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. 22319

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Taylor Warren
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
Exhibit B	Self-Affirmed Statement of Shane Seals
B- 1	Location Map, Structure Map, Gunbarrel Schematic

B-2 Cross Section

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case No.:	22319
Hearing Date:	12/2/2021
Applicant	Steward Energy II, LLC
Designated Operator & OGRID	OGRID # 371682
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Steward Energy II, LLC for Compulsory Pooling, Lea
	County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Roof Pizza
Formation/Pool	
Formation Name(s) or Vertical Extent	San Andres
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	San Andres
Pool Name and Pool Code	
Well Location Setback Rules	Bronco; San Andres, South Pool (Pool Code 7500) Statewide
Spacing Unit Size	
Spacing Unit	320-acre
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	
Building Blocks	320-acre
Orientation	quarter-quarter
	Standup
Description: TRS/County	W/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	The completed interval of the Roof Pizza Fee #5H will be within 330' of
	the line separating the W/2W/2 and E/2W/2 of Section 22 to allow for the formation of a 320-acre standard horizontal spacing unit.
Proximity Defining Well: if yes, description	Roof Pizza Fee #5H
Nell(s)	
Name & API (if assigned), surface and bottom hole	Add wells as needed
ocation, footages, completion target, orientation,	
completion status (standard or non-standard)	
Nell #1	Roof Pizza Fee #5H (API # pending)
	SHL: 670 FNL & 1210 FWL (Unit D) of Section 27, T13S-R38E
	BHL: 100 FNL & 1210 FWL (Unit D) of Section 22, T13S-R38E
	Completion Target: San Andres (Approximately 5369' TVD)
	Completion status: Standard
lorizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
FE Capex and Operating Costs	
vrilling Supervision/Month \$	7,000
roduction Supervision/Month \$	700
ustification for Supervision Costs	Exhibit A
equested Risk Charge	200%
lotice of Hearing	
roposed Notice of Hearing	Exhibit A-1
proof of Mailed Notice of Hearing (20 days before hearing	ng) Exhibit A-6

Proof of Published Notice of Hearing (10 days before	
hearing)	Exhibit A-7
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	Henord. Haraly
Date:	11/30/2021
	0

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. 22319

SELF-AFFIRMED STATEMENT OF TAYLOR WARREN

1. I am the land manager at Steward Energy II, LLC ("Steward") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of the application and proposed hearing notice in this case are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. Steward seeks an order pooling all uncommitted interests in the Bronco; San Andres, South Pool (Pool Code 7500), underlying a standard 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the **Roof Pizza Fee #5H** to be horizontally drilled from a surface hole location in the NW/4NW/4 (Unit D) of Section 27 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 22 ("Well").

6. The completed interval of the Well will be orthodox.

7. Exhibit A-2 contains the C-102 for the Well.

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Steward seeks to pool highlighted in yellow.

9. Exhibit A-4 contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

10. Steward has conducted a diligent search of all county public records including phone directories and computer databases.

11. All interest owners Steward seeks to pool are locatable.

12. In my opinion, Steward made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.

13. Steward requests overhead and administrative rates of \$7,000 per month while the Well is being drilled and \$700 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Steward and other operators in the vicinity.

14. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6**.

15. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

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16. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

17. In my opinion, the granting of Steward's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

18. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Taylor Warren

11-29-2021 Date

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. 22319

APPLICATION

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC ("Applicant") applies for an order pooling all uncommitted interests within the San Andres formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico ("Unit"). Applicant states the following in support of its application:

1. Applicant (OGRID No. 371682) is a working interest owner in the Unit and has the right to drill wells thereon.

2. The Unit will be dedicated to the following proposed initial well:

- Roof Pizza Fee #5H to be horizontally drilled from a surface hole location in the NW/4NW/4 (Unit D) of Section 27 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 22 ("Well").
- 3. The completed interval of the Well will be orthodox.

