

Revised March 23, 2017

|           |           |       |         |
|-----------|-----------|-------|---------|
| RECEIVED: | REVIEWER: | TYPE: | APP NO: |
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Steward Energy II, LLC **OGRID Number:** 371682  
**Well Name:** HEISENBERG STATE COM BATTERY (SEE ATTACHED) **API:** \_\_\_\_\_  
**Pool:** BRONCO; SAN ANDRES, SOUTH **Pool Code:** \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

**2) NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☒ Royalty, overriding royalty owners, revenue owners  
 C. ☒ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☒ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application Content Complete

- 3) CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

1/3/2023

Date

214-297-0533

Phone Number

Vanessa.lopez@stewardenergy.com

e-mail Address

Vanessa Lopez

Print or Type Name

*Vanessa Lopez*

Signature

District I

1625 N. French Drive, Hobbs, NM 88240

District II

811 S. First St., Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-107-B

Revised August 1, 2011

**OIL CONSERVATION DIVISION**1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**OPERATOR NAME: Steward Energy II, LLCOPERATOR ADDRESS: 2600 North Dallas Parkway Suite 400, Frisco TX 75034

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)LEASE TYPE: ☒ Fee ☐ State ☐ FederalIs this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☐ Yes ☒ No**(A) POOL COMMINGLING**

Please attach sheets with the following information

| (1) Pool Names and Codes         | Gravities / BTU of<br>Non-Commingled<br>Production | Calculated Gravities /<br>BTU of Commingled<br>Production |  | Calculated Value of<br>Commingled<br>Production | Volumes |
|----------------------------------|--|---|--|---|---------|
| Bronco; San Andres, South (7500) |  |   |  |   |         |
|                                  |  |   |  |   |         |
|                                  |  |   |  |   |         |
|                                  |  |   |  |   |         |
|                                  |  |   |  |   |         |

(2) Are any wells producing at top allowables? ☐ Yes ☒ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.(4) Measurement type: ☒ Metering ☐ Other (Specify)(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code. BRONCO; SAN ANDRES, SOUTH (7500)(2) Is all production from same source of supply? ☒ Yes ☐ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No(4) Measurement type: ☒ Metering ☐ Other (Specify)**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Vanessa LopezTITLE: Sr. Analyst Re ulator & Environmenta DATE: 1/3/2023TYPE OR PRINT NAME Vanessa LopezTELEPHONE NO.: 214-297-0533E-MAIL ADDRESS: vanessa.lopez@stewardenergy.com

| Heisenberg Battery Wells  |             |              |                                  |        |        |         |                            |           |
|---------------------------|-------------|--------------|----------------------------------|--------|--------|---------|----------------------------|-----------|
| WELL                      | LOCATION    | API          | POOL                             | OIL    | GAS    | GRAVITY | Date online                |           |
| Broken Spoke 2 State 1H   | 0-2-14S-38E | 30-025-41004 | (7500)-BRONCO, SAN ANDRES, SOUTH | 18.31  | 56.54  |         | 29                         | 5/12/2014 |
| Broken Spoke State Com 5H | M-2-14S-38E | 30-025-45530 | (7500)-BRONCO, SAN ANDRES, SOUTH | 668.89 | 480.4  |         | 29                         | 7/6/2019  |
| Heisenberg State Com 3H   | J-3-14S-38E | 30-025-43753 | (7500)-BRONCO, SAN ANDRES, SOUTH | 53.33  | 190.85 |         | 29                         | 9/1/2017  |
| Heisenberg State Com 5H   | L-3-14S-38E | 30-025-45619 | (7500)-BRONCO, SAN ANDRES, SOUTH | 98.03  | 207.38 |         | 29                         | 7/3/2019  |
| Heisenberg State Com 7H   | J-4-14S-38E | 30-025-43754 | (7500)-BRONCO, SAN ANDRES, SOUTH | 59.78  | 185.2  |         | 29                         | 9/2/2017  |
| Heisenberg State Com 1H   | I-3-14S-38E | 30-025-50727 | (7500)-BRONCO, SAN ANDRES, SOUTH |        |        |         | not on line as of 11/29/22 |           |
| Heisenberg State Com 2H   | I-3-14S-38E | 30-025-50728 | (7500)-BRONCO, SAN ANDRES, SOUTH |        |        |         | not on line as of 11/29/22 |           |



