

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING DECEMBER 7, 2023**

**CASE No. 23990**

*ACKBAR 30 31 A FEE 1H WELL*

**LEA COUNTY, NEW MEXICO**



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

**APPLICATION OF CROCKETT OPERATING  
OIL COMPANY TO AMEND ORDER R-22515  
TO ADD ADDITIONAL POOLED PARTIES,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23990  
(formerly Case No. 23092)**

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

**APPLICATION OF CROCKETT OPERATING  
OIL COMPANY TO AMEND ORDER R-22515  
TO ADD ADDITIONAL POOLED PARTIES,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23990  
(formerly Case No. 23092)**

**APPLICATION**

Crockett Operating, LLC (“Crockett” or “Applicant”) (OGRID No. 331255), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend pooling Order R-22515 to add additional mineral owners to the pooling order. In support of its application, Crockett states:

1. Crockett is the designated operator under Order R-22515.
2. On March 10, 2023, the Division entered Order No. R-22515 in Case No. 23092, pooling the uncommitted interest owners in the San Andres formation (Bronco; San Andres South [7500]) underlying a standard 480-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 31 and the SW/4 of Section 30, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico (the “Pooling Order”). Crockett is the designated operator under the Pooling Order and the pooled spacing unit is initially dedicated to the drilled and producing **Ackbar 30 31 A Fee 1H** (API: 30-025-50078) well.
3. Applicant has discovered additional mineral owners in the pooled acreage that were not subject to the pooling proceedings giving rise to Order R-22515.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from these additional mineral owners.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A  
Submitted by: Crockett Operating, LLC  
Hearing Date: December 7, 2023  
Case No. 23990**

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order placing these additional mineral owners under the terms of Order R-22515.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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ATTORNEYS FOR CROCKETT OPERATING, LLC

**CASE \_\_\_\_\_:**      **Application of Crockett Operating, LLC to Amend Order R-22515 to Add Additional Pooled Parties, Lea County, New Mexico.** Applicant seeks an order from the Division to amend pooling Order R-22515 to add additional mineral owners to the pooling order. Order R-22515 designated Crockett Operating, LLC as the operator and pooled the uncommitted mineral interests in the San Andres formation (Bronco; San Andres South [7500]) underlying a standard 480-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 31 and the SW/4 of Section 30, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico. This standard horizontal well spacing unit is currently initially dedicated to the drilled and producing **Ackbar 30 31 A Fee 1H** (API: 30-025-50078) well. Said area is located approximately 20 miles northeast of Lovington, New Mexico.

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

IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
CROCKETT OPERATING, LLC

CASE NO. 23092  
ORDER NO. R-22515

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Crockett Operating, LLC (“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.

### **ORDER**

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. 23092  
ORDER NO. R-22515

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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 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



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**

  
**DYLAN M FUGE**  
**DIRECTOR (ACTING)**  
DMF/hat

**Date:** 3/10/23

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ORDER NO. R-22515

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## Exhibit A

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b> 23092	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	November 3, 2022
Applicant	Crockett Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	331255
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF CROCKETT OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Ackbar wells
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	San Andres
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Bronco; San Andres South Oil Pool (7500)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	480-acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480-acres
Building Blocks:	40-acres
Orientation:	North-South
Description: TRS/County	W/2 of Section 31 and the SW/4 of Section 30, Township 13 South, Range 38 East, NMPPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes
Proximity Defining Well: if yes, description	The completed interval of this initial well is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit
Applicant's Ownership in Each Tract	See Exhibit C-4
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	<p><b>BEFORE THE OIL CONSERVATION DIVISION</b>  Santa Fe, New Mexico  Exhibit No. A  Submitted by: Crockett Operating, LLC  Hearing Date: November 3, 2022  Case No. 23092</p> <p><b>Ackbar 30 31 A Fee 1H (30-025-50078)</b>  SHL: 2388' FSL &amp; 970' FWL (Unit L) of Section 30  BHL: 50' FSL &amp; 1120' FWL (Unit M) of Section 31  Completion Target: San Andres formation  Well Orientation: North to South  Completion Location expected to be: Standard</p>
Horizontal Well First and Last Take Points	Exhibit C-3