4. The completed interval of the Well will be within 330' of the line separating the W/2W/2 and E/2W/2 of Section 22 to allow for the formation of a 320-acre standard horizontal spacing unit.

5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all the interest owners.

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

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on December 2, 2021, and that after notice and hearing the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

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Respectfully submitted,

HINKLE SHANOR LLP

<u>/s/ Dana S. Hardy</u> 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* **Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant applies for an order pooling all uncommitted interests within the San Andres formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the following proposed initial well: Roof Pizza Fee #5H to be horizontally drilled from a surface hole location in the NW/4NW/4 (Unit D) of Section 27 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 22 ("Well"). The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 14.62 miles Southeast of Tatum, New Mexico. District 1 (625 N French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S First St., Artesia, NM 88210

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Pione: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NNI 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. SI. 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									
API Number 2 Pool C			² Pool Code	ade ³ Pool Name						
	7500 BRONCO; SAN ANDRES					IDRES,	SOUT	ТН		
⁴ Property C	Code				S Property	Name			6 1	Well Number
]	ROOF PIZZ.	A FEE 5H				5H
⁷ OGRID I	Yo.				⁸ Operator	Name				⁹ Elevation
37168	2			STE	WARD ENE	ERGY II, LLC				3808'
					Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East	West line	County
D	27	13S	38E		670	NORTH	1210	WES	ST	LEA
			" Bo	ttom Hol	e Location I	Different Fron	n Surface			
UL or lot na.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Enst	West line	County
D	22	13S	38E 100 NORTH 1210 WES					ST	LEA	
12 Dedicated Acres	13 Joint or	Infill ¹⁴ C	Consolidation Code 15 Order No.							
320.0										

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



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99990013 Convergence Angle: 00°41'16.54001" Horizontal Spacing Unit

TEWARD ENERGY II, LLC Case No. 22319 Exhibit A-2



EXHIBIT A-3

<u>Tract A</u>

(NW/4 of Sec. 22, T13S-R38E, being 160.0 Acres)

<u>Committed</u>				
<u>Owner</u>	Type		<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI		63.435585%	Committed
G.O. Basic Energy I, LLC	WI		34.157623%	JOA executed Committed JOA executed
		Total:	97.593208%	

Uncommitted

<u>Owner</u>	Туре	<u>Ownership</u>	<u>Status</u>
Helton, Janice S.	Mineral Interest	0.173611%	Executed AFE
Moore, Joyce E.	Mineral Interest	0.173611%	Executed AFE
Randall, Joan	Mineral Interest	0.173611%	Executed AFE
Whittington, Judith Hunt	Mineral Interest	0.173611%	Executed AFE
Estate of Ruth Lucille Terrell Smith	Mineral Interest	0.462963%	Unleased
Humphrey, Trevor Scott	Mineral Interest	0.077161%	Unleased
Management Trust f/b/o Megan Elizabeth Humphrey	Mineral Interest	0.077161%	Unleased
Spradlin, Billy Glen	Mineral Interest	0.825000%	Unleased
Terrell, David Allen	Mineral Interest	0.115742%	Unleased
Williams, Larry D.	Mineral Interest	0.154321%	Unleased
	Total:	2.406792%	

Grand Total: 100.0%

Tract B

(SW/4 of Sec. 22, T13S-R38E, being 160.0 Acres)

Committed

<u>Owner</u>	Туре		<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI		64.407553%	Committed
G.O. Basic Energy I, LLC	WI		34.680990%	JOA executed Committed JOA JOA executed
		Total:	99.088543%	

Uncommitted

<u>Owner</u>	Type	<u>Ownership</u>	<u>Status</u>
Moeller, Gregory Aaron	Mineral Interest	0.273437%	Executed AFE
Mauzy, Michelle	Mineral Interest	0.638020%	Unleased
	Total:	0.911457%	
	Grand Total:	100.0%	