December 5, 2022

**CERTIFIED MAIL RETURN**  
**RECEIPT REQUESTED**

Re: Request for Lease & Pool Commingling at Heisenberg Tank Battery  
Sec.3, T-14S, R38E  
Bronco Lake San Andres, South (Pool Name)  
Lea County, New Mexico

Dear Interest Owner:

This letter is to advise you that Steward Energy II LLC is filing an application with the New Mexico Oil Conservation Division (NMOCD) seeking approval for oil & gas lease and Pool commingling for the wells mentioned below.

| WELL                      | LOCATION    | API          | POOL                             |
|---------------------------|-------------|--------------|----------------------------------|
| Broken Spoke 2 State 1H   | 0-2-14S-38E | 30-025-41004 | (7500)-BRONCO, SAN ANDRES, SOUTH |
| Broken Spoke State Com 5H | M-2-14S-38E | 30-025-45530 | (7500)-BRONCO, SAN ANDRES, SOUTH |
| Heisenberg State Com 3H   | J-3-14S-38E | 30-025-43753 | (7500)-BRONCO, SAN ANDRES, SOUTH |
| Heisenberg State Com 5H   | L-3-14S-38E | 30-025-45619 | (7500)-BRONCO, SAN ANDRES, SOUTH |
| Heisenberg State Com 7H   | J-4-14S-38E | 30-025-43754 | (7500)-BRONCO, SAN ANDRES, SOUTH |
| Heisenberg State Com 1H   | I-3-14S-38E | 30-025-50727 | (7500)-BRONCO, SAN ANDRES, SOUTH |

A copy of our submitted application is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the NMOCD within 20 days from the date of this letter.

Please contact the undersigned at (214) 297-0500 or [land@stewardenergy.net](mailto:land@stewardenergy.net) should you have any questions or need any additional information.