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Completion Target (Formation, TVD and MD)	Exhibit C-5
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-4
Tract List (including lease numbers and owners)	Exhibit C-4
Pooled Parties (including ownership type)	Exhibit C-4
Unlocatable Parties to be Pooled	See Exhibit C; C-6 (unable to locate one interest owner)
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-6
Overhead Rates In Proposal Letter	Exhibit C-5
Cost Estimate to Drill and Complete	Exhibit C-5
Cost Estimate to Equip Well	Exhibit C-5
Cost Estimate for Production Facilities	Exhibit C-5
<b>Geology</b>	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-5
HSU Cross Section	Exhibit D-5
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
A-102	Exhibit C-3
Tracts	Exhibit C-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-4
General Location Map (including basin)	Exhibit D-2
Well Bore Location Map	Exhibit D-2


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Structure Contour Map - Subsea Depth	Exhibit D-3
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-5
Additional Information	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Paula M. Vance
Signed Name (Attorney or Party Representative):	
Date:	1-Nov-22

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

**APPLICATION OF CROCKETT OPERATING  
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TO ADD ADDITIONAL POOLED PARTIES,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23990  
(formerly Case No. 23092)**

**SELF-AFFIRMED STATEMENT PERCY ENGINEER**

1. My name is Percy Engineer, and I work for Crockett Operating, LLC (“Crockett”) as a Senior Landman. Crockett is an affiliate of Vader Exploration and Production, LLC, which is a working interest owner in the pooled spacing unit. However, Vader Exploration and Production, LLC is not an operator of oil and gas wells or other oil and gas facilities in New Mexico. Therefore, Vader Exploration and Production, LLC has contracted with Crockett Operating, LLC to propose wells, operate wells, operate Vader Exploration and Production, LLC’s working interests, and generally act on behalf of Vader Exploration and Production, LLC to manage its leasehold interests in New Mexico.

2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Crockett in this case, and I am familiar with the status of the lands in the subject area.

4. On March 10, 2023, the Division entered Order No. R-22515 in Case No. 23092, pooling the uncommitted interest owners in the San Andres formation (Bronco; San Andres South [7500]) underlying a standard 480-acre, more or less, horizontal well spacing unit comprised of

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Crockett Operating, LLC  
Hearing Date: December 7, 2023  
Case No. 23990**

the W/2 of Section 31 and the SW/4 of Section 30, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico (the "Pooling Order"). Crockett is the designated operator under the Pooling Order and the pooled spacing unit is initially dedicated to the drilled and producing **Ackbar 30 31 A Fee 1H** (API: 30-025-50078) well. Applicant has discovered additional mineral owners in the pooled acreage that were not subject to the pooling proceedings giving rise to Order R-22515.

5. **Crockett Exhibit C-1** is an updated copy of the pooling exhibit from Case No. 23092. The original pooled parties are highlighted in yellow, and the additional pooled party is highlighted in orange.

6. **Crockett Exhibit C-2** contains a sample of the well proposal letter and AFE, as well as lease offer, for the well that was sent to the additional parties to be pooled. The costs reflected in the AFEs are consistent with what Crockett and other operators have incurred for drilling similar horizontal wells in the area in this formation.


7. **Crockett Exhibit C-3** contains a general summary of the contacts with the additional parties to be pooled. As indicated in the exhibit, Crockett has made a good faith effort to locate and has had communications with the additional parties in an effort to reach voluntary joinder. In my opinion, Crockett has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

8. The granting of this application will prevent waste and protect correlative rights.

9. **Crockett Exhibits C-1 through C-3** were either prepared by me or compiled under my direction and supervision.

10. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be

used as written testimony in this case. This statement is made on the date next to my signature below.

