COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23506	APPLICANT'S RESPONSE
Date: May 4, 2023	
Applicant	Petrogulf Corporation
Designated Operator & OGRID (affiliation if applicable)	Petrogulf Corporation (373806)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Gambino
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Purple Sage, Wolfcamp (98220)
Well Location Setback Rules:	Purple Sage Order Applies
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	1280
Building Blocks:	320
Orientation:	East-West
Description: TRS/County	E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Standard Spacing Unit
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.
Proximity Defining Well: if yes, description	Gambino Federal Com 5H
Applicant's Ownership in Each Tract	See Exhibit B-4.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Gambino Federal Com 1H	SHL: 2660' FSL & 2249' FEL, Section 34, T-22-S R-26-E FTP: 1870' FSL & 2310' FEL, Section 34, T-22-S R-26-E 2395' FWL, Section 36, T-22-S R-26-E Orientation: East/West Completion Target: Wolfcamp Completion Status: Standard

eceived by OCD: 5/2/2023 4:44:53 PM Well #2: Gambino Federal Com 2H	Page 2 of SHL: 2690' FSL & 2249' FEL, Section 34, T-22-S R-26-E
	FTP: 1870' FSL & 2310' FEL, Section 34, T-22-S R-26-E LTP: 1870' FSL &
	2395' FWL, Section 36, T-22-S R-26-E Orientation: East/West Completion Target: Wolfcamp
	Completion Status: Standard
Well #3: Gambino Federal Com 3H	SHL: 2647' FNL & 2249' FEL, Section 34, T-22-S R-26-E
	FTP: 1870' FNL & 2310' FEL, Section 34, T-22-S R-26-E LTP: 1870' FNL &
	2395' FWL, Section 36, T-22-S R-26-E Orientation: East/West Completion Target: Wolfcamp
	Completion Status: Standard
Well #4: Gambino Federal Com 4H	SHL: 2617' FNL & 2249' FEL, Section 34, T-22-S R-26-E
	FTP: 330' FNL & 2310' FEL, Section 34, T-22-S R-26-E LTP: 330' FNL & 2395' FWL, Section 36, T-22-S R-26-E
	Orientation: East/West Completion Target: Wolfcamp
	Completion Status: Standard
Well #5: Gambino Federal Com 5H	SHL: 2677' FNL & 2249' FEL, Section 34, T-22-S R-26-E FTP: 2640' FNL & 2310' FEL, Section 34, T-22-S R-26-E LTP: 2640' FNL &
	2395' FWL, Section 36, T-22-S R-26-E
	Orientation: East/West Completion Target: Wolfcamp
	Completion Status: Standard
Horizontal Well First and Last Take Points	See above cells and Exhibit B-3 (C-102s)
Completion Target (Formation, TVD and MD)	See Exhibit B-6 (proposal letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit B, paragraph 24.
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B-8
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-8
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B-4
Tract List (including lease numbers and owners)	Exhibit B-4
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to	N/A
notice requirements.	N/A Exhibit B-4
Pooled Parties (including ownership type) Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above &	
below)	N/A
loinder	

Released to Imaging: 5/2/2023 5:01:40 PM

Received by OCD: 5/2/2023 4:44:53 PM

Sample Copy of Proposal Letter	Exhibit B-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B-4
Chronology of Contact with Non-Joined Working Interests	Exhibit B-5
Overhead Rates In Proposal Letter	Exhibit B-6
Cost Estimate to Drill and Complete	Exhibit B-7
Cost Estimate to Equip Well	Exhibit B-7
Cost Estimate for Production Facilities	Exhibit B-7
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-3
Well Orientation (with rationale)	Exhibit C-6
Target Formation	Exhibits C-4 to C-5
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	NA
Forms, Figures and Tables	
C-102	Exhibit B-3
Tracts	Exhibit B-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-4
General Location Map (including basin)	Exhibit B-2/C-2
Well Bore Location Map	Exhibit C-3 to C-4
Structure Contour Map - Subsea Depth	Exhibit C-4
Cross Section Location Map (including wells)	Exhibit C-4
Cross Section (including Landing Zone)	Exhibit C-5
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information prov	ided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Earl E. DeBripe)
Signed Name (Attorney or Party Representative):	Col C-
Date:	2-May-23

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

APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23506

SELF AFFIRMED DECLARATION OF JERRY GOEDERT

Jerry Goedert hereby states and declares as follows:

1. I am over the age of 18, I am the Director of Land for Petrogulf ("Petrogulf"), and I have personal knowledge of the matters stated herein.

2. I have not previously testified before the Oil Conservation Division ("Division"). I received a B.S. in Chemical Engineering from the Colorado School of Mines in 1981 and a professional engineering license from the State of Colorado in 1991. I have worked as operations manager for director of land for Petrogulf since 2008 managing Petrogulf operated and non-operated properties in 9 states including over 500 wells, including the area in Eddy County in New Mexico that is the subject of Petrogulf's Application.

3. I am familiar with the application filed by Petrogulf in this case, which is attached as **Exhibit B.1**.

4. I am familiar with the status of the lands that are subject to the application.

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.

6. The purpose of the application is to obtain an order compulsory pooling all uncommitted interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.

7. No opposition is expected. The interest owners being pooled have been contacted regarding the proposed well in accordance with the Division's rules and have failed or refused to voluntarily commit their interests in the well.

8. In this case, Petrogulf seeks an order from the Division pooling all uncommitted mineral interests within a Purple Sage Wolfcamp Gas Pool horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the following wells to be horizontally drilled:

- Gambino Federal Com 1H to be drilled from a surface location in NW4/SE4 (Unit J) Section 34 to a bottom hole location in NW4/SE4 of Section 36 (Unit N).
- **Gambino Federal Com 2H** to be drilled from a surface location in NW4/SE4 (Unit J) of Section 34 to a bottom hole location in NE4/SE4 of Section 36(Unit K).
- **Gambino Federal Com 3H** to be drilled from a surface location in SW4/NE4 (Unit G) of Section 34 to a bottom hole location in SE4/NW4 of Section 36 (Unit F).
- Gambino Federal Com 4H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/NW4 of Section 36(Unit C).
- Gambino Federal Com 5H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/SW4 of Section 36 (Unit K).

9. The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

10. Petrogulf is requesting that it be designated as operator of the wells, and a 200% charge for risk involved in drilling said wells.

Received by OCD: 5/2/2023 4:44:53 PM

11. **Exhibit B.2** is a locator map showing the general location of the horizontal spacing unit.

12. Attached as **Exhibit B.3** are the proposed C-102s for the wells.

13. The C-102 identifies the proposed surface hole locations and the bottom hole locations. The C-102 also identifies the pool and pool code.

14. The well will develop the Wolfcamp Purple Sage Gas Pool (Pool Code 98220) which is a gas pool with 320-acre building blocks.

15. This pool is governed by the special pool rules for the Purple Sage Wolfcamp Pool.

16. The producing area for the well is expected to be orthodox.

17. There are no depth severances within the proposed spacing unit.

18. **Exhibit B.4** includes a lease tract map outlining the unit being pooled. Exhibit B.4 also includes the parties being pooled, the nature, and the percent of their interests.

19. I have conducted a diligent search of the public records in the county where the well is located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

20. In my opinion, Petrogulf has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.

21. Exhibit B.5 is a summary of my contacts with the working interest owners.

22. **Exhibit B.6** is an example of the well proposal letter that was sent to all working interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the well.

23. **Exhibit B.7** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

24. Petrogulf requests overhead and administrative rates of \$7500.00/month for drilling a well and \$750.00/month for a producing 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. Petrogulf requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

25. Petrogulf requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

26. Petrogulf requests that it be designated operator of the well.

27. The parties Petrogulf is seeking to pool were notified of this hearing.

28. Petrogulf seeks to pool overriding royalty interest owners, and they were also provided notice of this hearing.

29. **Exhibit B.8** is an affidavit of notice prepared by counsel for Petrogulf that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Carlsbad Current Argus newspaper, showing that notice of this hearing was published on April 14, 2023.

30. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

31. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 2, 2023

Jerry Hoedert

W4706875.DOCX

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

APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23506

APPLICATION

Petrogulf Corporation ("Petrogulf"), OGRID Number 373806, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of this application, Petrogulf states as follows:

1. Applicant is an interest owner in the subject lands and has a right to drill a well thereon.

2. Applicant seeks to dedicate the E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 1280-acre, more or less, standard horizontal spacing unit.

3. Applicant plans to horizontally drill the following wells to a depth sufficient to test the Wolfcamp formation at the following approximate locations:

- Gambino Federal Com 1H to be drilled from a surface location in NW4/SE4 (Unit J) Section 34 to a bottom hole location in NW4/SE4 of Section 36 (Unit N).
- Gambino Federal Com 2H to be drilled from a surface location in NW4/SE4 (Unit J) of Section 34 to a bottom hole location in NE4/SE4 of Section 36(Unit K).
- Gambino Federal Com 3H to be drilled from a surface location in SW4/NE4 (Unit G) of Section 34 to a bottom hole location in SE4/NW4 of Section 36 (Unit F).

- Gambino Federal Com 4H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/NW4 of Section 36(Unit C).
- Gambino Federal Com 5H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/SW4 of Section 36 (Unit K).

4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements.

5. These wells will comply with the Division's setback requirements for this pool.

6. The completed interval for the **Gambino Federal Com 5H** well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.

7. Applicant sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Applicant Corporation requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Approving a standard 1280-acre Wolfcamp spacing unit;

B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico;

C. Designating Applicant as operator of this unit and the wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping and completing the

wells;

E. Approving actual operating charges and costs charged for supervision, together

with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in

the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

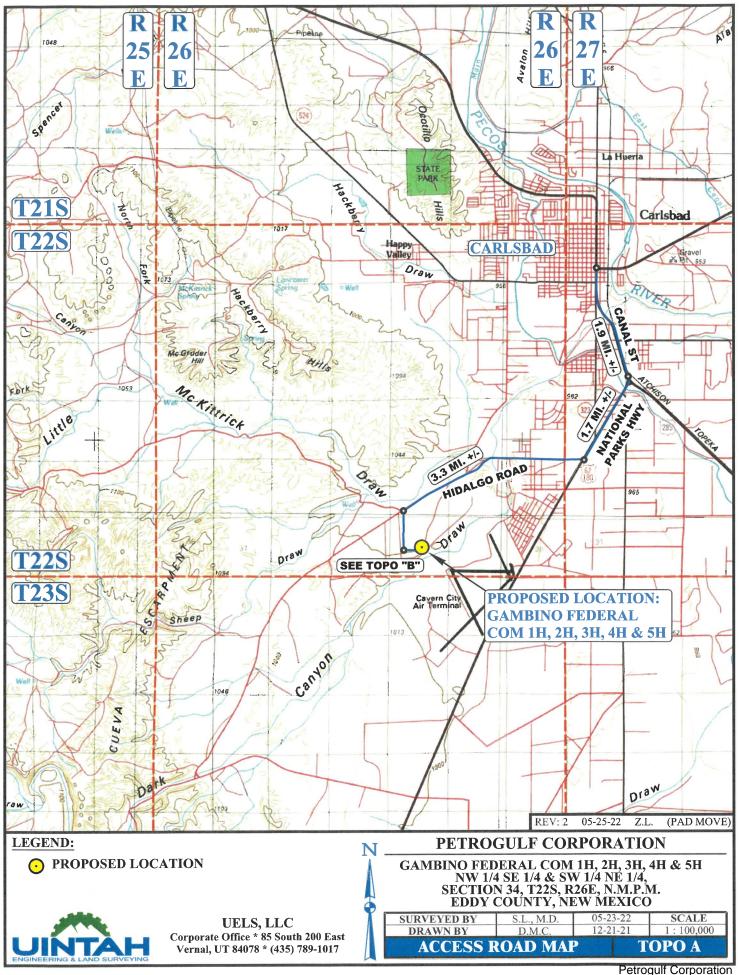
By:_

Earl E. DeBrine, Jr. Deana M. Bennett Jamie Allen Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 Earl.DeBrine@modrall.com Deana.Bennett@modrall.com Jamie.Allen@modrall.com

