H. Watson
Land Manager

RHW/jas

Enclosure

READ & STEVENS, INC.
DJ210

JIB BILLED ITEMS HISTORY BY PROPERTY/CATEGORY

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PROPERTY	PROPERTY NAME	JIB		AMOUNT	COST CENTER
		CATEGORY	CATEGORY DESCRIPTION		
010265	HIGHWAY "5" FEDERAL COM #1	1-10	ABSTRACT & RECORDING FEES	5,868.90	0
		TOTAL	LEASEHOLD COST	5,868.90	
		2-03	FUEL	89,998.65	0
		2-06	ADMINISTRATIVE DRILLING O/HEAD	14,225.88	0
		2-09	BITS & REAMERS	72,811.74	0
		2-14	CUTTING DISPOSAL	24,695.00	0
		2-15	CEMENT & CEMENT SERVICES	93,627.94	0
		2-21	CONTRACT LABOR & ROUSTABOUT	89,161.21	0
		2-30	DAYWORK	548,476.88	0
		2-36	ELECTRIC LOGS	65,126.10	0
		2-42	EQUIPMENT RENTALS	103,180.00	0
		2-54	INSPECTION-CASING/TUBING	10,152.08	0
		2-55	LEGAL	29,892.38	0
		2-57	LOCATION PREPARATION & DAMAGES	67,506.25	0
		2-60	MUD & CHEMICALS	55,996.86	0
		2-63	MUD LOGGING	56,972.35	0
		2-66	PROFESSIONAL FEES	120.00	0
		2-75	MOB/DEMOB	416,723.00	0
		2-78	SUPERVISION	67,643.04	0
		2-81	SURVEYS PERMITS & RIGHT-OF-WAY	11,238.07	0
		2-82	INSURANCE/BLOWOUT/G/L/UMBRELLA	15,426.59	0
		2-84	TRANSPORTATION & HAULING	42,575.08	0
		2-90	WATER	49,290.41	0
		2-96	WELDING	17,037.69	0
		2-99	OTHER INTANGIBLE	32.10	0
		TOTAL	INTANGIBLE DRILLING COST - BCP	1,941,909.30	
		3-06	ADMINISTRATIVE DRILLING O/HEAD	1,633.31	0
		3-15	CEMENT & CEMENT SERVICE	56,111.96	0
		3-18	COMPLETION UNIT	23,841.24	0
		3-21	CONTRACT LABOR & ROUSTABOUT	62,176.82	0
		3-24	CORING & TESTING	11,938.81	0
		3-36	ELECTRIC LOGS	22,210.48	0
		3-42	EQUIPMENT RENTALS	96,882.23	0
		3-48	FRACTURING SERVICE	197,770.62	0
		3-52	INSURANCE/BLOWOUT/G/L/UMBRELLA	1,084.22	0
		3-60	MUD & CHEMICALS	16,164.22	0
		3-78	SUPERVISION	17,691.88	0
		3-84	TRANSPORTATION & HAULING	5,235.16	0
		3-90	WATER	7,332.25	0
		TOTAL	INTANGIBLE COMPLETION COST-ACP	520,073.20	
		4-03	SURFACE CASING	124,937.84	0
		4-05	PRODUCTION CASING	6,759.19	0
		4-21	INTERMEDIATE CASING	249,250.13	0
		4-24	LEASE SIGN	88.87	0
		4-60	WELLHEAD	42,016.62	0

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JIB BILLED ITEMS HISTORY BY PROPERTY/CATEGORY

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PROPERTY	PROPERTY NAME	JIB		AMOUNT	COST CENTER
		CATEGORY	CATEGORY DESCRIPTION		
010265	HIGHWAY "5" FEDERAL COM #1	4-99	OTHER TANGIBLES	32,641.01	0
		TOTAL	TANGIBLE DRILLING COSTS - BCP	455,693.66	
		5-33	PIT LINING	573.55	0
		5-36	PRODUCTION CASING	453,993.60	0
		5-45	SEPARATOR	1,200.00	0
		5-51	TANKS & ACCESSORY EQUIPMENT	2,700.00	0
		5-54	TUBING	1,608.90	0
		5-57	VALVES & FITTINGS	8,783.15	0
		5-60	WELLHEAD	11,757.54	0
		5-99	OTHER TANGIBLES	426.16	0
		TOTAL	TANGIBLE COMPLETION COST - ACP	481,042.90	
		8-66	PROFESSIONAL FEES	40.00	0
		TOTAL	LEASE OPERATING EXPENSES	40.00	
		TOTAL PROPERTY		3,404,627.96	
		RECAP TOTAL		3,404,627.96	