  
\_\_\_\_\_  
Percy Engineer

11/30/2024  
\_\_\_\_\_  
Date

Santa Fe, New Mexico

Exhibit No. C-1

Submitted by: Crockett Operating, LLC

Hearing Date: December 7, 2023

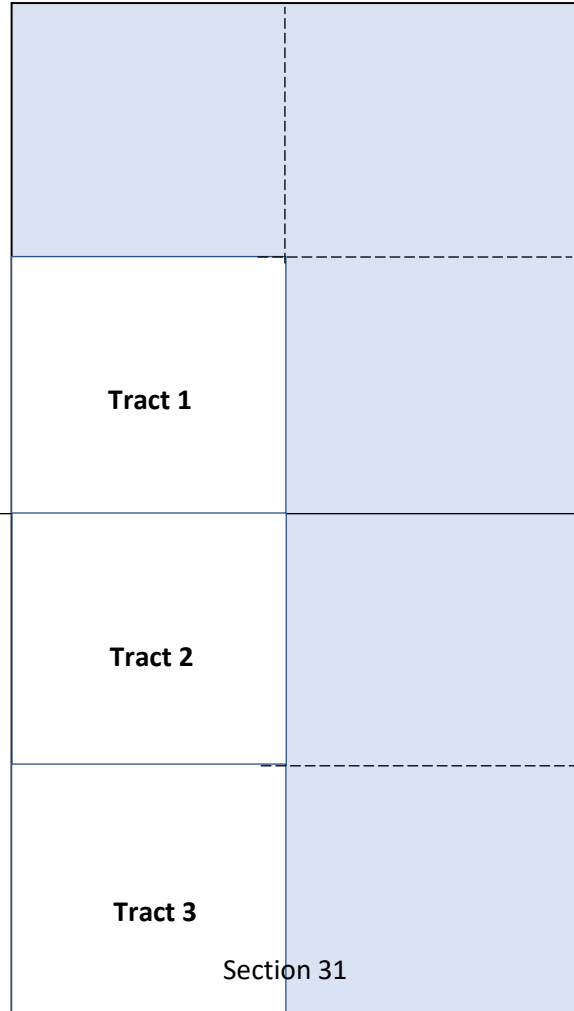
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**Section Plat**

Ackbar 30-31 A Fee 1H well

SW/4 Section 30, NW/4 and SW/4 Section 31, T13S-R38E

Section 30



Tract 1: SW/4 of Section 30

Crockett Operating, LLC  
Vader Exploration & Production, LLC  
G.O. Basic Energy I, LLC  
Terra Nova Energy, LP  
Kennedy Minerals Ltd.  
McCarthy O&G, LLC  
G&M Oil, LLC  
Eight Energy, Inc.  
Tripp Exploration, Inc.  
DRB Hard Rock Investments, LLC

Tract 2: NW/4 of Section 31

Crockett Operating, LLC  
Vader Exploration & Production, LLC  
G.O. Basic Energy I, LLC  
Terra Nova Energy, LP  
Kennedy Minerals Ltd.  
McCarthy O&G, LLC  
G&M Oil, LLC  
Eight Energy, Inc.  
Tripp Exploration, Inc.  
DRB Hard Rock Investments, LLC  
S.E. Cone, Jr.  
Katherine Cone Keck  
Tom R. Cone  
**KR&M, LLC**  
**The Long Trusts**  
**Estate of Billy Glenn Spradlin**  
**Estate of EJ Fox**  
**Estate of Knox Paine Fox**  
**Estate of Bina Mae Fox Hall**  
**Anna M. Chafin**  
**Estate of RE Wylie**  
**Estate of William H. Rabun**

Tract 3: SW/4 of Section 31

Crockett Operating, LLC  
Vader Exploration & Production, LLC  
G.O. Basic Energy I, LLC  
Terra Nova Energy, LP  
Kennedy Minerals Ltd.  
McCarthy O&G, LLC  
G&M Oil, LLC  
Eight Energy, Inc.  
Tripp Exploration, Inc.  
DRB Hard Rock Investments, LLC  
Paul Davis, Ltd.