Attorneys for Applicant Petrogulf Corporation

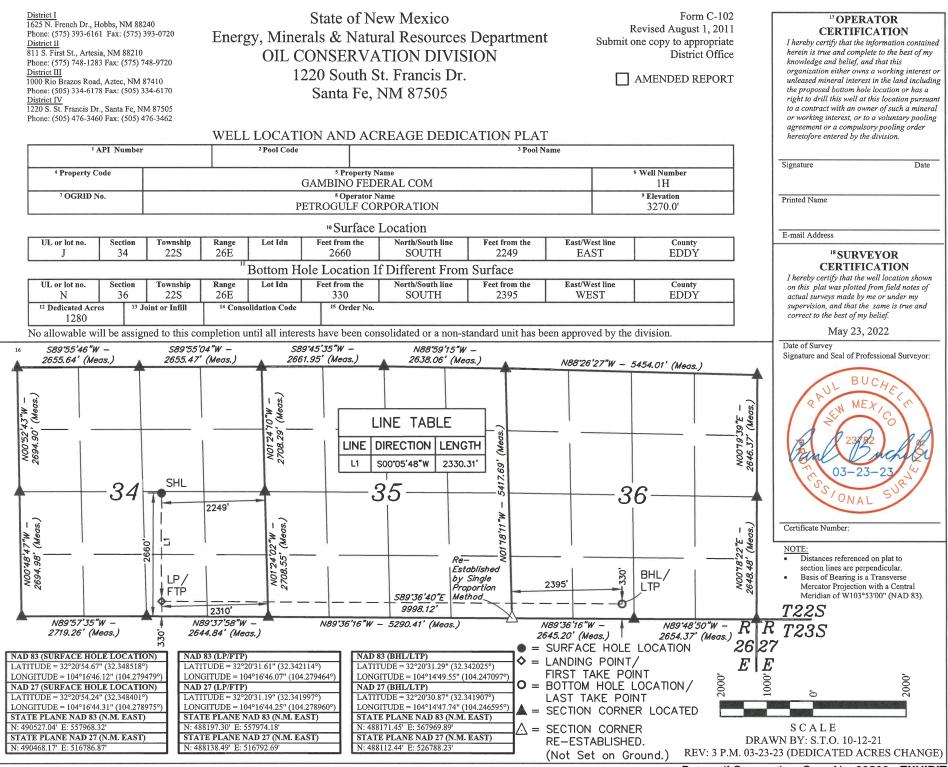
W4662940.DOCX

CASE NO. _____: Application of Petrogulf Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Gambino Federal Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 5H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Petrogulf as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately ¹/₄ mile west and within Carlsbad, New Mexico.



Released to Imaging: 5/2/2023 5:01:40 PM

Case No. 23506 Exhibit B.2



Petrogulf Corporation, Case No. 23506 - EXHIBIT B.3

Page 14 of

Received by OCD: 5/2/2023 4:44:53 PM

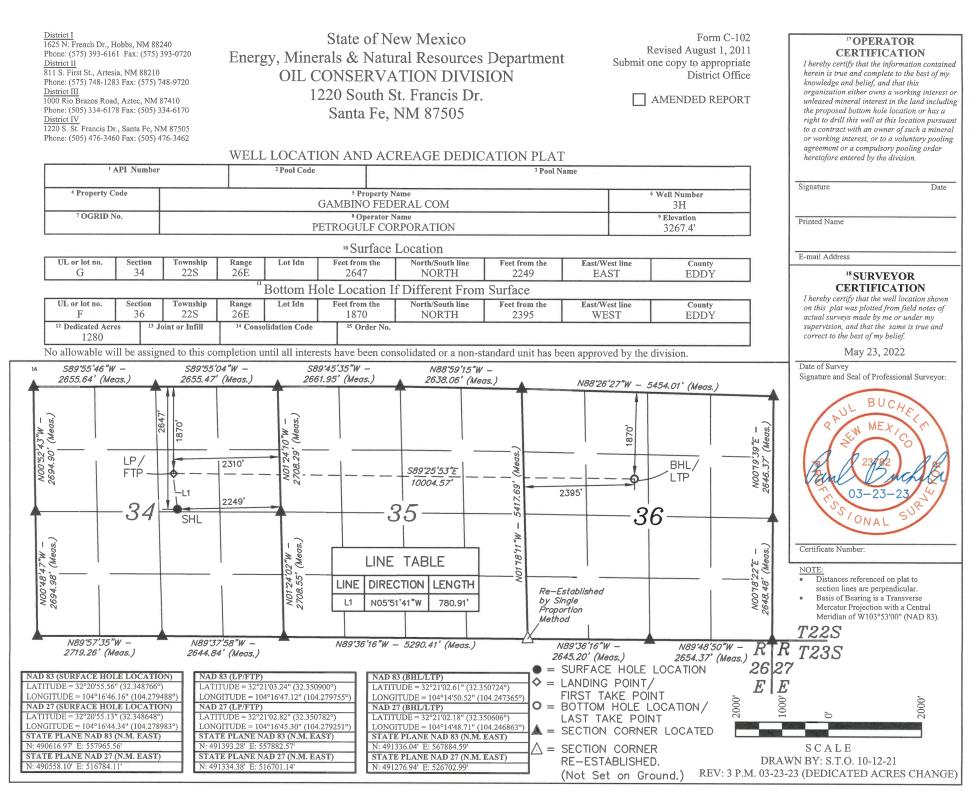
District I State of New Mexico Form C-102 ¹⁷ OPERATOR 1625 N. French Dr., Hobbs, NM 88240 Revised August 1, 2011 Phone: (575) 393-6161 Fax: (575) 393-0720 CERTIFICATION Energy, Minerals & Natural Resources Department Submit one copy to appropriate District II I hereby certify that the information contained 811 S. First St., Artesia, NM 88210 herein is true and complete to the best of my OIL CONSERVATION DIVISION District Office Phone: (575) 748-1283 Fax: (575) 748-9720 knowledge and belief, and that this organization either owns a working interest or 1220 South St. Francis Dr. District III AMENDED REPORT 1000 Rio Brazos Road, Aztec, NM 87410 unleased mineral interest in the land including Phone: (505) 334-6178 Fax: (505) 334-6170 Santa Fe, NM 87505 the proposed bottom hole location or has a District IV right to drill this well at this location pursuant 1220 S. St. Francis Dr., Santa Fe, NM 87505 to a contract with an owner of such a mineral Phone: (505) 476-3460 Fax: (505) 476-3462 or working interest, or to a voluntary pooling agreement or a compulsory pooling order WELL LOCATION AND ACREAGE DEDICATION PLAT heretofore entered by the division. ¹API Number ² Pool Code ³ Pool Name Signature Date 4 Property Code ⁵ Property Name 6 Well Number GAMBINO FEDERAL COM 2H ⁸ Operator Name 7 OGRID No. **Elevation** Printed Name PETROGULF CORPORATION 3269.0' ¹⁰Surface Location E-mail Address Feet from the North/South line UL or lot no. Section Township Range Lot Idn Feet from the East/West line Counts 34 22S 26E 2690 SOUTH 2249 EAST EDDY ¹⁸ SURVEYOR CERTIFICATION Bottom Hole Location If Different From Surface I hereby certify that the well location shown UL or lot no. Lot Idn Feet from the North/South line Feet from the Section Township Range East/West line County on this plat was plotted from field notes of 36 22S 26E 1870 SOUTH 2395 WEST EDDY K actual surveys made by me or under my supervision, and that the same is true and 12 Dedicated Acres 13 Joint or Infill ¹⁴ Consolidation Code 15 Order No. correct to the best of my belief. 1280 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. May 23, 2022 Date of Survey S89'55'46"W -S89'55'04"W -S89'45'35"W -N88'59'15"W -Signature and Seal of Professional Surveyor: 2655.64' (Meas.) 2655.47' (Meas.) 2661.95' (Meas.) 2638.06' (Meas.) N88°26'27"W - 5454.01' (Meas.) BU (Meas.) N00°52'43"W – 2694.90° (Meas., LINE TABLE Ы 30 10079 LENGTH N01 2708. LINE DIRECTION Ne L1 S02°50'52"W 821.04' 69, SHL .34 35 36 2249 BHL/ P /FTP 2395 I TP N00'48'47"W -694.98' (Meas. S89'36'40"E Certificate Number: 2310' 10000.74' Mo 00 NOTE: Distances referenced on plat to N00 18 section lines are perpendicular. 870' 101 Re-Established à Basis of Bearing is a Transverse by Sinale Mercator Projection with a Central Proportion Meridian of W103°53'00" (NAD 83). Method T22SN89'57'35"W -N89'37'58"W -N89°36'16"W - 5290.41' (Meas.) N89'36'16"W -N89°48'50"W -R T23S R2719.26' (Meas.) 2644.84' (Meas.) 2645.20' (Meas.) 2654.37' (Meas.) 26 SURFACE HOLE LOCATION NAD 83 (SURFACE HOLE LOCATION) NAD 83 (LP/FTP) NAD 83 (BHL/LTP) I = LANDING POINT E LATITUDE = 32°20'54.96" (32.348601°) LATITUDE = 32°20'46.85" (32.346347°) LATITUDE = 32°20'46.53" (32.346258°) FIRST TAKE POINT LONGITUDE = 104°16'46.57" (104.279604°) LONGITUDE = 104°16'46.13" (104.279482°) LONGITUDE = 104°14'50.02" (104.247228° 2000 2000' NAD 27 (SURFACE HOLE LOCATION) NAD 27 (LP/FTP) NAD 27 (BHL/LTP) O = BOTTOM HOLE LOCATION / 5 LATITUDE = 32°20'54.54" (32.348483°) LATITUDE = 32°20'46.43" (32.346229°) LATITUDE = 32°20'46.10" (32.346140°) LAST TAKE POINT LONGITUDE = 104°16'44.32" (104.278978° LONGITUDE = 104°16'44.76" (104.279100°) LONGITUDE = 104°14'48.21" (104.246725° 🛦 = SECTION CORNER LOCATED STATE PLANE NAD 83 (N.M. EAST) STATE PLANE NAD 83 (N.M. EAST) STATE PLANE NAD 83 (N.M. EAST) N: 490557.02' E: 557967.40' N: 489737.03' E: 557930.06 N: 489711.20' E: 567928.39' \wedge = section corner SCALE STATE PLANE NAD 27 (N.M. EAST) STATE PLANE NAD 27 (N.M. EAST) STATE PLANE NAD 27 (N.M. EAST) DRAWN BY: S.T.O. 10-12-21 RE-ESTABLISHED. N: 490498.14' E: 516785.95 N: 489678.18' E: 516748.60 N: 489652.15' E: 526746.76' REV: 3 P.M. 03-23-23 (DEDICATED ACRES CHANGE)

(Not Set on Ground.)

