BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MARCH 2, 2023

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23372:

DeLorean 9-10 Fed 1BS Com 1H Well DeLorean 9-10 Fed 2BS Com 5H Well

Case No. 23373:

DeLorean 9-10 Fed 1BS Com 3H Well DeLorean 9-10 Fed 2BS Com 7H Well

Case No. 23374:

DeLorean 9-10 Fed 1BS Com 2H Well DeLorean 9-10 Fed 2BS Com 6H Well

Case No. 23375:

DeLorean 9-10 Fed 1BS Com 4H Well DeLorean 9-10 Fed 2BS Com 88H Well

Earthstone Operating, LLC

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NMOCD Checklist Case No. 23375

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TAB 1

Reference for Case No. 23372 Application Case No. 23372:

NMOCD Checklist Case No. 23372

DeLorean 9-10 Fed 1BS Com 1H Well DeLorean 9-10 Fed 2BS Com 5H Well

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. ______

APPLICATION

Earthstone Operating, LLC ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Earthstone proposes and dedicates to the HSU the DeLorean 9-10 Fed 1BS Com
 1H Well, and the DeLorean 9-10 Fed 2BS Com 5H Well, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 1H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 5H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

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C. Approving the DeLorean 9-10 Fed 1BS Com 1H Well and the DeLorean 9-10Fed 2BS Com 5H Well as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Andrew D. Schill 214 McKenzie Street Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.com bill@abadieschill.com andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the DeLorean 9-10 Fed 1BS Com 1H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10; and the DeLorean 9-10 Fed 2BS Com 5H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23372	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 6&7; 1H Well: TVD apprx. 8968'; 5H Well: TVD apprx. 9953'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Νο
Proximity Tracts: If yes, description	Νο
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	DeLorean 9-10 Fed 1BS Com 1H (API pending) SHL: Unit D: 1,278' FNL & 343' FWL of Section 9, 19S-R33E BHL: Unit A: 660' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location

Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 1H
	FTP: 100' FWL, 660' FNL, Section 9, 19S-R33E
	LTP: 100' FEL, 660' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 8968'; TMD: apprx. 19,500'; Exhibit A
Well #2	DeLorean 9-10 Fed 2BS Com 5H (API Pending)
	SHL: Unit D: 1,306' FNL & 354' FWL of Section 9, 19S-R33E
	BHL: Unit A: 660' FNL & 100' FEL of Section 10, 19S-33E
	Completion Target: Bone Spring Well Orientation: West to East
	Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 5H
	FTP: 100' FWL, 660' FNL, Section 9, 19S-R33E
	LTP: 100' FEL, 660' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 9953'; TMD: apprx. 20,500'; Exhibit A
AFF Concerned Operating Costs	
AFE Capex and Operating Costs	¢7 500
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to notice	
requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 13 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3

Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provide	d in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative): Signed Name (Attorney or Party Representative):	Darin C. Savage /s/ Darín Savage
Date:	02.28.2023

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TAB 2

Case No. 23372

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23372

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC ("Earthstone") and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am employed as a Landman with Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the lands involved.

3. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

4. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.



5. Under <u>Case No.</u> 23372, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 1H Well,** and the **DeLorean 9-10 Fed 2BS Com 5H Well,** as initial wells.

6. The **DeLorean 9-10 Fed 1BS Com 1H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWNW (Unit D) of Section 9 to a bottom hole location in the NENE (Unit A) of Section 10; approximate TVD of 8,968'; approximate TMD of 19,500'; FTP in Section 9: 660' FNL, 100' FWL; LTP in Section 10: 660' FNL, 150' FEL.

7. The **DeLorean 9-10 Fed 2BS Com 5H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWNW (Unit D) of Section 9 to a bottom hole location in the NENE (Unit A) of Section 10; approximate TVD of 9,953'; approximate TMD of 20,500'; FTP in Section 9: 660' FNL, 100' FWL; LTP in Section 10: 660' FNL, 150' FEL.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. A good faith review of records did not reveal any overlapping units.

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13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

14. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

15. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

16. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

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17. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

18. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

19. Earthstone requests that it be designated operator of the units and wells.

20. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

21. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

22. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23372 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

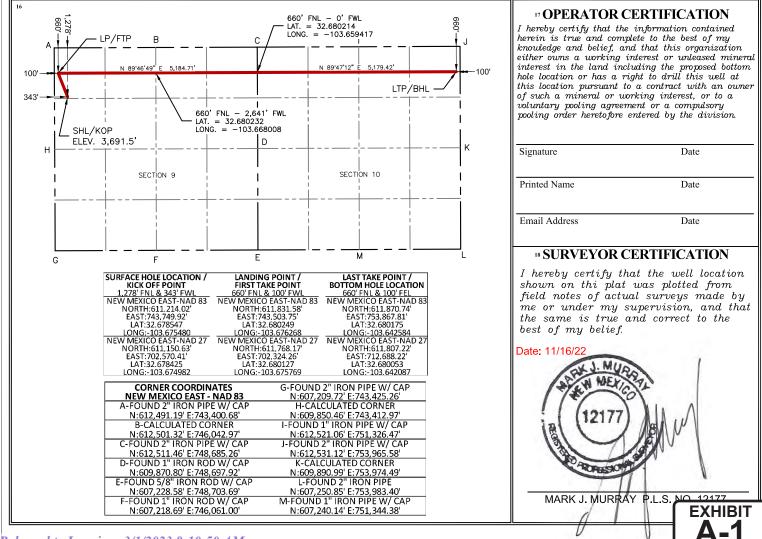
Matt Solomon

2.24.2023

Date Signed

Received by OC	D: 2/28/2	2023 11:17:	:16 PM							Page 19 of 1
District I 1625 N. French Dr., Hobbs, NM 88240				State of New Mexico						Form C-102
1625 N. French Dr. <u>District II</u> 811 S. First St., Art <u>District III</u> 1000 Rio Brazon R <u>District IV</u> 1220 S. St Francis I Phone: (505) 476-3	Ene	Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505					Submit or	evised August 1, 2011 ne copy to appropriate District Office MENDED REPORT		
		WEI	LL LOC	CATION	AND AC	REAGE DEDIC	CATION PLA	 Υ		
1	API Numbe	r		² Pool Code	ool Code ³ Pool Name					
⁴ Property (Code				⁵ Proper	rty Name			⁶ Well Number	
				DELOREAN 9-10 FED COM 1BS 1H					1H	
⁷ OGRID	No.			⁸ Operator Name						⁹ Elevation
				EAR	THSTONE	OPERATING, LLC	<u> </u>		3,691.5'	
					" Surfa	ce Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County
D	9	19 S	33 E		1,278'	NORTH	343'	WE	ST	LEA
			" Bo	ttom H	ole Loca [.]	tion If Differer	nt From Si	urface		
UL or lot no.	Section	Township								County
A	10	19 S	33 E 660' NORTH 100' EAST LEA							LEA
¹² Dedicated Acres	s ¹³ Joint o	r Infill	onsolidation	Code ¹⁵ Or	der No.					

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.



Released to Imaging: 3/1/2023 8:10:50 AM

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As Drilled

Intent

API#			
Operator Name:	RATING, LLC	Property Name:	Well Number
EARTHSTONE OPE		DELOREAN 9-10 FED COM 1BS	1H

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
D	9	19S	33E		1,278	NORTH	343	WEST	LEA
Latitude			Longitude			NAD			
32.678547			103.675480			83			

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
D	9	19S	33E		660	NORTH	100	WEST	LEA
	Latitude 32.680249			Longitude 103.6762	268			NAD 83	

Last Take Point (LTP)

UL A	Section 10	Township 19S	Range 33E	Lot	Feet 660	From N/S NORTH	Feet 100	From E/W EAST	County LEA
Latitude					Longitud	le		NAD	
32.680175					103.6	103.642584			83

Is this well the defining well for the Horizontal Spacing Unit?

Is this well an infill well?

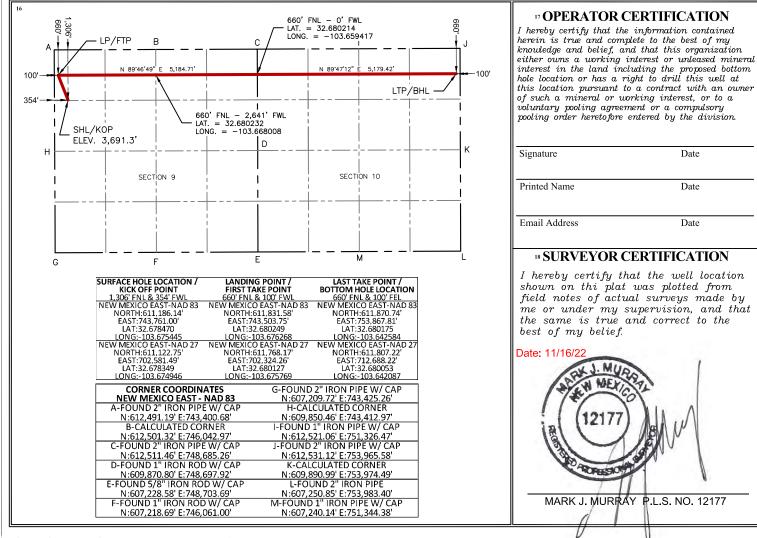
If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

Received by OC	D: 2/28/2	2023 11:17:	16 PM								Page 21 of 1		
District I	Habba MA	1 00240		State of New Mexico							Form C-102		
1625 N. French Dr. <u>District II</u> 811 S. First St., Art <u>District III</u> 1000 Rio Brazon R <u>District IV</u> 1220 S. St Francis I Phone: (505) 476-3	Ene	Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505						Submit or	evised August 1, 2011 ne copy to appropriate District Office AMENDED REPORT				
		WEL	L LOC	CATION	AND A	CRE	EAGE DEDIC	CATION PLA	ΑT				
1	API Numbe	r		² Pool Code	e			³ Pool Na	me				
⁴ Property (Code			⁵ Property Name							⁶ Well Number		
				DELOREAN 9-10 FED COM 2BS							5H		
⁷ OGRID	No.			⁸ Operator Name							⁹ Elevation		
				EARTHSTONE OPERATING, LLC							3,691.3'		
					" Surf	ace	Location						
UL or lot no.	Section	Township							East/W	est line	County		
D	9	19 S	33 E	33 E 1,300			6' NORTH 354'				LEA		
			" Bo	ttom H	ole Loc	atio	n If Differer	nt From Su	urface		·		
UL or lot no.	Section	Township	Range	0			North/South line	Feet from the	East/W	est line	County		
A	10	10 19 S 33 E 660' NORTH 100'						EA	ST	LEA			
¹² Dedicated Acres	s ¹³ Joint o	r Infill	nsolidation	Code ¹⁵ Or	der No.						·		

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.



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Received by OCD: 2/28/2023 11:17:16 PM

Intent	
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	As	Drilled

-	
Property Name:	Well Number
DELOREAN 9-10 FED COM 2BS	5H

Kick Off Point (KOP)

UL D	Section 9	Township 19S	Range 33E	Lot	Feet 1,306	From N/S NORTH	Feet 354	From E/W WEST	County LEA
Latitude					Longitude		NAD		
32.678470					103.6754	145	83		

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
D	9	19S	33E		660	NORTH	100	WEST	LEA
Latitu 32.6	^{de} 80249				Longitude 103.6762	268			NAD 83

Last Take Point (LTP)

UL A	Section 10	Township 19S	Range 33E	Lot	Feet 660	From N/S NORTH	Feet 100	From E/W EAST	County LEA
Latitude					Longitud	le		NAD	
32.680175					103.6	103.642584			83

Is this well the defining well for the Horizontal Spacing Unit?

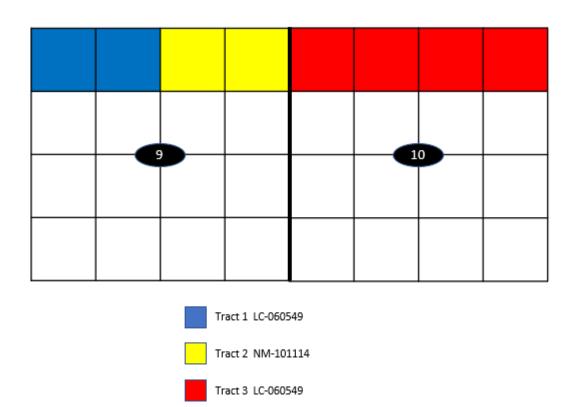
Is this well an infill well?

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

Operator Name: Property Name: Well Number	API #		
	Operator Name:	Property Name:	Well Number

KZ 06/29/2018

DeLorean 9-10 Fed 1BS Com 1H DeLorean 9-10 Fed 2BS Com 5H N2N2 of Sections 9 and 10, Township 19 South, Range 33 East Lea County, New Mexico



TRACT 1 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.00000%
ConocoPhillips Company	50.00000%
	100.000000%

TRACT 2 OWNERSHIP (NM-101114)

NHPP Permian, LLC 100.00000%



TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	50.00000%
	100.00000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	37.500000%
NHPP Permian, LLC	25.00000%
ConocoPhillips Company	37.500000%
	100.000000%

WI Parties To Force Pool

NHPP Permian, LLC



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300 The Woodlands, TX 77380 Office: 281-298-4246 Fax: 832-823-0478

November 11, 2022

VIA FED-X

NHPP Permian, LLC 55 Waugh Drive, Suite 1200 Houston, TX 77007

Re: DeLorean 9-10 Fed Com Wells (1H, 2H, 5H, 6H) N2N2 and S2N2 of Sections 9 and 10 Township 19 South, Range 33 East Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 1H:** to be drilled from a proposed surface hole location of 1225' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- **DeLorean 9-10 Fed 1BS Com 2H:** to be drilled from a proposed surface hole location of 1315' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,998'.
- **DeLorean 9-10 Fed 2BS Com 5H:** to be drilled from a proposed surface hole location of 1255' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- DeLorean 9-10 Fed 2BS Com 6H: to be drilled from a proposed surface hole location of 1285' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.



Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2N2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2N2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon Senior Landman 713-379-3083 msolomon@earthstonenergy.com

NHPP Permian, LLC hereby elects to:

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 1H**. Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 1H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 2H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 2H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 5H**.
Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 5H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 6H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 6H**, subject to acceptable terms.

NHPP Permian, LLC

By:	
Name:	
Title:	
Date:	

•

	RTHSTONE rating, LLC				stone Operating, ement of Estimated Well C		_C	
Well Name	: DeLorean 9-10 Fed Com 1BS 1H	Proj	ect Descriptio	on:				
Field Name: Ranger			4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4"					
Location	: Lea Co., NM		-	-	 The intermediate section will be a 9-7 uction interval will be drilled with OBM as 			
AFE #: 22 - XX - XXXX				e .	$500 \text{ MD}', \sim 10,400' \text{ VS}. 5.5" production cal$			
AFE #	: 22 - XX - XXXX			as 18 days to Rig Re				
	DRILLING INTANGIBLE					-		
CCOUNT CODE	ITEM DESCRIPTION	_	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	_	AMOUNT	
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2,	
1420/ 16		\$	10,000	1432/ 20		\$	17,	
1420/ 20	LOCATION AND ROADS	\$ \$	65,000	1432/ 70	COMPLETION/WORKOVER RIG FUEL, POWER & WATER	\$	46,	
1420/ 25 1420/ 30	RIG MOBILIZATION	\$ \$	22,500 85,000	1432/ 90 1432/110		\$ \$	358, 15,	
1420/ 50	DAYWORK	\$	672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	3,	
1420/ 80	BITS/ REAMERS	\$	84,000	1432/130	CEMENT AND PUMP SERVICE	\$	-,	
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,	
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490,	
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19,	
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316,	
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/181	WELL TEST SERVICES	\$	100,	
1420/150	ELECTRIC LOGGING/PERFORATING	\$		1432/183	DIAGNOSTIC SERVICES	\$	60,	
1420/160	MUD LOGGING	\$	20,000	1432/190	SLICKLINE SERVICES	\$	4,	
1420/170	EQUIPMENT/TOOL RENTALS	\$	113,000	1432/195		\$	15,	
1420/174	DOWNHOLE RENTALS	\$	72,000	1432/220		\$	40	
1420/180	WELL STIMULATION / TESTING CLOSED LOOP SYS/CUTTINGS DISP	\$ \$	-	1432/230	COILED TUBING SERVICES	\$ \$	18,	
1420/186	CLOSED LOOP SYS/CUTTINGS DISP CONTRACT LABOR/CREW/ROUSTABOUT	\$	144,000 65,000	1432/250	SUPERVISION/ENGINEERING	\$ \$	1, 62,	
1420/195	DIRECTION DRILLING/SURVEYING	\$ \$	229,000	1432/260	ADMINISTRATIVE/OVERHEAD	ծ \$	62,	
1420/250	INSURANCE	\$	10,000	1432/280	PIT REMEDIATION	\$	20,	
1420/260	SUPERVISION/ENGINEERING	\$	72,000	1432/290	MISCELLANEOUS	\$	12,	
1420/270	ADMINISTRATIVE/OVERHEAD	\$	7,000	1432/310	FRESH WATER TRANSFER	\$	28,	
1420/315	PARTS	\$	15,000	1432/350	COMMUNICATIONS	\$	3,	
1420/350	COMMUNICATIONS	\$	9,000	1432/412	ARTIFICIAL LIFT	\$	50,	
1420/300	CONTINGENCY	\$	52,500	1432/417	FRAC INCIDENTAL	\$		
				1432/300	CONTINGENCY	\$	168,	
				COMPL	ETION INTANGIBLE TOTAL	\$	5,167,5	
						Ŷ	0,101,0	
		_			COMPLETION TANGIBLE	-		
				ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT	
DRILL	ING INTANGIBLE TOTAL	\$	2,604,000 -	1433/300	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS	\$	45,	
DRILL	ING INTANGIBLE TOTAL	\$	2,604,000 -	1433/300 1433/320	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE	\$	45, 9,	
DRILL		\$	2,604,000 -	1433/300 1433/320 1433/370	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING	\$	45, 9,	
	DRILLING TANGIBLE			1433/300 1433/320	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT	\$ \$ \$	45, 9, 131,	
DRILL CCOUNT CODE 1430/310			2,604,000 AMOUNT 30,000	1433/300 1433/320 1433/370 1433/380	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING	\$	AMOUNT 45, 9, 131, 65, 325,	
CCOUNT CODE	DRILLING TANGIBLE		AMOUNT	1433/300 1433/320 1433/370 1433/380 1433/400	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT	\$ \$ \$ \$	45, 9, 131, 65,	
CCOUNT CODE 1430/310	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING	\$	AMOUNT 30,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ \$ \$ \$ \$	45, 9, 131, 65, 325,	
CCOUNT CODE 1430/310 1430/320	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING	\$ \$ \$ \$	AMOUNT 30,000 130,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80,	
CCOUNT CODE 1430/310 1430/320 1430/330	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING	\$	AMOUNT 30,000 130,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 -	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING	\$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, AMOUNT 13,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, AMOUNT 13, 1,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 90	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 90 1450/110	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, AMOUNT 13, 1, 16, 50,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/170	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655,3	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 90 1450/110 1450/195	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/195 1450/260	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/170 1450/195 1450/270 1450/270 1450/290	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/170 1450/195 1450/270 1450/270 1450/290	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/170 1450/195 1450/270 1450/270 1450/290	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/400 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1430/ 20 1450/ 20 1450/ 10 1450/170 1450/195 1450/270 1450/270 1450/270 1450/290 FACILI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45, 9, 131, 65, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10, 185,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/195 1450/290 FACILL ACCOUNT CODE	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS	\$ \$	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 10 1450/110 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS FACILITIES TANGIBLE ITEM DESCRIPTION	\$ \$	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 10 1450/170 1450/195 1450/270 1450/270 1450/270 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 655, 13, 10, 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 10, 185,</td></t<>	45, 9, 131, 65, 325, 80, 655, 655, 13, 10, 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 10, 185,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/100 1450/100 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS WETER EQUIPMENT SEPARATORS	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000</td></t<>	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/270 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS FACILITES MISCELLANEOUS TEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 10, 185, 115, 115, 115, 45,</td></t<>	45, 9, 131, 65, 325, 80, 655, 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 10, 185, 115, 115, 115, 45,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/100 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETON TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS FUEL FACILITIES TANGIBLE TEM DESCRIPTION KULVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000</td></t<>	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI ACCOUNT CODE 1452/300 1452/345 1452/345 1452/355 1452/360	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETON TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE TOTAL	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 7 0, 25, 10, 10, 185, 7 115, 115, 115, 110,</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 7 0, 25, 10, 10, 185, 7 115, 115, 115, 110,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/170 1450/195 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315 1452/345 1452/345 1452/365	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACI INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS FACILITES MISCELLANEOUS TIEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000</td></t<>	45, 9, 131, 65, 325, 80, 655, 400000000000000000000000000000000000	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI ACCOUNT CODE 1452/300 1452/345 1452/345 1452/355 1452/360	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETON TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE TOTAL	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 14, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 115, 115,</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 14, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 115, 115,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	\$ \$ \$ \$ \$ \$ \$	AMOUNT 30,000 130,000 363,000 - 536,000 55,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/100 1450/100 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI ACCOUNT CODE 1452/315 1452/340 1452/345 1452/355 1452/355 1452/360 1452/380 1452/380 1452/380	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL ETION TANGIBLE TOTAL LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE TEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 50, 70, 25, 115, 10, 115, 115, 115, 115, 115, 115</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 50, 70, 25, 115, 10, 115, 115, 115, 115, 115, 115	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELLHEAD EQUIP CASING HAN		AMOUNT 30,000 130,000 363,000 - 536,000 - 55,000 - 4 - 536,000 - 55,000 - 4 - 536,000 - 55,000 - 55,000 - 55,000 - 55,000 -	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/20 1450/100 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI 1452/315 1452/315 1452/355 1452/355 1452/355 1452/360 1452/365 1452/380 1452/380 1452/390	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL ITEM DESCRIPTION ICOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE TEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT SEPARATORS	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 115, 115,</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 115, 115,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP		AMOUNT 30,000 130,000 363,000	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/20 1450/100 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI 1452/315 1452/315 1452/355 1452/355 1452/355 1452/360 1452/365 1452/380 1452/380 1452/390	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL ETION TANGIBLE TOTAL LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE TEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 13, 655, 13, 10, 25, 10, 25, 10, 10, 25, 10, 10, 25, 115, 115, 115, 115, 115, 115, 110, 175, 110, 175, 110, 185,</td></t<>	45, 9, 131, 65, 325, 80, 655, 13, 655, 13, 10, 25, 10, 25, 10, 10, 25, 10, 10, 25, 115, 115, 115, 115, 115, 115, 110, 175, 110, 175, 110, 185,	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELLHEAD EQUIP CASING HAN		AMOUNT 30,000 130,000 363,000 - 536,000 - 55,000 - 4 - 536,000 - 55,000 - 4 - 536,000 - 55,000 - 55,000 - 55,000 - 55,000 -	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/20 1450/10 1450/10 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI 1452/300 1452/315 1452/345 1452/345 1452/345 1452/360 1452/365 1452/380	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS FACILITIES MISCELLANEOUS FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT SUPERVISIES TOTAL	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 70, 655, 70, 70, 25, 10, 70, 25, 10, 70, 25, 115, 10, 70, 25, 70, 70, 25, 10, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 70, 70, 70, 70, 70, 70, 70, 70</td></t<>	45, 9, 131, 65, 325, 80, 655, 70, 655, 70, 70, 25, 10, 70, 25, 10, 70, 25, 115, 10, 70, 25, 70, 70, 25, 10, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 70, 70, 70, 70, 70, 70, 70, 70	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELHEAD EQUIP CASING HANGER/WELHEAD EQU		AMOUNT 30,000 130,000 363,000 536,000 55,000 1 3,114,000 3,1114,000 3,718,000 .	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/412 1433/417 COMPI ACCOUNT CODE 1450/ 20 1450/ 20 1450/ 10 1450/110 1450/110 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/35	ITEM DESCRIPTIONVALVES/CONNECTIONS/FITTINGSFLOWLINETUBINGPUMPING UNITWELLHEAD EQUIPMENTDOWNHOLE ARTIFICIAL LIFT EQUIPSURFACE ARTIFICIAL LIFT EQUIPFRAC INCIDENTALLETION TANGIBLE TOTALETION TANGIBLE TOTALLOCATION AND ROADSFUEL, POWER & WATERTRUCKING/VACUUM TRUCKEQUIPMENT/TOOL RENTALCONTRACT LABORSUPERVISION/ENGINEERINGADMINISTRATIVE/OVERHEADFACILITIES MISCELLANEOUSTES INTANGIBLE TOTALFACILITIES TANGIBLEITEM DESCRIPTIONVALVES/CONNECTIONS/FITTINGSMETER EQUIPMENTSEPARATORSHEATER TREATERGATHERING LINESTOCK TANKSDIAGNOSTIC EQUIPMENTELECTRICAL EQUIPMENTSETIMATED WELLL COSTS	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 10, 70, 25, 10, 70, 10, 70, 25, 10, 70, 10, 10, 10, 10, 10, 10, 10, 10, 10, 1</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 10, 70, 25, 115, 10, 70, 25, 10, 70, 10, 70, 25, 10, 70, 10, 10, 10, 10, 10, 10, 10, 10, 10, 1	
CCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS CASING HANGER/WELHEAD EQUIP CASING HANGER/WELHEAD EQU		AMOUNT 30,000 130,000 363,000 - 536,000 55,000 - - - - - - - - - - - - -	1433/300 1433/320 1433/370 1433/380 1433/410 1433/412 1433/417 COMPI ACCOUNT CODE 1450/20 1450/20 1450/10 1450/10 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1450/290 FACILI 1452/300 1452/315 1452/345 1452/345 1452/345 1452/360 1452/365 1452/380	ITEM DESCRIPTIONVALVES/CONNECTIONS/FITTINGSFLOWLINETUBINGPUMPING UNITWELLHEAD EQUIPMENTDOWNHOLE ARTIFICIAL LIFT EQUIPSURFACE ARTIFICIAL LIFT EQUIPFRAC INCIDENTALLETION TANGIBLE TOTALETION TANGIBLE TOTALLOCATION AND ROADSFUEL, POWER & WATERTRUCKING/VACUUM TRUCKEQUIPMENT/TOOL RENTALCONTRACT LABORSUPERVISION/ENGINEERINGADMINISTRATIVE/OVERHEADFACILITIES MISCELLANEOUSTES INTANGIBLE TOTALFACILITIES TANGIBLEITEM DESCRIPTIONVALVES/CONNECTIONS/FITTINGSMETER EQUIPMENTSEPARATORSHEATER TREATERGATHERING LINESTOCK TANKSDIAGNOSTIC EQUIPMENTELECTRICAL EQUIPMENTSETIMATED WELLL COSTS	\$ \$ <t< td=""><td>45, 9, 131, 65, 325, 80, 655, 3 4 0, 13, 1, 16, 50, 70, 25, 10, 10, 185, 70, 25, 10, 10, 185, 115, 115, 115,</td></t<>	45, 9, 131, 65, 325, 80, 655, 3 4 0, 13, 1, 16, 50, 70, 25, 10, 10, 185, 70, 25, 10, 10, 185, 115, 115, 115,	

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	RTHSTONE rating, LLC			ement of Estimated Well C		.C		
	e: DeLorean 9-10 Fed Com 2BS 5H	Project Descrip	tion:					
Field Name	Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4"					
Location: Lea Co., NM		Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,500 MD', ~10,400' VS. 5.5" production casing will be run to						
	DRILLING INTANGIBLE			COMPLETION INTANGIBLE				
ACCOUNT CODE		AMOUNT	ACCOUNT CODE			AMOUNT		
1420/ 10 1420/ 16	LEASE / STAKE / PERMIT	\$ 6,00 \$ 10,00		LEASE / STAKE / PERMIT	\$ \$	2, 17,		
1420/ 18	LOCATION AND ROADS	\$ 125,00		COMPLETION/WORKOVER RIG	\$	46,		
1420/ 25	SURFACE DAMAGES	\$ 22,50		FUEL, POWER & WATER	\$	358,		
1420/ 30	RIG MOBILIZATION	\$ 120,00		TRUCKING/VACUUM TRUCK	\$	15,		
1420/ 50	DAYWORK	\$ 672,00	0 1432/120	DRILLING/COMPLETION FLUIDS	\$	3,		
1420/ 80	BITS/ REAMERS	\$ 84,00	0 1432/130	CEMENT AND PUMP SERVICE	\$			
1420/ 90	FUEL, POWER & WATER	\$ 241,00	0 1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,		
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,00		EQUIPMENT/TOOL RENTALS	\$	490,		
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,00			\$ ¢	19, 3 3 16		
1420/130	CEMENT AND PUMP SERVICE CASING CREWS AND TOOLS	\$ 230,00 \$ 50,00		WELL STIMULATION WELL TEST SERVICES	\$ \$	3,316, 100,		
1420/140	ELECTRIC LOGGING/PERFORATING	\$ 50,00	1432/181	DIAGNOSTIC SERVICES	ծ \$	60,		
1420/160	MUD LOGGING	\$ 20,00		SLICKLINE SERVICES	\$	4,		
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,00	0 1432/195	CONTRACT LABOR	\$	15,		
1420/174	DOWNHOLE RENTALS	\$ 72,00	0 1432/220	WELLHEAD REPAIR & SERVICEMAN	\$			
1420/180	WELL STIMULATION / TESTING	\$-	1432/230	COILED TUBING SERVICES	\$	18,		
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,00			\$	1,		
1420/195		\$ 65,00			\$ ¢	62,		
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,00 \$ 10,00		ADMINISTRATIVE/OVERHEAD PIT REMEDIATION	\$ \$	20,		
1420/250	SUPERVISION/ENGINEERING	\$ 10,00		MISCELLANEOUS	\$ \$	20,		
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 72,00		FRESH WATER TRANSFER	\$	28,		
1420/315	PARTS	\$ 15,00		COMMUNICATIONS	\$	3,		
1420/350	COMMUNICATIONS	\$ 9,00	0 1432/412	ARTIFICIAL LIFT	\$	50,		
1420/300	CONTINGENCY	\$ 53,50	0 1432/417	FRAC INCIDENTAL	\$			
			1432/300	CONTINGENCY	\$	168,		
		_	COMPL	ETION INTANGIBLE TOTAL	\$	5,167,5		
				COMPLETION TANGIBLE				
			ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT		
						45.4		
	LING INTANGIRI E TOTAL	\$ 2,700,00	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45,		
DRIL	LING INTANGIBLE TOTAL	\$ 2,700,00) 1433/300 1433/320	VALVES/CONNECTIONS/FITTINGS FLOWLINE	\$ \$	45,0 9,0		
DRIL		\$ 2,700,00	1433/320 1433/370	FLOWLINE TUBING	\$ \$,		
	DRILLING TANGIBLE		1433/320 1433/370 1433/380	FLOWLINE TUBING PUMPING UNIT	\$ \$ \$	9, 146,		
ACCOUNT CODE	DRILLING TANGIBLE	AMOUNT	1433/320 1433/370 1433/380 1433/400	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT	\$ \$ \$ \$	9, 146, 50,		
DRILI ACCOUNT CODE 1430/310 1430/320	DRILLING TANGIBLE		1433/320 1433/370 1433/380 1433/400 0 1433/410	FLOWLINE TUBING PUMPING UNIT	\$ \$ \$	9,		
ACCOUNT CODE 1430/310	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING	AMOUNT \$ 30,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/412	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ \$ \$ \$ \$	9, 146, 50, 325,		
ACCOUNT CODE 1430/310 1430/320	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING	AMOUNT \$ 30,00 \$ 130,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/417	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80,		
ACCOUNT CODE 1430/310 1430/320 1430/330	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP	\$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ - \$ 536,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP 0	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/410 0 1433/412 0 1433/417 COMP 0 ACCOUNT CODE	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655,3 AMOUNT		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP 0	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP 0 ACCOUNT CODE 1450/20	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 COMP 0 ACCOUNT CODE 1450/20 1450/90	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655,3		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/410 0 1433/412 0 1433/412 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1450/20 1450/20 1450/90 1450/110 1450/110	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655,3 AMOUNT 13, 1, 16,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/340 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/110 1450/195 1450/260	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/380 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/20 1450/110 1450/170 1450/195 1450/260 1450/270	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/10 1450/195 1450/260 1450/270 1450/290	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/10 1450/195 1450/260 1450/270 1450/290	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/10 1450/195 1450/260 1450/270 1450/290	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/10 1450/195 1450/260 1450/270 1450/290	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL ETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/110 1450/110 1450/110 1450/260 1450/270 1450/290 FACIL ACCOUNT CODE	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS FACILITIES TANGIBLE	\$ \$ <t< td=""><td>9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 7</td></t<>	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 7		
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ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/417 COMP 0 1450/20 1450/20 1450/110 1450/110 1450/260 1450/270 1450/290 FACIL ACCOUNT CODE 1452/300 1452/340	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL LETION TANGIBLE TOTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, 13, 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 10, 185, 115, 115,</td></td<>	9, 146, 50, 325, 80, 655, 13, 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 10, 185, 115, 115,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/370 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1433/417 0 1450/20 1450/20 1450/10 1450/210 1450/270 1450/270 1450/290 FACIL ACCOUNT CODE 1452/300 1452/315	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT	\$ \$ <t< td=""><td>9, 146, 50, 325, 80, 655, 4MOUNT 13, 13, 1, 16, 50, 70, 25, 10, 185, 7 4MOUNT 185, 10, 185, 115, 115,</td></t<>	9, 146, 50, 325, 80, 655, 4MOUNT 13, 13, 1, 16, 50, 70, 25, 10, 185, 7 4MOUNT 185, 10, 185, 115, 115,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/110 1450/260 1450/270 1450/270 1450/290 FACIL ACCOUNT CODE 1452/300 1452/340 1452/345	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 185, 7</td></td<>	9, 146, 50, 325, 80, 655, AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 185, 7		
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ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/260 1450/270 1450/290 FACIL ACCOUNT CODE 1452/300 1452/300 1452/340 1452/345 1452/355 1452/360	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS FACILITIES TANGIBLE FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 10, 185, 7 4 55, 115, 115, 45,</td></td<>	9, 146, 50, 325, 80, 655, 3 AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 10, 185, 7 4 55, 115, 115, 45,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/10 1450/260 1450/270 1450/270 1450/290 FACIL ACCOUNT CODE 1452/300 1452/300 1452/345 1452/345 1452/345 1452/365	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE FACILITIES TANG	\$ \$ <t< td=""><td>9, 146, 50, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 7 485, 7 55, 115, 115, 45,</td></t<>	9, 146, 50, 325, 80, 655, 3 AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 7 485, 7 55, 115, 115, 45,		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/350 1430/400	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1450/20 1450/20 1450/210 1450/260 1450/290 FACIL 1450/290 FACIL 1452/300 1452/340 1452/345 1452/345 1452/360 1452/380 1452/380 1452/380 1452/380	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS WETER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT & SUPPLIES	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 45, 50, 50, 50, 50, 110, 55, 50, 50, 50, 50, 50, 50, 50, 50, 5</td></td<>	9, 146, 50, 325, 80, 655, AMOUNT 13, 13, 1, 16, 50, 70, 25, 10, 70, 25, 115, 115, 115, 115, 115, 45, 50, 50, 50, 50, 110, 55, 50, 50, 50, 50, 50, 50, 50, 50, 5		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP	AMOUNT \$ 30,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ - \$ 536,00 \$ 55,00	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/110 1450/170 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1452/300 1452/300 1452/315 1452/345 1452/345 1452/365 1452/365 1452/380 1452/390	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITEM DESCRIPTION FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 15, 115, 115, 45, 110, 70, 550,</td></td<>	9, 146, 50, 325, 80, 655, AMOUNT 13, 1, 16, 50, 70, 25, 10, 185, 10, 185, 15, 115, 115, 45, 110, 70, 550,		
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ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS DOWNHOLE TOOLS	AMOUNT \$ 30,00 \$ 130,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ 5,00 \$ 5,55,00 \$ 5,55,00 \$ 5,55,00 \$ 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/110 1450/20 1450/20 1450/20 1450/20 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1452/300 1452/315 1452/315 1452/315 1452/340 1452/355 1452/360 1452/390 1452/390 FACIL 0 1452/390	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES TANGIBLE FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS WETER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TOTAL	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, 30, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 70, 70, 70, 70, 70, 70, 70, 70</td></td<>	9, 146, 50, 325, 80, 655, 30, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 10, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 25, 70, 70, 70, 70, 70, 70, 70, 70, 70, 70		
ACCOUNT CODE 1430/310 1430/320 1430/330 1430/340 1430/400 1430/405 	DRILLING TANGIBLE ITEM DESCRIPTION CONDUCTOR CASING SURFACE CASING INTERMEDIATE CASING DRILLING LINERS PRODUCTION CASING CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS DOWNHOLE TOOLS	AMOUNT \$ 30,00 \$ 130,00 \$ 130,00 \$ 363,00 \$ 363,00 \$ 5,00 \$ 5,55,00 \$ 5,55,00 \$ 5,55,00 \$ 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1433/320 1433/370 1433/380 1433/380 1433/400 0 1433/410 0 1433/412 0 1433/412 0 1433/412 0 1433/417 COMP 0 1450/20 1450/20 1450/10 1450/110 1450/20 1450/20 1450/20 1450/20 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1450/270 1452/300 1452/315 1452/315 1452/315 1452/340 1452/355 1452/360 1452/390 1452/390 FACIL 0 1452/390	FLOWLINE TUBING PUMPING UNIT WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS THEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES TOTAL	\$ \$ <td< td=""><td>9, 146, 50, 325, 80, 655, 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 10, 185, 115, 115, 115, 115, 115, 115, 110, 555, 15, 15, 15, 15, 15, 15, 15, 15, 1</td></td<>	9, 146, 50, 325, 80, 655, 13, 13, 14, 16, 50, 70, 25, 10, 10, 185, 10, 185, 115, 115, 115, 115, 115, 115, 110, 555, 15, 15, 15, 15, 15, 15, 15, 15, 1		

Case 23372

Company	Contact	Date
NHPP Permian, LLC	Mail	11/11/22
	Email	11/30/22 12p 11/30/22 3p 12/12/22 3p 12/12/22 4p
	Phone	2/22/23



.

TAB 3

Case No. 23372

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Structure Map 1^{st} Bone Spring Sand Structure Structure Map 2^{nd} Bone Spring Sand Structure Exhibit B-1:
- Exhibit B-2:
- Stratigraphic Cross Section -1^{st} Bone Spring Sand Datum Exhibit B-3:
- Stratigraphic Cross Section 2nd Bone Spring Sand Datum Exhibit B-4:
- Gross Isochore 1st Bone Spring Sand Isopach Exhibit B-5:
- Gross Isochore 2nd Bone Spring Sand Isopach Exhibit B-6:
- Exhibit B-7: Gun Barrel View

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23372

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the geology involved.

3. I graduated in 2012 from Western Michigan University with a master's degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division ("Division") and made a matter of record.

4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50'. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval



6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 1H, and the DeLorean 9-10 Fed 2BS Com 5H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23373, 23374 and 23375.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

2

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11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23372 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

[Jason J. Asmus]

2023

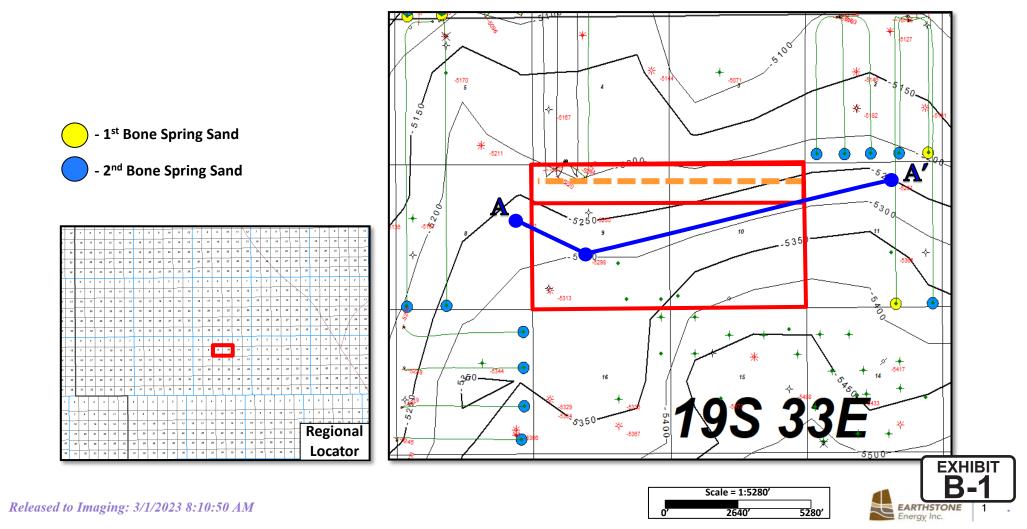
Date Signed

Received by OCD: 2/28/2023 11:17:16 PM

Received by OCD: 2/28/2023 11:17:16 PM

Page 35 of 180

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'



Received by OCD: 2/28/2023 11:17:16 PM

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

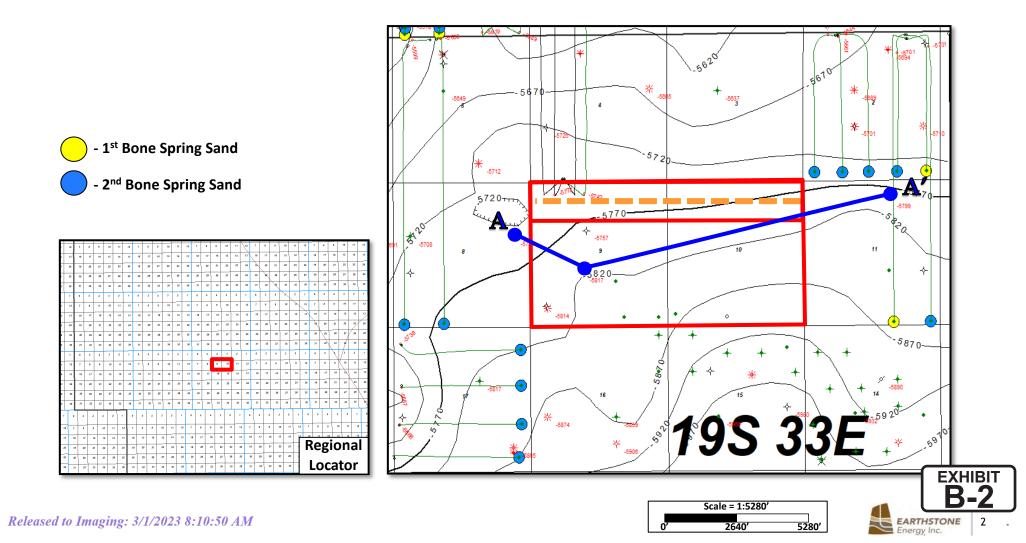
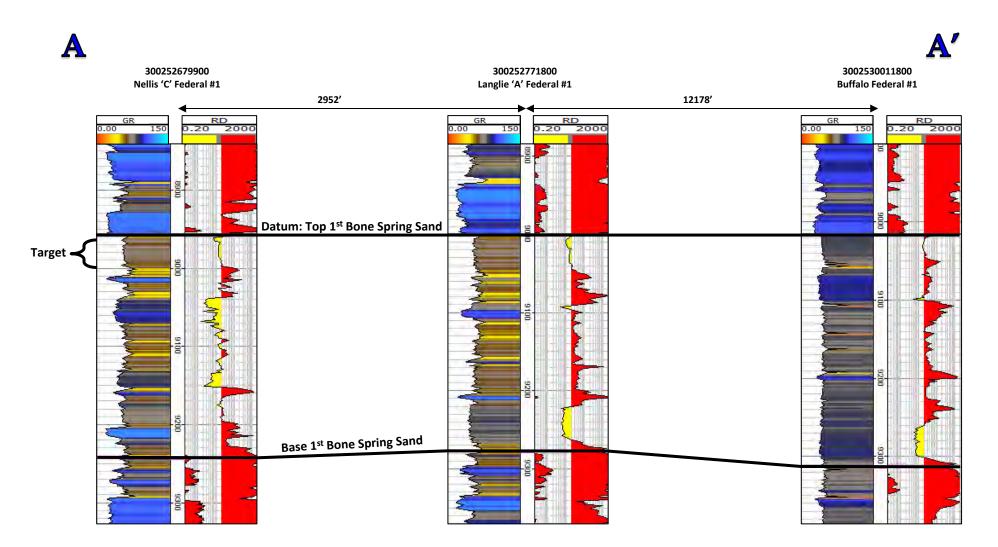


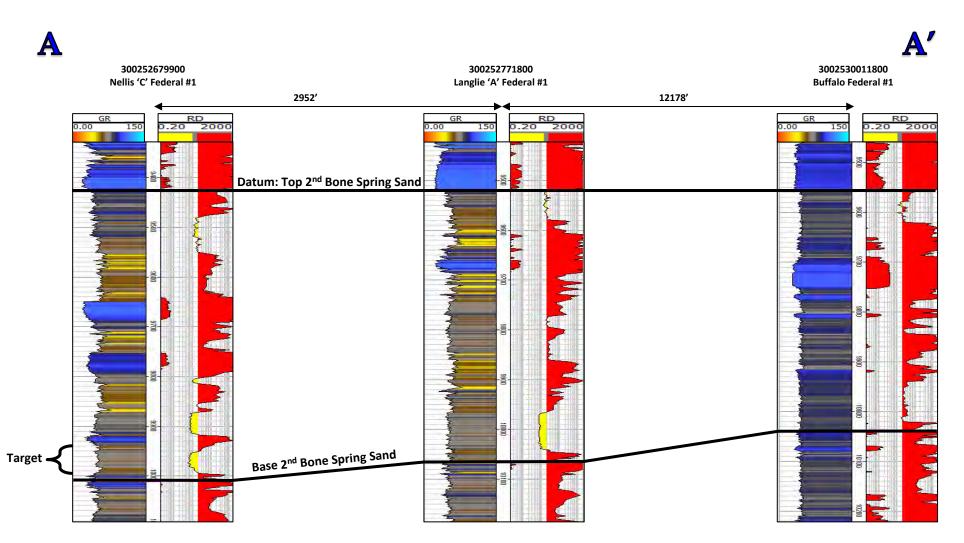
Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum





Page 37 of 180

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

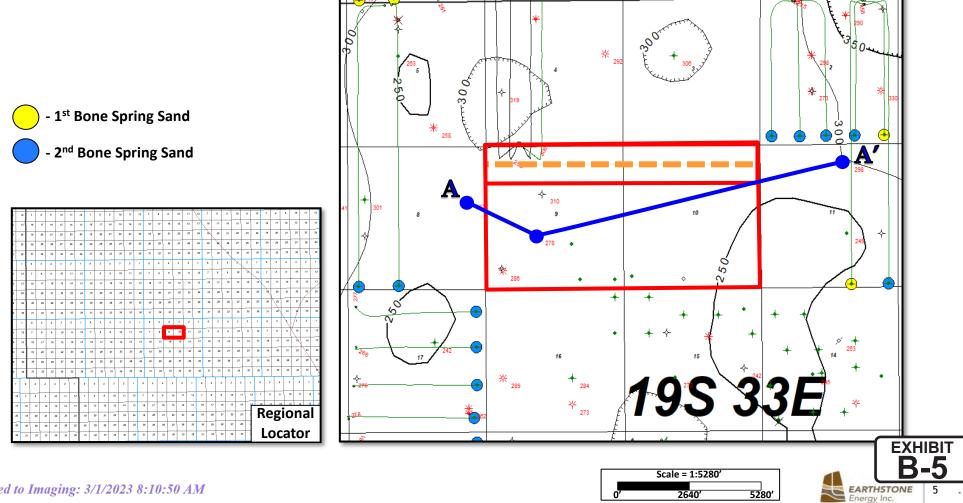




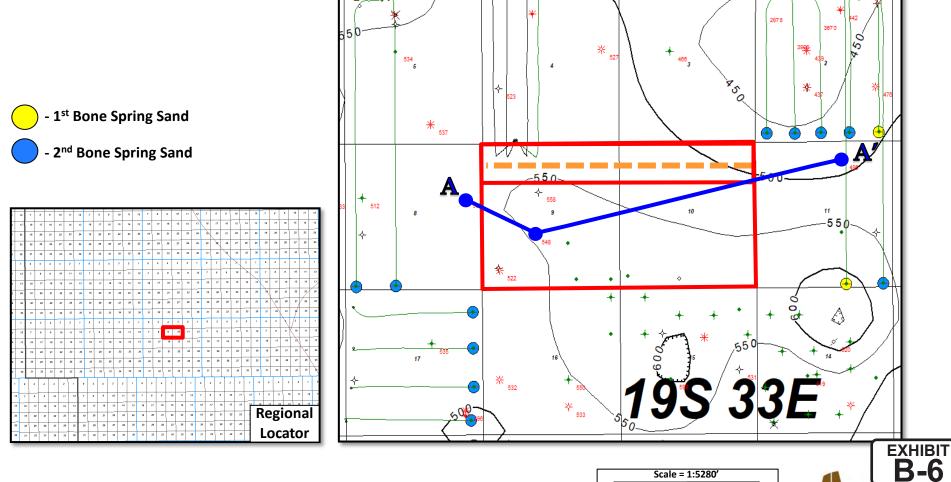
4

EARTHSTONE Energy Inc.

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'



Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

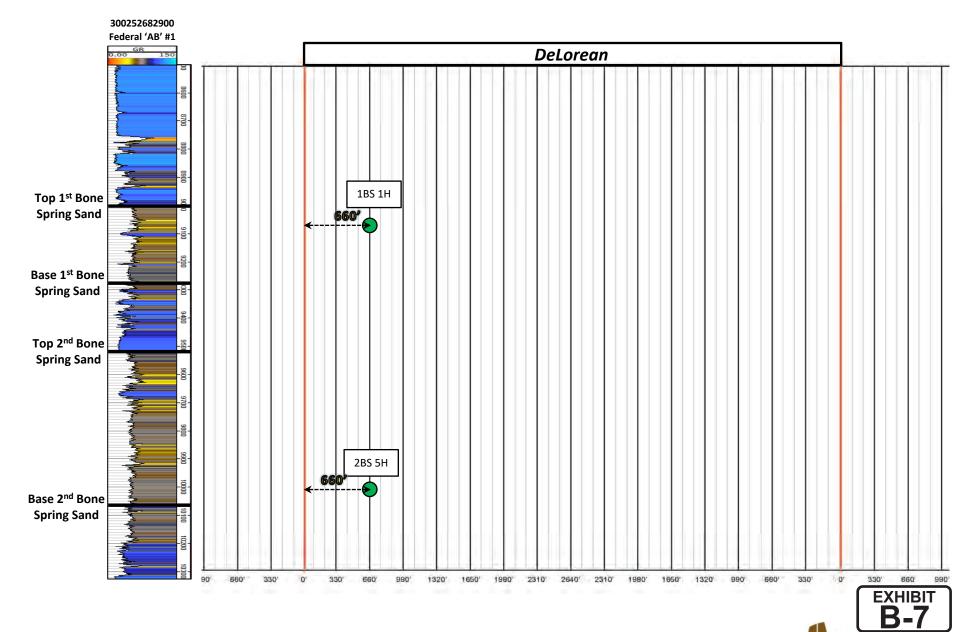


EARTHSTONE Energy Inc.

5280'

2640'

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-7 Gun Barrel



EARTHSTONE Energy, Inc.

7

TAB 4

Case No. 23372

- Exhibit C: Affidavit of Notice, Darin C. Savage Exhibit C-1: Notice Letter
- Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23372, 23373, 23374, and 23375

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC ("Earthstone"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on February 9, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Notice was sent to the Hobbs Daily News-Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on February 10, 2023. See Exhibit C-3.

3. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

Darin C. Savage

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Notary Public

My Commission Expires:

Oc

STATE OF NEW MEXICO NOTARY PUBLIC MAPSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026

Page 45 of 180





ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Nebraska Kansas Montana Wyoming Oklahoma California North Dakota

February 8, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico DeLorean 9-10 Fed 1BS Com 1H Well (Case No. 23372) DeLorean 9-10 Fed 2BS Com 5H Well (Case No. 23372)

Case Nos. 23372:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23372, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23372, Earthstone seeks to pool the Bone Spring formation underlying the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 1H and 5H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

XHIBIT

You are being notified as an interest owner (subject to title examination) and 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net Mailed from 1/28/2023 to 2/27/2023 User Name: abadieschill Generated: 2/27/2023 3:07:59 PM										
USPS Article Number R 9314869904300104303391 4 9314869904300104303407 4	1-1 -	ed Name 1 ConocoPhillips Company NHPP Permian, LLC	Name 2	Address 1 600 W. Illinois Avenue 55 Waugh Drive, Suite 1200		City Midland Houston	State TX TX	Zip 79701 77007	User ID Mailing Status 21902 Delivered 21902 Delivered	Service Options Return Receipt - Electronic, Certified Mail Return Receipt - Electronic, Certified Mail

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POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3034 07**.

Item Details				
Status:	Delivered, Front Desk/Reception/Mail Room			
Status Date / Time:	February 14, 2023, 04:34 p.m.			
Location:	HOUSTON, TX 77007			
Postal Product:	First-Class Mail [®]			
Extra Services:	Certified Mail™			
	Return Receipt Electronic			
Recipient Name:	NHPP Permian LLC			
Shipment Details				
Weight:	2.0oz			
Destination Delivery Address				
Street Address:	55 WAUGH DR STE 1200			
City, State ZIP Code:	HOUSTON, TX 77007-5837			
Recipient Signature				
Signature of Recipient:	V VINATA V WINATA			
Address of Recipient:	SS U64			

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service[®] for your mailing needs. If you require additional assistance, please contact your local Post Office[™] or a Postal representative at 1-800-222-1811.

Sincerely, United States Postal Service® 475 L'Enfant Plaza SW Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details	
Status:	Delivered, Individual Picked Up at Postal Facility
Status Date / Time:	February 14, 2023, 07:54 a.m.
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	ConocoPhillips Company
Shipment Details	
Weight:	2.0oz
Destination Delivery Address	
Street Address:	600 W ILLINOIS AVE
City, State ZIP Code:	MIDLAND, TX 79701-4882
Recipient Signature	
Signature of Recipient:	Under Marker
Address of Recipient:	then OWWIII MUIS

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service[®] for your mailing needs. If you require additional assistance, please contact your local Post Office[™] or a Postal representative at 1-800-222-1811.

Sincerely, United States Postal Service® 475 L'Enfant Plaza SW Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

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 February 10, 2023 and ending with the issue dated February 10, 2023.

Jusell

hlisher

Sworn and subscribed to before me this 10th day of February 2023.

Ruth Black

Business Manager

My commission expires January 29, 2027

STATE OF NEW MEXICO (Seal) NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087528 COMMISSION EXPIRES 01/29/2027

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 February 10, 2023

LEGAL NOTICE February 10, 2023

Mexico. #00275660

67115820

DAVID SESSIONS **ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301**



00275660

TAB 1

Reference for Case No. 23373 Application Case No. 23373:

DeLorean 9-10 Fed 1BS Com 3H Well DeLorean 9-10 Fed 2BS Com 7H Well

NMOCD Checklist Case No. 23373

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23373

APPLICATION

Earthstone Operating, LLC ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Earthstone proposes and dedicates to the HSU the DeLorean 9-10 Fed 1BS Com
 3H Well, and the DeLorean 9-10 Fed 2BS Com 7H Well, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 3H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 7H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

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C. Approving the DeLorean 9-10 Fed 1BS Com 3H Well and the DeLorean 9-10Fed 2BS Com 7H Well as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Andrew D. Schill 214 McKenzie Street Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.com bill@abadieschill.com andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the DeLorean 9-10 Fed 1BS Com 3H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10; and the DeLorean 9-10 Fed 2BS Com 7H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

Case: 23373	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC,
	FOR A HORIZONTAL SPACING UNIT AND
- · · · / · ·	COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	MRC Permian Company
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 6&7; 3H Well: TVD apprx. 9018'; 7H Well: TVD
	apprx. 9983';
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> <u>approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	DeLorean 9-10 Fed 1BS Com 3H (API Pending)
	SHL: Unit E: 2,640' FNL & 425' FWL of Section 9, 19S-R33E
	BHL: Unit I: 1980' FSL & 100' FEL of Section 10, 19S-33E
	Completion Target: Bone Spring
	Well Orientation: West to East
	Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 3H
	FTP: 100' FWL, 1980' FSL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD:
	apprx. 9018'; TMD: apprx. 19,500'

<u>Received by OCD: 2/28/2023 11:17:16 PM</u> Well #2	DeLorean 9-10 Fed 2BS Com 7H (API Pending)
	SHL: 2,611' FSL & 425' FWL of Section 9, 19S-R33E
	BHL: 1980' FSL & 100' FEL of Section 10, 195-33E Completion
	Target: Bone Spring
	Well Orientation: West to East
	Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 7H
	FTP: 100' FWL, 1980' FSL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD:
	apprx. 9983'; TMD: apprx. 20,500'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to notice	
requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 13 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
	Exhibit B
Summary (including special considerations)	Exhibit B
	Exhibits B-1, B-2
Spacing Unit Schematic	
Spacing Unit Schematic Gunbarrel/Lateral Trajectory Schematic	Exhibits B-1, B-2
Spacing Unit Schematic Gunbarrel/Lateral Trajectory Schematic Well Orientation (with rationale)	Exhibits B-1, B-2 Exhibit B-7
Summary (including special considerations) Spacing Unit Schematic Gunbarrel/Lateral Trajectory Schematic Well Orientation (with rationale) Target Formation HSU Cross Section	Exhibits B-1, B-2 Exhibit B-7 Exhibits B, B-1, B-2

Released to Imaging: 3/1/2023 8:10:50 AM

Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darín Savage
Date:	02.28.2023

TAB 2

Case No. 23373

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23373

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC ("Earthstone") and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am employed as a Landman with Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the lands involved.

3. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

4. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.



5. Under <u>Case No.</u> 23373, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 3H Well,** and the **DeLorean 9-10 Fed 2BS Com 7H Well,** as initial wells.

6. The **DeLorean 9-10 Fed 1BS Com 3H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWSW (Unit L) of Section 9 to a bottom hole location in the NESE (Unit I) of Section 10; approximate TVD of 9,018'; approximate TMD of 19,500'; FTP in Section 9: 1,980' FSL, 100' FWL; LTP in Section 10: 1,980' FSL, 150' FEL.

7. The **DeLorean 9-10 Fed 2BS Com 7H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWSW (Unit L) of Section 9 to a bottom hole location in the NESE (Unit I) of Section 10; approximate TVD of 9,983'; approximate TMD of 20' 500; FTP in Section 9: 1,980' FSL, I 00' FWL; L TP in Section 10: 1,980' FSL, 150' FEL.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. A good faith review of records did not reveal any overlapping units.

13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are

2

located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

14. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

15. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

16. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

17. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico.

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Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

18. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

19. Earthstone requests that it be designated operator of the units and wells.

20. The Exhibits to this Self-Affirmed Statment were prepared by me or compiled from Earthstone's company business records under my direct supervision.

21. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

22. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23373 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

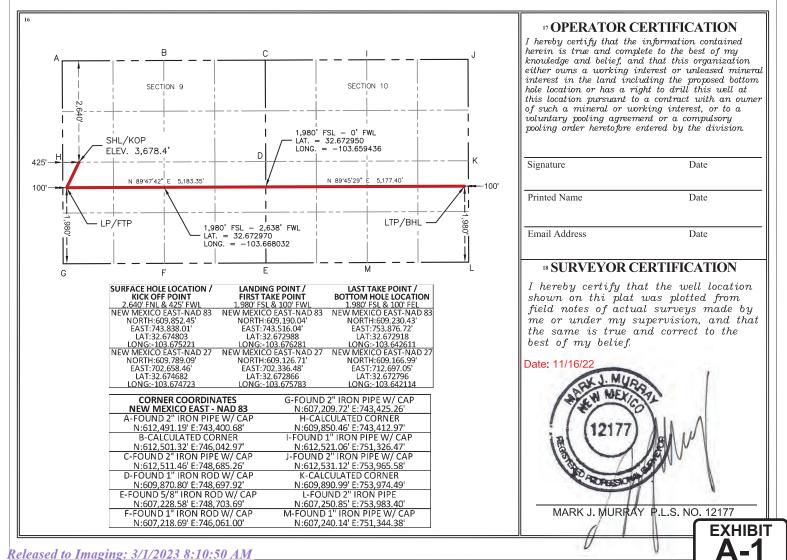
Matt Solomon

2-24.2023

Date Signed

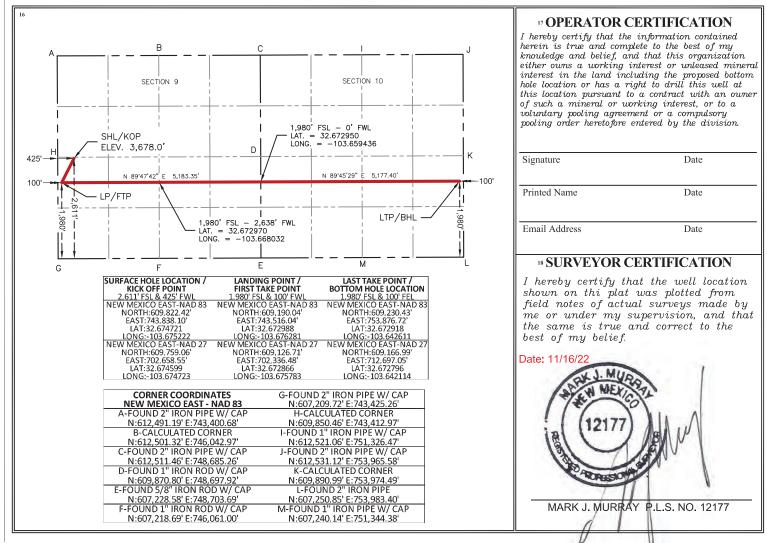
eceived by OC	D: 2/28/2	2023 11:17:	16 PM								Page 65 of 1
District I	II-LL- ND		State of New Mexico							Form C-102	
1625 N. French Dr. <u>District II</u> 811 S. First St., Art <u>District III</u> 1000 Rio Brazon R <u>District IV</u> 1220 S. St Francis I Phone: (505) 476-3	esia, NM 88 oad, Artec, 1 Dr., NM 875	210 NM 87410 05	Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505							Submit or	evised August 1, 2011 ne copy to appropriate District Office MENDED REPORT
		WEI	LL LOC	CATION	AND A	CRI	EAGE DEDIC	CATION PLA	ΑT		
1	¹ API Number ² Pool Code ³ Pool Name										
⁴ Property (Code	SProperty Name "Well Number DELOREAN 9-10 FED COM 1BS 3H							Well Number 3H		
⁷ OGRID	No.	* Operator Name * Elevation EARTHSTONE OPERATING, LLC 3,678.4'							⁹ Elevation		
					" Surf	ace	Location				
UL or lot no. E	Section 9	Township 19 S	Range 33 E	ange Lot Idn Feet from the North/South line Feet from the East/West line						County LEA	
			и Во	ttom H	ole Loc	atic	n If Differer	nt From Su	urface		·
UL or lot no. I	Section 10	Township 19 S	Range 33 E								
¹² Dedicated Acres	s ¹³ Joint o	r Infill	onsolidation	Code ¹⁵ Or	der No.						

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.

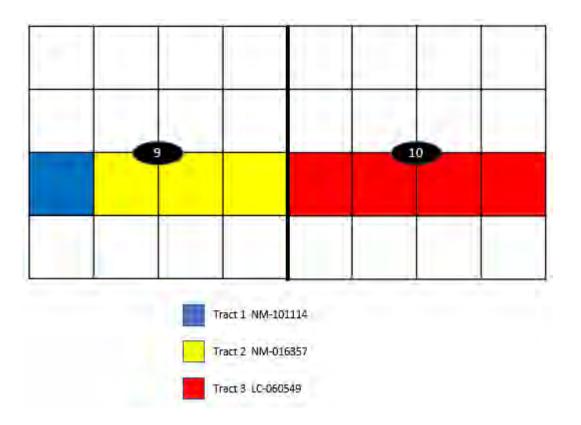


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District I 1625 N. French Dr., Hobbs, NM 88240		State of New Mexico						Form C-102		
1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> 811 S. First St., Artesia, NM 88210 <u>District III</u> 1000 Rio Brazon Road, Artec, NM 874 <u>District IV</u> 1220 S. St Francis Dr., NM 87505 Phone: (505) 476-3460 Fax (505) 476-3460	0	nergy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505						Revised August 1, 2011 Submit one copy to appropriate District Office AMENDED REPORT		
	WELL LOO	CATION	AND ACR	EAGE DEDIC	CATION PLA	ΑT				
¹ API Number		² Pool Code	1 Code ³ Pool Name							
⁴ Property Code ⁵ Property Name						⁶ Well Number				
		DE	LOREAN 9-10	0 FED COM 2BS	6		7H			
⁷ OGRID No.			⁸ Operator Name					⁹ Elevation		
		EAR	THSTONE O	PERATING, LLC			3,678.0'			
			" Surface	e Location						
UL or lot no. Section Town		Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County		
L 9 19	S 33 E		2,611'	SOUTH	425'	WE	EST	LEA		
	" Bo	ttom H	ole Locatio	on If Differer	nt From Si	urface				
UL or lot no. Section Town	ship Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County		
I 10 19	S 33 E		1,980'	SOUTH	100'	EA	ST	LEA		
¹² Dedicated Acres ¹³ Joint or Infill	¹⁴ Consolidation	Code ¹⁵ Or	rder No.							

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.



DeLorean 9-10 Fed 1BS Com 3H DeLorean 9-10 Fed 2BS Com 7H N2S2 of Sections 9 and 10, Township 19 South, Range 33 East Lea County, New Mexico



TRACT 1 OWNERSHIP (NM-101114)

Earthstone Permian LLC	99.958333%
Timothy R. McDonald	0.041667%
	100.00000%

TRACT 2 OWNERSHIP (NM-016357)

Earthstone Permian LLC	87.463541%
MRC Permian Company	12.500000%
Timothy R. McDonald	0.036459%
	100.00000%



TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.00000%
ConocoPhillips Company	50.00000%
	100.00000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	70.293620%
MRC Permian Company	4.687500%
Timothy R. McDonald	0.018880%
ConocoPhillips Company	25.00000%
	100.000000%

WI Parties To Force Pool

MRC Permian Company Timothy R. McDonald



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300 The Woodlands, TX 77380 Office: 281-298-4246 Fax: 832-823-0478

November 11, 2022

VIA FED-X

Timothy R. MacDonald 3003 Paleo Point College Station, TX 77845

Re: DeLorean 9-10 Fed Com Wells (3H, 4H, 7H, 88H) N2S2 and S2S2 of Sections 9 and 10 Township 19 South, Range 33 East Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 3H:** to be drilled from a proposed surface hole location of 1160' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,018'.
- DeLorean 9-10 Fed 1BS Com 4H: to be drilled from a proposed surface hole location of 1070' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,043'.
- **DeLorean 9-10 Fed 2BS Com 7H:** to be drilled from a proposed surface hole location of 1130' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.
- DeLorean 9-10 Fed 2BS Com 88H: to be drilled from a proposed surface hole location of 1100' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.



Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2S2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2S2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon Senior Landman 713-379-3083 msolomon@earthstonenergy.com

Timothy R. MacDonald hereby elects to:

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 3H**. Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 3H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 4H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 4H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 7H**.
Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 7H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 88H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 88H**, subject to acceptable terms.

Timothy R. MacDonald

By:	
Name:	
Title:	
Date:	

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Oper	RTHSTONE rating, LLC				stone Operating, ement of Estimated Well C		
	: DeLorean 9-10 Fed Com 1BS 3H	Proje	ct Descriptio	on:			
Field Name		-	•		f a 2-Mile 1st BSS lateral in Lea County,	NM. 10-	3/4" Surfa
	: Lea Co., NM				ermediate section will be a 9-7/8" hole dri		
	: 22 - XX - XXXX	at app		9,500 MD', ~10,400' VS	be drilled with OBM as a 7-7/8" curve, au . 5.5" production casing will be run to sur		
	DRILLING INTANGIBLE				COMPLETION INTANGIBLE		
CCOUNT CODE	ITEM DESCRIPTION	A	MOUNT	ACCOUNT CODE	ITEM DESCRIPTION	A	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2
1420/ 16		\$	10,000	1432/ 20	LOCATION AND ROADS	\$	17
1420/ 20	LOCATION AND ROADS	\$ \$	125,000	1432/ 70	COMPLETION/WORKOVER RIG FUEL, POWER & WATER	\$ \$	46
1420/ 25 1420/ 30	SURFACE DAMAGES RIG MOBILIZATION	ə S	22,500	1432/ 90 1432/110	TRUCKING/VACUUM TRUCK	ъ \$	358
1420/ 50	DAYWORK	s	672,000	1432/120	DRILLING/COMPLETION FLUIDS	φ \$	3
1420/ 80	BITS/ REAMERS	\$	84,000	1432/130	CEMENT AND PUMP SERVICE	\$	-
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/181	WELL TEST SERVICES	\$	100
1420/150		\$ ¢	- 20.000	1432/183		\$ \$	60
1420/160 1420/170	MUD LOGGING EQUIPMENT/TOOL RENTALS	\$ \$	20,000	1432/190 1432/195	SLICKLINE SERVICES CONTRACT LABOR	\$	4
1420/170	DOWNHOLE RENTALS	\$ \$	72,000	1432/195	WELLHEAD REPAIR & SERVICEMAN	\$	15
1420/180	WELL STIMULATION / TESTING	\$	-	1432/230	COILED TUBING SERVICES	\$	18
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$	
1420/250	INSURANCE	\$	10,000	1432/280	PIT REMEDIATION	\$	20
1420/260	SUPERVISION/ENGINEERING	\$	72,000	1432/290	MISCELLANEOUS	\$	12
1420/270	ADMINISTRATIVE/OVERHEAD	\$	7,000	1432/310	FRESH WATER TRANSFER	\$	28
1420/315	PARTS	\$	15,000	1432/350	COMMUNICATIONS	\$	3
1420/350		\$ \$	9,000	1432/412 1432/417		\$ \$	50
1420/300	CONTINGENCY	\$	53,500	1432/300	FRAC INCIDENTAL CONTINGENCY	э \$	168
						\$	5,167,
							-, - ,
				ACCOUNT CODE	COMPLETION TANGIBLE	A	MOUNT
	LING INTANGIBLE TOTAL	•	0 700 000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45
DRILI		\$	2,700,000	1433/320	FLOWLINE	\$	9
				1433/370	TUBING	\$	131
	DRILLING TANGIBLE			1433/380	PUMPING UNIT	\$	
CCOUNT CODE			MOUNT	1433/400		\$	65
1430/310		\$ \$	30,000	1433/410 1433/412		\$ \$	325
1430/320 1430/330	SURFACE CASING INTERMEDIATE CASING	\$ \$	130,000 363,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$	80
1430/340	DRILLING LINERS	\$	-		4		
1430/350	PRODUCTION CASING	\$	536,000	COMPL	LETION TANGIBLE TOTAL	\$	655,
1430/400	CASING HANGER/WELLHEAD EQUIP	\$	55,000				
1430/405	DOWNHOLE TOOLS	\$	-		FACILITIES INTANGIBLE	-	
				ACCOUNT CODE			MOUNT
		-		1450/ 20 1450/ 90	LOCATION AND ROADS FUEL, POWER & WATER	\$ \$	13
				1450/110	TRUCKING/VACUUM TRUCK	э \$	16
				1450/170	EQUIPMENT/TOOL RENTAL	\$	50
				1450/195	CONTRACT LABOR	\$	70
				1450/260	SUPERVISION/ENGINEERING	\$	25
				1450/270	ADMINISTRATIVE/OVERHEAD	\$	
				1450/290	FACILITES MISCELLANEOUS	\$	10
				FACILI	TIES INTANGIBLE TOTAL	\$	185,
					FACILITIES TANGIBLE		
				ACCOUNT CODE	ITEM DESCRIPTION		MOUNT
				1452/300	VALVES/CONNECTIONS/FITTINGS	\$	55
	+	-		1452/315		\$	15
	+			1452/340	SEPARATORS	\$	115
	+			1452/345		\$ \$	45
	+			1452/355 1452/360	GATHERING LINE STOCK TANKS	\$	175
	+	-		1452/360	DIAGNOSTIC EQUIPMENT	\$ \$	70
	+			1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	ъ \$	50
		1		1452/390	FACILITES	\$	45
				FACIL	ITIES TANGIBLE TOTAL	\$	680,
DRIL	LLING TANGIBLE TOTAL	\$	1,114,000		FACILITIES TOTAL	\$	865,
TAT :			044.000				000 -
ΙΟΤΑ	L DRILLING COSTS	\$3,	,814,000		LETION/FACILITIES COSTS		6,688,5
				TUTALES	STIMATED WELL COST	φ 10),502,5
rator Approval ared By:		Date:		Participant Approval Company:		Partipar	nt WI %:
		Date:				Partipar	nt WI %:

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	RTHSTONE rating, LLC				stone Operating, ement of Estimated Well C		С
Well Name	: DeLorean 9-10 Fed Com 2BS 7H	Proj	ect Descriptio	on:			
Leasting: Lea Co. NM casing			ELL PAD. Est				
					ermediate section will be a 9-7/8" hole dri be drilled with OBM as a 7-7/8" curve, a		
AFE #	ŧ: 22 - XX - XXXX	at ap		0,500 MD', ~10,400' VS	. 5.5" production casing will be run to surf		
_	DRILLING INTANGIBLE				COMPLETION INTANGIBLE	1	
ACCOUNT CODE		-	AMOUNT	ACCOUNT CODE		-	AMOUNT
1420/ 10 1420/ 16	LEASE / STAKE / PERMIT	\$ \$	6,000 10,000	1432/ 10 1432/ 20	LEASE / STAKE / PERMIT LOCATION AND ROADS	\$ \$	2,5 17,5
1420/ 20	LOCATION AND ROADS	\$	125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46,4
1420/ 25	SURFACE DAMAGES	\$	22,500	1432/ 90	FUEL, POWER & WATER	\$	358,4
1420/ 30	RIG MOBILIZATION	\$	120,000	1432/110	TRUCKING/VACUUM TRUCK	\$	15,0
1420/ 50	DAYWORK	\$	672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	3,5
1420/ 80 1420/ 90	BITS/ REAMERS FUEL. POWER & WATER	\$ \$	84,000 241.000	1432/130 1432/150	CEMENT AND PUMP SERVICE ELECTRIC LOGGING/PERFORATING	\$ \$	352,8
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490,6
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19,6
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316,6
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/181	WELL TEST SERVICES	\$	100,8
1420/150	ELECTRIC LOGGING/PERFORATING	\$	-	1432/183		\$	60,0
1420/160 1420/170	MUD LOGGING EQUIPMENT/TOOL RENTALS	\$ \$	20,000	1432/190 1432/195	SLICKLINE SERVICES CONTRACT LABOR	\$ \$	4,5
1420/170	DOWNHOLE RENTALS	э \$	72,000	1432/195	WELLHEAD REPAIR & SERVICEMAN	ъ \$	15,0
1420/180	WELL STIMULATION / TESTING	\$	-	1432/230	COILED TUBING SERVICES	\$	18,0
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1,7
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62,0
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$	
1420/250	INSURANCE	\$	10,000	1432/280	PIT REMEDIATION	\$	20,0
1420/260	SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$	72,000	1432/290 1432/310	MISCELLANEOUS FRESH WATER TRANSFER	\$ \$	12,5
1420/315	PARTS	\$	15,000	1432/310	COMMUNICATIONS	\$	3,8
1420/350	COMMUNICATIONS	\$	9,000	1432/412	ARTIFICIAL LIFT	\$	50,0
1420/300	CONTINGENCY	\$	53,500	1432/417	FRAC INCIDENTAL	\$	
				1432/300	CONTINGENCY	\$	168,2
		_		COMPL	ETION INTANGIBLE TOTAL	\$	5,167,5
					COMPLETION TANGIBLE		
		+		ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
DRIL	LING INTANGIBLE TOTAL	\$	2,700,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45,0
DRIE		Ψ	2,700,000	1433/320	FLOWLINE	\$	9,0
				1433/370	TUBING	\$	146,3
ACCOUNT CODE	DRILLING TANGIBLE ITEM DESCRIPTION	-	AMOUNT	1433/380 1433/400	PUMPING UNIT WELLHEAD EQUIPMENT	\$ \$	50,0
1430/310	CONDUCTOR CASING	\$	30,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,0
1430/320	SURFACE CASING	\$	130,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,0
1430/330	INTERMEDIATE CASING	\$	363,000	1433/417	FRAC INCIDENTAL	\$	
1430/340	DRILLING LINERS	\$	-	COMP	LETION TANGIBLE TOTAL	\$	655,3
1430/350	PRODUCTION CASING	\$	564,000				
1430/400 1430/405	CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS	\$ \$	55,000		FACILITIES INTANGIBLE		
1430/403	DOWINHOLE TOOLS	Ŷ	-				
				ACCOUNT CODE			AMOUNT
				ACCOUNT CODE 1450/ 20	ITEM DESCRIPTION	\$	AMOUNT 13,
					ITEM DESCRIPTION	-	13,
				1450/ 20	ITEM DESCRIPTION	\$ \$ \$	13,: 1,(
				1450/ 20 1450/ 90 1450/110 1450/170	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$ \$	13, 1, 16, 50,
				1450/20 1450/90 1450/110 1450/170 1450/195	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$ \$ \$ \$ \$	13,1 1,1 16,2 50,1 70,1
				1450/20 1450/90 1450/110 1450/170 1450/195 1450/260	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$ \$ \$ \$ \$ \$ \$	13,: 1, 16,: 50, 70,
				1450/20 1450/90 1450/110 1450/170 1450/195	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25,
				1450/20 1450/90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10,
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				1450/20 1450/90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10,
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				1450/20 1450/90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10, 185,7 AMOUNT 55, 15, 115,
				1450/20 1450/90 1450/10 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FIITINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10, 185, 185, 55, 15, 115, 45,
				1450/20 1450/90 1450/10 1450/170 1450/260 1450/270 1450/290 FACILL ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/360	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FIITINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10, 185, 7 AMOUNT 55, 15, 115, 115, 45,
				1450/20 1450/90 1450/10 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10, 185,7 AMOUNT 55, 15, 15, 115, 45, 110, 70,
				1450/20 1450/90 1450/110 1450/170 1450/260 1450/270 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/355 1452/360 1452/365	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FIITINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 13, 11, 16, 50, 70, 25, 10, 185,7 55, 15, 115, 115, 115, 115, 115, 50, 110, 100,
				1450/20 1450/90 1450/10 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/355 1452/360 1452/365 1452/380	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT & SUPPLIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 16, 50, 70, 25, 10, 185,7 AMOUNT 55, 115, 45, 1110, 70, 50, 45,
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			1,142,000	1450/20 1450/90 1450/10 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/355 1452/360 1452/365 1452/380	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITIES MISCELLANEOUS TIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 13, 11, 16, 50, 70, 25, 10, 185,7 55, 15, 115, 115, 115, 115, 45, 50, 50, 50, 50, 50, 50, 50, 5
	LLING TANGIBLE TOTAL		1,142,000	1450/20 1450/90 1450/10 1450/10 1450/20 1450/20 1450/20 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/360 1452/390 FACILI	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES INTES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,1 1,1 16,2 50,1 70,0 25,1 10,1 185,7 AMOUNT 55,1 15,1 115,1 45,1 110,1 50,0 45,1 50,0 690,7
				1450/20 1450/90 1450/110 1450/170 1450/260 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/355 1452/360 1452/355 1452/365 1452/380 1452/390 FACILI TOTAL COMP	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT FACILITES ITIES TANGIBLE TOTAL FACILITIES TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,(16,2 50,(70,(25,(10,(185,7
TOTA erator Approval		\$:	3,842,000	1450/20 1450/90 1450/110 1450/170 1450/270 1450/270 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/360 1452/355 1452/380 1452/390 FACILI TOTAL COMP TOTAL COMP	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER QUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT FACILITIES TOTAL FACILITIES TOTAL ELETION/FACILITIES COSTS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 13, 1, 16, 50, 70, 25, 10, 185,7 AMOUNT 55, 115, 115, 115, 50, 50, 60, 50, 690,7 6, 513,54
ΤΟΤΑ			3,842,000	1450/20 1450/90 1450/10 1450/10 1450/195 1450/20 1450/20 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/355 1452/355 1452/360 1452/350 1452/390 FACILI TOTAL COMP	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS ITIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER QUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT FACILITIES TOTAL FACILITIES TOTAL ELETION/FACILITIES COSTS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13, 1, 1, 16, 50, 70, 25, 10, 185,7 AMOUNT 55, 115, 115, 115, 45, 50, 690,7 6,513,54

Case 23373

Company	Contact	Date
Timothy R. McDonald	Mail	11/11/2022 11/21/2022*
*received a letter from McDonald wherein a non-consent election was made for all wells.		
MRC Permian Company	Email	5/18/2022 5/23/2022 6/2/2022 6/3/2022 8/31/2022 9/7/2022 9/13/2022 9/14/2022 11/2/2022 11/9/2022 11/17/2022 11/18/2022 12/2/2022 12/13/2022 12/14/2022 12/19/2022 12/20/2022
	Phone calls	4/12/2022 6/2/2022 6/3/2022 10/21/2022 12/20/2022



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TAB3

Case No. 23373

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Structure Map 1st Bone Spring Sand Structure Exhibit B-1:
- Structure Map -2^{nd} Bone Spring Sand Structure Exhibit B-2:
- Exhibit B-3:
- Stratigraphic Cross Section -1^{st} Bone Spring Sand Datum Stratigraphic Cross Section -2^{nd} Bone Spring Sand Datum Exhibit B-4:
- Gross Isochore 1st Bone Spring Sand Isopach Exhibit B-5:
- Gross Isochore 2nd Bone Spring Sand Isopach Exhibit B-6:
- Exhibit B-7: Gun Barrel View

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23373

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the geology involved.

3. I graduated in 2012 from Western Michigan University with a master's degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division ("Division") and made a matter of record.

4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50'. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval



6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 3H, and the DeLorean 9-10 Fed 2BS Com 7H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23374 and 23375.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

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11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23373 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

[Jason J. Asmus]

28/2023

Released to Imaging: 3/1/2023 8:10:50 AM

Date Signed

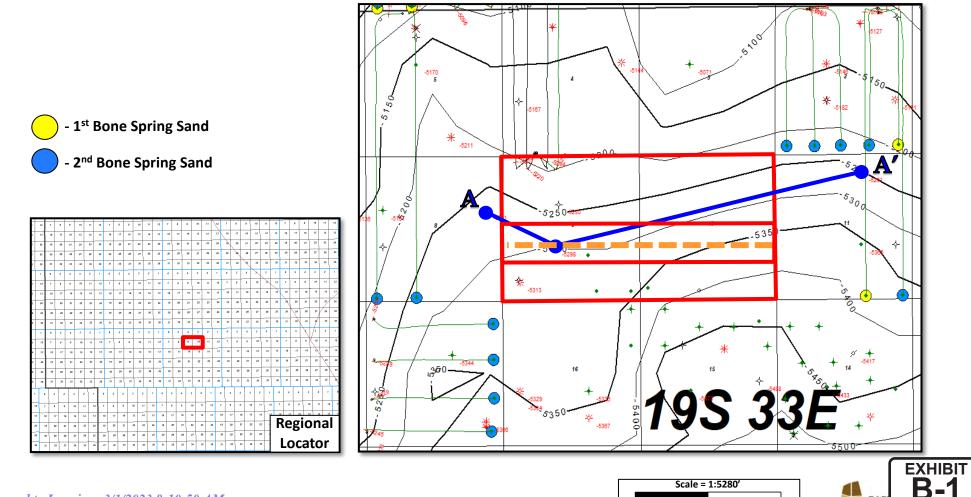
Received by OCD: 2/28/2023 11:17:16 PM

5280'

2640'

Energy Inc.

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'



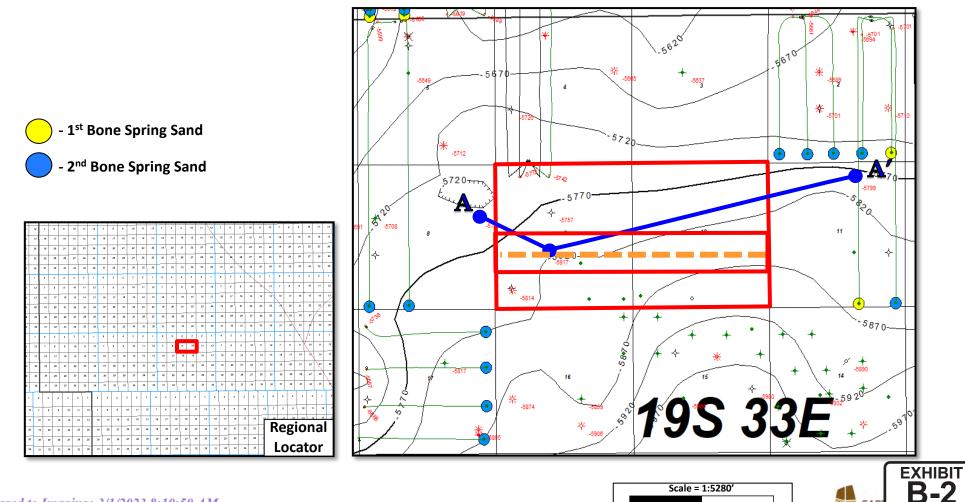
Received by OCD: 2/28/2023 11:17:16 PM

EART Energy, Inc.

5280'

2640'

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'



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Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

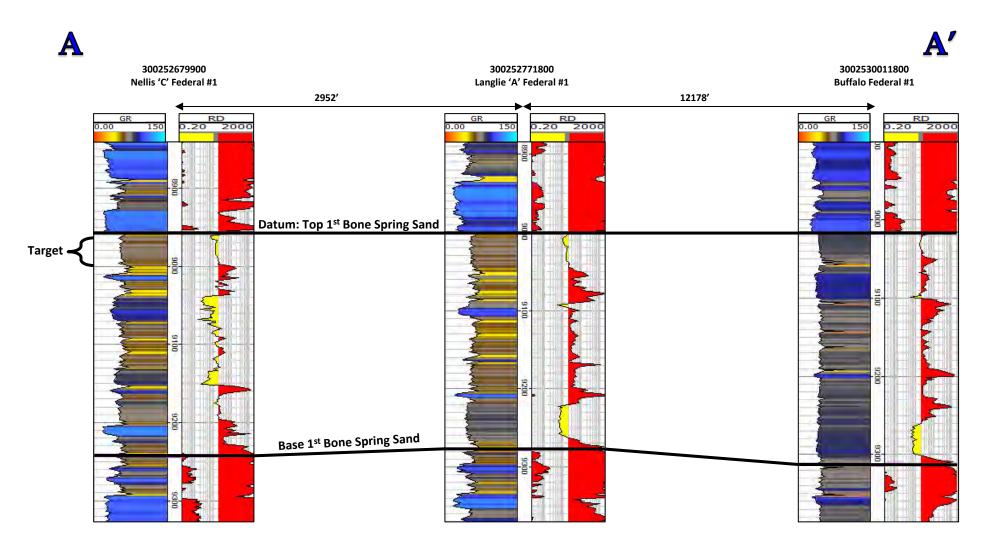
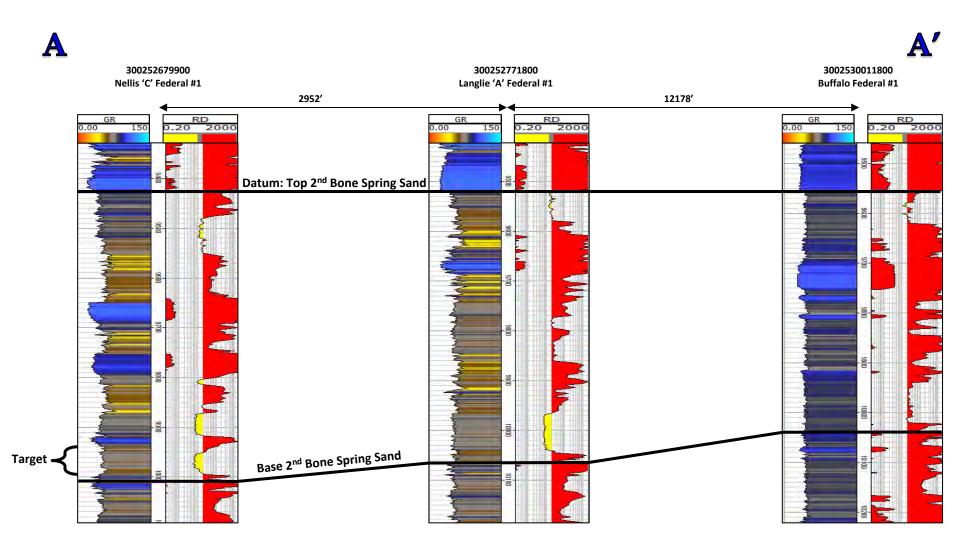


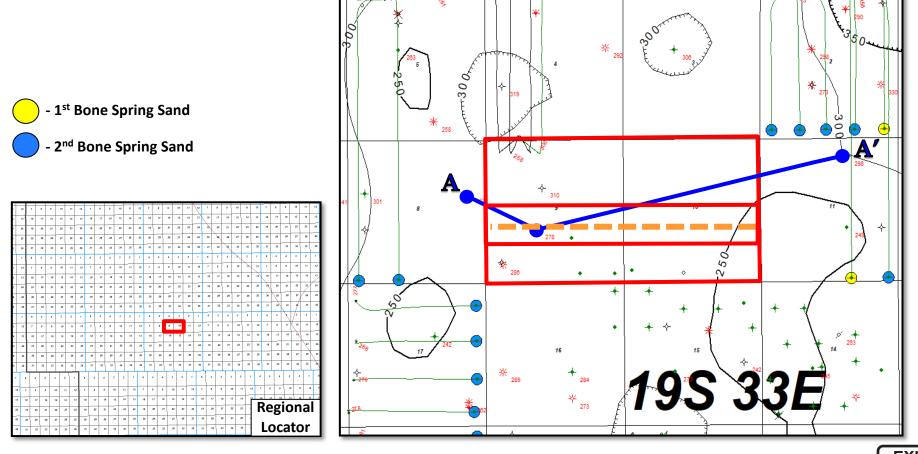


Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum





Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

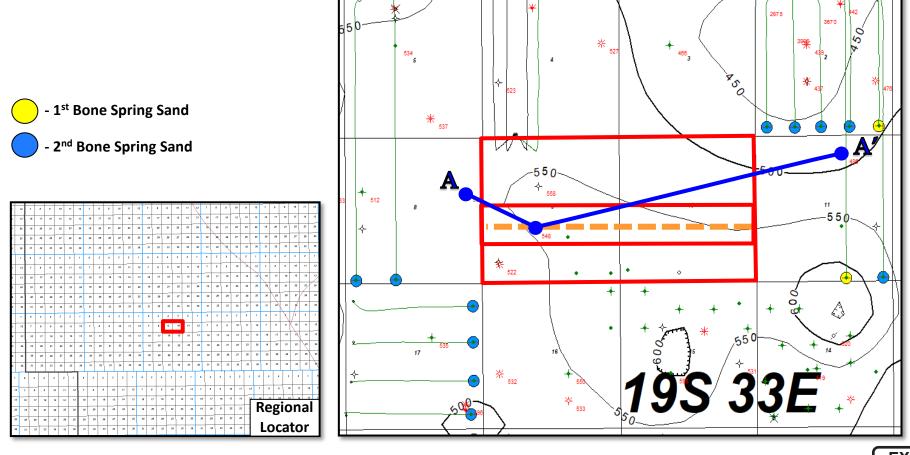




Page 83 of 180

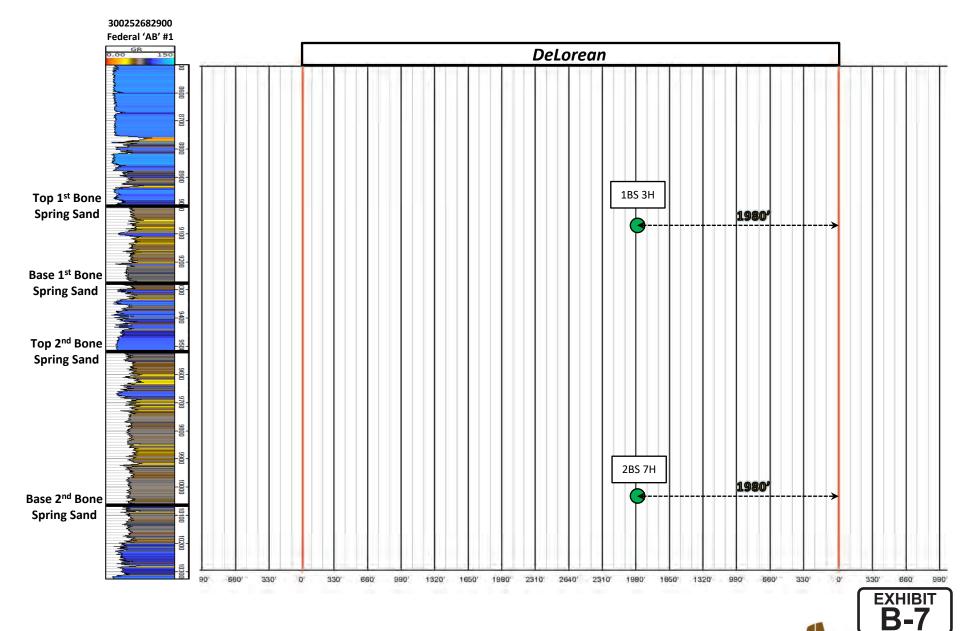
Released to Imaging: 3/1/2023 8:10:50 AM

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'



Released to Imaging: 3/1/2023 8:10:50 AM

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-7 Gun Barrel



Energy, Inc.

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TAB 4

Case No. 23373

- Exhibit C: Affidavit of Notice, Darin C. Savage Exhibit C-1: Notice Letter
- Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23372, 23373, 23374, and 23375

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC ("Earthstone"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on February 9, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Notice was sent to the Hobbs Daily News-Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on February 10, 2023. See Exhibit C-3.

3. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

Darin C. Savage



SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO NOTARY PUBLIC MAPSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026

Page 89 of 180





ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Nebraska Kansas Montana Wyoming Oklahoma California North Dakota

February 8, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>DeLorean 9-10 Fed 1BS Com 3H Well</u> (Case No. 23373) <u>DeLorean 9-10 Fed 2BS Com 7H Well</u> (Case No. 23373)

Case Nos. 23373:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23373, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23373, Earthstone seeks to pool the Bone Spring formation underlying the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 3H and 7H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

EXHIBIT

You are being notified as an interest owner (subject to title examination) and 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net Mailed from 1/28/2023 to 2/27/2023 User Name: abadieschill Generated: 2/27/2023 3:58:48 PM											
USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	s Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	ТΧ	79701	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303414	4221.2	2/9/23	MRC Permian Company		One Lincoln Center 5400 LBJ Freeway	Suite 1500	Dallas	ТΧ	75240	Undelivered	Return Receipt - Electronic, Certified Mail
9314869904300104303421	4221.2	2/9/23	Timothy R. MacDonald		3003 Paleo Point		College Station	ТΧ	77845	Undelivered	Return Receipt - Electronic, Certified Mail



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POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details					
Status:	Delivered, Individual Picked Up at Postal Facility				
Status Date / Time:	February 14, 2023, 07:54 a.m.				
Location:	MIDLAND, TX 79701				
Postal Product:	First-Class Mail®				
Extra Services:	Certified Mail™				
	Return Receipt Electronic				
Recipient Name:	ConocoPhillips Company				
Shipment Details					
Weight:	2.0oz				
Destination Delivery Address					
Street Address:	600 W ILLINOIS AVE				
City, State ZIP Code:	MIDLAND, TX 79701-4882				
Recipient Signature					
Signature of Recipient:	Delivery Section X What 2 View ISWAC MILA Arch (U				
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Affidavit of Publication

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 February 10, 2023 and ending with the issue dated February 10, 2023.

1 honold

Publisher

Sworn and subscribed to before me this 10th day of February 2023.

wh Black

Business Manager

My commission expires

January 29, 2027 (Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087528 COMMISSION EXPIRES 01/29/2027

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 67115820

DAVID SESSIONS ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301

د فیسر ۱۹۹۹ ور ۱۹۹۹ ور	LEGAL NOTICE February 10, 2023
and pers claim to interest, title,-am	o. 23373: Notice to all affected parties ons having any right, title, interest or this case, including owners of working overriding royalty interest, and record ong others, as well as the known and in heirs, devisees, assigns and
SUCCESS TIMOTH COMPA applicat compuls The Sta Conserve	ors of CONDCOPHILLIPS COMPART, Y R. MCDONALD; and MRC PERMIAN NY, of Earthstone Operating, LLC's lon for approval of a spacing unit and ory pooling, Les County, New Mexico. atop Division, hereby gives notice that the
Division 8:15-a.m 1220,S. However will be c about rer c apr vi	Examiner will conduct a public hearing at a on March 2, 2023, traditionally held at St. Francis, Santa Fe, New Mexico, 87505. , under current Division policies, the hearing onducted remotely online. For information note access and the status of the case, you sit the Division's website at:
https://w (505) 47(Woodloc TX 7738 establis	ww.emnd.nm.gov/ocd/hearingInfo/ or call 5-3441. Earthstone Operating, LLC., at 1400 h Forest Drive, Suite 300, The Woodlands, 10, seeks an order from the Division: (1) hing, a standard 320-acre, more or less, and proration unit comprised of the N/2 S/2 ins 9 and 10, Township 19 South, Range 33
East, NI pooling a Spring underlyin be dedic 24 Woll	MPM, Lea County, New Mexico, and (2) all uncommitted mineral interests in the Bone formation, designated as an oil pool, ng the unit. Said horizontal spacing unit is to eated to the DeLorean 9-10 Fed 1BS Com an oil well to be horizontally drilled from a
Section (Unit I) (2BS Co drilled f (Unit M) NF/4 SF	location in the SW/4 SW/4 (Unit M) of 9 to a bottom hole location in the NE/4 SE/4 of Section 10; and the DeLorean 9-10 Fed m 7H Well, an oil well, to be horizontally rom a surface location in the SW/4 SW/4 of Section 9 to a bottominole location in the E/4 (Unit I) of Section 10. The wells will be
orthodo Interval regulien consider the well actual o	x, and the take points and completed s will comply with the setback nents under the statewide Rules. Also to be red will be the cost of drilling and completing is and the allocation of the costs thereof; perating costs and charges for supervision; gnation of the Applicant as Operator of the
wells a involved wells ar	nd unit; and a 200% charge for the insk I in drilling and completing the wells. The id lands are located approximately 31 miles Hobbs, New Mexico.

00275661



TAB 1

Reference for Case No. 23374 Application Case No. 23374:

NMOCD Checklist Case No. 23374

DeLorean 9-10 Fed 1BS Com 2H Well DeLorean 9-10 Fed 2BS Com 6H Well

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23374

APPLICATION

Earthstone Operating, LLC ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Earthstone proposes and dedicates to the HSU the DeLorean 9-10 Fed 1BS Com
 2H Well, and the DeLorean 9-10 Fed 2BS Com 6H Well, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

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C. Approving the DeLorean 9-10 Fed 1BS Com 2H Well and the DeLorean 9-10Fed 2BS Com 6H Well as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Andrew D. Schill 214 McKenzie Street Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.com bill@abadieschill.com andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the DeLorean 9-10 Fed 1BS Com 2H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10; and the DeLorean 9-10 Fed 2BS Com 6H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

Case: 23374	APPLICANT'S RESPONSE					
Date: March 2, 2023						
Applicant	Earthstone Operating, LLC					
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)					
Applicant's Counsel:	Abadie & Schill					
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND					
	COMPULSORY POOLING, LEA COUNTY, NEW MEXICO					
Entries of Appearance/Intervenors:	None					
Well Family	DeLorean					
Formation/Pool						
Formation Name(s) or Vertical Extent:	Bone Spring Formation					
Primary Product (Oil or Gas):	Oil					
Pooling this vertical extent:	Ex. A, Paras. 5&6; 2H Well: TVD apprx. 8998'; 6H Well: TVD apprx. 9988'					
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]					
Well Location Setback Rules:	Statewide Rules apply					
Spacing Unit						
Type (Horizontal/Vertical)	Horizontal					
Size (Acres)	320.0					
Building Blocks:	quarter-quarter sections					
Orientation:	West to East					
Description: TRS/County	S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico					
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> <u>approval of non-standard unit requested in this application?</u>	Yes					
Other Situations						
Depth Severance: Y/N. If yes, description	No					
Proximity Tracts: If yes, description	No					
Proximity Defining Well: if yes, description	No					
Applicant's Ownership in Each Tract	See Exhibit A-2					
Well(s)						
Well #1	DeLorean 9-10 Fed 1BS Com 2H (API Pending) SHL: Unit E: 1,362' FNL & 376' FWL of Section 9, 19S-R33E BHL: Unit H: 1,980' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location					
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 2H FTP: 100' FWL, 1980' FNL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FNL, Section 10, 19S-33E					
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: apprx. 8998'; TMD: apprx. 19,500'					

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Well #2	DeLorean 9-10 Fed 2BS Com 6H (API Pending) SHL: Unit E: 1,334' FNL & 365' FWL of Section 9, 19S-R33E
	BHL: Unit H: 1,980' FNL & 100' FEL of Section 10, 195-33E
	Completion Target: Bone Spring
	Well Orientation: West to East
	Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 6H
	FTP: 100' FWL, 1980' FNL, Section 9, 19S-R33E
Completion Target (Formation, TVD and MD)	LTP: 100' FEL, 1980' FNL, Section 10, 19S-33E Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD:
	apprx. 9988'; TMD: apprx. 20,500'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See exhibit
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to notice	
requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	
	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7
Depth Severance Discussion Released to Imaging: 3/1/2023 8:10:50 AM	N/A

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Received by OCD: 2/28/2023 11:17:16 PM	Page 101 of 1
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darín Savage
Date:	02.28.2023

TAB 2

Case No. 23374

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23374

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC ("Earthstone") and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation, Mescalero Escarpe; Bone Spring [45793] underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

4. Under <u>Case No.</u> 23374, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 2H Well**, and the **DeLorean 9-10 Fed 2BS Com 6H Well**, as initial wells.



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5. The **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWNW (Unit E) of Section 9 to a bottom hole location in the SENE (Unit H) of Section 10; approximate TVD of 8,998'; approximate TMD of 19,500'; FTP in Section 9: 1,980' FNL, 100' FWL; LTP in Section 10: 1,980' FNL, 150' FEL.

6. The **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWNW (Unit E) of Section 9 to a bottom hole location in the SENE (Unit H) of Section 10; approximate TVD of 9,988'; approximate TMD of 20'500; FTP in Section 9: 1,980' FNL, 100' FWL; LTP in Section 10: 1,980' FNL, 150' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone

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published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

3

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23374 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

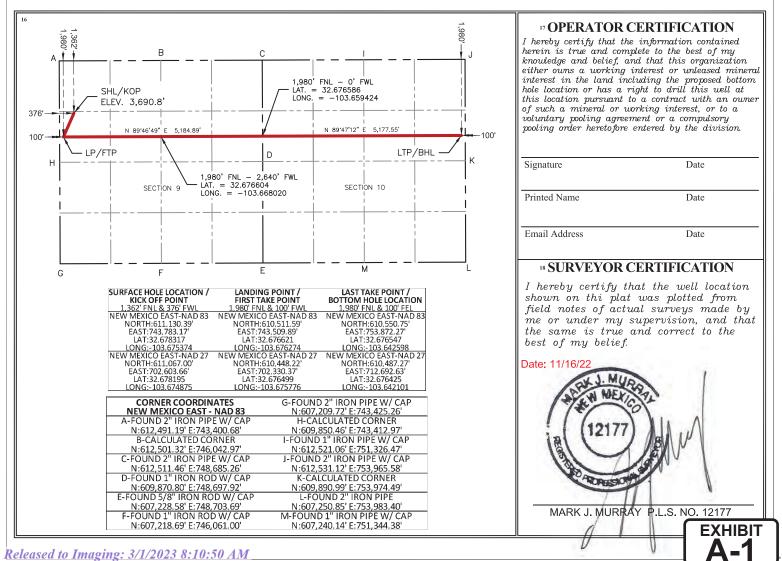
Matt Solomon

2-24.2023

Date Signed

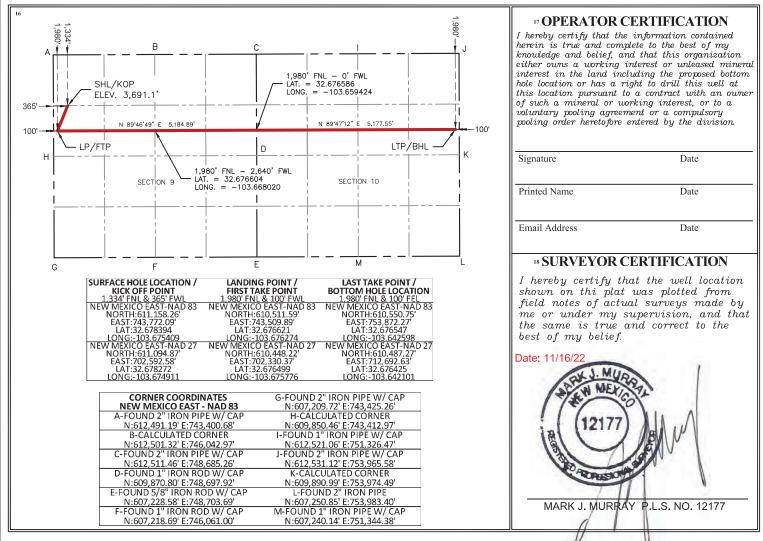
eceived by OC	D: 2/28/2	2023 11:17:1	16 PM							Page 108 of 1	
District I 1625 N. Franch Dr. Habba NM 88240			State of New Mexico						Form C-102		
District II1625 N. French Dr., Hobbs, NM 88240District II811 S. First St., Artesia, NM 88210District III1000 Rio Brazon Road, Artec, NM 87410District IV1220 S. St Francis Dr., NM 87505Phone: (505) 476-3460 Fax (505) 476-3462			Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505					Submit or	evised August 1, 2011 ne copy to appropriate District Office MENDED REPORT		
		WEL	L LOC	CATION	AND AC	REAGE DEDIC	CATION PLA	ΑT			
¹ API Number ² Poo					2	³ Pool Name					
⁴ Property C	Code				5 Prope	rty Name			⁶ Well Number		
				DE	LOREAN 9	-10 FED COM 1BS	6		2H		
⁷ OGRID	No.				-	ator Name			⁹ Elevation		
				EAR	THSTONE	OPERATING, LLC			3,690.8'		
					™ Surfa	ce Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet from the	East/W	est line	County	
E	9	19 S	33 E		1,362'	NORTH	376'	WE	ST	LEA	
			" Bo	ttom H	ole Loca	tion If Differer	nt From Su	urface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet from the	East/W	est line	County	
H	10	19 S	33 E		1,980'	NORTH	100'	EA	ST	LEA	
¹² Dedicated Acres	s ¹³ Joint o	r Infill	solidation	Code ¹⁵ Or	der No.						

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.



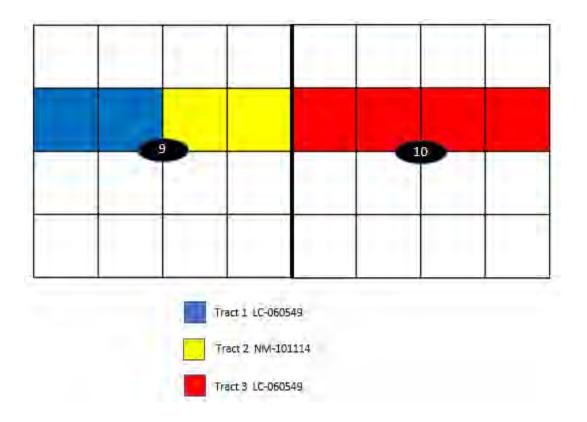
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District I	Habba MA	1 00240		State of New Mexico							Form C-102	
1625 N. French Dr. <u>District II</u> 811 S. First St., Artu <u>District III</u> 1000 Rio Brazon Ro <u>District IV</u> 1220 S. St Francis I Phone: (505) 476-3	esia, NM 88 oad, Artec, 1 Dr., NM 875	210 NM 87410 05	Ene	Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505					Revised August 1, 2011 Submit one copy to appropriate District Office			
		WEI	LL LOC	CATION	AND A	CRI	EAGE DEDIC	CATION PLA	ΑT			
1	¹ API Number					³ Pool Name						
⁴ Property C	Code				⁵ Pro	perty 1	Name			⁶ Well Number		
				DE	DELOREAN 9-10 FED COM 2BS 6H							
⁷ OGRID	No.			⁸ Operator Name							⁹ Elevation	
				EARTHSTONE OPERATING, LLC 3,69							3,691.1'	
					" Surf	ace	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from t		North/South line	Feet from the	East/W	est line	County	
E	9	19 S	33 E		1,334	•	NORTH	365'	WE	ST	LEA	
			" Bo	ttom H	ole Loc	atio	on If Differer	nt From Su	urface			
UL or lot no.	Section	Township	Range	Lot Idn Feet from		the	North/South line	Feet from the	East/W		County	
Н	10	19 S	33 E	E 1,980' NORTH 100'						ST	LEA	
¹² Dedicated Acres	¹³ Joint o	r Infill	onsolidation	Code ¹⁵ Or	der No.							

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.



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DeLorean 9-10 Fed 1BS Com 2H DeLorean 9-10 Fed 2BS Com 6H S2N2 of Sections 9 and 10, Township 19 South, Range 33 East Lea County, New Mexico



TRACT 1 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.00000%
ConocoPhillips Company	50.00000%
	100.000000%

TRACT 2 OWNERSHIP (NM-101114)

NHPP Permian, LLC

100.00000%



TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.00000%
ConocoPhillips Company	50.00000%
	100.00000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	37.500000%
NHPP Permian, LLC	25.00000%
ConocoPhillips Company	37.500000%
	100.000000%

WI Parties To Force Pool

NHPP Permian, LLC



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300 The Woodlands, TX 77380 Office: 281-298-4246 Fax: 832-823-0478

November 11, 2022

VIA FED-X

NHPP Permian, LLC 55 Waugh Drive, Suite 1200 Houston, TX 77007

Re: DeLorean 9-10 Fed Com Wells (1H, 2H, 5H, 6H) N2N2 and S2N2 of Sections 9 and 10 Township 19 South, Range 33 East Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 1H:** to be drilled from a proposed surface hole location of 1225' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- DeLorean 9-10 Fed 1BS Com 2H: to be drilled from a proposed surface hole location of 1315' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,998'.
- **DeLorean 9-10 Fed 2BS Com 5H:** to be drilled from a proposed surface hole location of 1255' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- DeLorean 9-10 Fed 2BS Com 6H: to be drilled from a proposed surface hole location of 1285' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.



Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2N2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2N2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon Senior Landman 713-379-3083 msolomon@earthstonenergy.com

NHPP Permian, LLC hereby elects to:

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 1H**. Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 1H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 2H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 2H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 5H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 5H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 6H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 6H**, subject to acceptable terms.

NHPP Permian, LLC

By:	
Name:	
Title:	
Date:	

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Oper	RTHSTONE rating, LLC				stone Operating, ement of Estimated Well C		C
Well Name:	DeLorean 9-10 Fed Com 1BS 2H	-	ct Descriptio				
Field Name:	Ranger				f a 2-Mile 1st BSS lateral in Lea County, ermediate section will be a 9-7/8" hole dri		
Location:	Lea Co., NM				be drilled with OBM as a 7-7/8" curve, a		
AFE #:	: 22 - XX - XXXX	at app		9,500 MD', ~10,400' VS.	. 5.5" production casing will be run to sur		
ACCOUNT CODE	ITEM DESCRIPTION	\$	6,000	ACCOUNT CODE 1432/ 10	ITEM DESCRIPTION	\$	AMOUNT 2,5
1420/ 10 1420/ 16	INSPECTION	ş Ş	10,000	1432/ 10	LOCATION AND ROADS	\$	17,5
1420/ 20	LOCATION AND ROADS	\$	65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46,
1420/ 25	SURFACE DAMAGES	\$	22,500	1432/ 90	FUEL, POWER & WATER	\$	358,
1420/ 30	RIG MOBILIZATION	\$	85,000	1432/110	TRUCKING/VACUUM TRUCK	\$	15
1420/ 50	DAYWORK	\$	672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	3
1420/ 80	BITS/ REAMERS	\$	84,000	1432/130	CEMENT AND PUMP SERVICE	\$	
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316
1420/140 1420/150	CASING CREWS AND TOOLS	\$ \$	50,000	1432/181 1432/183	WELL TEST SERVICES DIAGNOSTIC SERVICES	\$ \$	100
1420/150	MUD LOGGING	\$	- 20,000	1432/183	SLICKLINE SERVICES	\$	60
1420/160	EQUIPMENT/TOOL RENTALS	\$ \$	20,000	1432/190	CONTRACT LABOR	\$ \$	4
1420/174	DOWNHOLE RENTALS	\$	72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$	
1420/180	WELL STIMULATION / TESTING	\$	-	1432/230	COILED TUBING SERVICES	\$	18
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$	
1420/250	INSURANCE	\$	10,000	1432/280	PIT REMEDIATION	\$	20
1420/260	SUPERVISION/ENGINEERING	\$	72,000	1432/290	MISCELLANEOUS	\$	12
1420/270	ADMINISTRATIVE/OVERHEAD	\$	7,000	1432/310	FRESH WATER TRANSFER	\$	28
1420/315	PARTS	\$	15,000	1432/350	COMMUNICATIONS	\$	3
1420/350	COMMUNICATIONS	\$	9,000	1432/412	ARTIFICIAL LIFT	\$	50
1420/300	CONTINGENCY	\$	52,500	1432/417	FRAC INCIDENTAL	\$	
				1432/300	CONTINGENCY	\$	168
				COMPLI	ETION INTANGIBLE TOTAL	\$	5,167,
					COMPLETION TANGIBLE		
	<u></u>			ACCOUNT CODE	ITEM DESCRIPTION	Δ	AMOUNT
DRILL	ING INTANGIBLE TOTAL	\$	2,604,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45
		<u> </u>		1433/320	FLOWLINE	\$	9
				1433/370 1433/380	TUBING	\$	131
ACCOUNT CODE	DRILLING TANGIBLE ITEM DESCRIPTION		AMOUNT	1433/380	PUMPING UNIT WELLHEAD EQUIPMENT	\$ \$	65
1430/310	CONDUCTOR CASING	\$	30,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325
1430/320	SURFACE CASING	\$	130,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80
1430/330	INTERMEDIATE CASING	\$	363,000	1433/417	FRAC INCIDENTAL	\$	
1430/340	DRILLING LINERS	\$	-	COMPL	ETION TANGIBLE TOTAL	\$	655,
1430/350	PRODUCTION CASING	\$	536,000			Ľ	
1430/400 1430/405	CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS	\$ \$	55,000		FACILITIES INTANGIBLE		
		-		ACCOUNT CODE	ITEM DESCRIPTION	A	AMOUNT
				1450/ 20	LOCATION AND ROADS	\$	13
				1450/ 90	FUEL, POWER & WATER	\$	1
				1450/110	TRUCKING/VACUUM TRUCK	\$	16
				1450/170	EQUIPMENT/TOOL RENTAL	\$	50
				1450/195	CONTRACT LABOR	\$	70
				1450/260		\$	25
	1	+		1450/270 1450/290	ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$	10
		+			TIES INTANGIBLE TOTAL	\$	185,
		<u>+</u>					
	1	+		A0001117 0007			MOUNT
	4	+		ACCOUNT CODE		-	AMOUNT
	1	+		1452/300 1452/315	VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT	\$ \$	55 15
	1	+		1452/315	SEPARATORS	\$ \$	15
	1	1		1452/345	HEATER TREATER	э \$	45
	1	1		1452/345	GATHERING LINE	э \$	45
	1	1		1452/360	STOCK TANKS	\$	110
	1	1		1452/365	DIAGNOSTIC EQUIPMENT	\$	70
	1	1		1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$	50
		1		1452/390	FACILITES	\$	45
		<u> </u>		FACIL	ITIES TANGIBLE TOTAL	\$	680,
DRIL	LING TANGIBLE TOTAL	\$	1,114,000		FACILITIES TOTAL	\$	865,
			740.000				C00 -
TOTA	L DRILLING COSTS	\$3,	,718,000		LETION/FACILITIES COSTS		6,688,5 0,406,5
ΤΟΤΑΙ				TOTAL ES		ΨΙΟ	,,-00,0
-							
TOTAI		Date:		Participant Approval Company:		Partipan	nt WI %:
rator Approval		Date: Date:				Partipan Date:	nt WI %:

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	rating, LLC			Oldi	ement of Estimated Well Co				
	: DeLorean 9-10 Fed Com 2BS 6H	Proj	ect Descriptio	on:					
Field Name					f a 2-Mile 2nd BSS lateral in Lea County,				
	: Lea Co., NM			reset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD wet. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to					
AFE #	: 22 - XX - XXXX	at ap		,500 MD', ~10,400' VS	. 5.5" production casing will be run to surf				
		10 0	ays to Rig Rei	ease.					
CCOUNT CODE	DRILLING INTANGIBLE	1	AMOUNT	ACCOUNT CODE	COMPLETION INTANGIBLE		AMOUNT		
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2		
1420/ 16	INSPECTION	\$	10,000	1432/ 20	LOCATION AND ROADS	\$	17,		
1420/ 20	LOCATION AND ROADS	\$	125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46		
1420/ 25	SURFACE DAMAGES	\$	22,500	1432/ 90	FUEL, POWER & WATER	\$	358		
1420/ 30 1420/ 50	RIG MOBILIZATION DAYWORK	\$ \$	120,000 672,000	1432/110 1432/120	TRUCKING/VACUUM TRUCK DRILLING/COMPLETION FLUIDS	\$ \$	15		
1420/ 80	BITS/ REAMERS	ş S	84,000	1432/120	CEMENT AND PUMP SERVICE	φ \$	3		
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352		
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490		
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19		
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316		
1420/140	CASING CREWS AND TOOLS ELECTRIC LOGGING/PERFORATING	\$ \$	50,000	1432/181 1432/183	WELL TEST SERVICES DIAGNOSTIC SERVICES	\$ \$	100		
1420/150	MUD LOGGING	э \$	20,000	1432/183	SLICKLINE SERVICES	ъ \$	4		
1420/170	EQUIPMENT/TOOL RENTALS	\$	113,000	1432/195	CONTRACT LABOR	\$	15		
1420/174	DOWNHOLE RENTALS	\$	72,000	1432/133	WELLHEAD REPAIR & SERVICEMAN	\$	10		
1420/180	WELL STIMULATION / TESTING	\$	-	1432/230	COILED TUBING SERVICES	\$	18		
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1		
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62		
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$			
1420/250		\$	10,000	1432/280	PIT REMEDIATION	\$	20		
1420/260	SUPERVISION/ENGINEERING	\$	72,000	1432/290	MISCELLANEOUS	\$	12		
1420/270 1420/315	ADMINISTRATIVE/OVERHEAD PARTS	\$ \$	7,000 15,000	1432/310 1432/350	FRESH WATER TRANSFER COMMUNICATIONS	\$ \$	28		
1420/315	COMMUNICATIONS	ې \$	9,000	1432/350	ARTIFICIAL LIFT	ъ \$	50		
1420/300	CONTINGENCY	\$	53,500	1432/417	FRAC INCIDENTAL	\$			
				1432/300	CONTINGENCY	\$	168		
				COMPL	ETION INTANGIBLE TOTAL	\$	5,167,		
						1	AMOUNT		
		-		ACCOUNT CODE 1433/300	ITEM DESCRIPTION	\$	45 AMOUNT		
DRIL	LING INTANGIBLE TOTAL	\$	2,700,000	1433/320	FLOWLINE	э \$	40		
				1433/370	TUBING	\$	146		
	DRILLING TANGIBLE			1433/380	PUMPING UNIT	\$			
CCOUNT CODE	ITEM DESCRIPTION		AMOUNT	1433/400	WELLHEAD EQUIPMENT	\$	50		
1430/310	CONDUCTOR CASING	\$	30,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325		
1430/320 1430/330	SURFACE CASING INTERMEDIATE CASING	\$ \$	130,000 363,000	1433/412 1433/417	SURFACE ARTIFICIAL LIFT EQUIP FRAC INCIDENTAL	\$ \$	80		
1430/340	DRILLING LINERS	\$			4				
1430/350	PRODUCTION CASING	\$	536,000	COMPI	LETION TANGIBLE TOTAL	\$	655,		
1430/400	CASING HANGER/WELLHEAD EQUIP	\$	55,000						
1430/405	DOWNHOLE TOOLS	\$	-		FACILITIES INTANGIBLE				
		_		ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT		
				1450/ 20	LOCATION AND ROADS	\$ \$	13		
				1450/ 90 1450/110	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$	1		
				1450/170	EQUIPMENT/TOOL RENTAL	э \$	50		
				1450/195	CONTRACT LABOR	\$	70		
	1			1450/260	SUPERVISION/ENGINEERING	\$	25		
				1450/270	ADMINISTRATIVE/OVERHEAD	\$			
				1450/290	FACILITES MISCELLANEOUS	\$	10		
	<u> </u>			FACILI	TIES INTANGIBLE TOTAL	\$	185,		
		-			FACILITIES TANGIBLE				
	1	1		ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT		
	1	1		1452/300	VALVES/CONNECTIONS/FITTINGS	\$	55		
		1		1452/315	METER EQUIPMENT	\$	15		
				1452/340	SEPARATORS	\$	115		
				1452/345	HEATER TREATER	\$	45		
				1452/355	GATHERING LINE	\$			
		+		1452/360	STOCK TANKS	\$	110		
	+	-		1452/365		\$	70		
		-		1452/380 1452/390	ELECTRICAL EQUIPMENT & SUPPLIES FACILITES	\$ \$	50 45		
						ъ \$	45 505,		
DRII	LLING TANGIBLE TOTAL	\$	1,114,000		FACILITIES TOTAL	\$	690,		
TOTA	L DRILLING COSTS	¢	3,814,000	TOTAL COMP	LETION/FACILITIES COSTS	¢ 4	6,513,5		
		φ.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			-			
				IUIALES	STIMATED WELL COST	\$ 1 (),327,5		
				Dortiginant Approval					
rator Approval		Date:		Participant Approval Company:		Dect	nt WI %:		

Case 23374

Company	Contact	Date
NHPP Permian, LLC	Mail	11/11/22
	Email	11/30/22 12p 11/30/22 3p 12/12/22 3p 12/12/22 4p
	Phone	2/22/23



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TAB 3

Case No. 23374

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Structure Map 1^{st} Bone Spring Sand Structure Structure Map 2^{nd} Bone Spring Sand Structure Exhibit B-1:
- Exhibit B-2:
- Stratigraphic Cross Section -1^{st} Bone Spring Sand Datum Exhibit B-3:
- Stratigraphic Cross Section -2^{nd} Bone Spring Sand Datum Exhibit B-4:
- Gross Isochore 1st Bone Spring Sand Isopach Exhibit B-5:
- Gross Isochore 2nd Bone Spring Sand Isopach Exhibit B-6:
- Exhibit B-7: Gun Barrel View

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23374

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the geology involved.

3. I graduated in 2012 from Western Michigan University with a master's degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division ("Division") and made a matter of record.

4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50'. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval 6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 2H, and the DeLorean 9-10 Fed 2BS Com 6H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23373 and 23375.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

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11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23374 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

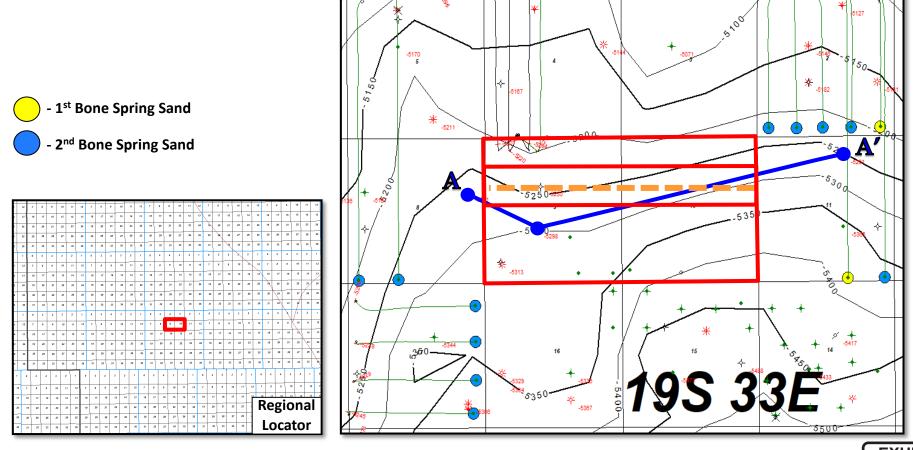
[Jason J. Asmus]

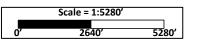
28/2023

Date Signed

Received by OCD: 2/28/2023 11:17:16 PM

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'







Received by OCD: 2/28/2023 11:17:16 PM

5280'

2640'

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

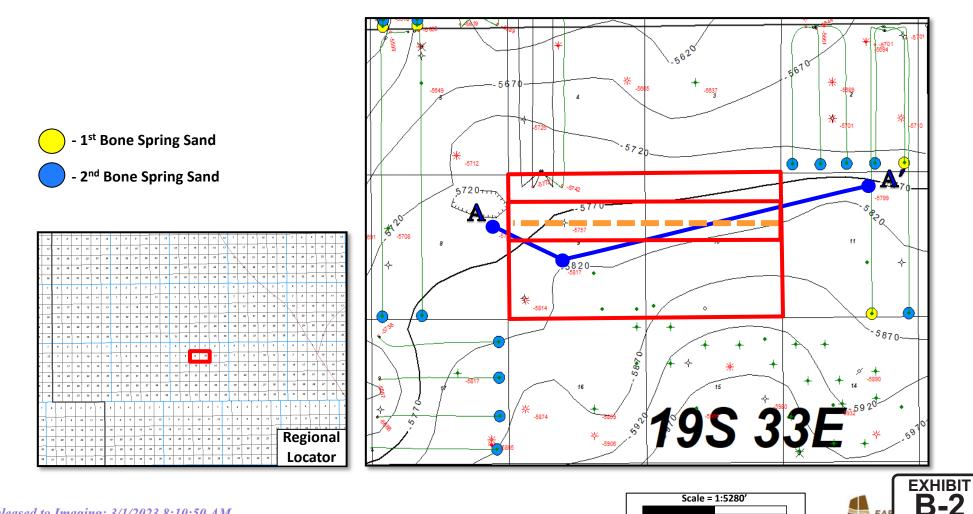
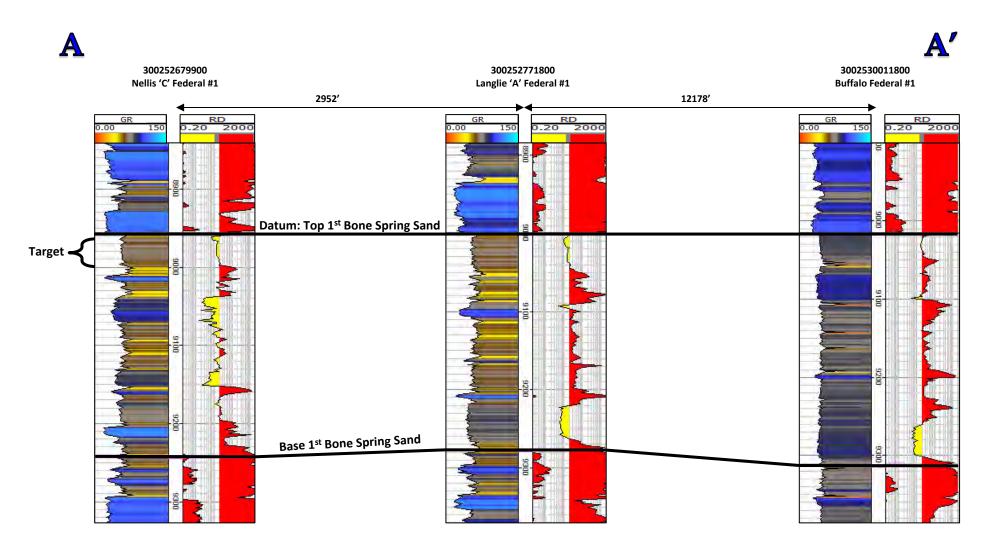


Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

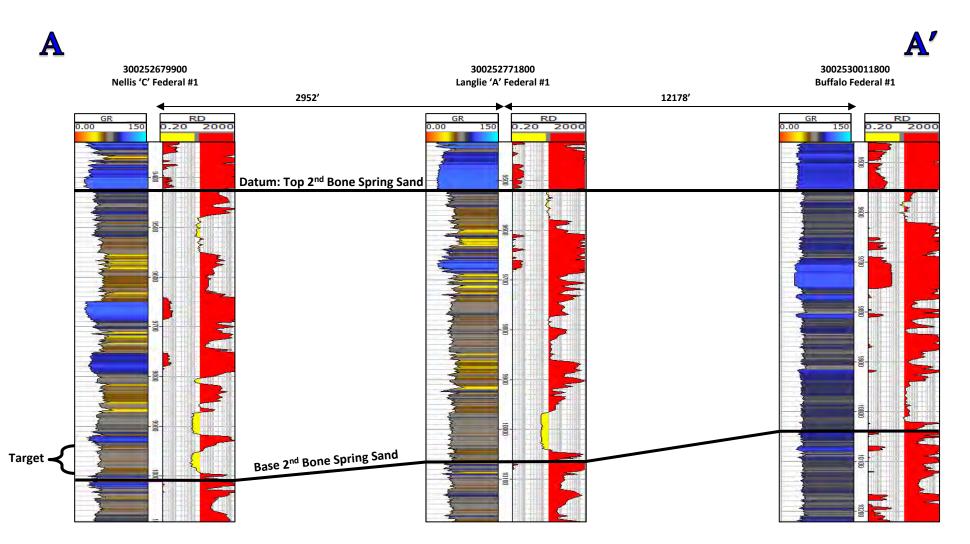




3

Energy Inc.

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

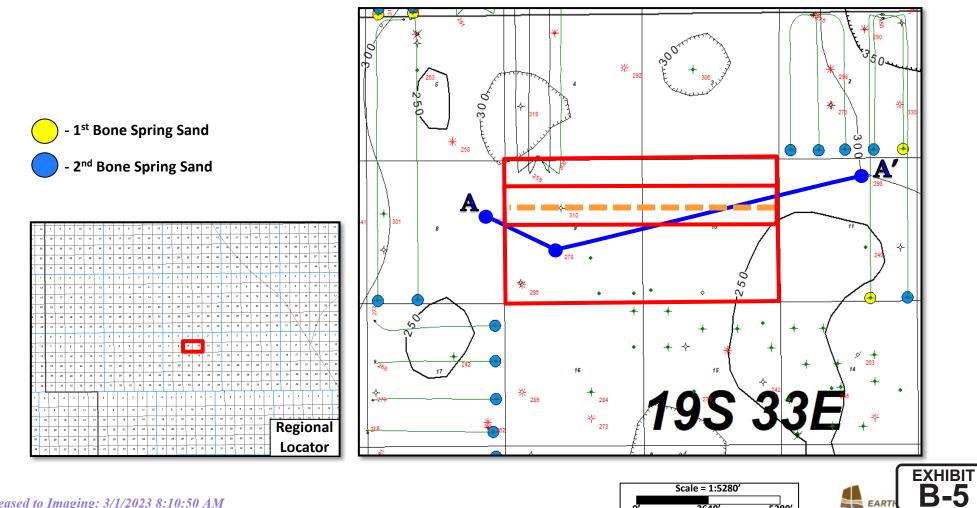




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EARTHSTONE Energy Inc.

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

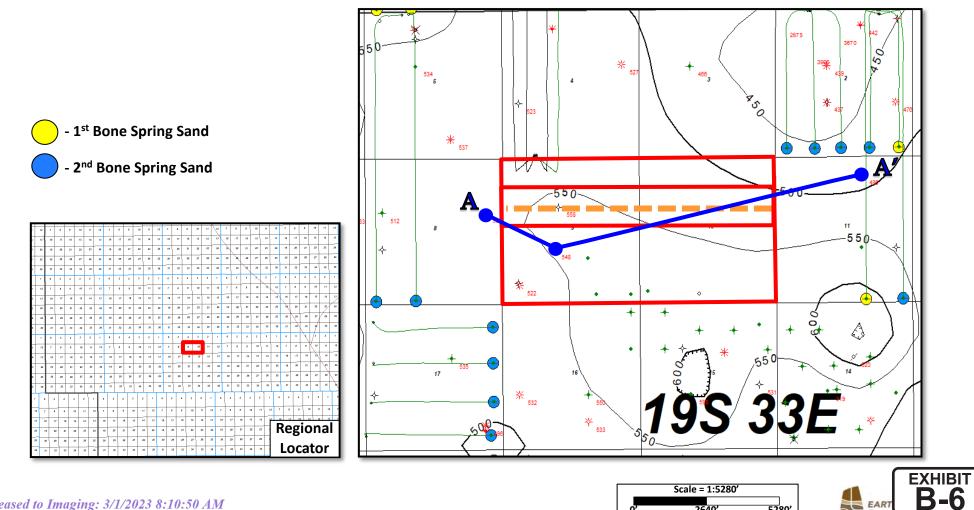


EARTI

5280'

2640'

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

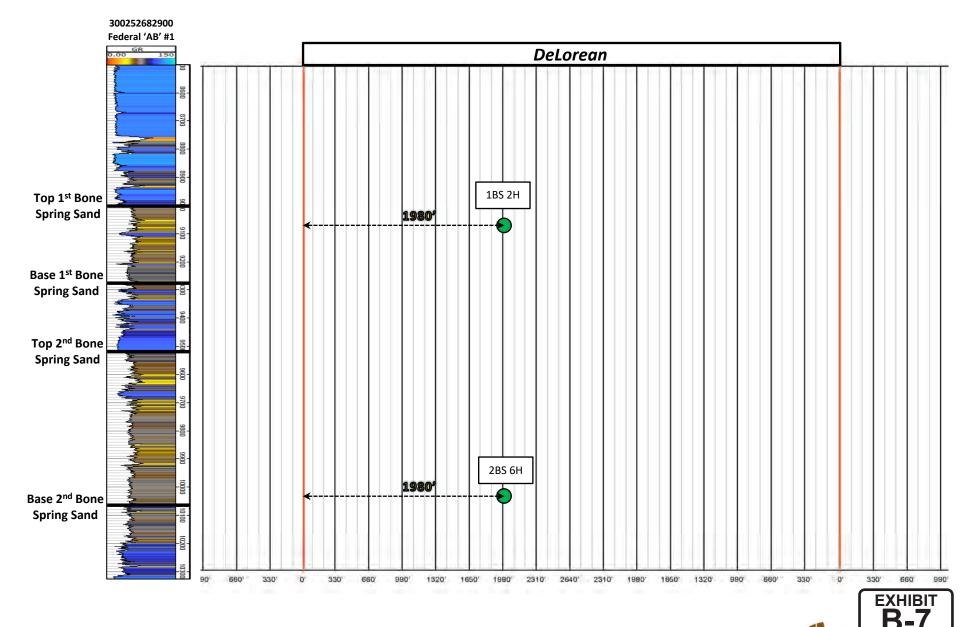


EAR

5280'

2640'

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-7 Gun Barrel



EARTHSTONE Energy, Inc.

TAB 4

Case No. 23374

- Exhibit C: Affidavit of Notice, Darin C. Savage Exhibit C-1: Notice Letter
- Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23372, 23373, 23374, and 23375

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC ("Earthstone"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on February 9, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Notice was sent to the Hobbs Daily News-Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on February 10, 2023. See Exhibit C-3.

3. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

Darin C. Savage

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO NOTARY PUBLIC MAPSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026

Page 132 of 180





ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Nebraska Kansas Montana Wyoming Oklahoma California North Dakota

February 8, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>DeLorean 9-10 Fed 1BS Com 2H Well</u> (Case No. 23374) <u>DeLorean 9-10 Fed 2BS Com 6H Well</u> (Case No. 23374)

Case Nos. 23374:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23374, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23374, Earthstone seeks to pool the Bone Spring formation underlying the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 2H and 6H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

EXHIBIT

You are being notified as an interest owner (subject to title examination) and 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

Darin C. Savage

Attorney for Earthstone Operating, LLC

			Mail Activity Report - C Mailed from 1/28/2023 User Name: aba Generated: 2/27/202	3 to 2/27/2 dieschill	023						
USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	ΤX	79701	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303407	4221.2	2/9/23	NHPP Permian, LLC		55 Waugh Drive, Suite 1200		Houston	тх	77007	Delivered	Return Receipt - Electronic, Certified Mail



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POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3034 07**.

Item Details	
Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	February 14, 2023, 04:34 p.m.
Location:	HOUSTON, TX 77007
Postal Product:	First-Class Mail [®]
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	NHPP Permian LLC
Shipment Details	
Weight:	2.0oz
Destination Delivery Address	
Street Address:	55 WAUGH DR STE 1200
City, State ZIP Code:	HOUSTON, TX 77007-5837
Recipient Signature	
Signature of Recipient:	V VINATA V WINATA
Address of Recipient:	SS U64

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POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details	
Status:	Delivered, Individual Picked Up at Postal Facility
Status Date / Time:	February 14, 2023, 07:54 a.m.
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	ConocoPhillips Company
Shipment Details	
Weight:	2.0oz
Destination Delivery Address	
Street Address:	600 W ILLINOIS AVE
City, State ZIP Code:	MIDLAND, TX 79701-4882
Recipient Signature	
Signature of Recipient:	University Section X View JSUDC VIIO Arathico
Address of Recipient:	they GWWIII MUIS

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Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

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 February 10, 2023 and ending with the issue dated February 10, 2023.

Publisher

Sworn and subscribed to before me this 10th day of February 2023.

wh Black

Business Manager

My commission expires

January 20, 2027 (Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087528 COMMISSION EXPIRES 01/29/2027

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 February 10, 2023

CASE No. 23374: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; and NHPP PERMIAN, LLC, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the remotely online. For information about remote access and the status of the case, you can visit the D i v i s i o n ' s w e b s i t e a t : https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441. Earthstone Operating, LLC., at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof: actual aparating the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico. #00275664

67115820

00275664

DAVID SESSIONS ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301



TAB 1

Reference for Case No. 23375 Application Case No. 23375:

NMOCD Checklist Case No. 23375

DeLorean 9-10 Fed 1BS Com 4H Well DeLorean 9-10 Fed 2BS Com 88H Well

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23375

APPLICATION

Earthstone Operating, LLC ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Earthstone proposes and dedicates to the HSU the DeLorean 9-10 Fed 1BS Com
 4H Well, and the DeLorean 9-10 Fed 2BS Com 88H Well, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

2

C. Approving the DeLorean 9-10 Fed 1BS Com 4H Well and the DeLorean 9-10Fed 2BS Com 88H Well as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Andrew D. Schill 214 McKenzie Street Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.com bill@abadieschill.com andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the DeLorean 9-10 Fed 1BS Com 4H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10; and the DeLorean 9-10 Fed 2BS Com 88H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23375	APPLICANT'S RESPONSE				
Date: March 2, 2023					
Applicant	Earthstone Operating, LLC				
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)				
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC				
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO				
Entries of Appearance/Intervenors:	MRC Permian Company				
Well Family	DeLorean				
Formation/Pool					
Formation Name(s) or Vertical Extent:	Bone Spring Formation				
Primary Product (Oil or Gas):	Oil				
Pooling this vertical extent:	Ex. A, Paras. 5&6; 4H Well: TVD apprx. 9043'; 88H Well: TVD apprx. 9983'				
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]				
Well Location Setback Rules:	Statewide Rules apply				
Spacing Unit					
Type (Horizontal/Vertical)	Horizontal				
Size (Acres)	320.0				
Building Blocks:	quarter-quarter sections				
Orientation:	West to East				
Description: TRS/County	S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico				
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> approval of non-standard unit requested in this application?	Yes				
Other Situations					
Depth Severance: Y/N. If yes, description	No				
Proximity Tracts: If yes, description	No				
Proximity Defining Well: if yes, description	No				
Applicant's Ownership in Each Tract	See Exhibit A-2				
Well(s)					
Well #1	DeLorean 9-10 Fed 1BS Com 4H (API Pending) SHL: Unit M: 600' FSL & 225' FWL of Section 9, 19S-R33E BHL: Unit P: 660' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location				
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 4H FTP: 100' FWL, 660' FSL, Section 9, 19S-R33E LTP: 100' FEL, 660' FSL, Section 10, 19S-33E				
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: apprx. 9043'; TMD: apprx. 19,500'				

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Well #2	DeLorean 9-10 Fed 2BS Com 88H (API Pendin) SHL: Unit M: 630' FSL & 225' FWL of Section 9, 19S-R33E BHL: Unit P: 660' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East
	Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 88H
	FTP: 100' FWL, 660' FSL, Section 9, 19S-R33E LTP: 100' FEL, 660' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD:
	apprx. 9983'; TMD: apprx. 20,500'
AFF Consulation Contra	
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	
	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7

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Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darín Savage
Date:	02.28.2023

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TAB 2

Case No. 23375

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23375

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC ("Earthstone") and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

4. Under <u>Case No.</u> 23375, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 4H Well**, and the **DeLorean 9-10 Fed 2BS Com 88H Well**, as initial wells.

EXHIBIT	
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5. The **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWSW (Unit M) of Section 9 to a bottom hole location in the SESE (Unit P) of Section 10; approximate TVD of 9,043'; approximate TMD of 19,500'; FTP in Section 9: 660' FSL, 100' FWL; LTP in Section 10: 660' FSL, 150' FEL.

6. The **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWSW (Unit D) of Section 9 to a bottom hole location in the SESE (Unit P) of Section 10; approximate TVD of 9,983'; approximate TMD of20'500; FTP in Section 9: 660' FSL, 100' FWL; LTP in Section 10: 660' FSL, 150' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone

2

published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

3

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23375 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

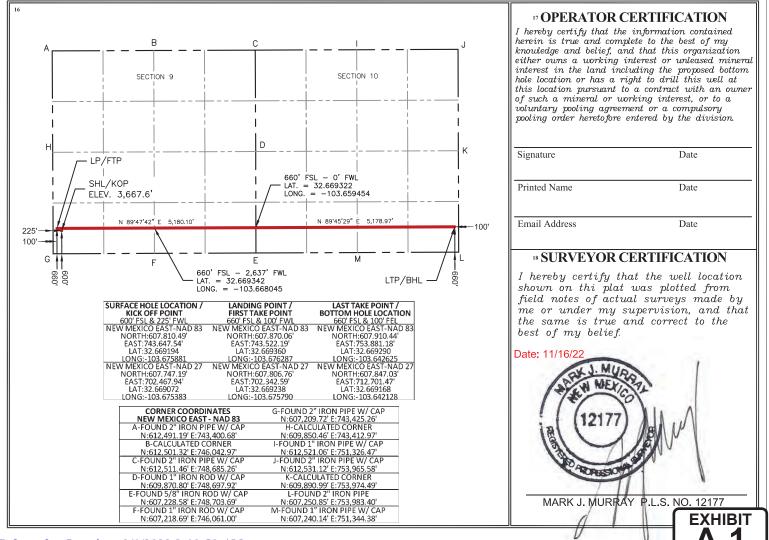
Matt Solomon

2.24.2023

Date Signed

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District I	11-11- 114	100340			State of No	ew Mexico				Form C-102	
<u>District II</u> 311 S. First St., Arto <u>District III</u> 1000 Rio Brazon Ro <u>District IV</u>	1 S. First St., Artesia, NM 88210 istrict III 00 Rio Brazon Road, Artec, NM 87410 istrict IV 20 S. St Francis Dr., NM 87505			rgy, Min OIL		Submit on	vised August 1, 2011 e copy to appropriate District Office MENDED REPORT				
¹ / ₄	460 Fax (50:	WEL	L LOC	2ATION ² Pool Code	AND ACR	NM 87505 EAGE DEDIC	ATION PLA ³ Pool Na]	
⁴ Property C	Code				⁵ Property	Name			⁶ Well Number		
				DE	LOREAN 9-10	FED COM 1BS	5		4H		
⁷ OGRID	No.				⁸ Operator	Name			⁹ Elevation		
				EAR	EARTHSTONE OPERATING, LLC 3,667.6'			3,667.6'			
					" Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
Μ	9	19 S	33 E		600'	SOUTH	225'	WE	ST	LEA	
			" Bot	tom H	ole Locatio	on If Differer	nt From Su	Irface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
Р	10	19 S	33 E		660'	SOUTH	100'	EA	ST	LEA	
¹² Dedicated Acres	¹³ Joint of	r Infill	isolidation (Code ¹⁵ Or	l rder No.	1					

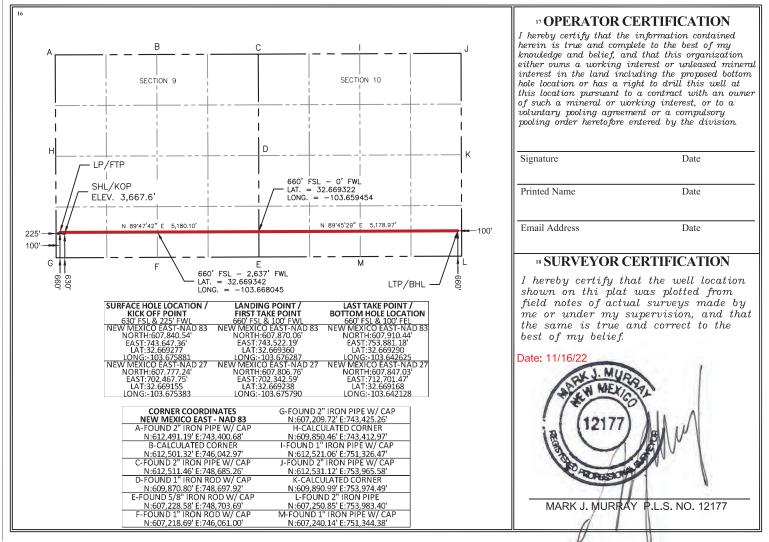
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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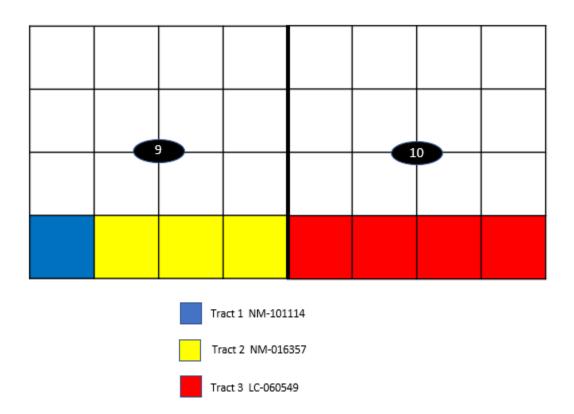
eceived by OCI	D: 2/28/2	023 11:17:	16 PM							Page 153 of 1	
District I	Habba NM	100240			State of No	ew Mexico				Form C-102	
1625 N. French Dr., <u>District II</u> 811 S. First St., Arte <u>District III</u> 1000 Rio Brazon Rc <u>District IV</u> 1220 S. St Francis D Phone: (505) 476-34	sia, NM 882 pad, Artec, N pr., NM 8750	210 NM 87410 05	Ene	Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505						vised August 1, 2011 e copy to appropriate District Office MENDED REPORT	
		WEL	L LOC	CATION	AND ACR	EAGE DEDIC	CATION PLA	ΑT			
1 A	PI Number	r		² Pool Code ³ Pool Name							
⁴ Property C	ode				5 Property	Name			⁶ Well Number		
				DE		FED COM 2BS	5		88H		
⁷ OGRID N	No.				⁸ Operator	Name			⁹ Elevation		
				EAF	RTHSTONE OI	PERATING, LLC			3,667.6'		
					" Surface	e Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
Μ	9	19 S	33 E		630'	SOUTH	225'	WE	ST	LEA	
			" Bo	ttom H	lole Locatio	on If Differer	nt From Su	urface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
Р	10	19 S	33 E		660'	SOUTH	100'	EA	ST	LEA	
¹² Dedicated Acres	¹³ Joint or	¹⁴ Co	nsolidation	Code ¹⁵ O	rder No.	1	1	1			

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.



Released to Imaging: 3/1/2023 8:10:50 AM

DeLorean 9-10 Fed 1BS Com 4H DeLorean 9-10 Fed 2BS Com 88H S2S2 of Sections 9 and 10, Township 19 South, Range 33 East Lea County, New Mexico



TRACT 1 OWNERSHIP (NM-101114)

Earthstone Permian LLC	99.958333%
Timothy R. McDonald	0.041667%
	100.00000%

TRACT 2 OWNERSHIP (NM-016357)

Earthstone Permian LLC	87.463541%
MRC Permian Company	12.500000%
Timothy R. McDonald	0.036459%
	100.00000%



TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.00000%
ConocoPhillips Company	50.00000%
	100.00000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	70.293620%
MRC Permian Company	4.687500%
Timothy R. McDonald	0.018880%
ConocoPhillips Company	25.00000%
	100.000000%

WI Parties To Force Pool

MRC Permian Company Timothy R. McDonald



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300 The Woodlands, TX 77380 Office: 281-298-4246 Fax: 832-823-0478

November 11, 2022

VIA FED-X

MRC Permian Company One Lincoln Center 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240

Re: DeLorean 9-10 Fed Com Wells (3H, 4H, 7H, 88H) N2S2 and S2S2 of Sections 9 and 10 Township 19 South, Range 33 East Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 3H:** to be drilled from a proposed surface hole location of 1160' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,018'.
- DeLorean 9-10 Fed 1BS Com 4H: to be drilled from a proposed surface hole location of 1070' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,043'.
- **DeLorean 9-10 Fed 2BS Com 7H:** to be drilled from a proposed surface hole location of 1130' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.
- DeLorean 9-10 Fed 2BS Com 88H: to be drilled from a proposed surface hole location of 1100' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.



Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2S2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2S2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon Senior Landman 713-379-3083 msolomon@earthstonenergy.com

MRC Permian Company hereby elects to:

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 3H**. Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 3H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 4H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 4H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 7H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 7H**, subject to acceptable terms.

Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 88H**. Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 88H**, subject to acceptable terms.

MRC Permian Company

By:	
Name:	
Title:	
Date:	

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Ope	RTHSTONE rating, LLC			State	ement of Estimated Well C	ost	
	: DeLorean 9-10 Fed Com 1BS 4H	Projec	t Descriptic	on:			
Field Name					of a 2-Mile 1st BSS lateral in Lea Count		
Location	: Lea Co., NM		-	-	 The intermediate section will be a 9-7 iction interval will be drilled with OBM as 		
AFE #	: 22 - XX - XXXX	7-7/8"	lateral to TD	. .	00 MD', ~10,400' VS. 5.5" production ca		
	DRILLING INTANGIBLE				COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AI	MOUNT	ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2,5
1420/ 16	INSPECTION LOCATION AND ROADS	\$ ¢	10,000	1432/ 20		\$	17,5
1420/ 20 1420/ 25	SURFACE DAMAGES	\$ \$	125,000 22,500	1432/ 70 1432/ 90	COMPLETION/WORKOVER RIG FUEL, POWER & WATER	\$ \$	46,4
1420/ 30	RIG MOBILIZATION	\$	120,000	1432/110	TRUCKING/VACUUM TRUCK	\$	15,0
1420/ 50	DAYWORK	\$	672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	3,5
1420/ 80	BITS/ REAMERS	\$	84,000	1432/130	CEMENT AND PUMP SERVICE	\$	
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,8
1420/110	TRUCKING/VACUUM TRUCK DRILLING/COMPLETION FLUIDS	\$ \$	55,000 275,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ \$	490,6
1420/120	CEMENT AND PUMP SERVICE	\$	275,000 230,000	1432/171	WELL STIMULATION	\$ \$	19,6 3,316,6
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/181	WELL TEST SERVICES	\$	100,8
1420/150	ELECTRIC LOGGING/PERFORATING	\$	-	1432/183	DIAGNOSTIC SERVICES	\$	60,0
1420/160		\$	20,000	1432/190	SLICKLINE SERVICES	\$	4,5
1420/170 1420/174	EQUIPMENT/TOOL RENTALS	\$ \$	113,000 72,000	1432/195	CONTRACT LABOR WELLHEAD REPAIR & SERVICEMAN	\$ \$	15,0
1420/174	WELL STIMULATION / TESTING	\$	r∠,000 -	1432/220	COILED TUBING SERVICES	\$ \$	
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1,7
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62,0
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$	
1420/250		\$	10,000	1432/280		\$	20,0
1420/260	SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$	72,000	1432/290 1432/310	MISCELLANEOUS FRESH WATER TRANSFER	\$ \$	12,5 28,0
1420/315	PARTS	⇒ \$	15,000	1432/350	COMMUNICATIONS	\$ \$	3,8
1420/350	COMMUNICATIONS	\$	9,000	1432/412	ARTIFICIAL LIFT	\$	50,0
1420/300	CONTINGENCY	\$	53,500	1432/417	FRAC INCIDENTAL	\$	
				1432/300	CONTINGENCY	\$	168,2
				COMPLE	ETION INTANGIBLE TOTAL	\$	5,167,5
				ACCOUNT CODE	COMPLETION TANGIBLE ITEM DESCRIPTION		AMOUNT
		¢	0 700 000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45,0
DRILL	ING INTANGIBLE TOTAL	\$	2,700,000	1433/320	FLOWLINE	\$	9,0
				1433/370	TUBING	\$	131,3
ACCOUNT CODE	DRILLING TANGIBLE ITEM DESCRIPTION		MOUNT	1433/380	PUMPING UNIT WELLHEAD EQUIPMENT	\$ \$	65,0
1430/310	CONDUCTOR CASING	\$	30,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,0
1430/320	SURFACE CASING	\$	130,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,0
1430/330	INTERMEDIATE CASING	\$	363,000	1433/417	FRAC INCIDENTAL	\$	-
1430/340	DRILLING LINERS	\$ \$	-	COMPL	ETION TANGIBLE TOTAL	\$	655,3
	PRODUCTION CASING	Φ	536,000				
1430/350	CASING HANGER/WELLHEAD FOUR	\$	55 000				
1430/350 1430/400 1430/405	CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS	\$	55,000 -		FACILITIES INTANGIBLE		
1430/400			· · · ·	ACCOUNT CODE	FACILITIES INTANGIBLE ITEM DESCRIPTION		AMOUNT
1430/400			· · · ·	1450/ 20	ITEM DESCRIPTION	\$	13,5
1430/400			· · · ·	1450/ 20 1450/ 90	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER	\$	13,5 1,0
1430/400			· · · ·	1450/ 20	ITEM DESCRIPTION	-	13,5 1,0 16,2
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$	
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$	13,5 1,0 16,2 50,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTIONLOCATION AND ROADSFUEL, POWER & WATERTRUCKING/VACUUM TRUCKEQUIPMENT/TOOL RENTALCONTRACT LABORSUPERVISION/ENGINEERINGADMINISTRATIVE/OVERHEADFACILITES MISCELLANEOUS	\$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTIONLOCATION AND ROADSFUEL, POWER & WATERTRUCKING/VACUUM TRUCKEQUIPMENT/TOOL RENTALCONTRACT LABORSUPERVISION/ENGINEERINGADMINISTRATIVE/OVERHEADFACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS	\$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 115,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 115,0 115,0 175,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315 1452/340 1452/355	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315 1452/340 1452/345 1452/355 1452/355 1452/360 1452/380	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 115,0 110,0 70,0 50,0
1430/400			· · · ·	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315 1452/315 1452/340 1452/355 1452/365	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 115,0 110,0 70,0 50,0
	DOWNHOLE TOOLS			1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/315 1452/315 1452/340 1452/355 1452/355 1452/360 1452/365 1452/380 1452/380 1452/390 FACIL	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TIES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT & SUPPLIES FACILITES INTANGIBLE TOTAL	\$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 115,0 115,0 115,0 10,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 10,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 10,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 15,0 10,0 15,0 15,0 15,0 10,0 15,0 10,0 15,0 15,0 10,0 15,0 10,0 15,0 10,0 15,0 10,0 15,0 10,0 15,0 10,0 15,0 10,0 15,0 10,0 10,0 10,0 15,0 10,0
1430/400 1430/405	DOWNHOLE TOOLS	\$ 	-	1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/345 1452/365 1452/365 1452/380 1452/390 FACIL	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES TOTAL	\$ \$ <td< td=""><td>13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT AMOUNT 55,0 115,0 115,0 115,0 115,0 110,0 70,0 50,0 45,0 680,0 865,7</td></td<>	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT AMOUNT 55,0 115,0 115,0 115,0 115,0 110,0 70,0 50,0 45,0 680,0 865,7
1430/400 1430/405	DOWNHOLE TOOLS	\$ 		1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/360 1452/365 1452/380 1452/380 1452/380 1452/390 FACIL	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS TES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 5 5,0 15,0 15,0 15,0 15,0 15,0 110,0 70,0 55,0 680,0 865,7 6,688,54
1430/400 1430/405	DOWNHOLE TOOLS	\$ 		1450/ 20 1450/ 90 1450/110 1450/170 1450/260 1450/270 1450/290 FACILI ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/360 1452/365 1452/380 1452/380 1452/380 1452/390 FACIL	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD FACILITES MISCELLANEOUS THES INTANGIBLE TOTAL FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,5 1,0 16,2 50,0 70,0 25,0 10,0 185,7 AMOUNT 55,0 15,0 115,0 45,0 175,0 110,0

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	rating, LLC			Otati	ement of Estimated Well Co		
Well Name	: DeLorean 9-10 Fed Com 2BS 88H	Proje	ect Descriptio	on:			
Field Name:					of a 2-Mile 2nd BSS lateral in Lea Coun		
Location	: Lea Co., NM		-	-	The intermediate section will be a 9-7 ction interval will be drilled with OBM as		
AFE #	: 22 - XX - XXXX	7-7/8	" lateral to TD	•	00 MD', ~10,400' VS. 5.5" production ca		
		Barra					
ACCOUNT CODE	DRILLING INTANGIBLE		AMOUNT	ACCOUNT CODE	COMPLETION INTANGIBLE ITEM DESCRIPTION		AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2,5
1420/ 16	INSPECTION	\$	10,000	1432/ 20	LOCATION AND ROADS	\$	17,5
1420/ 20	LOCATION AND ROADS	\$	125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46,4
1420/ 25	SURFACE DAMAGES	\$	22,500	1432/ 90	FUEL, POWER & WATER	\$	358,4
1420/ 30	RIG MOBILIZATION DAYWORK	\$	120,000	1432/110		\$	15,0
1420/ 50 1420/ 80	BITS/ REAMERS	\$ \$	672,000 84,000	1432/120	DRILLING/COMPLETION FLUIDS CEMENT AND PUMP SERVICE	\$ \$	3,5
1420/ 90	FUEL, POWER & WATER	\$	241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,8
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	490,6
1420/120	DRILLING/COMPLETION FLUIDS	\$	275,000	1432/171	COMPLETION HOUSING	\$	19,6
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/180	WELL STIMULATION	\$	3,316,6
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/181	WELL TEST SERVICES	\$	100,8
1420/150	ELECTRIC LOGGING/PERFORATING	\$	-	1432/183		\$	60,0
1420/160	MUD LOGGING EQUIPMENT/TOOL RENTALS	\$ \$	20,000 113,000	1432/190	SLICKLINE SERVICES	\$ \$	4,5
1420/174	DOWNHOLE RENTALS	ъ \$	72,000	1432/195	WELLHEAD REPAIR & SERVICEMAN	э \$	10,0
1420/180	WELL STIMULATION / TESTING	\$	-	1432/230	COILED TUBING SERVICES	\$	18,0
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	144,000	1432/250	INSURANCE	\$	1,7
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	65,000	1432/260	SUPERVISION/ENGINEERING	\$	62,0
1420/200	DIRECTION DRILLING/SURVEYING	\$	229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$	
1420/250		\$ ¢	10,000	1432/280		\$ ¢	20,0
1420/260 1420/270	SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$	72,000	1432/290	MISCELLANEOUS FRESH WATER TRANSFER	\$ \$	12,5
1420/315	PARTS	ۍ \$	15,000	1432/350	COMMUNICATIONS	э \$	3,8
1420/350	COMMUNICATIONS	\$	9,000	1432/412	ARTIFICIAL LIFT	\$	50,0
1420/300	CONTINGENCY	\$	53,500	1432/417	FRAC INCIDENTAL	\$	
				1432/300	CONTINGENCY	\$	168,2
				COMPLE	TION INTANGIBLE TOTAL	\$	5,167,5
					COMPLETION TANGIBLE	_	
				ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
DRILL	ING INTANGIBLE TOTAL	\$	2,700,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45,0
				1433/320 1433/370	FLOWLINE TUBING	\$ \$	9,0 146,3
	DRILLING TANGIBLE			1433/380		\$	140,0
ACCOUNT CODE			AMOUNT	1433/400	WELLHEAD EQUIPMENT	\$	50,0
1430/310	CONDUCTOR CASING	\$	30,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,0
1430/320	SURFACE CASING	\$	130,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,0
1430/330	INTERMEDIATE CASING	\$	363,000	1433/417	FRAC INCIDENTAL	\$	
1430/340 1430/350	DRILLING LINERS PRODUCTION CASING	\$ \$	- 564,000	COMPL	ETION TANGIBLE TOTAL	\$	655,3
1430/400	CASING HANGER/WELLHEAD EQUIP	\$	55,000				
1430/405	DOWNHOLE TOOLS	\$	-		FACILITIES INTANGIBLE	_	
				ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
				1450/ 20	LOCATION AND ROADS	\$	13,5
				1450/ 90	FUEL, POWER & WATER	\$	1,(
				1450/110	TRUCKING/VACUUM TRUCK	\$	16,2
				1450/170	EQUIPMENT/TOOL RENTAL	\$	50,0
	+			1450/195	CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$	70,0 25,0
				1450/260	ADMINISTRATIVE/OVERHEAD	\$ \$	25,0
				1450/290	FACILITES MISCELLANEOUS	\$	10,0
				FACILI	TIES INTANGIBLE TOTAL	\$	185,7
					FACILITIES TANGIBLE	_	
				ACCOUNT CODE			AMOUNT
				1452/300	VALVES/CONNECTIONS/FITTINGS	\$	55,0
				1452/315	METER EQUIPMENT	\$ ¢	15,0
				1452/340	SEPARATORS HEATER TREATER	\$ \$	115,0 45,0
				1452/345	GATHERING LINE	\$ \$	45,0
	1			1452/360	STOCK TANKS	ъ \$	110,0
				1452/365	DIAGNOSTIC EQUIPMENT	\$	70,0
				1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$	50,0
				1452/390	FACILITES	\$	45,0
				FACIL	ITIES TANGIBLE TOTAL	\$	505,0
DRIL	LING TANGIBLE TOTAL	\$	1,142,000		FACILITIES TOTAL	\$	690,7
ΤΟΤΑ	L DRILLING COSTS	\$ 3	,842,000	TOTAL COMPI	LETION/FACILITIES COSTS	\$	6,513,54
		-			TIMATED WELL COST	¢	10 255 54
				TOTAL ES	TIMATED WELL COST	Ψ	10,355,54
rator Approval				IOTAL ES		Ψ	10,355,54

Case 23375

Company	Contact	Date
Timothy R. McDonald	Mail	11/11/2022 11/21/2022*
*received a letter from McDonald wherein a non-consent election was made for all wells.		
MRC Permian Company	Email	5/18/2022 5/23/2022 6/2/2022 6/3/2022 8/31/2022 9/7/2022 9/13/2022 9/14/2022 11/2/2022 11/9/2022 11/17/2022 11/18/2022 12/2/2022 12/13/2022 12/14/2022 12/19/2022 12/19/2022
	Phone calls	4/12/2022 6/2/2022 6/3/2022 10/21/2022 12/20/2022



.

TAB3

Case No. 23375

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Structure Map 1st Bone Spring Sand Structure Exhibit B-1:
- Structure Map -2^{nd} Bone Spring Sand Structure Exhibit B-2:
- Stratigraphic Cross Section -1^{st} Bone Spring Sand Datum Stratigraphic Cross Section -2^{nd} Bone Spring Sand Datum Exhibit B-3:
- Exhibit B-4:
- Gross Isochore 1st Bone Spring Sand Isopach Exhibit B-5:
- Gross Isochore 2nd Bone Spring Sand Isopach Exhibit B-6:
- Exhibit B-7: Gun Barrel View

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23375

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the geology involved.

3. I graduated in 2012 from Western Michigan University with a master's degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division ("Division") and made a matter of record.

4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50'. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval



6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 4H, and the DeLorean 9-10 Fed 2BS Com 88H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23373 and 23374.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

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11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23375 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

Jason J. Asmus

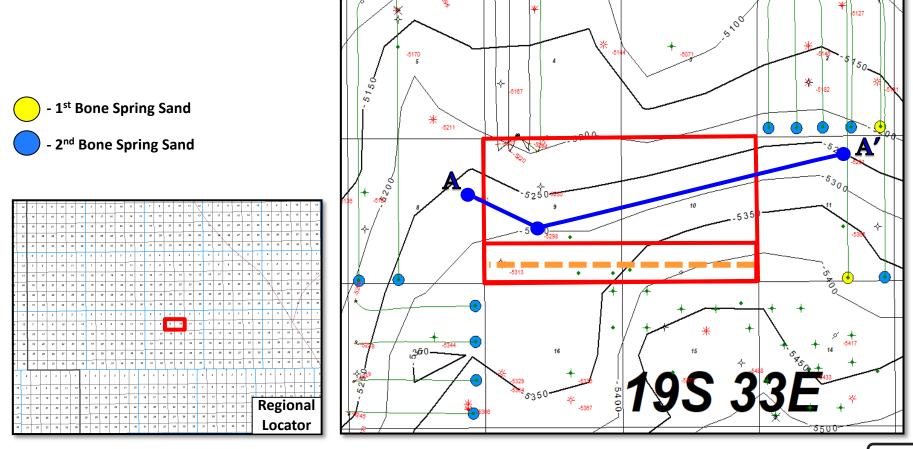
2023 81 2

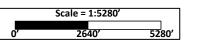
Released to Imaging: 3/1/2023 8:10:50 AM

Date Signed

Received by OCD: 2/28/2023 11:17:16 PM

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'



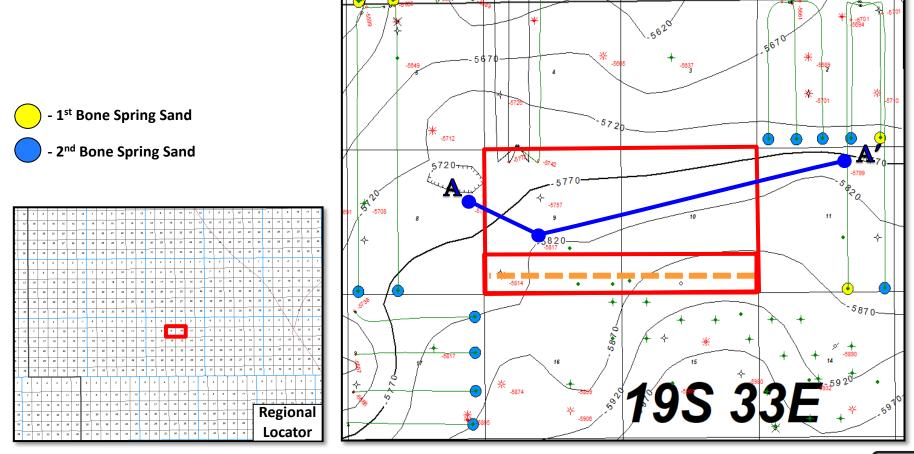




Received by OCD: 2/28/2023 11:17:16 PM

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Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'





Released to Imaging: 3/1/2023 8:10:50 AM

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

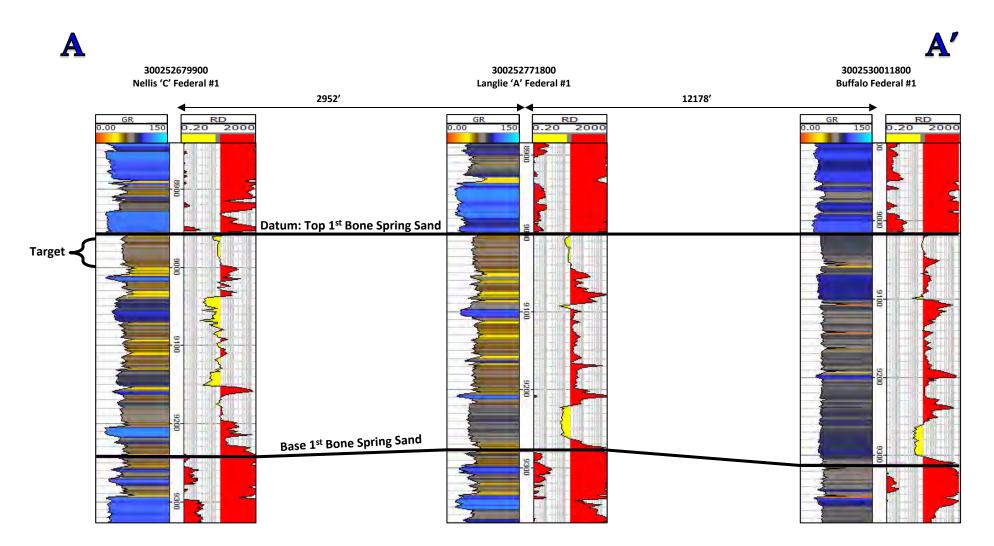
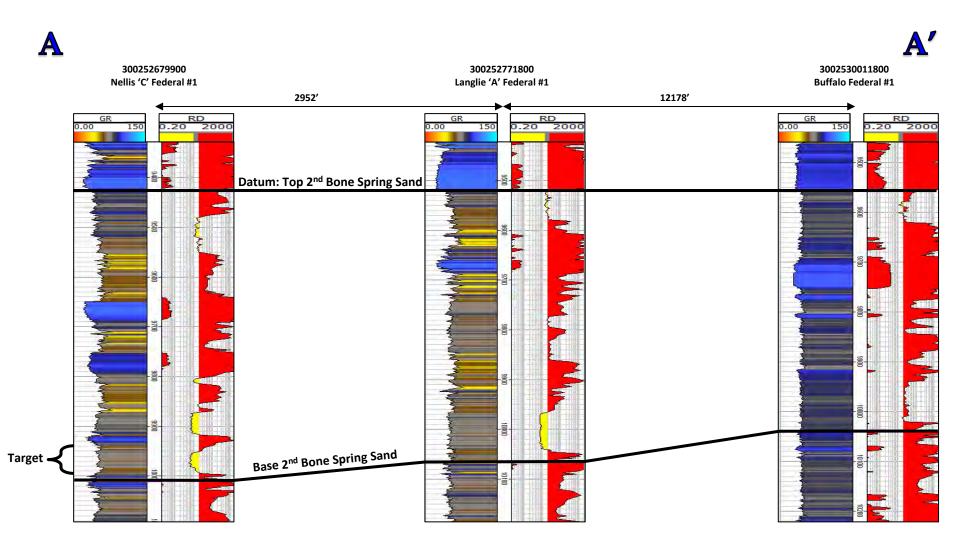




Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

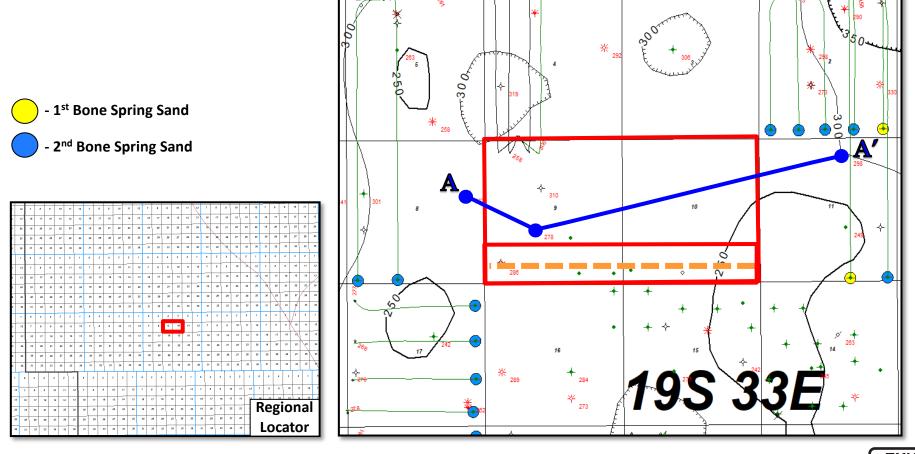




4

EARTHSTONE Energy Inc.

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'





B-5

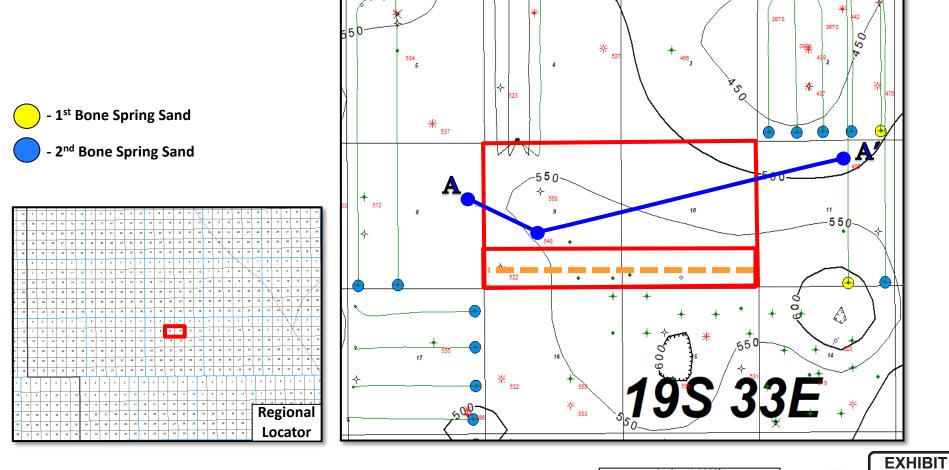


Scale = 1:5280'

2640'

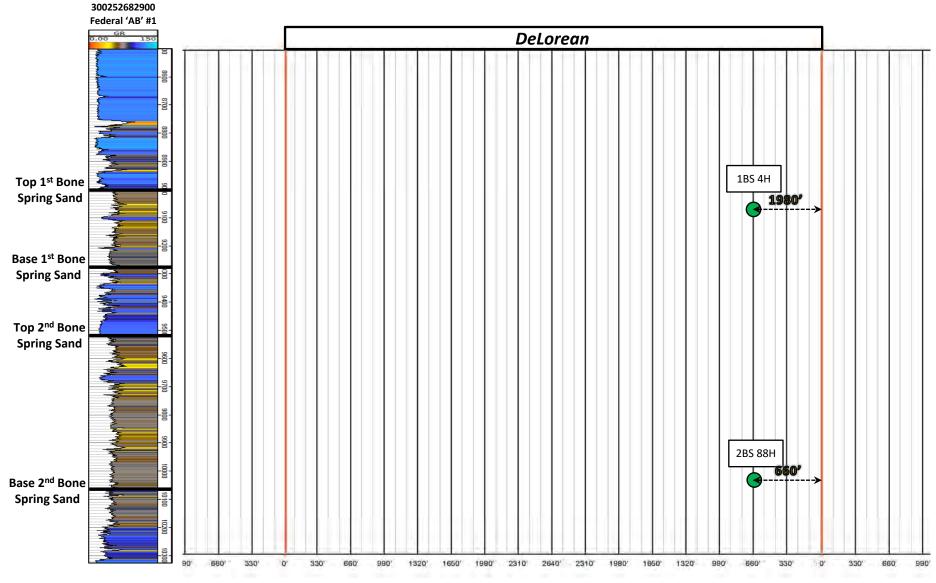
5280'

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'



B-6

Received by OCD: 2/28/2023 11:17:16 PM Exhibit B-7 Gun Barrel





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Released to Imaging: 3/1/2023 8:10:50 AM

TAB 4

Case No. 23375

- Exhibit C: Affidavit of Notice, Darin C. Savage Exhibit C-1: Notice Letter
- Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

APPLICATIONS OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23372, 23373, 23374, and 23375

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC ("Earthstone"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on February 9, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Notice was sent to the Hobbs Daily News-Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on February 10, 2023. See Exhibit C-3.

3. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

Darin C. Savage

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO NOTARY PUBLIC MAPSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026 **Received by OCD: 2/28/2023 11:17:16 PM**



Page 176 of 180

ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Nebraska Kansas Montana Wyoming Oklahoma California North Dakota

February 8, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico DeLorean 9-10 Fed 1BS Com 4H Well (Case No. 23375) DeLorean 9-10 Fed 1BS Com 88H Well (Case No. 23375)

Case Nos. 23375:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23375, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23375, Earthstone seeks to pool the Bone Spring formation underlying the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 88H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

EXHIBIT

You are being notified as an interest owner (subject to title examination) and 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net Mailed from 1/28/2023 to 2/27/2023 User Name: abadieschill Generated: 2/27/2023 3:58:48 PM											
USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	ТΧ	79701	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303414	4221.2	2/9/23	MRC Permian Company		One Lincoln Center 5400 LBJ Freeway	Suite 1500	Dallas	тх	75240	Undelivered	Return Receipt - Electronic, Certified Mail
9314869904300104303421	4221.2	2/9/23	Timothy R. MacDonald		3003 Paleo Point		College Station	ТΧ	77845	Undelivered	Return Receipt - Electronic, Certified Mail

-

POSTAL SERVICE

February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details						
Status: Status Date / Time: Location: Postal Product: Extra Services: Recipient Name:	Delivered, Individual Picked Up at Postal Facility February 14, 2023, 07:54 a.m. MIDLAND, TX 79701 First-Class Mail [®] Certified Mail [™] Return Receipt Electronic ConocoPhillips Company					
Shipment Details						
Weight:	2.0oz					
Destination Delivery Address						
Street Address: City, State ZIP Code:	600 W ILLINOIS AVE MIDLAND, TX 79701-4882					
Recipient Signature						
Signature of Recipient:	Detwy Section X Water View ISUAC VII a Arah (J					
Address of Recipient:	tone GWW III IND IS					

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service[®] for your mailing needs. If you require additional assistance, please contact your local Post Office[™] or a Postal representative at 1-800-222-1811.

Sincerely, United States Postal Service® 475 L'Enfant Plaza SW Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

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 February 10, 2023 and ending with the issue dated February 10, 2023.

Publisher

Sworn and subscribed to before me this 10th day of February 2023.

Business Manager

My commission expires

January 29, 2027 (Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

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 67115820

00275665

DAVID SESSIONS ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301

LEGAL NOTICE February 10, 2023

CASE No. 23375: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; TIMOTHY R. MCDONALD; and MRC PERMIAN COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: https://www.emrd.nm.gov/ocd/hearinginfo/ or call (505) 476-3441. Earthstone Operating, LLC., at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX.77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SW/4 SW/4 can visit the Division's website at (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and appendiction the wells. be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico. #00275665

> EXHIBIT C-3