Sincerely,

Vanessa Lopez  
Senior Analyst-Regulatory & Environmental



| HEISENBERG BATTERY NOTIFICATION LIST            |                                |                               |               |       |            |                          |
|---|--------------------------------|-------------------------------|---------------|-------|------------|--------------------------|
| Owner Name                                      | Address1                       | Address2                      | City          | State | Zip        | USPS TRACKING NUMBER     |
| F. Schuman - R. Kaye Company, LLP               | % Marlene Adelman              | 3395 Mountain Breeze Way #325 | Thousand Oaks | CA    | 91360      | 7022 0410 0003 3548 3497 |
| El Rey Salt Company, Inc.                       | % Nathan Lowe                  | 2313 Broadway                 | Lubbock       | TX    | 79401      | 7022 0410 0003 3548 3503 |
| J.M. Welborn Trust                              | % Prosperity Bank, Trustee     | 1401 Avenue Q                 | Lubbock       | TX    | 79401      | 7022 0410 0003 3548 3510 |
| Vora Lowe Hartley Mineral Trust                 | % Robert T. Hartley, Trustee   | PO Box 1024                   | Clovis        | NM    | 88102      | 7022 0410 0003 3548 3527 |
| Rebecca W. Sutton                               | 100 Spieth Ct.                 |                               | Granbury      | TX    | 76048      | 7022 0410 0003 3548 3534 |
| LIGON LOFLIN JONES                              | 11000 EAST QUAKER ROAD         |                               | DISPUTANTA    | VA    | 23842      | 7022 0410 0003 3548 3541 |
| Kathryn M. Phillips                             | 11445 Crossno Drive            |                               | Cleveland     | TX    | 77328      | 7022 0410 0003 3548 3558 |
| LDL Lowe Family Partnership, Ltd.               | 1200 Barton Creek Blvd, Apt 2. |                               | Austin        | TX    | 78735      | 7022 0410 0003 3548 3565 |
| David E. Randall                                | 13408 Northwest Court          |                               | Haslet        | TX    | 76052      | 7022 0410 0003 3548 3589 |
| Patricia Ann Randall                            | 1511 Silent Brook Dr.          |                               | Prosper       | TX    | 75078      | 7022 0410 0003 3548 3596 |
| Mary E. Popplewell                              | 161 Moose Road                 |                               | Calera        | OK    | 74730      | 7022 0410 0003 3548 3602 |
| Theresa Marie Robak                             | 2056 Bancroft Lane             |                               | Mt. Pleasant  | SC    | 29466      | 7022 0410 0003 3548 3619 |
| Elk Range Royalties, LP                         | 2110 Farrington Street         |                               | Dallas        | TX    | 75207      | 7022 0410 0003 3548 3626 |
| ARCHER LEE JONES II                             | 215 WEST ROAD                  |                               | PORTSMOUTH    | VA    | 23707      | 7022 0410 0003 3548 3633 |
| Charlotte Schuman                               | 2300 Riverside Dr., Unit 9G    |                               | Tulsa         | OK    | 74114      | 7022 0410 0003 3548 3640 |
| Lowe Minerals and Land Family Partnership, Ltd. | 2313 Broadway                  |                               | Lubbock       | TX    | 79401      | 7022 0410 0003 3548 3657 |
| Triune, LLC                                     | 2313 Broadway                  |                               | Lubbock       | TX    | 79401      | 7022 0410 0003 3548 3664 |
| Kimberly M. Jackson                             | 254 White Cedar Street         |                               | Houston       | TX    | 77015      | 7022 0410 0003 3548 3671 |
| Clarice Fay Futch Shaw                          | 28600 Corby Drive              |                               | Livingston    | LA    | 70754      | 7022 0410 0003 3548 3688 |
| Kelly Lowe Read                                 | 302 Country Club               |                               | Levelland     | TX    | 79336      | 7022 0410 0003 3548 3701 |
| Chad S. Conine                                  | 310 N. 40th Street             |                               | Waco          | TX    | 76710      | 7022 0410 0003 3548 3718 |
| New Mexico State Land Office                    | 310 Old Santa Fe Trail         |                               | Santa Fe      | NM    | 87501      | 7020 0640 0001 1087 2011 |
| Rock House Resources, LLC                       | 316 Bailey Avenue, Suite 113   |                               | Fort Worth    | TX    | 76107      | 7022 0410 0003 3548 3725 |
| JOSEPH SCOTT THOMPSON                           | 3309 WEST LAMAR STREET, UNIT B |                               | HOUSTON       | TX    | 77019      | 7022 0410 0003 3548 3732 |
| Renae LaJean Futch Suberg                       | 340 Friendlywood Drive         |                               | Canyon Lake   | TX    | 78133      | 7022 0410 0003 3548 3749 |
| Lauren Lowe Matthews                            | 3613 Hamilton Avenue           |                               | Fort Worth    | TX    | 76107      | 7022 0410 0003 3548 3756 |
| Cecil Paul Futch                                | 3637 Fieldcrest Circle         |                               | Garland       | TX    | 75042      | 7022 0410 0003 3548 3763 |