Page 15 of

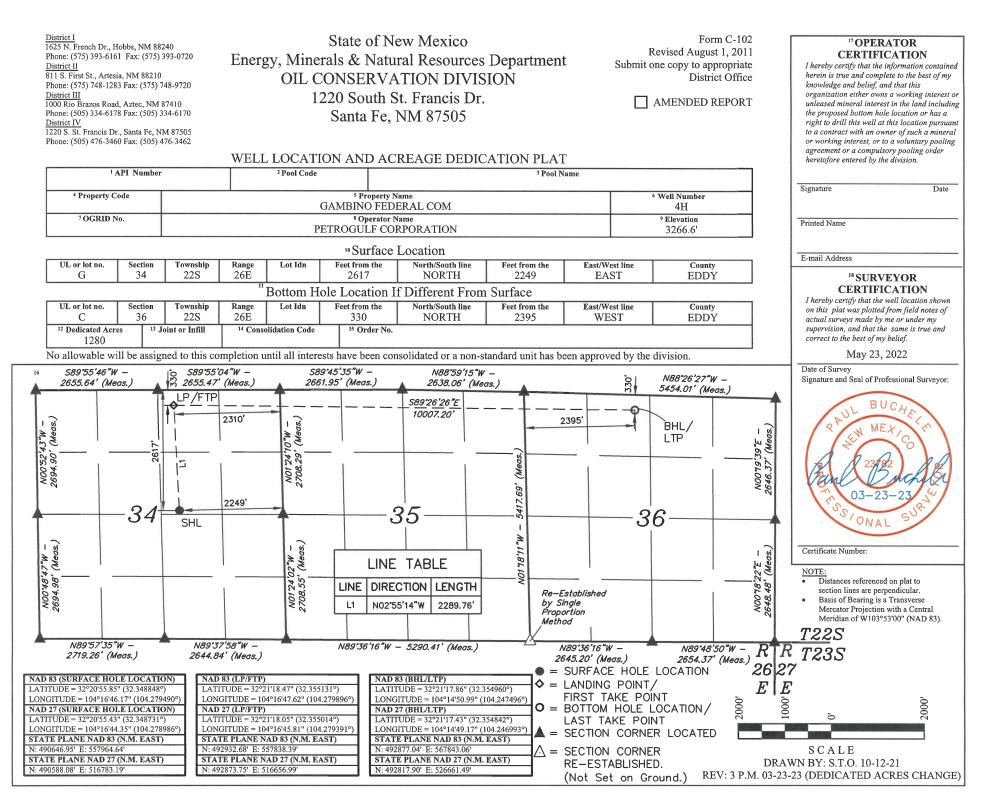
Received by OCD: 5/2/2023 4:44:53

PM



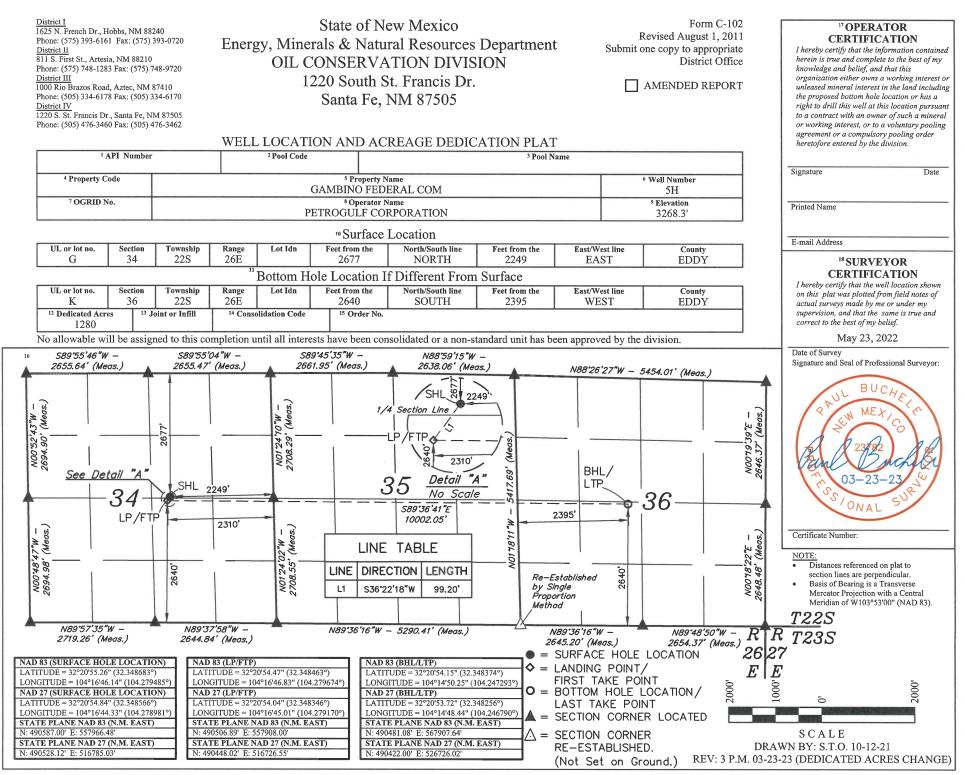
Page 16 of 6

Received by OCD: 5/2/2023 4:44:53 1



Received by OCD: 5/2/2023 4:44:53

PM



Released to Imaging: 5/2/2023 5:01:40 PM

Page 18 of 66

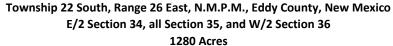
Received by OCD: 5/2/2023 4:44:53

PM

Exhibit <u>B.4</u> Case 23506 Land Plat

Gambino Federal Com 1H Well; Gambino Federal Com 2H Well; Gambino Federal Com 3H; Gambino Federal Com 4H; and Gambino Federal Com 5H

Section 34	Section 35	Section 36	Т
Section 34			



Tract 1 - E/2 Section 34	- BLM NMNM 096203
Tract 2 - N/2 Section 35	- State VC05440
Tract 3 - S/2 Section 35	-State VC05450
Tract 4 - W/2 Section 36	-State VC06580

Petrogulf Corporation Case No. 23506 Exhibit **B.4**

Petrogulf Corporation Case No. 23506 Exhibit B.4

Lease Tract Map: E/2 Section 34, all of Section 35, W/2 Section 36, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Summary of ORRI Owners to Be Pooled:

ORRI Owner	Tract ORRI	Tract No.	Force Pool Interest
Earthstone Permian LLC	0.05500000	1	Yes
Mewbourne Oil Company	0.02000000	1	Yes
Paul R. Barwis, whose marital status is unknown	0.00500000	1	Yes
Jareed Partners, Ltd.	0.00500000	1	Yes
CrownRock Minerals, L.P.	0.00300000	1	Yes
John Kyle Thoma, Trustee of the Cornerstone Family Trust	0.00300000	1	Yes
Penwell Employee Royalty Pool	0.00150000	1	Yes
Butkin Investment Company, L.L.C.	0.00101250	1	Yes
C. Mark Wheeler et ux J'Lynn N. Wheeler	0.00062500	1	Yes
Kimbell Royalty Holdings, LLC	0.00035578	1	Yes
Rusk Capital Management LLC	0.00026922	1	Yes
Kringen Oil, LLC	0.00012500	1	Yes
Robin Oil & Gas Corporation	0.00011250	1	Yes
Total	0.09500000		

Petrogulf Corporation Case No. 23506 Exhibit B.4

Lease Tract Map: E/2 Section 34, all of Section 35, W/2 Section 36, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Summary of Interests and Working Interest Owners to Be Pooled:

WI Owner	Tract Ownership	Unit WI	Net Acres	Tract No.	Force Pool Interest
Petrogulf Corporation	100.00%	50.00%	640.00	2,3	N/A Operator
CWM 2000-B II, Ltd.	34.67%	8.67%	110.94	1	Yes
Mewbourne Development Corporation	33.00%	8.25%	105.60	1	Yes
3MG Corporation	18.00%	4.50%	57.60	1	Yes
Mewbourne Oil Company	14.33%	3.58%	45.86	1	Yes
Featherstone Development Corporation	100.00%	25.00%	320.00	4	Yes
		100.00%	1280.00		

Exhibit B.5

Chronology of Contact

Horizontal Well Proposals – Wolfcamp Formation

E/2 of Section 34, All of Section 35, W/2 of Section 36, T-22 South R-26 East: Eddy County, New Mexico

Gambino Federal Com 1H; Gambino Federal Com 2H; Gambino Federal Com 3H; Gambino Federal Com 4H; Gambino Federal Com 5H;

Reasonable, good faith, and diligent efforts have been made by Petrogulf Corporation over several months to seek voluntary participation in the drilling and completion of the above captioned wells. Communication has been provided by certified mail, email and telephone calls including, but not limited to, those items summarized below:

- 1-9-2-23 Well proposal letters proposing the drilling and completion of each of the five (5) above captioned wells, including an election and an AFE for each respective well, were sent by Petrogulf Corporation to 3MG Corporation, CWM 200-B II, Ltd, Mewbourne Development Corporation, Mewbourne Oil Co., and Featherstone Development Corporation. To facilitate the drilling of the above five (5) captioned wells, Petrogulf Corporation proposed to form a working interest unit comprised of the E/2 Section 34, all of Section 35, and the W/2 Section 36, T-22 South, R-26 East.
- 1-12-2023 Email between Mewbourne Oil Co. and Petrogulf Corporation.
- 1-12-2023 Email between Featherstone Development Corporation and Petrogulf Corporation
- 1-17-2023 Email between Featherstone Development Corporation and Petrogulf Corporation
- 1-23-2023 Email between Featherstone Development Corporation and Petrogulf Corporation
- 1-24-2023 Email between Featherstone Development Corporation and Petrogulf Corporation. Draft JOA was requested and sent.
- 2-6-2023 Voice mail message via telephone by Petrogulf Corporation for Brad Dunn, Mewbourne Oil Co.
- 2-14-2023 Featherstone Development Corporation signed election letters were received, electing to participate in all five (5) Gambino wells.
- 2-21-2023 Voice mail message via telephone by Petrogulf Corporation for Brad Dunn, Mewbourne Oil Co.

- 3-7-2023 Voice mail message via telephone by Petrogulf Corporation for Brad Dunn, Mewbourne Oil Co.
- 3-15-2023 Phone conversation with Brad Dunn, Mewbourne Oil Co., advising that Mewbourne Oil Co. preferred to operate unit(s) comprised of Sections 33 and 34 T22S R26E.
- 3-15-2023 Email between Petrogulf and Mewbourne summarizing phone conversation from the same date.
- 3-21-2023 Email between Petrogulf and Mewbourne following up on prior email and offering Mewbourne a technical presentation of Petrogulf technical work.
- 3-29-2023 Voice mail message via telephone by Petrogulf Corporation for Brad Dunn, Mewbourne Oil Co.
- 4-12-2023 Email between Petrogulf and Mewbourne following up on prior email, accepting Petrogulf's offer for a technical presentation
- 4-14-2023 Email between Petrogulf and Mewbourne following up on prior email, coordinating technical presentation.
- 4-17-2023 Email between Petrogulf and Mewbourne following up on prior email, coordinating technical presentation.
- 4-19-2023 Email between Petrogulf and Mewbourne following up on prior email, coordinating technical presentation.
- 4-20-2023 Email between Petrogulf and Mewbourne following up on prior email, coordinating technical presentation.
- 4-21-2023 Team Meeting with Petrogulf and Mewbourne technical staff with a technical presentation prepared by Petrogulf.
- 4-28-2023 Email between Petrogulf and Mewbourne advising that Mewbourne may present a farmout proposal during the week of 5-1-2023.