KEY: Red highlight are parties being pooled



Tract Ownership

Ackbar 30-31 A Fee 1H

SW/4 of Section 30, T13S-R38E, Lea County, NM

NW/4 & SW/4 of Section 31, , T13S-R38E, Lea County, NM

Owner	% of Leasehold Interest		
Crockett Operating, LLC (Operating Entity) 1101 N. Little School Rd. Arlington, TX 76017	0.00%		
Vader Exploration & Production, LLC 1101 N. Little School Rd. Arlington, TX 76017	40.442014%		
G.O. Basic Energy I, LLC P.O. Box 51451 Midland, TX 79710	36.315278%		
Terra Nova Energy, LP 242 Spring Park Dr., Ste C Midland, TX 79705	2.048397%		
Kennedy Minerals Ltd. 500 West Texas Ave, Ste 655 Midland, TX 79701	1.658022%		
McCarthy O&G, LLC 24511 Carlton Springs Lane Katy, TX 77494	0.549120%		
G&M Oil, LLC 5801 Highland Blvd Midland, TX 79707	0.464363%		
Eight Energy, Inc. 303 W Wall St, Ste 1902 Midland, TX 79701	0.412674%		
Tripp Exploration, Inc. P.O. Box 9622 Midland, TX 79708	0.412674%		
DRB Hard Rock Investments, LLC 4535 Holly Bellaire, TX 77401	0.232182%		
SE Cone, Jr P.O. Box 10321 Lubbock, TX 79408	0.069444%		
Katherine Cone Keck P.O. Box 24680 Los Angeles, CA 90024	0.694444%		
Tom R. Cone P.O. Box 400 Southwest City, MO 64863	0.416667%		
Paul Davis, Ltd. 2202 Seaboard Ave. Midland, TX 79705	0.520833%		
KR&M, LLC 1640 Broadway Lubbock, TX 79401	0.694444%	Pooled in Order R-22515 (Case 23092)	
The Long Trusts 118 S. Kilgore St. Kilgore, TX 75662	0.798958%	Pooled in Order R-22515 (Case 23092)	
Estate of Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662	0.034375%	Pooled in Order R-22515 (Case 23092)	
Estate of EJ Fox 394 Perdue Ln Weatherford, TX 76085	1.851852%	Pooled in Order R-22515 (Case 23092)	
Estate of Knox Paine Fox P.O. Box 682 Tatum, NM 88267	0.231481%	Pooled in Order R-22515 (Case 23092)	
Estate of Bina Mae Fox Hall 2220 Laguna Dr. Las Cruces, NM 88005	0.347222%	Pooled in Order R-22515 (Case 23092)	
Anna M. Chafin 1817 E. Kansas Hobbs, NM 88240	0.347222%	Pooled in Order R-22515 (Case 23092)	
Estate of RE Wylie 501 Montgomery Circle Carmi, IL 62821	0.520833%	Pooled in Order R-22515 (Case 23092)	
Estate of William H. Rabun 2040 Misty Oaks Dr Buford, GA 30519	10.937500%	Interest to be pooled in Case 23990	
Total	100.000000%		
Total Interest of Crockett Oper./Vader E&P and Partners:	82.534722%		
Total Interest of Participating Mineral Interest Owners:	1.701389%		
Total Interest of Interest Owners to be Compulsory Pooled:	15.763889%		
Total:	100.000000%		

OWNERSHIP BY TRACT

SW/4 of Section 30 (160 acres)

Owner	% of Leasehold Interest
Crockett Operating, LLC (Operating Entity) 1101 N. Little School Rd. Arlington, TX 76017	0.00%
Vader Exploration & Production, LLC 1101 N. Little School Rd. Arlington, TX 76017	49.0000000%
G.O. Basic Energy I, LLC P.O. Box 51451 Midland, TX 79710	44.0000000%
Terra Nova Energy, LP 242 Spring Park Dr., Ste C Midland, TX 79705	2.4818606%
Kennedy Minerals Ltd. 500 West Texas Ave, Ste 655 Midland, TX 79701	2.0088781%
McCarthy O&G, LLC 24511 Carlton Springs Lane Katy, TX 77494	0.6653200%
G&M Oil, LLC 5801 Highland Blvd Midland, TX 79707	0.5626275%
Eight Energy, Inc. 303 W Wall St, Ste 1902 Midland, TX 79701	0.5000000%
Tripp Exploration, Inc. P.O. Box 9622 Midland, TX 79708	0.5000000%
DRB Hard Rock Investments, LLC 4535 Holly Bellaire, TX 77401	0.2813137%
Total	100.0000000%

NW/4 of Section 31 (160 acres)

