BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING OCTOBER 5, 2023

CASE NOS. 23800-23803

Sapphire Fed Com 501H Sapphire Fed Com 502H Sapphire Fed Com 503H Sapphire Fed Com 504H

Lea County, New Mexico



APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22336, LEA COUNTY, NEW MEXICO.

CASE NOS. 23800 (Formerly Case 22226)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22337, LEA COUNTY, NEW MEXICO.

CASE NOS. 23801 (Formerly Case 22227)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22338, LEA COUNTY, NEW MEXICO.

CASE NOS. 23802 (Formerly Case 22228)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22339, LEA COUNTY, NEW MEXICO.

CASE NOS. 23803

(Formerly Case 22229)

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APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22336, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22226)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22336 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22336, entered on October 28, 2022, in Case No. 22226, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the W¹/₂W¹/₂ of Section 14 and W¹/₂W¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 501H well.

2. Paragraph 19 of Order No. R-22336 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22336 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22336 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Sapphire Fed Com 501H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22336 to October 28, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22336, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22336, issued on October 28, 2022, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22336 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the W_2W_2 of Section 14 and W_2W_2 of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22337, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22227)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22337 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22337, entered on October 28, 2022, in Case No. 22227, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $E\frac{1}{2}W\frac{1}{2}$ of Section 14 and $E\frac{1}{2}W\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 502H well.

2. Paragraph 19 of Order No. R-22337 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22337 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22337 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Sapphire Fed Com 502H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22337 to October 28, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.



James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22337, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22337, issued on October 28, 2022, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22337 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the $E\frac{1}{2}W\frac{1}{2}$ of Section 14 and $E\frac{1}{2}W\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22338, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22228)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22338 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22338, entered on October 28, 2022, in Case No. 22228, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the W¹/₂E¹/₂ of Section 14 and W¹/₂E¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 503H well.

2. Paragraph 19 of Order No. R-22338 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22338 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22338 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Sapphire Fed Com 503H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22338 to October 28, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22338, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22338, issued on October 28, 2022, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22338 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the $W^{1/2}E^{1/2}$ of Section 14 and $W^{1/2}E^{1/2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22339, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22229)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22339 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22339, entered on October 28, 2022, in Case No. 22229, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the E¹/₂E¹/₂ of Section 14 and E¹/₂E¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 504H well.

2. Paragraph 19 of Order No. R-22339 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22339 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22339 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Sapphire Fed Com 504H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22339 to October 28, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22339, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22339, issued on October 28, 2022, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22339 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 14 and $E\frac{1}{2}E\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22336, LEA COUNTY, NEW MEXICO.

CASE NOS. 23800 (Formerly Case 22226)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22337, LEA COUNTY, NEW MEXICO.

CASE NOS. 23801 (Formerly Case 22227)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22338, LEA COUNTY, NEW MEXICO.

CASE NOS. 23802 (Formerly Case 22228)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22339, LEA COUNTY, NEW MEXICO.

CASE NOS. 23803 (Formerly Case 22229)

AFFIDAVIT OF TAYLOR THORESON

Taylor Thoreson, being first duly sworn upon oath, deposes and states as follows:

1. My name is Taylor Thoreson, and I am employed by Legacy Reserves Operating

LP ("Legacy") as a VP of Land and Business Development.

2. I have previously testified before the New Mexico Oil Conservation Division

("Division"), and my qualifications as an expert witness in petroleum land matters were accepted

and made a matter of public record. I have several years of experience in petroleum land matters,

and I have worked directly or in a supervisory role with the properties that are the subject of these matters.

3. I am submitting this affidavit in support of Legacy's applications in the abovereferenced cases pursuant to 19.15.4.12.(A)(1) NMAC.

4. I am familiar with the applications filed by Legacy in these consolidated cases and the status of the lands in the subject lands.

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5. I do not expect any opposition to the presentation of this case by affidavit because the affected interest owners have been contacted regarding the amending of the subject order, and any filed objections or entries of appearance have been withdrawn following a resolution.

6. Legacy seeks orders extending for an additional year the obligation to commence drilling under Division Orders R-22336, R-22337, R-22338, and R-22339, issued on October 28, 2022, in Case Nos. 22226, 22227, 22228, and 22229, respectively. These orders pooled all uncommitted interest owners in the Bone Spring formation underlying standard 320-acre horizontal spacing units in Sections 14 and 23, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, as follows:

- Order R-22336 pooled the W¹/₂W¹/₂ of Section 14 and the W¹/₂W¹/₂ of Section 23 and dedicated the 320-acre spacing unit to the proposed Sapphire Fed Com 501H Well (API No. Pending);
- Order R-22337 pooled the E¹/₂W¹/₂ of Section 14 and the E¹/₂W¹/₂ of Section 23 and dedicated the 320-acre spacing unit to the proposed Sapphire Fed Com 502H Well (API No. Pending);
- Order R-22338 pooled the W¹/₂E¹/₂ of Section 14 and the W¹/₂E¹/₂ of Section 23 and dedicated the 320-acre spacing unit to the proposed Sapphire Fed Com 503H Well (API No. Pending); and
- Order R-22339 pooled the E¹/₂E¹/₂ of Section 14 and the E¹/₂E¹/₂ of Section 23 and dedicated the 320-acre spacing unit to the proposed Sapphire Fed Com 504H Well (API No. Pending).

Each order requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling

the Well." The orders further provide that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

7. The subject orders are attached Exhibits B-1, B-2, B-3, and B-4.

8. Good cause exists for Legacy's extension of time to commence drilling to allow for Legacy to revise its development plan based on proximate well data. Legacy intends to drill the initial proposed wells for the spacing units approved by Division Orders R-22336, R-22337, R-22338, and R-22339, but an extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

9. Applicant therefore requests that the Division amend the existing orders to extend the time to commence drilling the proposed wells to October 28, 2024.

10. I provided the law firm of Beatty & Wozniak, P.C. with the names and addresses for the working interest owners that remain subject to these pooling orders and instructed that each owner be provided notice of the hearing in these matters.

11. The granting of these applications is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

12. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein are true, correct, and accurate.

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FURTHER AFFIANT SAYETH NOT.

Dated this 22 day of October, 2023.