January 2, 2023

3MG Corporation P.O. Box 7698 Tyler, Texas 75711

Re: Gambino Federal Com 1H thru 5H Sec. 34 T22S R26E Eddy Co., New Mexico

To Whom It May Concern:

Petrogulf Corporation Inc. (Petrogulf), hereby proposes the drilling of five (5) wells, the Gambino Federal Com 1H, 2H, 3H, 4H, and 5H wells at the following approximate locations:

Gambino Federal Com 1H SHL: 2660' FSL 2249' FEL Section 34 T22S R26E BHL: 330' FSL 2395 FWL Section 36 T22S R26E TVD: 8,900' TMD: 19,657' Targeted Interval: Wolfcamp Total Cost: See attached AFE

Gambino Federal Com 2H SHL: 2690' FSL 2249' FEL Section 34 T22S R26E BHL: 1870' FSL 2395 FWL Section 36 T22S R26E TVD: 8,900' TMD: 19,304' Targeted Interval: Wolfcamp Total Cost: See attached AFE

Gambino Federal Com 3H SHL: 2647' FNL 2249' FEL Section 34 T22S R26E BHL: 1870' FNL 2395 FWL Section 36 T22S R26E TVD: 8,900' TMD: 19308' Targeted Interval: Wolfcamp Total Cost: See attached AFE

U.S. Postal Service[™] CERTIFIED MAIL® RECEIPT Г Domestic Mail Only ГЦ For delivery information, visit out F Certified Mail Fee 9 6 000 0 + xtra Services & Fees (check box, 1 Return Receipt (hardcopy) 10 Return Receipt (electronic) Postm Certified Mail Restricted Deliv 1 He Adult Signature Required Adult Signature Restricted Deliv 20 Postag F Total P 3MG Corporation 7021 Sent Ti PO Box 7698 Street Tyler, TX 75711 City, S PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruction

Gambino Federal Com 4H

600 Grant Street Suite #620 Denver, CO 80203 Telephone: (303) 893-5400

Petrogulf Corporation Case No. 23506 Exhibit B.6 ٠.

SHL: 2617' FNL 2249' FEL Section 34 T22S R26E BHL: 330' FNL 2395 FWL Section 36 T22S R26E TVD: 8,900' TMD: 19.667' Targeted Interval: Wolfcamp Total Cost: See attached AFE

Gambino Federal Com 5H SHL: 2677' FNL 2249' FEL Section 34 T22S R26E BHL: 2640' FSL 2395 FWL Section 36 T22S R26E TVD: 8,900' TMD: 19,259' Targeted Interval: Wolfcamp Total Cost: See attached AFE

The locations, TVD's, and targets are approximate and subject to change depending on surface or subsurface issues encountered. Petrogulf is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be forwarded to you following receipt of your election to participate. The Operating Agreement will have the following general provisions:

- 100%/200%/200%
- \$8,000/\$800 drilling and producing rates
- Petrogulf Corporation named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the previously proposed AFE, and your geologic well requirements.

Petrogulf will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into one or more spacing units for the proposed wells, should we not reach an agreement within 30 days of the date of this letter.

Please contact Jerry Goedert, Operations Manager, 303-893-5400 X16, jgoedert@petrogulf.com with questions about this election.

Sincerely

Jerry Goedert Operations Manager

Enclosures

600 Grant Street Suite #620 Denver, CO 80203 Telephone: (303) 893-5400 <u>د</u> . .

.

Well Elections

	I/We hereby elect to participate in the Gambino Federal Com 2H.
-	I/We hereby elect to participate in the Gambino Federal Com 2H. I/We hereby elect NOT to participate in the Gambino Federal Com 2H
	!/We hereby elect to participate in the Gambino Federal Com 3H.
-	I/We hereby elect NOT to participate in the Gambino Federal Com 3F
	I/We hereby elect to participate in the Gambino Federal Com 4H.
	I/We hereby elect NOT to participate in the Gambino Federal Com 4
	I/We hereby elect to participate in the Gambino Federal Com 5H.
	I/We hereby elect NOT to participate in the Gambino Federal Com 5H

Date:_____

600 Grant Street Suite #620 Denver, CO 80203 Telephone: (303) 893-5400

.

1	ESTIM	IATE OF COSTS AN	DAUTHORIZATION	N FOR EXPENDITURE (AI	FE)
-	Gambino Federal Com Purple Sage	WELL NO.	1H NM	DATE	December 29, 2022 Sec. 34 T22S R26E
-	Wolfcamp			TOTAL DEPTH:	
ESTIMATED PROJE		September 1, 2023	ESTIMAT	ED PROJECT FINISH DATE:	November 1, 2023
DESCRIPTION: D	Drill and Complete a Wolfcamp h		INTANCIDI E COST		
DESCRIPTION			INTANGIBLE COST		
Location Cleanup &	& Damages	DRILLING \$200,000		COMPLETION \$50,000	
Rig Move - MIRU,	RDMO	\$170,000)\$2 \$1
Rig Contractor-Day Power & Fuel	ywork/FT	\$525,000			\$5
Drill Fluids & Chen	micals	\$195,000 \$325,000		\$75,000	
Compl Fluids & Ch				\$45,000	\$3
Bits, Reamer, Stabi		\$225,000		\$5,000	
Cement & Cementin Mud Logging	ing Services	\$235,000 \$40,000			\$2
Open Hole Logging	g	\$30,000			\$\$ \$
ogging & Perforat				\$625,000	\$6
Formation Stimulat		\$35,000		\$3,400,000	
Directional Tools &		\$310,000		\$45,000)\$ \$3
Fubular Inspection		\$10,000			\$
Equipment Rentals Contract Labor & S		\$155,000 \$42,000		\$230,000	
Wellsite Consultant	ts	\$89,000		\$47,000	\$) \$1
Company Superviso	on & Labor	\$10,000		\$7,500	\$
Fransportation Mud,Cuttings & Wa	ater Disposal	\$38,000 \$250,000		\$45,000	
nsurance		\$250,000)\$4 \$
Overhead		\$9,000		\$10,000	\$
Water & Water Wel Packers and Downh		\$50,000		\$295,000	
Legal		\$30,000		\$475,000)\$4 \$
Permits		\$60,000			\$
Environmental & Sa	afety	\$15,000		\$8,000	
SUBTOTAL		\$3,070,000		\$5,537,500	
CONTINGENCY (%) SUB-TOTAL INTANG		\$307,000 \$3,377,000	· · · · · · · · · · · · · · · · · · ·	\$553,750 \$6,091,250	\$8 \$9,46
SOD-TOTAL INTANO			TANGIBLE COSTS		39,40
DESCRIPTION		DRILLING		COMPLETION	TOTAL COST
Surface Casing		\$30,000			\$3
ntermediate Casing Production Casing	g	\$177,500			\$17
Liner		\$800,280		\$516,375	\$80
Fubing				\$195,500	
Casinghead Drilling		\$16,000			\$1
Sub Surface Equipn	ment			\$75,000	
Wellhead	E COSTE	\$73,000 \$1,096,780		\$18,000	
UB-TUTAL TANGIBL			CTION EQUIPMEN		SI,90
Artificial Lift				\$235,000	\$2
Prime Mover Electr				\$25,000	\$
Sales Gathering Lin Separation Equipme				\$50,000 \$70,000	
Fanks	····			\$120,000	
Meters				\$100,000	\$1
Electrical Equip Ins Flowlines				\$40,000 \$10,000	
abor				\$75,000	\$
Trucks Hauling Trai	Insportation			\$35,000	\$
Buildings Piping & Valves	·····			\$10,000 \$40,000	
Welding				\$40,000	
Surface Pumps	- C-h -			\$15,000	\$
Environmental & Sa Engineering Superv				\$15,000	
					<u>م</u>
	CTION EQUIPMENT			\$878,000	\$8
SUB-TOTAL PRODUC	GIBLE COSTS				\$9,4
					\$1,9
SUB-TOTAL INTANG				\$7,774,125	S \$12,2
SUB-TOTAL INTANG	BLE COSTS GRAND TOTAL	\$4,473,780			
SUB-TOTAL INTANG SUB-TOTAL TANGIE			Date: 12-29-22		Approval/Authorization
SUB-TOTAL INTANG SUB-TOTAL TANGIE		i P.E.,			
SUB-TOTAL INTANG SUB-TOTAL TANGIE	GRAND TOTAL	i P.E.,	Date: 12-29-22 Date:	Partner	
SUB-TOTAL PRODUC SUB-TOTAL INTANG SUB-TOTAL TANGIE Prepared By	GRAND TOTAL	i P.E.,		Date Partner	

.

•

no Federal Com Sage mp	WELL NO.	D AUTHORIZATION FO		·	
ART DATE:		NM	_ DATE LEGAL:	December 29, 2022 Sec. 34 T22S R26E	
			TOTAL DEPTH:		
	September 1, 2023	ESTIMATED I	PROJECT FINISH DATE:	November 1, 2023	
		INTANGIBLE COSTS			
	DRILLING	INTANGIBLE COSTS		<u></u>	
iges	\$200,000		COMPLETION \$50,000		TOTAL COST \$250,000
)	\$170,000				\$170,00
т	\$510,000				\$510,00
	\$185,000 \$325,000		\$75,000	┟──────┤	\$260,00
S	\$225,000		\$45,000	<u> </u>	\$325,00 \$45,00
	\$210,000		\$5,000		\$215,00
vices	\$225,000				\$225,00
	\$40,000			<u>├</u>	\$40,00
s			\$625,000		\$30,00 \$625,00
			\$3,400,000		\$3,400,00
Hammer	\$35,000		\$45,000	ļ	\$80,00
	\$310,000			<u>├</u>	\$310,00 \$10,00
	\$155,000		\$230,000	<u> </u>	\$385,00
	\$42,000				\$42,00
abor	\$89,000		\$47,000 \$7,500		\$136,00
1001	\$38,000		\$45,000		\$17,50 \$83,00
sposal	\$250,000		\$175,000		\$425,00
	\$22,000		.		\$22,00
	\$9,000 \$50,000		\$10,000 \$295,000		\$19,000 \$345,000
ols			\$475,000		\$475,00
	\$30,000				\$30,00
	\$60,000 \$15,000		\$8,000		\$60,00
	\$3,020,000		\$5,537,500		\$23,000 \$8,557,500
10.00%	\$302,000		\$5,537,500 \$553,750		<u>\$8,557,500</u> \$855,750
OSTS	\$3,322,000		\$6,091,250		\$9,413,250
		TANGIBLE COSTS			
	DRILLING		COMPLETION	1	FOTAL COST
	\$30,000				\$30,000
	\$177,500 \$777,195			┝──────┣	\$177,500
	\$777,195		\$506,250		\$777,195 \$506,250
			\$195,500		\$195,500
	\$16,000				\$16,000
			\$75,000		\$75,000
	\$73,000		\$18,000		\$73,000
S	\$1,073,695	LOTION FOLUDATINE C	\$794,750		\$1,868,445
	PRODU	JCTION EQUIPMENT C		<u> </u>	
			\$235,000 \$25,000		\$235,00 \$25,00
			\$50,000		\$50,00
			\$70,000		\$70,00
			\$120,000		\$120,00
			\$40,000		\$40,00
			\$10,000		\$10,00
tion			\$75,000		\$75,00 \$35,00
			\$35,000		<u>\$35,00</u> \$10,00
		······································	\$40,000		\$40,00
			\$20,000		\$20,00
			\$15,000 \$15,000		\$15,00 \$15,00
			\$13,000		\$15,00
QUIPMENT			\$878,000		\$878,00
OSTS					\$9,413,25
STS			<u> </u>		\$1,868,44
GRAND TOTAL	\$4,395,695	· · · · · · · · · · · · · · · · · · ·	<u> </u>	L	\$12,159,69
		Date: 12-29-22	Partner	Approval/Authorization	
Jerry Goedert	P.E.,		Date		
		Date:	Common		
			_Company		
			By		
			L		
DST	TS GRAND TOTAL	TS GRAND TOTAL S4,395,695 Jerry Goedert P.E.,	TS	TS	TS

•

			ULF CORPO	ORATION		
	ESTI	MATE OF COSTS AN	DAUTHORIZATION	FOR EXPENDITURE (AF	<u>'E)</u>	
LEASE NAME FIELD	Gambino Federal Com Purple Sage	WELL NO.	3H	DATE	December 29, 2022	
OBJECTIVE	Wolfcamp			LEGAL: TOTAL DEPTH:	Sec. 34 T22S R26E	
	JECT START DATE:	September 1, 2023	ESTIMATE	D PROJECT FINISH DATE:	November 1, 2023	
DESCRIPTION:	Drill and Complete a Wolfcamp	horizontal well	INTANGIBLE COSTS			
DESCRIPTION		DRILLING		COMPLETION		TOTAL COST
Location Cleanup Rig Move - MIRU		\$200,000 \$170,000		\$50,000		\$250,00
Rig Contractor-D		\$510,000				\$170,00 \$510,00
Power & Fuel		\$185,000		\$75,000		\$260,00
Drill Fluids & Ch		\$325,000				\$325,00
Compl Fluids & C Bits. Reamer. Sta		\$210,000	····· <u></u>	\$45,000 \$5,000		\$45,00
Cement & Cemer		\$225,000				\$215,00
Mud Logging	**	\$40,000				\$40,00
Open Hole Loggin Logging & Perfor		\$30,000		\$625,000		\$30,00
Formation Stimul	lation			\$3,400,000		\$625,00 \$3,400,00
Csg Crews & Too Directional Tools	bls-Drive Hammer	\$35,000		\$45,000		\$80,00
Directional Tools Fubular Inspectio		\$310,000 \$10,000				\$310,00
Equipment Renta	ls	\$155,000		\$230,000		\$385,00
Contract Labor & Wellsite Consulta		\$42,000				\$42,00
Company Supervi		\$89,000 \$10,000		\$47,000		\$136,00 \$17,50
Transportation	•	\$38,000		\$1,300		\$17,50
Mud,Cuttings &	Water Disposal	\$250,000		\$175,000		\$425,00
nsurance Overhead		\$22,000 \$9,000		\$10,000		\$22,00
Water & Water W	Vell	\$50,000		\$295,000		\$345,00
Packers and Down	nhole Tools			\$475,000		\$475,00
Legal Permits		\$30,000				\$30,00
Environmental &	Safety	\$15,000		\$8,000		\$23,00
SUBTOTAL		\$3,020,000		\$5,537,500		\$8,557,50
CONTINGENCY (?	%) 10.00%	\$302,000		\$553,750		\$855,75
SUB-TOTAL INTA	NGIBLE COSTS	\$3,322,000	TANGINI E COSTO	\$6,091,250		\$9,413,250
DESCRIPTION		DDULING	TANGIBLE COSTS			
Surface Casing		DRILLING \$30,000		COMPLETION		TOTAL COST \$30,000
Intermediate Casi		\$177,500				\$177,500
Production Casin	g	\$777,195				\$777,195
Liner Fubing				\$506,250 \$195,500		\$506,250
Casinghead Drilli	ing Spool	\$16,000	······	\$155,500		\$16,000
Sub Surface Equi				\$75,000		\$75,000
Wellhead		\$73,000		\$18,000		\$73,000
SUB-TOTAL TANGI	BLE COSTS	\$1,073,695 PROD	JCTION EQUIPMENT	\$794,750 COSTS	1	\$1,868,445
Artificial Lift	· · · · · · · · · · · · · · · · · · ·		CHON EQUIPMENT	\$235,000		\$235,00
Prime Mover Elec				\$25,000		\$25,00
Sales Gathering L				\$50,000		\$50,00
Separation Equip Fanks				\$70,000		\$70,00 \$120,00
Meters				\$100,000		\$100,00
				\$40,000		\$40,00
Electrical Equip I	install					\$10.00
Electrical Equip I Flowlines				\$10,000 \$75,000		3/2.00
Electrical Equip I Flowlines Labor Frucks Hauling T				\$75,000		\$35,00
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings				\$75,000 \$35,000 \$10,000		\$35,00
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves				\$75,000		\$35,00 \$10,00 \$40,00
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings Piping & Valves Welding Surface Pumps	ransportation			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental &	Transportation Safety			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000		\$35.00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental &	Transportation Safety			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000		\$35.00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe	Transportation Safety			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000		\$35.00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$18,00
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD	Transportation Safety ervision SUCTION EQUIPMENT			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL INTAL	Transportation Safety ervision DUCTION EQUIPMENT NGIBLE COSTS			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000 \$878,000		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL INTAL	Transportation Safety ervision DUCTION EQUIPMENT NGIBLE COSTS	\$4,395,695		\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL PROD SUB-TOTAL INTAL SUB-TOTAL TANK	Transportation Safety Ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS GRAND TOTAL		Date: 12-29-22	\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,69
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL PROD SUB-TOTAL INTAL SUB-TOTAL TANK	Transportation Safety ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$18,000 \$37,764,000		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,69
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL INTAL SUB-TOTAL TANK	Transportation Safety Ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS GRAND TOTAL		Date: 12-29-22 Date:	\$75,000 \$35,000 \$10,000 \$40,000 \$220,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$3878,000 \$37,764,000 Partner Date		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,69
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL INTAL	Transportation Safety Ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS GRAND TOTAL			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,69
Electrical Equip I Flowlines Labor Trucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL INTAL SUB-TOTAL TANK	Transportation Safety Ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS GRAND TOTAL			\$75,000 \$35,000 \$10,000 \$40,000 \$220,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$3878,000 \$37,764,000 Partner Date		\$35.00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,65
Electrical Equip I Flowlines Labor Frucks Hauling T Buildings Piping & Valves Welding Surface Pumps Environmental & Engineering Supe SUB-TOTAL PROD SUB-TOTAL PROD SUB-TOTAL INTAL SUB-TOTAL TANK	Transportation Safety Ervision DUCTION EQUIPMENT NGIBLE COSTS GIBLE COSTS GRAND TOTAL			\$75,000 \$35,000 \$10,000 \$40,000 \$220,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$3878,000 \$3878,000 \$7,764,000 Partner Date Company		\$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,868,44 \$12,159,69

.

	ESTIN		ULF COR d authorizat	ION FOR EXPENDITURE (AF	<u>`E)</u>	
-	Gambino Federal Com Purple Sage	WELL NO. STATE	4H NM	DATE	December 29, 2022	
-	Wolfcamp	SIAIE		LEGAL: TOTAL DEPTH:	Sec. 34 T22S R26E	
ESTIMATED PROJE	ECT START DATE:	September 1, 2023	EST	MATED PROJECT FINISH DATE:	November 1, 2023	
DESCRIPTION: D	Drill and Complete a Wolfcamp					
DESCRIPTION			INTANGIBLE CO			· · · · · · · · · · · · · · · · · · ·
DESCRIPTION Location Cleanup 8	& Damages	DRILLING \$200,000		COMPLETION \$50,000		TOTAL COST
Rig Move - MIRU,		\$170,000		\$50,000	· · · · · · · · · · · · · · · · · · ·	\$250,00
Rig Contractor-Day	ywork/FT	\$525,000				\$525,00
Power & Fuel Drill Fluids & Cher	micals	\$195,000 \$325,000		\$75,000		\$270,00
Compl Fluids & Ch				\$45,000		\$325,00
Bits, Reamer, Stabi		\$225,000		\$5,000		\$230,00
Cement & Cementi Mud Logging	ing Services	\$235,000 \$40,000	<u> </u>			\$235,00
Open Hole Logging	g	\$30,000				\$40,00
Logging & Perforat				\$625,000		\$625,00
Formation Stimulat Csg Crews & Tools		\$35,000		\$3,400,000		\$3,400,00
Directional Tools &	& Service	\$310,000		\$45,000		\$80,00 \$310,00
Tubular Inspection		\$10,000				\$10,00
Equipment Rentals Contract Labor & S		\$155,000		\$230,000		\$385,00
Wellsite Consultant	ts	\$89,000		\$47,000	<u> </u>	\$136,00
Company Superviso Transportation	on & Labor	\$10,000		\$7,500		\$17,50
I ransportation Mud,Cuttings & Wi	ater Disposal	\$38,000 \$250,000		\$45,000 \$175,000		\$83,00
Insurance		\$22,000		\$175,000		\$22,00
Overhead Water & Water We		\$9,000		\$10,000		\$19,00
Packers and Downh		\$50,000		\$295,000		\$345,00 \$475,00
Legal		\$30,000				\$30,00
Permits Environmental & Sa	afety	\$60,000 \$15,000		\$8.000		\$60,00
SUBTOTAL		\$3,070,000		\$5,537,500		\$23,00 \$8,607,50
CONTINGENCY (%)	10.00%	\$307,000		\$553,750		\$860,75
SUB-TOTAL INTANG	GIBLE COSTS	\$3,377,000		\$6,091,250		\$9,468,250
			TANGIBLE CO	STS		
DESCRIPTION		DRILLING		COMPLETION		TOTAL COST
Surface Casing Intermediate Casing	2	\$30,000 \$177,500				\$30,000 \$177,500
Production Casing		\$800,280				\$800,280
Liner				\$516,375		\$516,375
Tubing Casinghead Drilling	e Smool		· · · · · · · · · · · · · · · · · · ·	\$195,500		\$195,500
Sub Surface Equipri		\$16,000		\$75,000		\$16,000 \$75,000
Wellhead		\$73,000		\$18,000		\$73,000
SUB-TOTAL TANGIBL	LE COSTS	\$1,096,780		\$804,875		\$1,901,655
A		PRODU	JCTION EQUIPM			
Artificial Lift Prime Mover Electr	ric Gas			\$235,000 \$25,000		\$235,00 \$25,00
Sales Gathering Lin	ne			\$50,000		\$50,00
Separation Equipme	ent			\$70,000		\$70,00
Tanke				#100 000		\$120,00
				\$120,000		\$100.00
Meters Electrical Equip Ins	stall			\$100,000 \$40,000		\$40,00
Meters Electrical Equip Ins Flowlines	stall			\$100,000 \$40,000 \$10,000		\$40,00 \$10,00
Meters Electrical Equip Ins Flowlines Labor				\$100,000 \$40,000		\$40,00 \$10,00 \$75,00
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings				\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00
Meters Electrical Equip Ins Flowlines Labor Frucks Hauling Tra Buildings Piping & Valves				\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding				\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00
Meters Electrical Equip Ins Flowlines Labor Frucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & St	insportation			\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si	insportation			\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00
Meters Electrical Equip Ins Towlines Labor Frucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Se Engineering Superv	ansportation			\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$18,00
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC	afety vision CTION EQUIPMENT			\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00
Meters Electrical Equip Ins Flowlines Labor Frucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & St Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANG	afety vision CTION EQUIPMENT GIBLE COSTS			\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$220,000 \$15,000 \$15,000 \$15,000 \$18,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$14,00 \$15,00 \$14,00 \$15,00 \$14,00 \$14,00 \$10,00\$\$10,00\$\$1
Meters Electrical Equip Ins Flowlines Labor Frucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & St Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANG	afety vision CTION EQUIPMENT GIBLE COSTS	\$4,473,780		\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$14,00 \$15,00 \$14,00 \$15,00 \$14,00 \$14,00 \$14,00 \$10,00\$\$10,00\$\$1
Aeters Electrical Equip Ins Towlines abor Trucks Hauling Tra Buildings Piping & Valves Velding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANGI	afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS		Date: 12-29-22	\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$18,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$11,00 \$11,00 \$11,00 \$11,00 \$11,00 \$10,00 \$11,000 \$10,00 \$10,00 \$11,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,0000\$\$10,000 \$10,000\$\$10,
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANGI	afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS	t P.E.,		\$100,000 \$40,000 \$10,000 \$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$18,000		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$12,247,90
Meters Electrical Equip Ins Towlines abor Frucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANGI	ansportation afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS GRAND TOTAL	t P.E.,	Date: 12-29-22 Date:	\$100,000 \$40,000 \$10,000 \$10,000 \$10,000 \$10,000 \$33,000 \$33,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$10,0		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$14,00 \$15,00 \$12,247,90 \$12,247,90
Tanks Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANG SUB-TOTAL INTANG SUB-TOTAL TANGIE	ansportation afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS GRAND TOTAL	t P.E.,		\$100,000 \$40,000 \$10,000 \$75,000 \$33,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$17,774,125		\$100,00 \$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$10,00 \$10,00 \$10,00 \$10,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$118,00 \$12,247,90 \$12,247,90
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANGI	ansportation afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS GRAND TOTAL	t P.E.,		\$100,000 \$40,000 \$10,000 \$10,000 \$10,000 \$10,000 \$33,000 \$33,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$15,000 \$15,000 \$18,000 \$10,0		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$14,00 \$15,00 \$12,247,90 \$12,247,90
Meters Electrical Equip Ins Flowlines Labor Trucks Hauling Tra Buildings Piping & Valves Welding Surface Pumps Environmental & Si Engineering Superv SUB-TOTAL PRODUC SUB-TOTAL INTANGI	ansportation afety vision CTION EQUIPMENT GIBLE COSTS BLE COSTS GRAND TOTAL	t P.E.,		\$100,000 \$40,000 \$10,000 \$10,000 \$10,000 \$33,000 \$10,000 \$40,000 \$10,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$12,0		\$40,00 \$10,00 \$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$15,00 \$14,00 \$15,00 \$12,247,90

•

i de la constante d	PETROG	ULF CORPO	RATION		<u>,</u>
<u>ESTI</u>	MATE OF COSTS AN	D AUTHORIZATION FO	R EXPENDITURE (AF	<u>`E)</u>	
LEASE NAME Gambino Federal Com FIELD Purple Sage	WELL NO. STATE	5H NM	DATE	December 29, 2022 Sec. 34 T22S R26E	
OBJECTIVE Wolfcamp		· · · · · · · · · · · · · · · · · · ·	TOTAL DEPTH:		
ESTIMATED PROJECT START DATE:	September 1, 2023	ESTIMATED P	ROJECT FINISH DATE:	November 1, 2023	
DESCRIPTION: Drill and Complete a Wolfcamp	horizontal well	INTANGIBLE COSTS			
DESCRIPTION	DRILLING	INTANGIBLE COSTS	COMPLETION		TOTAL COST
Location Cleanup & Damages	\$200,000		\$50,000		\$250,00
Rig Move - MIRU, RDMO	\$170,000				\$170,00
Rig Contractor-Daywork/FT	\$510,000				\$510,00
Power & Fuel Drill Fluids & Chemicals	\$185,000		\$75,000		\$260,00
Compl Fluids & Chemicals	\$325,000		\$45,000		\$325,00
Bits, Reamer, Stabilizers	\$210,000		\$5,000		\$45,00
Cement & Cementing Services	\$225,000				\$225,00
Mud Logging	\$40,000				\$40,00
Open Hole Logging Logging & Perforation Svcs	\$30,000				\$30,00
Formation Stimulation			\$625,000 \$3,400,000		\$625,00 \$3,400,00
Csg Crews & Tools-Drive Hammer	\$35,000		\$3,400,000		\$3,400,00
Directional Tools & Service	\$310,000				\$310,00
Tubular Inspection	\$10,000				\$10,00
Equipment Rentals	\$155,000		\$230,000		\$385,00
Contract Labor & Services Wellsite Consultants	\$42,000	+	\$47,000		\$42,00
Company Supervison & Labor	\$10,000				\$136,00
Transportation	\$38,000		\$45,000		\$83,00
Mud, Cuttings & Water Disposal	\$250,000		\$175,000		\$425,00
	\$22,000				\$22,00
Overhead Water & Water Well	\$9,000		\$10,000		\$19,00
Packers and Downhole Tools	\$30,000		\$295,000 \$475,000		\$345,00 \$475,00
Legal	\$30,000				\$30,00
Permits	\$60,000				\$60.00
Environmental & Safety	\$15,000		\$8,000		\$23,00
SUBTOTAL	\$3,020,000		\$5,537,500		\$8,557,50
CONTINGENCY (%) 10.00%	\$302,000		\$553,750		\$855,75
SUB-TOTAL INTANGIBLE COSTS	\$3,322,000	TANGIBLE COSTS	\$6,091,250	l	\$9,413,25
DESCRIPTION	DRILLING	TANGIBLE COSTS	COMPLETION	· · · · · · · · · · · · · · · · · · ·	TOTAL COST
Surface Casing	\$30,000	COMPLETION			\$30,000
Intermediate Casing	\$177,500				\$177,500
Production Casing	\$769,500				\$769,500
Liner			\$506,250		\$506,250
Tubing			\$195,500		\$195,500
Casinghead Drilling Spool	\$16,000				\$16,000
Sub Surface Equipment			\$75,000		\$75,000
Wellhead SUB-TOTAL TANGIBLE COSTS	\$73,000 \$1,066,000		\$18,000		\$73,000
SUB-TOTAL TANGIBLE COSTS		UCTION EQUIPMENT C	\$794,750 OSTS		\$1,860,750
Artificial Lift			\$235,000		\$235,00
Prime Mover Electric Gas	1	· · · · · · · · · · · · · · · · · · ·	\$25,000		\$25,00
Sales Gathering Line			\$50,000		\$50,00
Separation Equipment			\$70,000		\$70,00
<u>Fanks</u>	+		\$120,000		\$120,00
			\$100,000		\$100,00
			340,000		\$40,00
Electrical Equip Install			\$10.000		
Electrical Equip Install Flowlines Labor			\$10,000 \$75,000		
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation			\$75,000 \$35,000		\$75,00 \$35,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings			\$75,000 \$35,000 \$10,000		\$75,00 \$35,00 \$10,00
Electrical Equip Install Flowlines Labor Frucks Hauling Transportation Buildings Piping & Valves			\$75,000 \$35,000 \$10,000 \$40,000		\$75,00 \$35,00 \$10,00 \$40,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$18,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00
Electrical Equip Install Flowlines Labor Frucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT			\$75,000 \$35,000 \$10,000 \$40,000 \$20,000 \$15,000 \$15,000 \$18,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL Prepared By		Date: 12-29-22	\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75 \$12,152,00
Electrical Equip Install Flowlines Labor Frucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL	iert P.E.,		\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75 \$12,152,00
Electrical Equip Install Flowlines abor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL Prepared By	iert P.E.,	Date: 12-29-22 Date:	\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner Date		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75 \$12,152,00
SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL Prepared By	iert P.E.,		\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$378,00 \$9,413,25 \$1,860,75 \$12,152,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL Prepared By	iert P.E.,		\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$7,764,000 Partner Date		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75 \$12,152,00
Electrical Equip Install Flowlines Labor Trucks Hauling Transportation Buildings Piping & Valves Welding Surface Pumps Environmental & Safety Engineering Supervision SUB-TOTAL PRODUCTION EQUIPMENT SUB-TOTAL INTANGIBLE COSTS SUB-TOTAL TANGIBLE COSTS GRAND TOTAL Prepared By	iert P.E.,		\$75,000 \$35,000 \$10,000 \$40,000 \$15,000 \$15,000 \$15,000 \$18,000 \$878,000 \$878,000 Partner Date Company		\$75,00 \$35,00 \$10,00 \$40,00 \$20,00 \$15,00 \$15,00 \$15,00 \$18,00 \$878,00 \$9,413,25 \$1,860,75 \$12,152,00

Released to Imaging: 5/2/2023 5:01:40 PM

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

APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23506

SELF-AFFIRMED DECLARATION OF EARL E. DEBRINE, JR.

Earl E. DeBrine, Jr., attorney in fact and authorized representative of Petrogulf Corporation, the Applicant herein, declares as follows:

1) The above-referenced Application was provided under notice letters, dated April 6, 2023, and attached hereto, as **Exhibit A**.

2) **Exhibit B** is a spreadsheet which shows the names and addresses of the parties to whom notice was sent on April 6, 2023 and the status of the mailing. Exhibit B also provides copies of the certified mail green cards and white slips as supporting documentation for proof of mailing.

3) **Exhibit C** is the Affidavit of Publication from the Carlsbad Current Argus, confirming that notice of the May 4, 2023 hearing was published on April 14, 2023.

4) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 2, 2023

Earl E. DeBrine, Jr.

W4707191.DOCX

Petrogulf Corporation Case No. 23506 Exhibit B.8 .



April 6, 2023

Earl E. DeBrine, Jr. Tel: 505.848.1810 edebrine@modrall.com

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

This letter is to advise you that Petrogulf Corporation has filed the enclosed application with the New Mexico Oil Conservation Division:

CASE NO. 23506: Application of Petrogulf Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Gambino Federal Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 4H and Gambino Federal Com 5H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Petrogulf as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately ¼ mile west and within Carlsbad, New Mexico.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on May 4, 2023. This hearing is subject to continuance by the Division to a subsequent docket date. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but

Modrall Spering Rocht Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com



.