Owner	% of Leasehold Interest	
Crockett Operating, LLC (Operating Entity) 1101 N. Little School Rd. Arlington, TX 76017	0.00%	
Vader Exploration & Production, LLC 1101 N. Little School Rd. Arlington, TX 76017	39.251042%	
G.O. Basic Energy I, LLC P.O. Box 51451 Midland, TX 79710	35.245833%	
Terra Nova Energy, LP 242 Spring Park Dr., Ste C Midland, TX 79705	1.988074%	
Kennedy Minerals Ltd. 500 West Texas Ave, Ste 655 Midland, TX 79701	1.609195%	
McCarthy O&G, LLC 24511 Carlton Springs Lane Katy, TX 77494	0.532949%	
G&M Oil, LLC 5801 Highland Blvd Midland, TX 79707	0.450688%	
Eight Energy, Inc. 303 W Wall St, Ste 1902 Midland, TX 79701	0.400521%	
Tripp Exploration, Inc. P.O. Box 9622 Midland, TX 79708	0.400521%	
DRB Hard Rock Investments, LLC 4535 Holly Bellaire, TX 77401	0.225344%	
SE Cone, Jr. P.O. Box 10321 Lubbock, TX 79408	2.083333%	
Katherine Cone Keck P.O. Box 24680 Los Angeles, CA 90024	2.083333%	
Tom R. Cone P.O. Box 400 Southwest City, MO 64863	1.250000%	
KR&M, LLC 1640 Broadway Lubbock, TX 79401	2.083333%	Pooled in Order R-22515 (Case 23092)
The Long Trusts 118 S. Kilgore St. Kilgore, TX 75662	2.396875%	Pooled in Order R-22515 (Case 23092)
Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662	0.103125%	Pooled in Order R-22515 (Case 23092)
Estate of EJ Fox 394 Perdue Ln Weatherford, TX 76085	5.555556%	Pooled in Order R-22515 (Case 23092)
Estate of Knox Paine Fox P.O. Box 682 Tatum, NM 88267	0.694444%	Pooled in Order R-22515 (Case 23092)
Estate of Bina Mae Fox Hall 2220 Laguna Dr. Las Cruces, NM 88005	1.041667%	Pooled in Order R-22515 (Case 23092)
Anna M. Chaftin 1817 E. Kansas Hobbs, NM 88240	1.041667%	Pooled in Order R-22515 (Case 23092)
Estate of RE Wylie 501 Montgomery Circle Carmi, IL 62821	1.562500%	Pooled in Order R-22515 (Case 23092)
Total	100.000000%	

SW/4 of Section 31 (160 acre)

Owner	% of Leasehold Interest	
Crockett Operating, LLC (Operating Entity) 1101 N. Little School Rd. Arlington, TX 76017	0.00%	
Vader Exploration & Production, LLC 1101 N. Little School Rd. Arlington, TX 76017	32.921875%	
G.O. Basic Energy I, LLC P.O. Box 51451 Midland, TX 79710	29.562500%	
Terra Nova Energy, LP 242 Spring Park Dr., Ste C Midland, TX 79705	1.667500%	
Kennedy Minerals Ltd. 500 West Texas Ave, Ste 655 Midland, TX 79701	1.349715%	
McCarthy O&G, LLC 24511 Carlton Springs Lane Katy, TX 77494	0.447012%	
G&M Oil, LLC 5801 Highland Blvd Midland, TX 79707	0.378015%	
Eight Energy, Inc. 303 W Wall St, Ste 1902 Midland, TX 79701	0.335938%	
Tripp Exploration, Inc. P.O. Box 9622 Midland, TX 79708	0.335938%	
DRB Hard Rock Investments, LLC 4535 Holly Bellaire, TX 77401	0.189008%	
Paul Davis, Ltd. 2202 Seaborad Ave. Midland, tx 79705	1.562500%	
Estate of William H. Rabun 2040 Misty Oaks Dr Buford, GA 30519	32.812500%	Interest to be pooled in Case 23990
Total	101.562500%	



September 12, 2023

**Via: U.S. Certified Mail-Return Receipt No. 7020 1810 0000 6361 5776**

Teresa Kay Rabun-Stebnicki  
2040 Misty Oaks Dr  
Buford, GA 30519

Re: Well Proposal and Election – Ackbar 30-31 B Fee 5H  
Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

Dear Mineral Owner:

Crockett Operating, LLC ("Crockett") is planning to drill the Ackbar 30-31 B Fee 5H Well at legal location in the SE/4 of Section 30, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico. The surface hole location for the well is 2388' FSL & 1410' FEL in Section 30, and a bottom hole location of 50' FSL & 1410' FEL in Section 31. The well will be drilled and completed horizontally in the San Andres formation at a total vertical depth of approximately 5,450'.

Our records indicate that you currently own 26.25 net acres, or 5.46875% participation percentage in the Ackbar 30-31 B 5H well. As of the date of this letter, you own a mineral interest under the lands of this well and your interest is unleased. This letter is to inform you of our plans to drill and produce the well on the above-described lands, and to allow you the option to lease your interest or to participate as a Working Interest partner for your proportionate interest.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Crockett's intended procedure. Crockett will advise you of any such modifications.