| Debra Lowe Vesowate                             | 3823 84th Street               |                               | Lubbock       | TX    | 79423      | 7022 0410 0003 3548 3770 |
| Collins Permian LP                              | 3824 Cedar Springs Road        | #414                          | Dallas        | TX    | 75219      | 7022 0410 0003 3548 3787 |
| Calley Conine Durant                            | 408 Shady Grove Drive          |                               | Granbury      | TX    | 76049      | 7020 0640 0001 1087 1748 |
| Vivian Lowe Anselmi                             | 4904 97th Street               |                               | Lubbock       | TX    | 79424-4804 | 7020 0640 0001 1087 1755 |
| Kay Calloway Newton                             | 5004 Woodrow Road              |                               | Lubbock       | TX    | 79424-6609 | 7020 0640 0001 1087 1762 |
| WALLACE FAMILY PARTNERSHIP LP                   | 508 WEST WALL STREET           | SUITE 1200                    | MIDLAND       | TX    | 79701      | 7020 0640 0001 1087 1779 |
| Haley Day Lowe Erdlen                           | 7 Meadowood Road               |                               | Bryn Mawr     | PA    | 19010      | 7020 0640 0001 1087 1786 |
| Rose Marie Bailey                               | 716 N. 5th St.                 |                               | Rogers        | AR    | 72756      | 7020 0640 0001 1087 1793 |
| TIMOTHY REED THOMPSON                           | 7603 COURTNEY MANOR LANE       |                               | KATY          | TX    | 77494-6595 | 7020 0640 0001 1087 1809 |
| Martin Dion Lowe                                | 7801 Espanola Trail            |                               | Austin        | TX    | 78737      | 7020 0640 0001 1087 1823 |
| Christmann Mineral Company                      | 7822 Orlando Avenue            |                               | Lubbock       | TX    | 79423      | 7020 0640 0001 1087 1830 |
| Robert Thomas Hartley                           | PO Box 1024                    |                               | Clovis        | NM    | 88102      | 7020 0640 0001 1087 1847 |
| Permian Development, LLC                        | PO Box 136879                  |                               | Fort Worth    | TX    | 76136      | 7020 0640 0001 1087 1854 |
| Ronny Lowe                                      | PO Box 1381                    |                               | Wolforth      | TX    | 79382      | 7020 0640 0001 1087 1816 |
| CTH Royalties, LLC                              | PO Box 1761                    |                               | Aledo         | TX    | 76008-1761 | 7020 0640 0001 1087 1861 |
| Leta M. Loflin                                  | PO Box 3315                    |                               | Lubbock       | TX    | 79452      | 7020 0640 0001 1087 1878 |
| Charles David Walker                            | PO Box 372                     |                               | Granbury      | TX    | 75078      | 7020 0640 0001 1087 1885 |
| Lewanda Jean Crumpton Onstead                   | PO Box 4530                    |                               | Ruidoso       | NM    | 88355      | 7020 0640 0001 1087 1892 |
| WBA RESOURCES LTD                               | PO BOX 50468                   |                               | MIDLAND       | TX    | 79710-0468 | 7020 0640 0001 1087 1908 |
| JWD RESOURCES LLC                               | PO BOX 51908                   |                               | MIDLAND       | TX    | 79710      | 7020 0640 0001 1087 1915 |
| NM ROYALTY LLC                                  | PO BOX 51908                   |                               | MIDLAND       | TX    | 79710      | 7020 0640 0001 1087 1922 |
| Chaney Conine Cockrell                          | PO Box 5321                    |                               | Granbury      | TX    | 76049      | 7020 0640 0001 1087 1939 |
| William C. Bahlburg                             | PO Box 560430                  |                               | The Colony    | TX    | 75056-0430 | 7020 0640 0001 1087 2004 |
| Lowe Family, Ltd.                               | PO Box 5883                    |                               | Granbury      | TX    | 76049      | 7020 0640 0001 1087 1946 |
| Shana Lowe Conine                               | PO Box 5883                    |                               | Granbury      | TX    | 76049      | 7020 0640 0001 1087 1953 |
| Kay Lowe Atcheson Trust                         | PO Box 64595                   |                               | Lubbock       | TX    | 79464-4595 | 7020 0640 0001 1087 1960 |
| Mekusukey Oil Company, LLC                      | PO Box 816                     |                               | Wewoka        | OK    | 74884-0816 | 7020 0640 0001 1087 1977 |
| Osborne Family Properties, Ltd.                 | PO Box 8206                    |                               | Wichita Falls | TX    | 76307      | 7020 0640 0001 1087 1984 |
| Teddy Lowe Hartley                              | PO Box 845                     |                               | Clovis        | NM    | 88102      | 7020 0640 0001 1087 1991 |
| PetroVen, Inc.                                  | The Crossing II                | 5501 LBJ Freeway, Suite 900   | Dallas        | TX    | 75240-6220 | 7020 0640 0001 1087 2028 |