÷

Case No. 23506 Petrogulf / Gambino April 6, 2023 Page 2

in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned. Currently the Division is conducting hearings remotely. Instructions to appear can be found under "OCD Hearing Notices" at https://www.emnrd.nm.gov/ocd/hearing-info/.

Sincerely,

Attorney for Applicant

EED/kta/W4678739.DOCX Enclosure

Received by OCD: 4/4/2023 4:55:44 PM

Page 1 of 4

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

APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23506

APPLICATION

Petrogulf Corporation ("Petrogulf"), OGRID Number 373806, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of this application, Petrogulf states as follows:

1. Applicant is an interest owner in the subject lands and has a right to drill a well thereon.

2. Applicant seeks to dedicate the E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 1280-acre, more or less, standard horizontal spacing unit.

3. Applicant plans to horizontally drill the following wells to a depth sufficient to test

the Wolfcamp formation at the following approximate locations:

- Gambino Federal Com 1H to be drilled from a surface location in NW4/SE4 (Unit J) Section 34 to a bottom hole location in NW4/SE4 of Section 36 (Unit N).
- Gambino Federal Com 2H to be drilled from a surface location in NW4/SE4 (Unit J) of Section 34 to a bottom hole location in NE4/SE4 of Section 36(Unit K).
- Gambino Federal Com 3H to be drilled from a surface location in SW4/NE4 (Unit G) of Section 34 to a bottom hole location in SE4/NW4 of Section 36 (Unit F).

- Gambino Federal Com 4H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/NW4 of Section 36(Unit C).
- Gambino Federal Com 5H to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/SW4 of Section 36 (Unit K).
- 4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is

subject to special pool rules that establish 330 foot setback requirements.

5. These wells will comply with the Division's setback requirements for this pool.

6. The completed interval for the **Gambino Federal Com 5H** well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.

7. Applicant sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Applicant Corporation requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Approving a standard 1280-acre Wolfcamp spacing unit;

B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico;

C. Designating Applicant as operator of this unit and the wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping and completing the

wells;

E. Approving actual operating charges and costs charged for supervision, together

with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in

the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

By:

Earl E. DeBrine, Jr. Deana M. Bennett Jamie Allen Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 Earl.DeBrine@modrall.com Deana.Bennett@modrall.com Jamie.Allen@modrall.com

Attorneys for Applicant Petrogulf Corporation

W4662940.DOCX

Received by OCD: 4/4/2023 4:55:44 PM

Page 4 of 4

CASE NO. _____: Application of Petrogulf Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Gambino Federal Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 4H and Gambino Federal Com 5H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Petrogulf as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately ¼ mile west and within Carlsbad, New Mexico.

Chisholm Energy Operating LLC c/o Earthstone Permian LLC Chisholm Energy Operating LLC c/o Earthstone Permian LLC John Kyle Thoma, Trustee of the Cornerstone Family Trust Penwell Employee Royalty Pool, John D. Bergman Trustee Paul R. Barwis, whose marital status is unknown C. Mark Wheeler et ux J'Lynn N. Wheeler C. Mark Wheeler et ux J'Lynn N. Wheeler Mark Wheeler et ux J'Lynn N. Wheeler Mark Wheeler et ux J'Lynn N. Wheeler Featherstone Development Corporation Mewbourne Development Corporation Butkin Investment Company, L.L.C. Penwell Employee Royalty Pool Penwell Employee Royalty Pool United States of America, BLM Rusk Capital Management LLC Rusk Capital Management LLC Kimbell Royalty Holdings, LLC Robin Oil & Gas Corporation Robin Oil & Gas Corporation Robin Oil & Gas Corporation Mewbourne Oil Company Mewbourne Oil Company CrownRock Minerals, L.P. CrownRock Minerals, L.P. Earthstone Permian LLC Earthstone Permian LLC Jareed Partners, Ltd. lareed Partners, Ltd. CWM 2000-B II, Ltd. **3MG Corporation** Kringen Oil, LLC NAME

7

C/O Dutton, Harris & Company, P.O. Box 230 1400 Woodloch Forest Drive, Suite 300 1400 Woodloch Forest Drive, Suite 300 500 North Marienfeld, Suite 1100 7600 W. Tidwell Rd., Suite 800 310 W. Wall Street, Suite 1001 8540 E. McDowell Rd, Unit 59 L501 S. Mopac Expy, Ste. 220 L501 S. Mopac Expy, Ste. 220 200 N. Loraine St., Ste. 1550 500 W. Texas, Sulte 1020 218 W. Illinois Ave., #100 2201 Southampton Lane 24 Smith Road, Suite 405 777 Taylor St., Ste. 810 8104 NW 122nd Street 3001 Northtown Place 2407 Bellechase Court 254 Ranch House Rd. 5208 W. Reno. #300 7600 W. Tidwell Rd. 31105 LaQuinta Dr. 301 Dinosaur Trail 6804 Island Circle P.O. Box 720420 **4929 Rustic Trail** P.O. Box 51933 P.O. Box 2090 P.O. Box 7698 P.O. Box 7698 °.0. Box 7698 P.O. Box 7698 P.O. Box 429 P.O. Box 558 L8 Desta Dr. **ADDRESS**

Oklahoma City, OK 73172-0420 Oklahoma City, OK 73172-0420 Roswell, New Mexico 88202 Fort Worth, TX 76102-4936 "he Woodlands, TX 77380 The Woodlands, TX 77380 (errville, TX. 78028-7038 Oklahoma City, OK 73127 Houston, TX 77040-5714 Midland, TX 79701-4632 Houston, TX 77040-5714 Midland, TX 79707-1413 Midland, TX 79701-4632 Duncan, OK 73534-2090 Georgetown, TX. 78628 Austin, TX 78746-7683 Austin, TX 78746-7683 Santa Fe, NM 87508 Midland, TX. 79701 Midland, TX 79710 Midland, TX 79707 Midland, TX 79705 Midland, TX 79705 Midland, TX 79705 Iyler, Texas 75711 fyler, Texas 75711 Midland, TX. 79701 Viidland, TX 79705 Midland, TX 79701 Fyler, Texas 75711 Peyton, CO 80831 yler, Texas 75711 Mesa, AZ 85207 Midland, TX Vidland

Attempt 4/11/23, redelivery scheduled Unclaimed 4/28/23, return to sender Attempted 4/11/23, 4/16/23 DELIVERED 4-18-23 **DELIVERED 4-10-23** DELIVERED 4-12-23 **DELIVERED 4-10-23 DELIVERED 4-10-23** DELIVERED 4-10-23 DELIVERED 4-11-23 **DEUVERED 4-17-23** DELIVERED 4-10-23 DELIVERED 4-10-25 DELIVERED 4-13-26 **DELIVERED 4-12-23** DELIVERED 4-11-23 **DELIVERED 4-14-23** DELIVERED 4-26-23 DELIVERED 4-13-23 DELIVERED 4-13-23 DELIVERED 4-12-23 DELIVERED 4-12-23 DELIVERED 4-11-23 **DELIVERED 4-12-23** DELIVERY STATUS DELIVERED 4-?-23 Returned 4-18-23 Returned 4-13-23 Returned 4-16-23 Returned 4-12-23 Returned 4-12-23 DELIVERED DELIVERED DELIVERED DELIVERED DELIVERED

Page 39 of 66





USPS.com® - USPS Tracking® Results

Page 42 of 66

5/1/23, 10:16 AM

Tracking Number Copied

USPS Tracking[®]

Remove X

FAQs >

Tracking Number:						
702127200000	54143190					

	Сору	Add to Informed Delivery (http://www.add.com/add/add/add/add/add/add/add/add/add/ad	ps://informeddelivery.usps.co	m/)
	Latest I	Update eminder to arrange for redelivery of	your item or your item will be n	eturned to sender.
	Get More	Out of USPS Tracking:		Feedback
	USPS	Tracking Plus [®]		
•		Attempt r to Schedule Redelivery of your 2023	item "	3
i	MIDLANE	e ft (No Authorized Recipient Ava i), TX 79705 2023, 10:0 <u>8</u> am	lable) 'ġ	
•	See All Tra	cking History		
	Text & En	nail Updates		Ý

USPS Tracking Plus®

Product Information

See Less A

https://tools.usps.com/go/TrackConfirmAction?tRef=fullpage&tLc=2&text28777=&tLabels=70212720000054143190%2C&tABI=false#

1/2











Page 47 of 66

44. W

5/1/23, 9:34 AM

USPS Tracking[®]

Charlengering Phil - States

Remove X

Feedback

FAQs >

Tracking Number:

70212720000054142995

Copy Add

Add to Informed Delivery (https://informeddelivery.usps.com/)

Latest Update

Your item has been delivered and is available at a PO Box at 11:04 am on April 26, 2023 in PEYTON, CO 80831.

. USPS.com® - USPS Tracking® Results

Get More Out of USPS Tracking:

USPS Tracking Plus®

Delivered

Delivered, PO Box PEYTON, CO 80831 April 26, 2023, 11:04 am

See All Tracking History

).
Text & Email Updates	(¢	\checkmark
	۲, ک	
SPS Tracking Plus®		✓,

Product Information

See Less ∧

Track Another Package

Enter tracking or barcode numbers

https://tools.usps.com/go/TrackConfirmAction?tRef=fullpage&tLc=2&text28777=&tLabels=70212720000054142995%2C&tABt=false

12

1/2



Page 49 of 66







Page 52 of 66

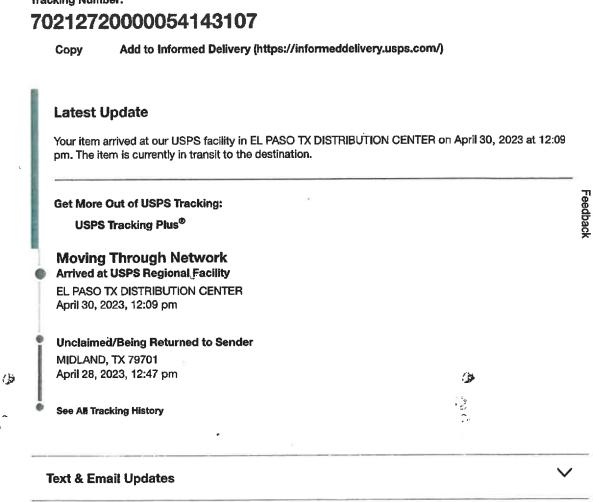
5/1/23, 10:17 AM

USPS Tracking[®]

FAQs >

Remove X

Tracking Number:



USPS Tracking Plus®

Product Information

See Less A

æ



<u>ر د</u>

USPS.com® - USPS Tracking® Results

5/1/23, 10:18 AM

USPS Tracking[®]

Remove X

Feedback

£.

FAQs >

Tracking Number:

70212720000054143145

Сору

Add to Informed Delivery (https://informeddelivery.usps.com/)

Latest Update

We were unable to deliver your package at 7:02 am on April 12, 2023 in OKLAHOMA CITY, OK 73162 because the business was closed. We will redeliver on the next business day. No action needed.

Ł

Get More Out of USPS Tracking:

.