Should you choose to participate in the well, Crockett proposes a Joint Operating Agreement containing the following basic provisions:

- Overhead rates \$8,000/well during drilling operations, \$800/month thereafter.
- Risk penalty (300%)

If you would like to review the proposed Operating Agreement, we will provide you a copy for your review.

Enclosed, in duplicate, is our detailed Authorization for Funds Expenditure (AFE) which sets forth the estimated costs associated with the well. If you intend to participate, please indicate your election on this document and sign the AFE and return to the undersigned, in the enclosed return envelope within thirty (30) days of receipt of this proposal. If you choose to lease your interest, please indicate below and we will contact you to reach a voluntary agreement to lease. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Crockett; otherwise, you will be covered by insurance procured by Crockett and will be responsible for your share of the cost.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C-2  
Submitted by: Crockett Operating, LLC  
Hearing Date: December 7, 2023  
Case No. 23990

Re: Well Proposal and Election – Ackbar 30-31 B Fee 5H  
Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

Should you choose to lease your interest, Crockett will consider acquiring an Oil and Gas Lease of your mineral interests at fair negotiated terms.

Please call the undersigned at (210) 710-9468 with any questions or comments.

Respectfully Submitted,

**Crockett Operating, LLC**

encl



Percy Engineer  
Land Manager

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**ELECTION TO PARTICIPATE**  
**Ackbar 30-31 B Fee 5H well**

\_\_\_\_\_ Elect **TO Lease** my Interest, please contact me to discuss terms.

\_\_\_\_\_ Elect **TO participate** in drilling and completing the Proposed Well and TO participate in Operator's Control of Well Insurance.

\_\_\_\_\_ Elect **TO participate** in drilling and completing the Proposed Well and NOT TO participate in Operator's Control of Well Insurance.

\_\_\_\_\_ Elect **NOT TO participate** in drilling and completing the Proposed Well, or to lease my interest, and I understand that my interest may be subject to compulsory pooling.

By (signature): \_\_\_\_\_

Phone: \_\_\_\_\_

Name (print): \_\_\_\_\_

Email: \_\_\_\_\_

Title (if applicable): \_\_\_\_\_

Date: \_\_\_\_\_

Alamo Borden County ESTIMATED WELL COSTS							
Lease Name Vader	Well Name Ackbar 30-31 A Fee 1H	Sec-Twp-Rng	Surface Location TBA		County Lea County, NM	Prospect	Date 8/2/20
BPO Gross Working Interest 100.00%		BPO Net Revenue Interest 75.00%		Formation San Andres		AFE# 22DR01	Drilling Engineer
Depth (MD)	Depth (TVD)	Days - Drill 20	Days - Complete 6	Drill AFE \$2,638,065	Completion AFE \$2,612,752	Facility AFE \$626,500	Drilling Rig Latshaw 5
		Accounting Code	Drilling	Completion	Facility	Total	
Drilling-Drilling		9200					
Drilling-Daywork		9202	\$520,740				\$520,740
Drilling-Turkey		9203					
Drilling-Directional		9204	\$188,908				\$188,908
Surveys/Permits/Bonds - Drilling		9207	\$25,000				\$25,000
Cementing & Pumping Services		9208	\$153,571				\$153,571
Mud/Chemicals/Fluids/Water		9209	\$72,500	\$310,000			\$382,500
Roads/Location Prep & Cleanup - Drilling		9211	\$129,500				\$129,500
Equipment & Tool Rental		9212	\$132,571	\$185,000			\$317,571
Stimulation-Fracturing		9213		\$1,200,000			\$1,200,000
Stimulation-Acidizing		9214					
Hauling/Trucking/Hot Shot		9215	\$30,000	\$20,000			\$50,000
Coring & Analysis		9216	\$20,000				\$20,000
Inspection/Testing		9217	\$8,000				\$8,000
Special Well Services (Casing Crews, etc)		9218	\$34,000				\$34,000
Drill Bits/Scrapers/Etc		9219	\$54,500	\$3,500			\$58,000
Contract Services, Supplies & Equipment		9221	\$1,500				\$1,500
Contract Labor - Wellsite Supervision		9222	\$34,000	\$30,000			\$64,000
Fuel & Power		9223	\$126,000	\$360,000			\$486,000
Perforating		9225		\$62,000			\$62,000
Slick Line/Swabbing		9226					
Flow Testing		9227					
Open Hole Logging		9229	\$172,200				\$172,200
Environmental & Safety		9230					
Completion Unit		9233		\$50,000			\$50,000
Cased Hole Logging		9234					
Mobilization (Rig Moves)		9236	\$142,500	\$30,000			\$172,500
Coiled Tubing Unit		9243					
Fishing Equipment & Svcs		9244					
Gravel Packing (Installation & Services)		9247					
Communications		9253					
Fresh Water		9260	\$15,000				\$15,000
ROW/Easement/Damages - Drilling		9262					
Admin Overhead		9264	\$12,000				\$12,000
Frac Water Hauling		9266					
Miscellaneous Costs & Contingencies		9299					
Casing		9402	\$740,075	\$7,752			\$747,827
Tubing & Accessories		9403		\$55,000			\$55,000
Wellhead Equipment		9404	\$6,500	\$14,500			\$21,000
Pumping Unit		9405					
Downhole Pump		9406		\$245,000			\$245,000
Production Surface Equipment		9407			\$270,000		\$270,000
Compressor		9412					
Float Equipment & Other Downhole		9413	\$19,000	\$40,000			\$59,000
Meters/Meter Runs		9414			\$22,000		\$22,000
Gas Lift Valves & Equipment		9415					
Pipe, Nipples, Chokes, Valves, & Gauges		9416			\$137,500		\$137,500
Engines/Motors/Pumps		9417					
Gravel Pack Screens & Equip		9420					
Rods & Rod Guides		9421					
NGL Processing Equipment		9423					
Gathering/Mainline Pipeline		9424					
Electrical Material - Well Site		9425					
Power Line Grid Labor		9426					
Power Line Grid Materials		9427					
Facility Installation Labor		9449			\$192,000		\$192,000
Gathering Line Installation		9450			\$5,000		\$5,000
Meters & Control Devices - Labor		9460					
Electrical Labor - Well Site		9461					
ROW/Easement/Damages - Facility		9462					
Surveys/Permits/Bonds - Facility		9463					
Miscellaneous		9490					
		Total	Intangible	\$1,872,490	\$2,250,500		\$4,122,990
		Total	Tangible	\$765,575	\$362,252	\$626,500	\$1,754,327
		Total		\$2,638,065	\$2,612,752	\$626,500	\$5,877,317