## APPLICATION FOR SURFACE POOL LEASE COMMINGLING

### Introduction

Steward Energy II, LLC requests approval for the surface commingling of oil and gas from all existing and future wells on the Broken Spoke 2 State and Broken Spoke State Com leases. The current wells, Broken Spoke 2 State 1H and Broken Spoke State Com 5H, and any future wells will be taken to an established tank facility at the Heisenberg State Com Tank Battery. The Broken Spoke 2 State 1H is one and one-quarter mile and the Broken Spoke State Com 5H is three-quarters of a mile south and east of the Heisenberg State Com Tank Battery location. The Heisenberg State Com Tank Battery has the infrastructure in place for oil, water and gas handling and sales and each well is being tested daily through dedicated 3 phase separators and heater treaters. The commingled site serves as a central emissions point for any emergency flaring of the commingled leases thereby limiting the effects of an emergency flare event to one site rather than multiple locations.

Current wells that will be commingling production at the Heisenberg State Com Tank Battery will include:

|              |                           |                            |
|--------------|---------------------------|----------------------------|
| 30-025-41004 | Broken Spoke 2 State 1H   | SESE Section 2; T14S, R38E |
| 30-025-45530 | Broken Spoke State Com 5H | SWSW Section 2; T14S, R38E |
| 30-025-50727 | Heisenberg State Com 1H   | NESE Section 3; T14S, R38E |
| 30-025-50728 | Heisenberg State Com 2H   | NESE Section 3; T14S, R38E |
| 30-025-43753 | Heisenberg State Com 3H   | NWSE Section 3; T14S, R38E |
| 30-025-45619 | Heisenberg State Com 5H   | NWSW Section 3; T14S, R38E |
| 30-025-43754 | Heisenberg State Com 7H   | NWSE Section 4; T14S, R38E |

All wells will be producing from the same pool and formation (Bronco; San Andres, South).

### Royalty Revenue Statement

The approval of the proposed application for surface commingling of the Broken Spoke 2 State and Broken Spoke State Com leases (see legal description on page 2) will not negatively affect the royalty revenue of the New Mexico State Government. Current and future wells at the Heisenberg State Com Tank Battery will each have their own dedicated 3-phase separator which will meter oil, water and gas. In addition, each well will also have a second vertical vessel (heater treater) specifically allowing the oil to go through a final separation removing any extraneous water and gas and acting as an ultimate metering point for the oil. The dedicated vessels allow for Steward Energy II, LLC to accurately meter each production stream individually prior to the actual commingling of produced fluids from the proposed leases at the Heisenberg State Com Tank Battery. Each meter will be tested and proven on a monthly basis to ensure that the daily volumes being recorded are valid and accurate. The effectiveness of the meters to record the daily production off of the dedicated vessels ensures that the State Government will not lose revenue from the approval of the commingling allocation request.

## List of Leases Included

### Legal Descriptions

#### **Broken Spoke 2 State**

210.50 acres, more or less, being Lots 1 (55.97 acres), 4 (52.22 acres), 5 (51.51 acres) and 6 (50.80 acres) of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Broken Spoke 2 State Com**

484.42 acres, more or less, being the SW/4 of Section 35, Township 13 South, Range 38 East, and the W/2 of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Heisenberg State Com 1H**

242.17 acres, more or less, being all of the E/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Heisenberg State Com 2H**

242.17 acres, more or less, being all of the E/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Heisenberg State Com 3H**

242.19 acres, more or less, being all of the W/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the W/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Heisenberg State Com 5H**

484.44 acres, more or less, being all of the NW/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the W/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

#### **Heisenberg State Com 7H**

240.00 acres, more or less, being all of the E/2NE/4 of Section 4, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 33, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

## Proposed Allocation Agreement

The proposed allocation agreement for the commingled Heisenberg State Com Tank Battery is a ratioed allocation based off of each individual well test from the aforesaid leases at the Heisenberg State Com Tank Battery. As previously mentioned, each current and future well going into the battery will have a dedicated 3 phase separator and heater treater with individual meters measuring oil, gas and water volumes. The oil meter will be proven at least once a month utilizing a dedicated oil tank and tank gauges. The gas meter will be proved monthly utilizing a third party meter prover. The production ratio, based on the metered tests, is applied to the total volume at the battery to calculate the respective allocated volumes for each well and each production stream. This method of testing has already been in use by Steward Energy II, LLC in Texas with a high degree of accuracy.

## Economic Statement

All of the leases in the proposed surface commingling agreement are capable of producing in commercial and paying quantities of 1 bbl/day of oil and is repeatable by current and historic well tests.

## Future Additions

Steward Energy II, LLC requests authority to add additional wells contained within the spacing units identified and approved above by filing a C103Z and C102 with the NMOCD. Notice to owners shall not be required when amending the application to add wells contained within spacing units previously approved for commingling authority.

Pursuant to Statewide rule 19.15.12.10 (C)(4)(g) Steward Energy II, LLC requests the option to include additional pools or leases within the following parameters:

Steward Energy II, LLC may add additional production from the Bronco; San Andres, South pool from Leases

### **Broken Spoke 2 State**

210.50 acres, more or less, being Lots 1 (55.97 acres), 4 (52.22 acres), 5 (51.51 acres) and 6 (50.80 acres) of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico

### **Broken Spoke 2 State Com**

484.42 acres, more or less, being the SW/4 of Section 35, Township 13 South, Range 38 East, and the W/2 of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico

### **Heisenberg State Com 1H**

242.17 acres, more or less, being all of the E/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

**Heisenberg State Com 2H**

242.17 acres, more or less, being all of the E/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