USPS Tracking Plus®

Delivery Attempt Redelivery Scheduled for Next Business Day OKLAHOMA CITY, OK 73162 April 12, 2023, 7:02 am

In Transit to Next Facility April 11, 2023

See All Tracking History

Text & Email Updates	\checkmark
USPS Tracking Plus®	\checkmark
Product Information	~

See Less ∧

https://tools.usps.com/go/TrackConfirmAction?tRef=fullpage&tLc=2&text28777=&tLabets=70212720000054143145%2C&tABt=false

3 ²

1/2



4

Þ

2

s.

1 j.

Carlsbad Current Argus.

Affidavit of Publication Ad # 0005664671 This is not an invoice

MODRALL SPERLING POBOX 2168

ALBUQUERQUE, NM 87103

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

04/14/2023

Legal Clerk

Subscribed and sworn before me this April 14, 2023:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005664671 PO #: Petrogulf / Gambino # of Affidavits1

This is not an invoice

CASE NO. 23506: Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, 3MG Corporation, Butkin Investment Company, LL.C., C. Mark Wheeler et ux J'Lynn N. Wheeler, Chisholm Energy Operating LLC, CrownRock Minerals, L.P., CWM 2000-B II, Ltd., Earthstone Permian LLC, Featherstone Development Corporation, Jareed Partners, Ltd., John Kyle Thoma, Trust-ee of the Cornerstone Family Trust, Kimbell Royalty Hold-ings, LLC, Kringen Oil, LLC, Mewbourne Development Cor-poration, Mewbourne Oil Company, Paul R. Barwis, Penwell Employee Royalty Pool, John D. Bergman Trustee, Robin Oil & Gas Corporation and Rusk Capital Management LLC of Petrogulf Corporation's Application for compulsory pool-ing, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on May 4, 2023 to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Gambino Federal Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 4H and Gambino Federal Com Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 4H and Gambino Federal Com 5H 3H, Gambino Federal Com 4H and Gambino Federal Com 5H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the Gambino Federal Com 5H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Petrogulf as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately ¼ mile west and within Carlsbad. is located approximately ¼ mile west and within Carlsbad, New Mexico

194 B.

#5664671, Current Argus, April 14, 2023



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

APPLICATION OF PETROGULF CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23506

SELF AFFIRMED DECLARATION OF CHRISTIANA ORLANDINI

Christiana Orlandini hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Petrogulf ("Petrogulf"), and have

personal knowledge of the matters stated herein.

- 2. I have not previously testified before the Oil Conservation Division ("Division").
- 3. I attended Texas A&M University, where I received a B.S. in Geology.
- 4. I have worked as a geologist since 1982, and since 2018 as a geologist for Petrogulf.

My resume summarizing my educational and work experience is attached to this affidavit as

Exhibit C.1.

5. My area of responsibility at Petrogulf includes the area of Eddy County in New Mexico that is the subject of this application.

6. I am familiar with the application Petrogulf filed in this case.

7. **Exhibit C.2** is a locator map showing the approximate location of the proposed horizontal spacing unit, outlined in red, and the location of the Capitan Reef, outlined in blue.

8. **Exhibit C.3** is a wellbore schematic showing Petrogulf's development plan. The proposed wells have black dashed lines and the existing Wolfcamp producers are highlighted by solid green lines.

9. **Exhibit C.4** is structure map of the Top of the Wolfcamp. The proposed spacing unit is identified by a red box. The proposed wells have black dashed lines. Top Wolfcamp control

wells are highlighted with green dots and the values of the Top Wolfcamp are posted under the well spots in green. The contour interval used this exhibit is 25 feet. The map shows that the Top of the Wolfcamp ramps down to the east at the proposed spacing unit. Well control is good and shows that the Wolfcamp is continuous across the unit.

10. **Exhibit C.4** also identifies 4 wells in the vicinity of the proposed wells, shown by a blue line of cross-section running from A to A'.

11. **Exhibit C.5** is a stratigraphic cross section hung on the Top of the Wolfcamp. The well logs on the cross-section give a representative sample of the Wolfcamp formation in the area. The target zone is identified by a red bracket and the red words "Producing Interval". The cross section shows that the target interval is uniformly thick and continuous across the spacing unit. There are no faults present.

Exhibit C.6 provides an overview of the stress orientation in the area based on the
 2018 Snee-Zoback paper.

13. The preferred well orientation in this area is a laydown. This is because the S_{Hmax} is at approximately N035°E.

14. I conclude from my geological study represented by these maps that:

- a. The horizontal spacing 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 proposed unit will contribute more or less equally to production.

15. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

2

16. In my opinion, the granting of Petrogulf's application is in the interests of conservation and the prevention of waste.

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 2, 2023

Christiana Orlandini

W4706872.DOCX

Petroleum Geologist CHRISTIANA (JANA) ORLANDINI

Phone: (303) 887-9755 | Email: jana_orlandini@msn.com Website: www.linkedin.com/in/christiana-jana-orlandini Address: 61 Highway 126, Cuba, NM 87013

Summary

Multi-basin unconventional experience includes Permian Delaware Bone Spring/Wolfcamp and SCOOP Goddard/Springer. Strong petrophysical experience. Hands on expertise developing and executing horizontal and vertical multi-well pad drilling programs, including supervising geosteering. Well versed in adding value in mature areas through creative and innovative evaluations of historic drilling results. Strongly believes team driven interpretations drive bottom line growth. Creative and positive. Leads through example of hard work and respect for all.

Core Strengths

Core Skills

- Petrophysics
- Deterministic analyses
- Risk analyses
- Geologic analog application
- Sweet spot mapping in unconventionals
- Tight oil and gas experience
- Proven, published writer
- Expert Petra, Excel and PowerPoint user, Enverus (DI), beginner Spotfire and PowerTools

Basin/Area Experience

- Williston
- DJ
- Midland Basin
- Central Basin Platform
- Ft. Worth
- Greater Green
- Uinta
- Powder
- Northern Delaware Basin (NM)
- Oklahoma STACK (Anadarko)
- Oklahoma SCOOP (Anadarko)

Work Experience

CONSULTING GEOLOGIST – Petrogulf Corporation – Denver, CO – April 2018 to current

- Company is predominantly non-op and mostly unconventional in a very active and diverse range of basins: DJ, Powder, Williston, Anadarko SCOOP/STACK, Permian/Delaware. Performed basic mapping, log analysis, activity monitoring. Advised on lease acquisitions, divesting, AFE participation, area activity, new projects.
- Mapped Meramec clinoforms in Oklahoma STACK play, calculated normalized heat maps. Analyzed relationship between normalized frac size, landing target, clinoform thickness, parent/child, spacing and ultimate producibility. Produced leasing target maps.
- Analyzed horizontal Red Fork potential in STACK area.
- Mapped Springer (Goddard) Shale in Grady County, OK SCOOP. Mapped Springer/Goddard B shale thickness, analyzed relationship to production. Mapped Goddard A shale for possible upside.
- Mapped OK SCOOP Miss and Woodford pay character, proximity to faulting/fracturing and net thickness with relationship to producibility.
- Mapped all Bone Spring members and Wolfcamp (X, Y and A, B, C, D) members, calculated normalized heat maps. Analyzed landing targets, normalized frac sizes, parent/child, spacing, net pay versus ultimate producibility. Advised on BLM and State sales opportunities. Tracked offset operator activity. Advised on divestitures.
- Software utilized: Petra, Enverus, IHS, state websites, PowerTools.

SR. OPERATIONS GEOLOGIST – Fuse Energy, LLC – Greenwood Village, CO – Oct 2014 to Nov 2016

- Integrated all available well data for 140 horizontal Barnett Shale asset in oily fairway, northern Ft. Worth Basin
- Mapped basic geologic parameters: structure, isopachs, subcrop, top seal and reservoir properties
- Made detailed study of FMI's, cores, lateral placements, interference direction and volumes, chemical tracers, microseismic, formation pressure and flowback water chemistry to address the extremely variable production results.

Petrogulf Corporation Case No. 23506 Exhibit C.1

CHRISTIANA (JANA) ORLANDINI, Page 2

- Arch/Oklahoma Aulocogen that resulted in significant pressure loss in many blocks
- With reservoir engineer, developed risk assessment map and break-even analysis for horizontal infill drilling locations
- Assisted in acquisition evaluations in Powder River Basin, Eagle Ford, Bakken, DJ and Greater Green River Basin
- Software expertise: Petra, Excel, Stoner SES and PowerPoint

SR. GEOLOGIST – Three Forks, Inc – Broomfield, CO – June 2013 to Oct 2014

- Performed regional analyses and mapped geologic features on northern tip of Bend Arch
- Analyzed portfolio of five Caddo/Bend wells and recommended additional perf zones
- Scrutinized acquisition targets for technical merit in Utah overthrust, SE Colorado and Cherokee Platform

CONSULTANT GEOLOGIST – Double Eagle Petroleum – Denver, CO – Jan 2013 to April 2013

- Evaluated over 50 digital well logs, mostly RST's, in shallow CBM field in Wyoming
- Compared open hole log characteristics with RST results, then recommended additional perf intervals to Petra

SR. GEOLOGIST – MAK-J Energy Partners – Denver, CO – June 2010 to Dec 2012

- Evaluated existing leasehold in Midland Basin and mapped sweet spot in Wolfberry trend for acquisition potential
- Evaluated and recommended acquisition in Cline trend
- Evaluated, recommended and drilled five well vertical, multi-well pad drilling program in Weld County, DJ Basin. Dually completed wells in Niobrara and Codell

GEOLOGIST – Sagebrush Resources, LLC – Highlands Ranch, CO – Jan 2008 to Sept 2009

- Mapped Wayne Fm. along carbonate shelf play in Renville Field, Madison subcrop area, NE Williston Basin
- Recommended Wayne Fm. dolomitic sweet spot for horizontal target
- Managed geology of drilling program for over 20 multilateral horizontal wells
- Horizontal wells IP'd for up to 1,000 BOPD

GEOLOGIST – Stone Energy – Denver, CO – June 2004 to Nov 2007

- Project geologist for active tight gas, vertical multi-well pad drilling program in Pinedale Field (Lance Fm.), Greater Green River Basin
- Evaluated and recommended acquisition in Elm Coulee Field (Bakken), Williston Basin
- Project geologist for successful horizontal drilling program in Elm Coulee Middle Bakken target
- Assisted New Ventures in evaluations in Southern Alberta Basin, DJ Basin and Hanna Basin
- Chosen for Denver office divestiture team, making written and oral presentations that resulted in sale to Newfield Energy for \$575MM
- Software usage: Petra, Excel and PowerPoint

CONSULTANT GEOLOGIST – The Discovery Group – Denver, CO – Sept 2001 to Aug 2003

- Petrophysical evaluations for clients in Greater Green, Uinta, Wind River, Burgos Basin and Western Siberian Basin
- Refined petrophysical skills, learned LESA petrophysical software, learned log normalizations and calculation methods
- Learned Russian BKZ log interpretation and use of neural nets

Also:

Hallwood Energy, 1993 to 2001 Bermuda Biological Station for Research, 1987 to 1993 Chevron Oil, 1986 to 1987 Marathon International, 1982 to 1986 Contributing Author to the Rocky Mountain Oil Journal, "A Rock Licker's View"

Education, Affiliations and Software

B.S. Geology, Texas A&M – College Station, TX Member: AAPG, RMAG Software: PowerTools, Enverus (DI), Petra, LESA, SeisX, SES Stoner, IHS, Spotfire, all Microsoft Office programs