Taylor Thoreson Legacy Reserves Operating LP

STATE OF COLORAO

)) ss.)

CITY AND COUNTY OF DENVER

The foregoing instrument was subscribed and sworn to before me this 2^{nl} day of October, 2023, by Taylor Thoreson, VP of Land and Business Development for Legacy Reserves Operating LP.

Witness my hand and official seal.	CARL J MESSINA III NOTARY PUBLIC - STATE OF COLORADO
My commission expires: 11-16-2.02.5	NOTARY ID 20174047486 MY COMMISSION EXPIRES NOV 16, 2025
	Cal A hostin II

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APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

Legacy Reserves Operating LP ("Legacy") OGRID No. 294281 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W½W½ of Section 14 and W½W½ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Legacy states the following:

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

2. Legacy proposes and dedicates the Sapphire Fed Com 501H Well as an initial well to the HSU.

3. Legacy proposes the Sapphire Fed Com 501H Well, an oil well, to be horizontally drilled from a surface location in the NW¼NW¼ of Section 14, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SW¼SW¼ of Section 23, Township 19 South, Range 33 East, N.M.P.M.

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

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

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂W¹/₂ of Section 14 and the W¹/₂W¹/₂ of Section 23, Township 19 South, Range 33 East, Lea County, New Mexico;

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

C. Approving the Sapphire Fed Com 501H Well as the well for the HSU.

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

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

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

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

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

Respectfully submitted

BEATTY & WOZNIAK, P.C.

aludial Kittenhouse

Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory *Pooling, Lea County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂W¹/₂ of Section 14 and W¹/₂W¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Sapphire Fed Com 501H Well, an oil well, to be horizontally drilled from a surface location in the NW¹/₄NW¹/₄ of Section 23, Township 19 South, Range 33 East, N.M.P.M. to a bottom hole location in the SW¹/₄SW¹/₄ of Section 23, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

Legacy Reserves Operating LP ("Legacy") OGRID No. 294281 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the E¹/₂W¹/₂ of Section 14 and E¹/₂W¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Legacy states the following:

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

2. Legacy proposes and dedicates the Sapphire Fed Com 502H Well as an initial well to the HSU.

3. Legacy proposes the Sapphire Fed Com 502H Well, an oil well, to be horizontally drilled from a surface location in the NW¹/₄NW¹/₄ of Section 14, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SE¹/₄SW¹/₄ of Section 23, Township 19 South, Range 33 East, N.M.P.M.

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

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

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the $E^{1/2}W^{1/2}$ of Section 14 and the $E^{1/2}W^{1/2}$ of Section 23, Township 19 South, Range 33 East, Lea County, New Mexico;

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

C. Approving the Sapphire Fed Com 502H Well as the well for the HSU.

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

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

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

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

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

Respectfully submitted

BEATTY & WOZNIAK, P.C.

aluelah Kitterhouse

Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the $E\frac{1}{2}W\frac{1}{2}$ of Section 14 and $E\frac{1}{2}W\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Sapphire Fed Com 502H Well, an oil well, to be horizontally drilled from a surface location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M. to a bottom hole location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

Legacy Reserves Operating LP ("Legacy") OGRID No. 294281 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂E¹/₂ of Section 14 and W¹/₂E¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Legacy states the following:

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

2. Legacy proposes and dedicates the Sapphire Fed Com 503H Well as an initial well to the HSU.

3. Legacy proposes the Sapphire Fed Com 503H Well, an oil well, to be horizontally drilled from a surface location in the NW¼NE¼ of Section 14, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SW¼SE¼ of Section 23, Township 19 South, Range 33 East, N.M.P.M.

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

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

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂E¹/₂ of Section 14 and the W¹/₂E¹/₂ of Section 23, Township 19 South, Range 33 East, Lea County, New Mexico;

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

C. Approving the Sapphire Fed Com 503H Well as the well for the HSU.

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

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

2

F. Approving actual operating charges and costs of supervision, to the maximum

extent allowable, while drilling and after completion, together with a provision adjusting the rates

pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

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

Respectfully submitted

BEATTY & WOZNIAK, P.C.

aludiah Kitterhouse

Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com

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Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W½E½ of Section 14 and W½E½ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Sapphire Fed Com 503H Well, an oil well, to be horizontally drilled from a surface location in the NW¼NE¼ of Section 14, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SW¼SE¼ of Section 23, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

Legacy Reserves Operating LP ("Legacy") OGRID No. 294281 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the E½E½ of Section 14 and E½E½ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Legacy states the following:

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

2. Legacy proposes and dedicates the Sapphire Fed Com 504H Well as an initial well to the HSU.

3. Legacy proposes the Sapphire Fed Com 504H Well, an oil well, to be horizontally drilled from a surface location in the NW¼NE¼ of Section 14, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SE¼SE¼ of Section 23, Township 19 South, Range 33 East, N.M.P.M.

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

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

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 14 and the $E\frac{1}{2}E\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, Lea County, New Mexico;

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

C. Approving the Sapphire Fed Com 504H Well as the well for the HSU.

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

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

2

F. Approving actual operating charges and costs of supervision, to the maximum

extent allowable, while drilling and after completion, together with a provision adjusting the rates

pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

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

Respectfully submitted

BEATTY & WOZNIAK, P.C.

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Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the E¹/₂E¹/₂ of Section 14 and E¹/₂E¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Sapphire Fed Com 504H Well, an oil well, to be horizontally drilled from a surface location in the NW¹/4NE¹/4 of Section 14, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22226 ORDER NO. R-22336

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on July 21, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating, LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22226 ORDER NO. R-22336

Page 2 of 7

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22226 ORDER NO. R-22336

Page **3** of **7**

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Date: 10/28/2022

CASE NO. 22226 ORDER NO. R-22336

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Exhibit A

ALL INFORMATION IN THE AFFLICATION MOST E	BE SUPPORTED BY SIGNED AFFIDAVITS
Case:	APPLICANT'S RESPONSE
Date	
Applicant	Legacy Reserves Operating LP
Designated Operator & OGRID (affiliation if applicable)	294281
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; Jalapeno Corporation, Opp to Aff; MRC Permian Company, EOA; Matador Production Company, EOA
Well Family	Sapphire
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Formation
Pool Name and Pool Code:	Gem; Bone Spring, East [27230]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	W/2W/2 of Sections 14 and 23, T-19-S, R-33-E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Oil Conservation Division Hearing - July 21, 2022 Case Nos. 22226 to 22229 Legacy Reserves Operating LP - Exhibit A