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Committed

<u>Owner</u>	Type		<u>Ownership</u>
Steward Energy II, LLC	WI		63.921569%
G.O. Basic Energy I, LLC	WI		34.419306%
		Total:	98.340875%

Uncommitted

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Owner	Type	Ownership
Helton, Janice S.	Mineral Interest	0.086806%
Moore, Joyce E.	Mineral Interest	0.086806%
Randall, Joan	Mineral Interest	0.086806%
Whittington, Judith Hunt	Mineral Interest	<mark>0.086806%</mark>
Moeller, Gregory Aaron	Mineral Interest	<mark>0.136719%</mark>
Estate of Ruth Lucille Terrell Smith	Mineral Interest	<mark>0.231482%</mark>
Humphrey, Trevor Scott	Mineral Interest	<mark>0.038581%</mark>
<mark>Management Trust f/b/o Megan</mark>	Mineral Interest	<mark>0.038581%</mark>
<mark>Elizabeth Humphrey</mark>		
Spradlin, Billy Glen	<mark>Mineral Interest</mark>	<mark>0.412500%</mark>
Terrell, David Allen	Mineral Interest	<mark>0.057871%</mark>
Williams, Larry D.	Mineral Interest	<mark>0.077161%</mark>
Mauzy, Michelle	Mineral Interest	<mark>0.319010%</mark>
	Total	1.659129%

Grand Total: 100% WI

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*******VIA CERTIFIED U.S.P.S. MAIL #7019 0700 0000 0646 7449******

October 1, 2021

Re: Steward Energy II, LLC Well Proposal – <u>ROOF PIZZA FEE #5H</u> W/2 of Section 22, Township 13 South, Range 38 East, N.M.P.M. Lea County, New Mexico

Alisa Williams Ashton 1501 Pueblo Midland, TX 79705

Dear Mineral Owner,

This letter will serve as notice regarding the plans of Steward Energy II, LLC ("Steward") to drill the ROOF PIZZA FEE #5H ("Well") as a horizontal well, targeting the San Andres Formation with an approximate total depth drilled of 10,880 feet. The Well's surface hole will be located approximately 670 feet from the north boundary line and 1210' feet from the west boundary line of Section 27, Township 13 South, Range 38 East, N.M.P.M. and is subject to change based on final determination. The producing intervals of the Well will be located within a standard horizontal spacing unit described as being the West Half (W/2) of Section 22, Township 13 South, Range 38 East, N.M.P.M. ("Spacing Unit"). The Well's first take point will be located approximately 100 feet from the south boundary line and 1210 feet from the west boundary line of the Spacing Unit. The Well's last take point will be located approximately 100 feet from the west boundary line of the Spacing Unit.

Steward's ownership records indicate that you own an unleased mineral interest located within the Spacing Unit, and as an unleased mineral owner you are offered participation in the Well based upon your proportionate mineral interest in the Spacing Unit. Your proportionate interest and share of cost in the Well are noted at the bottom of the attached Authorization for Expenditure ("AFE"). The itemized cost of the Well is listed on the AFE, and the total cost for drilling is \$1,467,530, with an additional \$1,920,500 to complete the well (Total \$3,388.030). This AFE is an estimate only and an unleased mineral owner, by execution of same, commits to pay its proportionate share of actual cost incurred.

Please indicate your election as to your participation in the Well by checking the appropriate box in the space provided below and returning the second page of this letter to Steward using the enclosed envelope. In the event you elect to participate in the well, please also sign the bottom of the attached AFE, and include it within the envelope as well.

> TEWARD ENERGY II, LLC Case No. 22319

> > Exhibit A-4

Well Proposal ROOF PIZZA FEE 5H October 1, 2021

Please be advised that Steward has requested a risk penalty in accordance with New Mexico law. In the event you elect NOT to participate, but do desire to lease your mineral interest, please contact Steward's Land Department and request to speak with a Landman regarding your unleased interest.

Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

Steward Energy II, LLC Land Department 2600 N. Dallas Parkway, Suite 400 Frisco, Texas 75094

For questions regarding this well proposal please contact the Land Department via email land@stewardenergy.net or call (214) 297-0500.

Respectfully,

Cooper Newlan Landman

Attachment

Proportionate Interest: 0.081700%

The undersigned elects to not to participate in the ROOF PIZZA FEE #5H well with their proportionate interest.

Alisa Williams Ashton

By:___

Date:



AUTHORIZATION FOR EXPENDITURE

	Roof Pizza Fee #5H				
Operator:	Steward Energy II, LLC			AFE Number:	2204000DR
Well Type:	Oil	AFE Type: Net	w Drill	AFE Date:	10/1/2021
Legal (S/T/R):	W/2 of Sec. 22, T13S-R38E	Prop. Depth: App	prox 10,880' MD, 5,369' TVD	County, State:	Lea, NM
County, State:	Lea County, New Mexico	Field: Bro	nco, San Andres, South	Prep. By:	Tim Hilton

Bottom Hole Location: 100' FNL & 1210' FWL of Section 22, T13S-R38E, N.M.P.M.

Project Description: Drill & Complete an approximate one mile horizontal well with the San Andres as the target formation; including pilot hole.

Account #	Cost Breakdown	Orilling	Completion Cost	Total
8200.100	Land, Surveying & Legal	\$22,000		\$22,000
8200.101	Abstract, Title & Permit	\$70,000		\$70,000
8200.102	ROW & Surface Damages	\$25,000		\$25,000
8200.103	Road, Pad Location & Pit Building	\$58,500		\$58,500
8200.104	Environ, Reg & Safety	\$4,950		\$4,950
8200.105	Well Insurance	\$2,200		\$2,200
8200.113	Contract Labor	\$5,850		\$5,850
8200.114	Consulting Services & Contract Supervision	\$50,500		\$50,500
8200.120	Vacuum & Pump Truck	\$4,500		\$4,500
8200.122	Material Transportation	\$10,400		\$10,400
8200.126	Fuel	\$38,600		\$38,600
8200.131	Chemical-Downhole Treating	\$12,160		\$12,160
8200.132	Mud & Additives	\$40,000		\$40,000
8200.140	Mob/Demob	\$90,000		\$90,000
8200.141	Mud Disposal/Pit Closure	\$180,000		\$180,000
8200.142	Trailer Rental, Camp & Catering	\$22,700		\$22,700
3200.144	Drilling Rig - Daywork or Footage	\$142,800		\$142,800
3200.149	Bits, Mills & Reamers	\$34,500		\$34,500
3200.151	Directional Services	\$102,000		\$102,000
3200.154	Open Hole Logs	\$40,000		\$40,000
3200.160	Casing Crews & Services	\$18,700		\$18,700
3200.161	Cementing Services	\$84,000		\$84,000
3200.170	Water Purchase & Transfer	\$29,000		\$29,000
3200.175	Surface Equipment Rental & Services	\$49,800		\$49,800
200.176	Downhole Equipment Rental & Services	\$36,400		\$36,400
3200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$32,650		\$32,650
3200.301	Overhead	\$10,000		\$10,000
	IDC Total:	\$1,217,210		\$1,217,210
250.200	Conductor/Drive Pipe	\$13,600		\$13,600
250.201	Surface Casing	\$47,400		\$47,400
250.203	Production Casing	\$143,640		\$143,640
250.205	Wellhead Equipment, Flow Tee & Meter Run	\$12,880		\$12,880
250.214	Other Downhole Equipment	\$32,800		\$32,800
	TDC Total:	\$250,320		\$250,320
	Drilling Total:	\$1,467,530		\$1,467,530