## Approvals:

By:

Partner

Date:

Vader Exploration &amp; Production, LLC

By:

By:

Title:

Title:

Date:

Date:



September 27, 2023

**Via: U.S. Certified Mail-Return Receipt No. 7020 1810 0000 6361 5783**

Teresa Kay Rabun-Stebnicki  
2040 Misty Oaks Dr  
Buford, GA 30519

**RE: *Lease Letter for Oil, Gas & Mineral Lease***

**Township 13 South, Range 38 East N.M.P.M**

S/2 of Section 31

Dear Mrs. Rabun-Stebnicki,

Pursuant to our recent agreement made via video-conference on September 13, 2023, enclosed herewith for your review and execution is the original and one copy of the Oil, Gas, and Mineral Lease covering your interest in the above captioned property. The Lease is on our standard Producers 88 – New Mexico Form, is paid-up and provides for a 3-year term with a 1/4 royalty, at the Bonus Consideration we previously agreed to.

The Oil, Gas and Mineral Lease should be executed in the presence of a Notary Public and returned to the undersigned in the envelope provided. *Upon receipt of the Lease, we will remit to you a check as payment for the bonus consideration.*

Thank you for your cooperation in this matter. Should you have any questions, please advise.

Yours truly,

Mason Vasquez

P.O. Box 9622  
Midland, TX 79708

Cell: (806) 223-3702

Email: [mason.vasquez@elitelandco.com](mailto:mason.vasquez@elitelandco.com)



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PRODUCERS 88 – EEI NM120919

## **OIL, GAS AND MINERAL LEASE (PAID-UP)**

THIS AGREEMENT made and entered into this **27<sup>th</sup> of September, 2023**, by and between **Teresa Kay Rabun-Stebnicki**, hereinafter called "Lessor", whether one or more, whose address is 2040 Misty Oaks Drive, Buford, Georgia 30519, and **Elite Title & Land, LLC**, whose address is P.O. Box 9622, Midland, Texas 79708, hereinafter called "Lessee".

WITNESSETH: That, for and in consideration of the sum of One Hundred Dollars (\$100.00), and other good and valuable consideration, receipt of which is hereby acknowledged, and of the royalties herein provided and the agreements of Lessee herein contains, Lessor does hereby grant, lease and let exclusively unto Lessee its successors and assigns, all of the land hereinafter described, together with any reversionary rights therein for the purpose of exploring by geological, geophysical and all other methods, and of drilling, producing and operating wells or mines for the recovery of oil, gas and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, that may be produced from any well or mine on the leased premises, including primary, secondary, tertiary, cycling, pressure maintenance methods of recovery, and all other methods, whether now known or unknown, with all incidental rights thereto, and to establish and utilize facilities for surface and subsurface disposal of salt water, and to construct, maintain and remove roadways, tanks, pipelines, electric power and telephone lines, power stations, machinery and structures thereon, to produce, store, transport, treat and remove all substances described above, and the products therefrom, together with the right of ingress and egress to and from said land across any other land now or hereafter owned by Lessor. The land hereby leased is situated in the County of Lea, State of New Mexico, and is described as follows:

### **Township 13 South, Range 38 East, N.M.P.M**

### **All of the South Half (S/2) of Section 31**

This lease covers all of the land described above, including any interests therein that any signatory hereto has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as herein set forth, all lands now or hereafter owned or claimed by Lessor, adjacent, contiguous, or a part of the tract or tracts described above, whether such additional lands be owned or claimed by deed, limitation, or otherwise, or are fenced or unfenced, and whether such lands are inside or outside of the metes and bounds description set forth above, or are in the named survey, or other survey or surveys. It is the intent of this paragraph to cover the lands listed above, and only any additional lands as necessary to properly encompass the lands listed above. It is further understood that this paragraph is intended to cover additional lands as the result of survey error, errors in legal descriptions, or other instances that cause the intended lands to be described differently, but in no even does this language intend to create any obligation for lands other than those required to properly encompass or describe those listed above. The bonus money paid for this lease is in gross, and not by the acre, and shall be effective to cover all such land irrespective of the number of acres contained therein, but the land included within this lease is estimated to comprise 320.00 acres, whether actually more or less, and such land is hereinafter referred to as the "leased premises".

TO HAVE AND TO HOLD the leased premises for a term of **three (3) years** from the date hereof, hereinafter called "primary term", and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced from the leased premises or from lands with which the leased premises are pooled or unitized.

In consideration of the premises it is hereby agreed as follows:

1. Royalty on Oil. Lessee shall deliver to Lessor, at the well or to the credit of Lessor in the pipeline to which the well may be connected *one-quarter (1/4)* of all oil and other liquid hydrocarbons produced and saved from the leased premises,

or Lessee, at its option, may buy or sell such *one-quarter (1/4)* royalty and pay Lessor the market price for oil or liquid hydrocarbons of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

2. Royalty on Gas. Lessee shall pay to Lessor as royalty on gas, including casinghead gas or other gaseous substances produced from said land and sold on or off of the premises, *one-quarter (1/4)* of the net proceeds at the wellhead received from the sale thereof, provided that on gas used off the leased premises or by Lessee in the manufacture of gasoline or other products therefrom, the royalty shall be the market value at the well of *one-quarter (1/4)* of the gas so used; as to all gas sold by Lessee under a written contract, the price received by Lessee for such gas shall be conclusively presumed to be the net proceeds at the well or the market value at the well for the gas sold.

3. Royalty on Other Substances. Lessee shall pay to Lessor, as royalty on any substances covered by this lease other than oil and gas and the products thereof which Lessee may elect to produce, save and market from the leased premises, *one-quarter (1/4)* of the proceeds received by Lessee from the sale thereof.

4. Shut- In Gas Royalty. If at any time, or from time to time, either before or after the expiration of the primary term of this lease, there is any gas well on the leased premises or on lands with which the leased premises are pooled or unitized and which is capable of producing in paying quantities, but which is shut in before or after production therefrom, such well shall be considered under all provisions of this lease as a well producing gas in paying quantities and this lease shall remain in force in like manner as though gas therefrom was actually being sold or used, *for a period not to exceed two (2) aggregate years after the first date such well is actually shut in.* In such event, Lessee covenants and agrees to pay Lessor, as royalty, the sum of Two Hundred Dollars (\$200.00) per net acre, per annum, for the period commencing on the date such well is actually shut in, unless this lease is being maintained in force and effect by some other provision hereof, in which event such period shall commence on the date this lease ceases to be maintained in full force and effect by some other provision hereof. