

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

**APPLICATION OF STEWARD ENERGY II, LLC  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Case No. \_\_\_\_\_

**APPLICATION**

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC (“Steward”) applies for an order pooling all uncommitted mineral interests in the San Andres formation in a 480-acre, more or less, standard horizontal spacing unit comprised of the SW/4 of Section 11 and the W/2 of Section 14, Township 13 South, Range 38 East, Lea County, New Mexico. In support of its Application, Steward states the following.

1. Steward (OGRID No. 371682) is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. The horizontal spacing unit will be dedicated to the Gustavo Fee #5H well, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit F) of Section 23 to a bottom hole location in NW/4SW/4 (Unit J) of Section 11, Township 13 South, Range 38 East.
3. The completed interval for the proposed Gustavo Fee #5H well will be within 330’ of the line separating the W/2W/2 and the E/2W/2 of Sections 11 and 14 to allow inclusion of this acreage within a standard 480-acre, more or less, horizontal well spacing unit.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners within the horizontal spacing unit to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of all uncommitted mineral interests will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Steward to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the subject spacing unit should be pooled and Steward should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, Steward requests that this Application be set for hearing on May 6, 2021 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the proposed horizontal spacing unit;

B. Designating Steward as the operator of the well;

C. Authorizing Steward to recover its costs of drilling, equipping, and completing the well and allocating the costs among the well's working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Steward in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HINKLE SHANOR LLP

*/s/ Dana S. Hardy*

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Dana S. Hardy

Michael Rodriguez

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

mrodriguez@hinklelawfirm.com

*Counsel for Steward Energy II, LLC*