**Heisenberg State Com 3H**

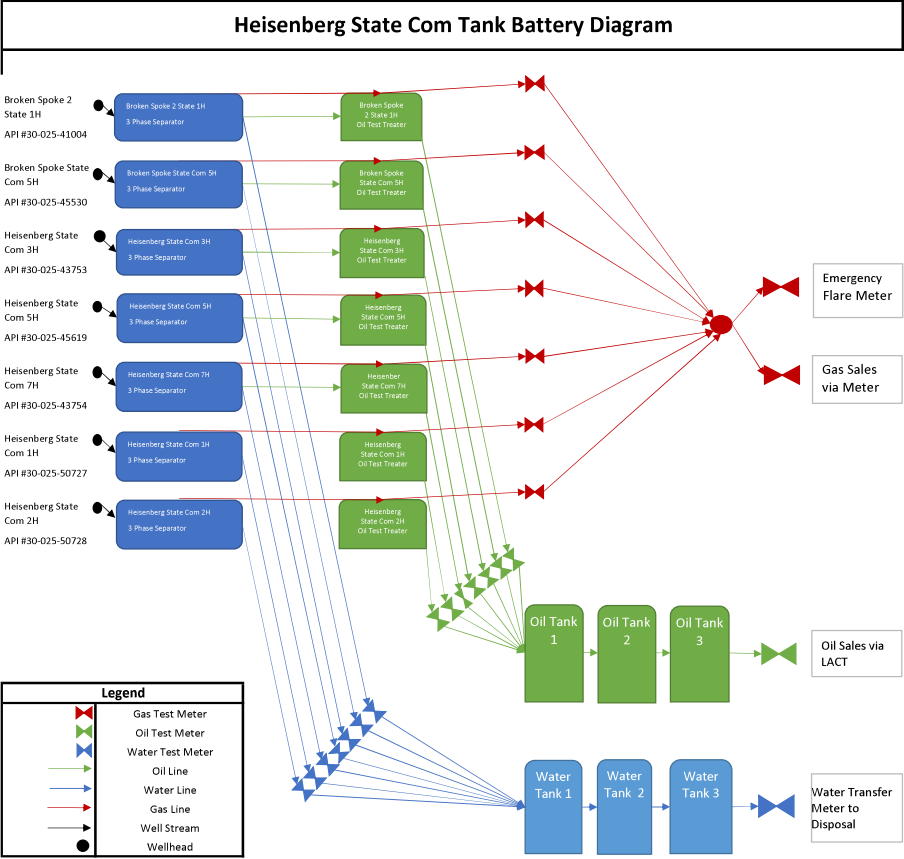
242.19 acres, more or less, being all of the W/2NE/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the W/2E/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

**Heisenberg State Com 5H**

484.44 acres, more or less, being all of the NW/4 of Section 3, Township 14 South, Range 38 East, N.M.P.M., and all of the W/2 of Section 34, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

**Heisenberg State Com 7H**

240.00 acres, more or less, being all of the E/2NE/4 of Section 4, Township 14 South, Range 38 East, N.M.P.M., and all of the E/2E/2 of Section 33, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico







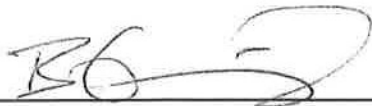


# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

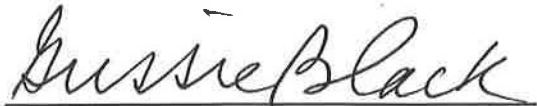
I, Blake Ovard, Editor of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
December 09, 2022  
and ending with the issue dated  
December 09, 2022.



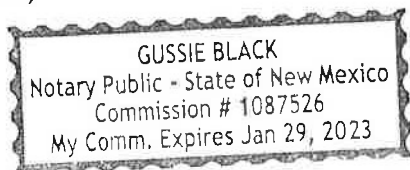
Editor

Sworn and subscribed to before me this  
9th day of December 2022.



Business Manager

My commission expires  
January 29, 2023  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

## LEGAL NOTICE December 9, 2022

STEWARD Energy II LLC located at 2600 Dallas Parkway, Suite 400, Frisco, Texas 75034 is applying to the NMOCD for a surface commingle permit for oil and gas production for facilities in the Northwest Shelf within Permian Basin. The facilities are located in Lea County in Section 3; T14S;R38E. This notification is for the Heisenberg Battery.

Wells going to these batteries are located in Lea County in Sections 2, 3, 4; 14S;38E. Production is from the Bronco, San Andres South formation/pool. The wells going to this battery are Broken Spoke 2 State 1H, Broken Spoke State Com 5H, and Heisenberg 1H, 2H, 3H, 5H & 7H wells.

Pursuant to statewide Rule 19.15.12.10, any objections to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505, if no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact Vanessa Lopez, Steward Energy II, LLC at 214.297.0533 or [vanessa.lopez@stewardenergy.net](mailto:vanessa.lopez@stewardenergy.net). #00273811

67117552

00273811

VANESSA LOPEZ  
STEWARD ENERGY, LLC  
2600 Dallas Parkway, Suite 400  
FRISCO, TX 75034

**Yoakum County**

| Components     | Mol %    |
|----------------|----------|
| Methane        | 55.6061% |
| Nitrogen       | 3.1142%  |
| Carbon Dioxide | 8.1978%  |
| H2S            | 1.9258%  |
| Other Inerts   | 0.0000%  |
| Ethane         | 14.4222% |
| Propane        | 9.1315%  |
| Iso Butane     | 1.3044%  |
| Normal Butane  | 3.1137%  |
| Iso Pentane    | 0.9250%  |
| Normal Pentane | 0.9313%  |
| Hexane         | 1.3280%  |

| Components     | Mol %    |
|----------------|----------|
| Methane        | 58.4662% |
| Nitrogen       | 3.1966%  |
| Carbon Dioxide | 7.6588%  |
| H2S            | 1.5969%  |
| Other Inerts   | 0.0000%  |
| Ethane         | 13.4719% |
| Propane        | 8.4035%  |
| Iso Butane     | 1.2192%  |
| Normal Butane  | 2.9236%  |
| Iso Pentane    | 0.8748%  |
| Normal Pentane | 0.8783%  |
| Hexane         | 1.3101%  |

**Cochran County**

| Components     | Mol %    |
|----------------|----------|
| Methane        | 60.8638% |
| Nitrogen       | 7.1884%  |
| Carbon Dioxide | 8.6544%  |
| H2S            | 2.2701%  |
| Other Inerts   | 0.0000%  |
| Ethane         | 9.0212%  |
| Propane        | 6.2178%  |
| Iso Butane     | 0.9843%  |
| Normal Butane  | 2.2125%  |
| Iso Pentane    | 0.7958%  |
| Normal Pentane | 0.7018%  |
| Hexane         | 1.0919%  |

| Components     | Mol %    |
|----------------|----------|
| Methane        | 58.0638% |
| Nitrogen       | 6.9511%  |
| Carbon Dioxide | 8.2540%  |
| H2S            | 2.5114%  |
| Other Inerts   | 0.0000%  |
| Ethane         | 8.9802%  |
| Propane        | 6.6048%  |
| Iso Butane     | 1.1023%  |
| Normal Butane  | 2.5580%  |
| Iso Pentane    | 1.1037%  |
| Normal Pentane | 1.0245%  |
| Hexane         | 1.8454%  |

**From:** [Kris Lee](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Cc:** [Vanessa Lopez](#)  
**Subject:** [EXTERNAL] Action ID: 172004 - Commingle application - replacement documents  
**Date:** Wednesday, January 18, 2023 3:27:27 PM  
**Attachments:** [HEISENBERG.BATTERY.comminle.04jan2023.submitted.addition.of.gas.anaylsis.pdf](#)

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CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Please replace the documents submitted on this action ID that was submitted 1/3/2023

Thank you,

~Kris Lee  
Regulatory Professional  
Owner, Elite Permitting LLC  
303.659.9581 – Office  
303.884.4229 - Cell

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Vanessa De Los Santos](#); [vanessa.lopez@stewardenergy.com](mailto:vanessa.lopez@stewardenergy.com)  
**Cc:** [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Lamkin, Baylen L.](#)  
**Subject:** Approved Administrative Order CTB-1079  
**Date:** Friday, January 5, 2024 3:03:33 PM  
**Attachments:** [CTB1079 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1079 which authorizes Steward Energy II, LLC (371682) to surface commingle or off-lease measure, as applicable, the following wells:

| Well API     | Well Name                  | UL or Q/Q | S-T-R      | Pool |
|--------------|----------------------------|-----------|------------|------|
| 30-025-41004 | Broken Spoke 2 State #1H   | W/2 E/2   | 2-14S-38E  | 7500 |
| 30-025-45530 | Broken Spoke State Com #5H | SW/4      | 35-13S-38E | 7500 |
|              |                            | W/2       | 2-14S-38E  |      |
| 30-025-43753 | Heisenberg State Com #3H   | W/2 E/2   | 34-13S-38E | 7500 |
|              |                            | W/2 NE/4  | 3-14S-38E  |      |
| 30-025-45619 | Heisenberg State Com #5H   | W/2       | 34-13S-38E | 7500 |
|              |                            | NW/4      | 3-14S-38E  |      |
| 30-025-43754 | Heisenberg State Com #7H   | E/2 E/2   | 33-13S-38E | 7500 |
|              |                            | E/2 NE/4  | 4-14S-38E  |      |
| 30-025-50727 | Heisenberg State Com #1H   | E/2 E/2   | 34-13S-38E | 7500 |
|              |                            | E/2 NE/4  | 3-14S-38E  |      |
| 30-025-50728 | Heisenberg State Com #2H   | E/2 E/2   | 34-13S-38E | 7500 |
|              |                            | E/2 NE/4  | 3-14S-38E  |      |

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
 Petroleum Engineer, Oil Conservation Division  
 New Mexico Energy, Minerals and Natural Resources Department  
 (505) 469-8211

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY STEWARD ENERGY II, LLC**

**ORDER NO. CTB-1079**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Steward Energy II, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

**CONCLUSIONS OF LAW**

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

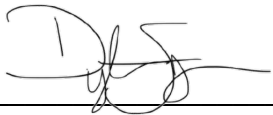
2. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and



regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
9. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
12. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**DYLAN M. FUGE  
DIRECTOR (ACTING)**

**DATE:** 1/5/24

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: CTB-1079

Operator: Steward Energy II, LLC (371682)

Central Tank Battery: Heisenberg State Com Tank Battery

Central Tank Battery Location: UL I J, Section 3, Township 14 South, Range 38 East

Gas Title Transfer Meter Location: UL I J, Section 3, Township 14 South, Range 38 East

### Pools

| Pool Name                 | Pool Code |
|---------------------------|-----------|
| BRONCO; SAN ANDRES, SOUTH | 7500      |

### Leases as defined in 19.15.12.7(C) NMAC

| Lease                                  | UL or Q/Q | S-T-R      |
|--|-----------|------------|
| V0 9189 0002                           | W/2 E/2   | 2-14S-38E  |
| CA San Andres NMSLO 203904 PUN 1376663 | SW/4      | 35-13S-38E |
|  | W/2       | 2-14S-38E  |
| CA San Andres NMSLO 203612 PUN 1361768 | E/2 E/2   | 33-13S-38E |
|  | E/2 NE/4  | 4-14S-38E  |
| CA San Andres NMSLO 203682 PUN 1367956 | W/2 E/2   | 34-13S-38E |
|  | W/2 NE/4  | 3-14S-38E  |
| CA San Andres NMSLO 203898 PUN 1376592 | W/2       | 34-13S-38E |
|  | NW/4      | 3-14S-38E  |
| CA San Andres NMSLO 204459             | E/2 E/2   | 34-13S-38E |
|  | E/2 NE/4  | 3-14S-38E  |

### Wells

| Well API     | Well Name                  | UL or Q/Q | S-T-R      | Pool |
|--------------|----------------------------|-----------|------------|------|
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|              |                            | W/2       | 2-14S-38E  |      |
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|              |                            | E/2 NE/4  | 4-14S-38E  |      |
| 30-025-50727 | Heisenberg State Com #1H   | E/2 E/2   | 34-13S-38E | 7500 |
|              |                            | E/2 NE/4  | 3-14S-38E  |      |
| 30-025-50728 | Heisenberg State Com #2H   | E/2 E/2   | 34-13S-38E | 7500 |
|              |                            | E/2 NE/4  | 3-14S-38E  |      |

**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 Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS  
  
Action 172004

CONDITIONS

|  |   |
|--|---|
| Operator:<br>STEWARD ENERGY II, LLC<br>2600 Dallas Parkway<br>Frisco, TX 75034 | OGRID:<br>371682  |
|  | Action Number:<br>172004  |
|  | Action Type:<br>[C-107] Surface Commingle or Off-Lease (C-107B) |

CONDITIONS

| Created By | Condition  | Condition Date |
|------------|--|----------------|
| dmcclure   | Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me. | 1/5/2024       |