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Sapphire Fed Com 501H Well (API No. Pending) Page 3 of . SHL: NW/4NW/4 (Lot D) of Section 14, Township 19 South, Range 33 East, N.M.P.M. BHL: SW/4SW/4 (Lot M) of Section 23, Township 19 South, Range 33 East, N.M.P.M. Completion Target: Bone Spring Formation Well Orientation: North to South Completion Location: Standard
Exhibit C-2
Exhibits C-5, C-6, and D-2
\$8,000
\$800
Exhibit C
200%
200%
Exhibits B and E
Exhibit E
Exhibit F
Exhibits C-3, C-4, and C-5
Exhibits C-3, C-4, and C-5
Exhibits C-4 and C-5
Exhibits C-4 and C-5
None
Exhibit C-5
Exhibits C-4 and C-5
Exhibit C-7
Exhibits C-5 and C-6
Exhibit C-6
Exhibit C-6
Exhibit C-6

CASE NO. 22226 ORDER NO. R-22336

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Georgived by OCD: 7/14/2022 1:36:04 PM	Page 4 of
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibits C-2, C-3, and D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-4 and C-5
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-2, D-1, and D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-1
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	James P. Parrot
Signed Name (Attorney or Party Representative):	
Date:	June 9, 2022

CASE NO. 22226 ORDER NO. R-22336

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22227 ORDER NO. R-22337

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on July 21, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating, LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22227 ORDER NO. R-22337

Page 2 of 7

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22227 ORDER NO. R-22337

Page **3** of **7**

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.



Date: 10/28/2022

CASE NO. 22227 ORDER NO. R-22337

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Exhibit A

COMPOLSORY POOLING APPLICATION CHECKLIST ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Date	
Applicant	Legacy Reserves Operating LP
Designated Operator & OGRID (affiliation if applicable)	294281
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; Jalapeno Corporation, Opp to Aff; MRC Permian Company, EOA; Matador Production Company, EOA
Well Family	Sapphire
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Formation
Pool Name and Pool Code:	Gem; Bone Spring, East [27230]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	E/2W/2 of Sections 14 and 23, T-19-S, R-33-E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Oil Conservation Division Hearing - July 21, 2022 Case Nos. 22226 to 22229 Legacy Reserves Operating LP - Exhibit A

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WRUcEwed by OCD: 7/14/2022 1:36:04 PM	Sapphire Fed Com 502H Well (API No. Pending) Page 6 of SHL: NW/4NW/4 (Lot D) of Section 14, Township 19 South, Range 33 East, N.M.P.M. BHL: SE/4SW/4 (Lot N) of Section 23, Township 19 South, Range 33 East, N.M.P.M. Completion Target: Bone Spring Formation Well Orientation: North to South Completion Location: Standard
Well #2	
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibits C-5, C-6, and D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
	Exhibit C
Justification for Supervision Costs	
Requested Risk Charge	200%
Notice of Hearing	Exhibits B and E
Proposed Notice of Hearing Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits C-3, C-4, and C-5
Tract List (including lease numbers and owners)	Exhibits C-3, C-4, and C-5
Pooled Parties (including ownership type)	Exhibits C-4 and C-5
Unlocatable Parties to be Pooled	Exhibits C-4 and C-5
Ownership Depth Severance (including percentage above &	
below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibits C-4 and C-5
Chronology of Contact with Non-Joined Working Interests	Exhibit C-7
Overhead Rates In Proposal Letter	Exhibits C-5 and C-6
Cost Estimate to Drill and Complete	Exhibit C-6
Cost Estimate to Equip Well	Exhibit C-6
Cost Estimate for Production Facilities	Exhibit C-6

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Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibits C-2, C-3, and D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-4 and C-5
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-2, D-1, and D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-1
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	James P. Parrot
Signed Name (Attorney or Party Representative):	
Date:	June 9, 2022

CASE NO. 22227 ORDER NO. R-22337

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22228 ORDER NO. R-22338

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on July 21, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating, LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22228 ORDER NO. R-22338

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well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22228 ORDER NO. R-22338

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of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.



Date: 10/28/2022

CASE NO. 22228 ORDER NO. R-22338

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Exhibit A

COMPONSORY POOLING APPLICATION CHECKLIST Page 8 ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Date	
Applicant	Legacy Reserves Operating LP
Designated Operator & OGRID (affiliation if applicable)	294281
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; Jalapeno Corporation, Opp to Aff; MRC Permian Company, EOA; Matador Production Company, EOA
Well Family	Sapphire
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Formation
Pool Name and Pool Code:	Gem; Bone Spring, East [27230]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	W/2E/2 of Sections 14 and 23, T-19-S, R-33-E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C

Oil Conservation Division Hearing - July 21, 2022 Case Nos. 22226 to 22229 Legacy Reserves Operating LP - Exhibit A

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Name & API (if assigned), surface and bottom hole location,	
footages, completion target, orientation, completion status	
(standard or non-standard) Well #1	Samphira Ead Com E02H Wall (ADI No. Danding)
Well #1	Sapphire Fed Com 503H Well (API No. Pending) SHL: NW/4NE/4 (Lot B) of Section 14, Township 19 South,
	Range 33 East, N.M.P.M.
	BHL: SW/4SE/4 (Lot O) of Section 23, Township 19 South,
	Range 33 East, N.M.P.M.
	Completion Target: Bone Spring Formation
	Well Orientation: North to South
	Completion Location: Standard
Well #2	
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibits C-5, C-6, and D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibits B and E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
	Evhibits C 2 C 4 and C E
Land Ownership Schematic of the Spacing Unit Tract List (including lease numbers and owners)	Exhibits C-3, C-4, and C-5 Exhibits C-3, C-4, and C-5
Pooled Parties (including ownership type)	Exhibits C-4 and C-5
Unlocatable Parties to be Pooled	Exhibits C-4 and C-5
Ownership Depth Severance (including percentage above &	
below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibits C-4 and C-5
Chronology of Contact with Non-Joined Working Interests	Exhibit C-7
Overhead Rates In Proposal Letter	Exhibit C-7 Exhibits C-5 and C-6
Stational futes in reposal Letter	

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cBreithlave96Brill/14/1823rlistei84 PM	Exhibit C-6 Page 10	of .
Cost Estimate to Equip Well	Exhibit C-6	
Cost Estimate for Production Facilities	Exhibit C-6	
Geology		
Summary (including special considerations)	Exhibit D	
Spacing Unit Schematic	Exhibits C-2, C-3, and D-1	
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2	
Well Orientation (with rationale)	Exhibit D	
Target Formation	Exhibit D	
HSU Cross Section	Exhibit D-2	
Depth Severance Discussion	N/A	
Forms, Figures and Tables		
C-102	Exhibit C-2	
Tracts	Exhibit C-3	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-4 and C-5	
General Location Map (including basin)	Exhibit C-1	
Well Bore Location Map	Exhibit C-2, D-1, and D-2	
Structure Contour Map - Subsea Depth	Exhibit D-2	
Cross Section Location Map (including wells)	Exhibit D-1	
Cross Section (including Landing Zone)	Exhibit D-3	
Additional Information		
Special Provisions/Stipulations		
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James P. Parrot	
Signed Name (Attorney or Party Representative):		
Date:	June 9, 2022	

CASE NO. 22228 ORDER NO. R-22338

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22229 ORDER NO. R-22339

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on July 21, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating, LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22229 ORDER NO. R-22339

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well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

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of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.



Date: 10/28/2022

CASE NO. 22229 ORDER NO. R-22339

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST Page 13 ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Date	
Applicant	Legacy Reserves Operating LP
Designated Operator & OGRID (affiliation if applicable)	294281
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; Jalapeno Corporation, Opp to Aff; MRC Permian Company, EOA; Matador Production Company, EOA
Well Family	Sapphire
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Formation
Pool Name and Pool Code:	Gem; Bone Spring, East [27230]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	E/2E/2 of Sections 14 and 23, T-19-S, R-33-E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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Horizontal Well First and Last Take Points	Exhibit C-2	
Completion Target (Formation, TVD and MD)	Exhibits C-5, C-6, and D-2	
AFE Canay and Onegating Costs		
AFE Capex and Operating Costs	4	
Drilling Supervision/Month \$	\$8,000	
Production Supervision/Month \$	\$800	
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Requested Risk Charge	200%	
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Ownership Determination		
Land Ownership Schematic of the Spacing Unit Tract List (including lease numbers and owners)	Exhibits C-3, C-4, and C-5 Exhibits C-3, C-4, and C-5	
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Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above &	Exhibits C-4 and C-5	
below)	None	
Joinder		
Sample Copy of Proposal Letter	Exhibit C-5	
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Spacing Unit Schematic	Exhibits C-2, C-3, and D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-4 and C-5
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-2, D-1, and D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-1
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	James P. Parrot
Signed Name (Attorney or Party Representative):	
Date:	June 9, 2022

CASE NO. 22229 ORDER NO. R-22339

Page 7 of 7

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

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22336, LEA COUNTY, NEW MEXICO.

CASE NOS. 23800 (Formerly Case 22226)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22337, LEA COUNTY, NEW MEXICO.

CASE NOS. 23801 (Formerly Case 22227)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22338, LEA COUNTY, NEW MEXICO.

CASE NOS. 23802 (Formerly Case 22228)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22339, LEA COUNTY, NEW MEXICO.

CASE NOS. 23803 (Formerly Case 22229)

AFFIDAVIT

STATE OF COLORADO)) ss. CITY AND COUNTY OF DENVER)

James P. Parrot, attorney in fact and authorized representative of Legacy Reserves Operating LP, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications has been provided under Notice Letters dated September 15, 2023, which the Applicant mailed via U.S. Postal Service Certified Mail. Notice was delivered on or around September 20, 2023, as shown on certified mail receipts attached as Exhibit C.

Applicant also published notice of the Applications in the Hobbs News-Sun on September 21,

2023. Proofs of publication are shown on Exhibit D.



SUBSCRIBED AND SWORN to before me on October 3, 2023 by James P. Parrot.

TERESA L. PETERSON

NOTARY PUBLIC STATE OF COLORADO NOTARY ID 19894002026 MY COMMISSION EXPIRES OCTOBER 4, 2025

My commission expires:

Released to Imaging: 10/3/2023 3:44:11 PM



Case Nos. 23800 thru 23803 Legacy Reserves Operating LP - Exhibit C

Attorneys at Law 1675 Broadway, Suite 600 Denver, CO 80202 Telephone 303-407-4499 Fax 1-800-886-6566 www.bwenergylaw.com

OFFICE LOCATIONS COLORADO MEW MEXICO TEXAS WYOMING

JAMES P. PARROT

(303) 407-4458 JParrot@bwenergylaw.com

September 15, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22336, to allow an additional year to commence drilling obligations <u>Sapphire Fed Com 501H Well</u> (Case No. 23800)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23800, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Sapphire Fed Com 501H Well.

In Case No. 23800, Legacy seeks to amend Division Order No. R-22336, entered on October 28, 2022, in Case No. 22226, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 14 and $W\frac{1}{2}W\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 501H Well.

A hearing has been requested before a Division Examiner on October 5, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

September 15, 2023 Case Nos. 23800 Page 2

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at cmessina@revenirenergy.com.

Sincerely

James P. Parro

Attorney for Legacy Reserves Operating LP

Beatty & Wozniak, P.C. Energy in the Law[®]

ATTORNEYS AT LAW 1675 BROADWAY, SUITE 600 DENVER, CO 80202 TELEPHONE 303-407-4499 FAX 1-800-886-6566 www.bwenergylaw.com

OFFICE LOCATIONS COLORADO NEW MEXICO TEXAS

WYOMING

JAMES P. PARROT

(303) 407-4458 JPARROT@BWENERGYLAW.COM

September 15, 2023

VIA CERTIFIED MAIL **RETURN RECEIPT REQUESTED**

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22337 to allow an additional year to commence drilling obligations Sapphire Fed Com 502H Well (Case No. 23801)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23801, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Sapphire Fed Com 502H Well.

In Case No. 23801, Legacy seeks to amend Division Order No. R-22337, entered on October 28, 2022, in Case No. 22227, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the E¹/₂W¹/₂ of Section 14 and E¹/₂W¹/₂ of Section 23, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 502H well.

A hearing has been requested before a Division Examiner on October 5, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441.

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Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no

September 15, 2023 Case No. 23801 Page 2

event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at <u>cmessina@revenirenergy.com</u>.

Sincerely James P. Parro

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Attorney for Legacy Reserves Operating LP

Beatty & Wozniak, P.C. Energy in the Law[®]

Attorneys at Law 1675 Broadway, Suite 600 Denver, CO 80202 Telephone 303-407-4499 Fax 1-800-886-6566 www.bwenergylaw.com

OFFICE LOCATIONS COLORADO MEW MEXICO TEXAS

WYOMING

JAMES P. PARROT

(303) 407-4458 JParrot@bwenergylaw.com

September 15, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22338 to allow an additional year to commence drilling obligations <u>Sapphire Fed Com 503H Well</u> (Case No. 23802)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23802, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Sapphire Fed Com 503H Well.

In Case No. 23802, Legacy seeks to amend Division Order No. R-22338, entered on October 28, 2022, in Case No. 22228, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $W\frac{1}{2}E\frac{1}{2}$ of Section 14 and $W\frac{1}{2}E\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 503H Well.

A hearing has been requested before a Division Examiner on October 5, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no

September 15, 2023 Case No. 23802 Page 2

event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at <u>cmessina@revenirenergy.com</u>.

Sincerely James P. Parro

Attorney for Legacy Reserves Operating LP

Beatty & Wozniak, P.C. Energy in the Law[®]

Attorneys at Law 1675 Broadway, Suite 600 Denver, CO 80202 Telephone 303-407-4499 Fax 1-800-886-6566 www.bwenergylaw.com

OFFICE LOCATIONS COLORADO MEW MEXICO TEXAS

WYOMING

JAMES P. PARROT

(303) 407-4458 JParrot@bwenergylaw.com

September 15, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22339 to allow an additional year to commence drilling obligations <u>Sapphire Fed Com 504H Well</u> (Case No. 23803)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23803, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Sapphire Fed Com 504H Well.

In Case No. 23803, Legacy seeks to amend Division Order No. R-22339, entered on October 28, 2022, in Case No. 22229, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 14 and $E\frac{1}{2}E\frac{1}{2}$ of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Sapphire Fed Com 504H Well.

A hearing has been requested before a Division Examiner on October 5, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no

September 15, 2023 Case No. 23803 Page 2

event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at <u>cmessina@revenirenergy.com</u>.

Sincerely James P. Parro

Attorney for Legacy Reserves Operating LP

Beatty & Wozniak, P.C. Energy in the Law[®]

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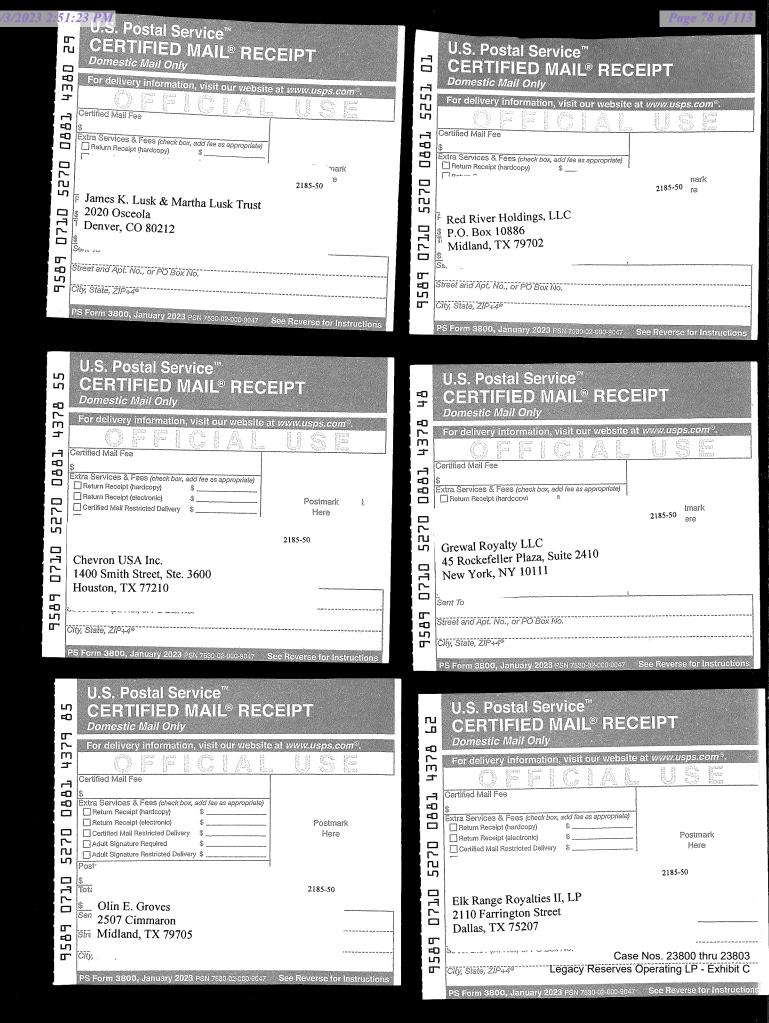




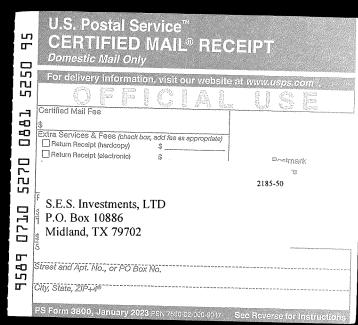


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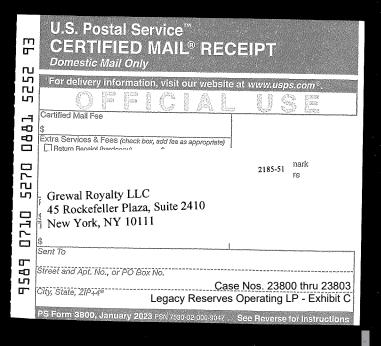
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Capco Resource Corporation PO Box 165229 Irving, TX 75016





SENDER: COMPLETE THIS SECTION **COMPLETE THIS SECTION ON DELIVERY** A. Signature Complete items 1, 2, and 3. C Agent Print your name and address on the reverse Х Addressee so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery Attach this card to the back of the mailpiece, or on the front if space permits. ---- Andressand to D. Is delivery address different from item 1?
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Case Nos. 23800 thru 23803 Legacy Reserves Operating LP - Exhibit C

Page 89 of 113

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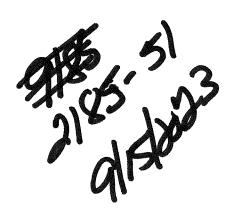
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> Case Nos. 23800 thru 23803 Legacy Reserves Operating LP - Exhibit C

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Page 91 of 113



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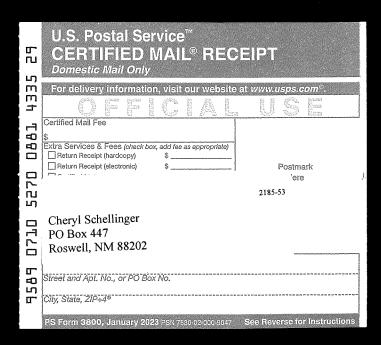
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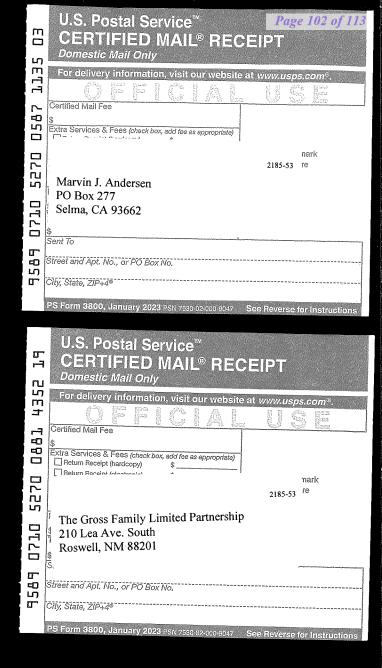
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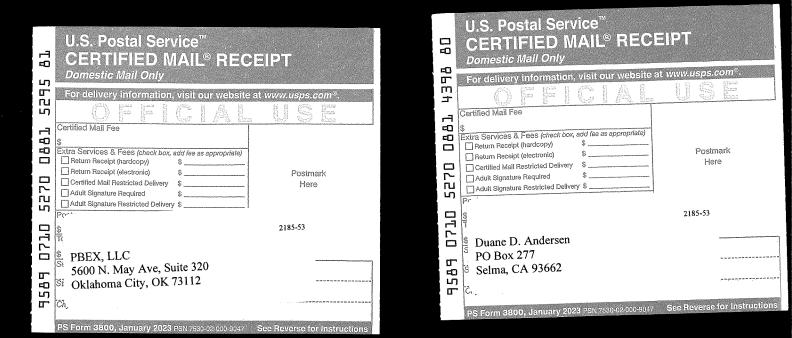
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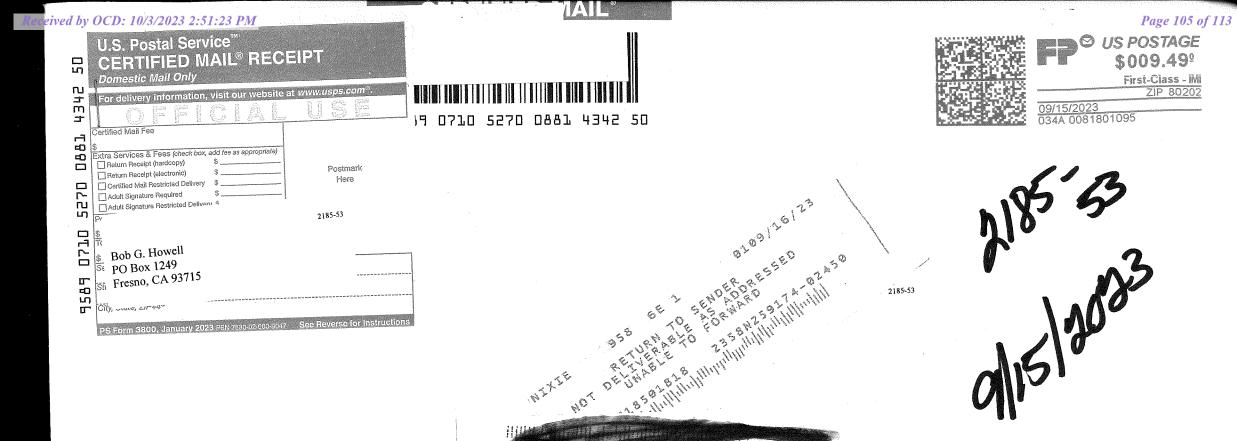
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Case Nos. 23800 thru 23803 Legacy Reserves Operating LP - Exhibit C

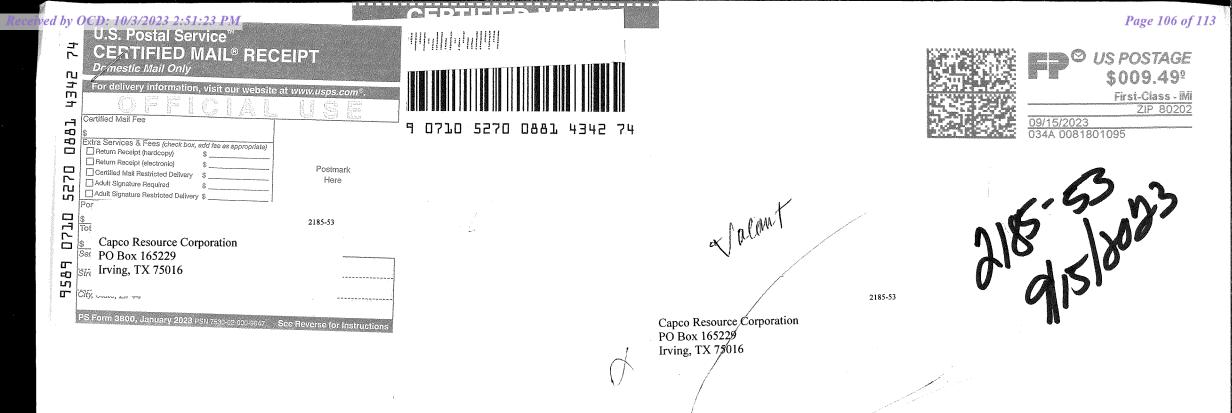
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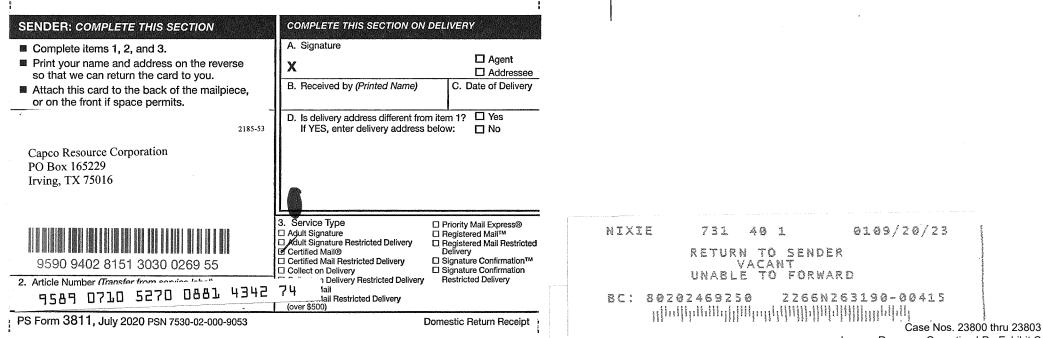


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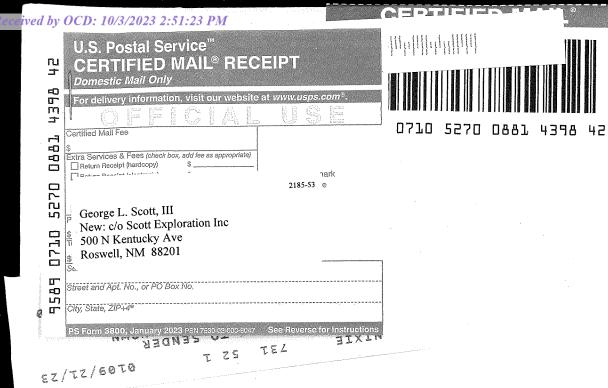
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George L. Scott, III New: c/o Scott Exploration Inc 500 N Kentucky Ave Roswell, NM 88201





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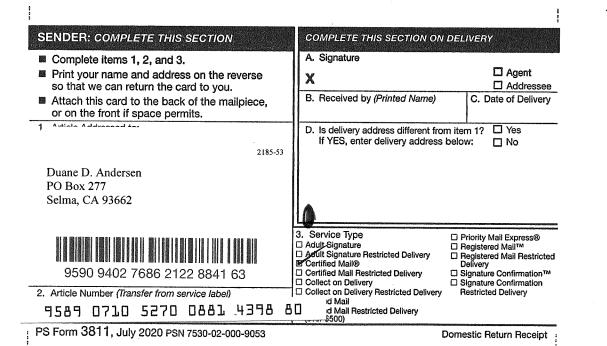
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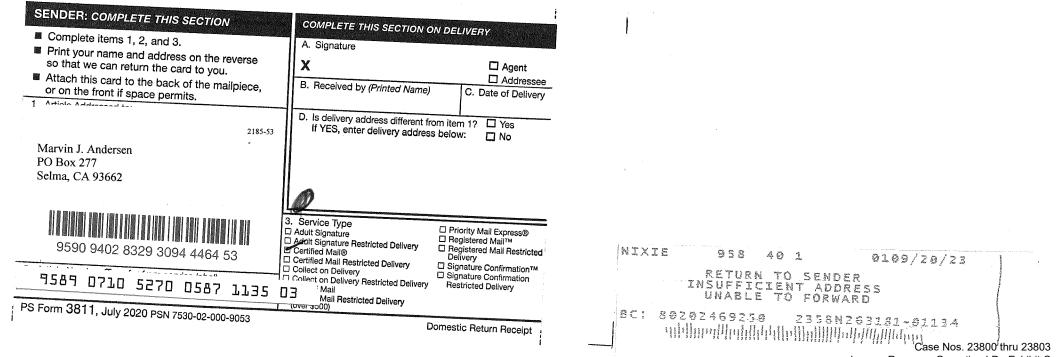


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2185-53 9/15/2023

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Marvin J. Andersen PO Box 277 Selma, CA 93662



Domestic Return Receipt

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated September 21, 2023 and ending with the issue dated September 21, 2023.

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Publisher

Sworn and subscribed to before me this 21st day of September 2023.

Black

Business Manager

My commission expires

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

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

LEGAL NOTICE September 21, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. Hearings will be conducted remotely. The hearing will be conducted on **Thursday**, **October 5, 2023, beginning at 8:15 A.M.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://www.emnd.state.nm.us/OCD/hearings-info/ or obtained from Marlene Salvidrez at <u>Marlene.Salvidrez@state.nm.us</u>. Documents filed in the case may be viewed at https://ocdimage.emnd.state.nm.us/imaging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Marlene Salvidrez at <u>Marlene.Salvidrez@state.nm.us</u>, or the New Mexico Relay Network at 1-800-659-1779, no later than **September 25, 2023**.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: All overriding royalty interest owners and pooled parties, including: AmeriPermian Holdings, LLC, Ball Oil & Gas LLC, Chevron USA Inc., Devon Energy Production, Elk Range Royalties II, LP, First Southern Funding, LLC, Grewal Royalty LLC, James K. Lusk & Martha Lusk Trust, MCM Permian LLC, McMullen Minerals II, LLC, McMullen Minerals LLC, MRC Delaware Resources LLC, NexGen Capital Resources, LLC, Nuevo Seis Limited Partnership, Olin E. Groves, PBEX, LLC, Pegasus Resources II, LLC, Pegasus Resources, LLC, Red River Holdings, LLC, S.E.S. Investments, LTD, TMT Energy Resources, Inc., Voyage Energy, LP, Wing Resources VI, LLC, and Yates Energy Corporation.

CASE NO. 23800: Application of Legacy Reserves Operating LP to Amend Order No. R- 22336, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22336, issued on October 28, 2022, in Case No. 22226, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22336 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the W1/2W1/2 of Section 14 and W1/2W1/2 of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico. New Mexico. #00282967

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER, CO 80202**

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STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated September 21, 2023 and ending with the issue dated September 21, 2023.

Publisher

Sworn and subscribed to before me this 21st day of September 2023.

h Black

Business Manager

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

This newspaper is duly gualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL NOTICE September 21, 2023

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

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STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: All overriding royalty interest owners and pooled parties, including: AmeriPermian Holdings, LLC, Ball Oil & Gas LLC, Capco Resource Corporation, Chad Barbe, Chevron USA Inc., Devon Energy Production Co., LP, Elk Range Royalties II, LP, First Southern Funding, LLC, Francis T. Nash, Grewal Royalty LLC, Jalapeno Corporation, James K. & Martha L. Lusk Trust, Legacy Reserves Operating LP, MCM Exploration Company, LLC, MCM Permian LLC, McMullen Minerals II, LLC, McMullen Minerals LLC, MRC Delaware Resources LLC, NexGen Capital Resources, LLC, Nuevo Seis, LP, Olin E. Groves, PBEX, LLC, Pegasus Resources II, LLC, Pegasus Resources LLC, Red River Holdings, LLC, S.E.S. Investments, LTD, The Gross Family Limited Partnership, TMT Energy Resources, Inc., Voyage Energy, LP, Wing Resources VI, LLC, and Yates Energy Corporation.

CASE NO. 23801: Application of Legacy Reserves Operating LP to Amend Order No. R- 22337, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22337, issued on October 28, 2022, in Case No. 22227, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22337 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the E1/2W1/2 of Section 14 and E1/2W1/2 of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico. #00282968

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER, CO 80202**

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated September 21, 2023 and ending with the issue dated September 21, 2023.

Publisher

Sworn and subscribed to before me this 21st day of September 2023.

The lack

Business Manager

My commission expires January 29, 2027 STATE OF NEW MEXICO (\$eal) NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

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

LEGAL NOTICE September 21, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. Hearings will be conducted remotely. The hearing will be conducted on **Thursday**, **October 5, 2023, beginning at 8:15 A.M.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://www.emnrd.state.nm.us/OCD/hearings-info/ or obtained from Marlene Salvidrez at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at https://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **September 25, 2023**.

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TO: All overriding royalty interest owners and pooled parties, including: AmeriPermian Holdings, LLC, Ball Oil & Gas LLC, Capco Resource Corporation, Chad Barbe, Chevron USA Inc., Duran Properties, LLC, Elk Range Royalties II, LP, First Southern Funding, LLC, Gregory J. and Carolyn S. Nibert, Grewal Royalty LLC, Jalapeno Corporation, James K. Lusk & Martha Lusk Trust, Legacy Reserves Operating LP, Long, LLC, Louis L. Borick, Marcia Joy Varel, MCM Exploration Company, LLC, MCM Permian LLC, McMullen Minerals II, LLC, MRC Delaware Resources LLC, Nearburg Exploration Co., LLC, NexGen Capital Resources, LLC, Nuevo Seis Limited Partnership, Olin E. Groves, PBEX, LLC, Pegasus Resources LLC, Red River Holdings, LLC, S.E.S. Investments, LTD, Texakota Oil Company, The Gross Family Limited Partnership, TMT Energy Resources, Inc., Voyage Energy, LP, Williamson Enterprise, Wing Resources VI, LLC, and Yates Energy Corporation.

CASE NO. 23802: Application of Legacy Reserves Operating LP to Amend Order No. R- 22338, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22338, issued on October 28, 2022, in Case No. 22228, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22338 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the W1/2E1/2 of Section 14 and W1/2E1/2 of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico. #00282969

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER, CO 80202**

Released to Imaging: 10/3/2023 3:44:11 PM

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated September 21, 2023 and ending with the issue dated September 21, 2023.

Busul

Publisher

Sworn and subscribed to before me this 21st day of September 2023.

Allack

Business Manager

My commission expires January 29, 2021 NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

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LEGAL NOTICE September 21, 2023

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TO: All overriding royalty interest owners and pooled parties, including: AmeriPermian Holdings, LLC, Avant Natural Resources, Ball Oil & Gas LLC, Bob G. Howell, C. Warren Scott, Capco Resource Corporation, Chad Barbe, Cheryl Schellinger, Chevron USA inc., DJS Trust, Duane D. Andersen, Duran Properties, LLC, Earthstone Energy, Inc., Elk Range Royalties II, LP, First Southern Funding, LLC, George L, Scott, III, Grewal Royalty LLC, Hutchings Oil Company, Innoventions Inc., Jalapeno Corporation, James K. Lusk & Martha Lusk Trust, Legacy Reserves Operating LP, Long, LLC, Louis L. Borick, Marcia Joy Varel, Marvin J. Andersen, MCM Exploration Company, LLC, MCM Permian LLC, McMullen Minerals II, LLC, McMullen Minerals LLC, MRC Delaware Resources LLC, Nearburg Exploration Co., LLC, NexGen Capital Resources, LLC, Nuevo Seis, LP, Olin E, Groves, PBEX, LLC, Pegasus Resources II, LLC, Stephen T. Mitchell, Susan Scott Murphy, The Gross Family Limited Partnership, TMT Energy Resources, Inc., Voyage Energy, LP, Williamson Enterprises, Wing Resources IV, LLC, Wing Resources VI, LLC, Winn Investments, and Yates Energy Corporation.

CASE NO. 23803: Application of Legacy Reserves Operating LP to Amend Order No. R- 22339, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22339, issued on October 28, 2022, in Case No. 22229, to extend the well commencement deadline one year, to October 28, 2024. Order No. R-22339 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the E1/2E1/2 of Section 14 and E1/2E1/2 of Section 23, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico. #00282971

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER, CO 80202**