Account #	Cost Breakdown	Drill	ing	Completion Cost	Total
8300.114	Consulting Services & Contract Supervision		Contraction of the second	\$51,000	\$51,000
8300.120	Vacuum & Pump Truck			\$6,000	\$6,000
8300.122	Material Transportation			\$13,000	\$13,000
8300.126	Fuel			\$42,000	\$42,000
8300.131	Chemicals - Downhole Treating			\$3,500	\$3,500
8300.142	Trailer Rental, Camp & Catering			\$3,000	\$3,000
8300.143	Well Control - BOP, Isolation Assy			\$45,000	\$45,000
8300.146	Completion/Workover Rig			\$30,450	\$30,450
8300.148	Reverse Unit			\$15,000	\$15,000
8300.149	Bits, Mills & Reamers			\$3,500	\$3,500
8300.164	Wireline & Perforating			\$57,000	\$57,000
8300.170	Water Purchase & Transfer			\$145,250	\$145,250
8300.171	Stimulation - Frac, Acid, Gravel Pack			\$500,000	\$500,000
8300.175	Surface Equipment Rental & Services			\$35.000	\$35,000
8300.176	Downhole Equipment Rental & Services			\$21,000	\$21,000
8300.179	Elect & Generator R&M			\$21,000	\$21,000
	ICC Total:			\$991,700	\$991,700
8350.205	Wellhead Equipment, Flow Tee & Meter Run			\$12,000	\$12,000
8350.206	Tubing			\$25,000	\$25,000
8350.211	Electric Submersible Pumps			\$225,500	\$225,500
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors			\$19,000	\$19,000
8350.221	Surface VSD, Transformer, POC & Associated Equipment			\$20,000	\$20,000
8350.234	Surface Pump & LACT's			\$2,500	\$2,500
	TCC Total:			\$304,000	\$304,000
8600.100	Land, Surveying, & Legal	_		\$2,000	\$2,000
8600.103	Road, Pad Location & Pit Building			\$13,000	\$13,000
8600.111	Company Supervision			\$12,500	\$12,500
8600.120	Vaccum & Pump Truck			\$1,500	\$1,500
8600.122	Material Transportation			\$3,800	\$3,800
8600.175	Surface Equipment Rental & Services			\$3,500	\$3,500
	IFC Total:	_		\$36,300	\$36,300
8650.222	Instrumentation & Meters			\$22,000	\$22,000
8650.223	SCADA & Communications			\$32,000	\$32,000
8650.224	Electrial Installation & Power Generation			\$86,000	\$86,000
8650.229	Prod & SWD Facility Inst.			\$64,000	\$64,000
8650.230	Compressor, Dehy, Line Heater			\$25,000	\$25,000
8650.231	Separator, Heater Treater, FWKO			\$76,000	\$76,000
8650.232	Tanks, Walkways & Stairs			\$145,000	\$146,000
8650.233	Flowline & Gethering Lines			\$5,000	\$5,000
8650.234	Surface Pump & LACTs			\$12,500	\$12,500
	Miscellaneous Non-Controllable - Pipe, Valves & Fittings			\$120,000	\$120,000
	TFC Total:			\$588,500	\$588,500
	Completion Total:			\$1,920,500	\$1,920,500
			Drilling 8	Completion Total:	\$3,388,030
		Net %:	0.081700%	Net Total:	\$2,768
Approved	l by:	Signature			
Alisa Williams	Ashton:			Date:	

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.

EXHIBIT A-5

Chronology of contact with locatable uncommitted interest

- January 2019 Steward Energy II, LLC begins acquiring oil and gas leases from the original 59 mineral owners located in Tracts A and B. To date Steward Energy II, LLC has acquired 50 oil and gas leases within Tracts A and B.
- October 1, 2021 Steward Energy II, LLC sends the Roof Pizza Fee #5H well proposals to the uncommitted unleased minerals owners via certified U.S. Mail.
- November 29, 2021 Steward Energy II, LLC has received 5 executed election letters from uncommitted minerals owners who chose to participate in the drilling and completion of the Roof Pizza Fee #5H.

Exhibit A-5

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HINKLE SHANOR LLP

ATTORNEYS AT LAW PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

October 20, 2021

<u>VIA CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO ALL INTERESTED PARTIES SUBJECT TO NOTICE

Re: Case No. 22319 - Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application has been filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **December 2, 2021** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emmrd.nm.gov/ocd/hearing-info/</u>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

STEWARD ENERGY II, LLC

Case No. 22319

Exhibit A-6

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332

Enclosure

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PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE • SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

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STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher 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 November 02, 2021 and ending with the issue dated November 02, 2021.

Publisher

Sworn and subscribed to before me this 2nd day of November 2021.

Starlo

Business Manager

Received by

My commission expires. January 29, 2023



his newspaper is duly qualified to publish egal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 937 and payment of fees for said 02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504 00260142

STEWARD ENERGY II, LLC Case No. 22319 Exhibit A-7

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LEGAL NOTICE November 2, 2021

November 2, 2021 This is to notify all interested parties, including Alisa Williams Ashton; Estate of Ruth Lucille Terrell Smith; Trevor Scott Humphrey; Management Trust f/b/o Megan Elizabeth Humphrey, Billy Glen Spradlin; David Allen Terrell; Larry D. Williams; Estate of Walter A. Moeller; Michelle Mauzy; Marian Black; Shelly Melton Chaney f/k/a Shelly Shelton Melton; Bill A. Shelten, II; Stacy Shelton Broaddus f/k/a Stacy Shelton; Estate of Charles O. Biedenharn; Janice S. Helton, Joyce E. Moore; Joan Randall Judith Hunt Whittington; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Steward Energy II, LLC (Case No. 22319). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted remotely. The hearing will be conducted remotely. The hearing the Covid on December 2, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the d o c k e t for that date: <u>https://www.emmrd.nm.gov/ocd/hearing-info/.</u> Applicant applies for an order pooling all uncommitted interests within the San Andress formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the following proposed initial well: Roof Pizza Fee #5H to be horizontally drilled from a surface hole location in the NW/4NW/4 (Unit D) of Section 27 to a bottom hole location of the costs, the designation of Applicant as the operator of the W/4NW/4 (Unit D) of Section 22 ("Well"). The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approx

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. 22319

SELF-AFFIRMED STATEMENT OF SHANE SEALS

1. I am a geologist at Steward Energy II, LLC ("Steward") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. Exhibit B-1 is a location map for the proposed horizontal spacing unit ("Unit") within the San Andres formation. The approximate wellbore path for the proposed Roof Pizza Fee #5H well ("Well") is represented by a light green, dashed line. Existing producing wells in the targeted interval are represented by thin, light blue solid lines.

4. **Exhibit B-1** also contains a subsea structure map for the top of the Pi Marker in the San Andres formation that is representative of the targeted interval within the formation. The data points are indicated by red circles. The approximate wellbore path for the Well is depicted by a light green, dashed line. The map demonstrates the formation is generally dipping from north to south. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

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5. **Exhibit B-1** identifies three wells penetrating the targeted interval I used to construct a stratigraphic cross-section from A to A'. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

6. Exhibit B-2 is a stratigraphic cross-section using the representative wells identified on Exhibit B-1. It contains gamma ray, resistivity and porosity logs. The proposed interval of interest for the Well is labeled on the exhibit. This cross-section demonstrates the target interval is continuous across the Unit.

7. In my opinion, a standup orientation for the Well is appropriate properly develop the subject acreage because of consistent rock properties throughout the Unit and a slightly dominant stress regime that yields a preferred fracture orientation in this portion of the trend.

8. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

9. In my opinion, the granting of Steward's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

10. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 10 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

Shane Seals

1/2/2021



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STEWARD ENERGY II, LLC Case No. 22319 Exhibit B-2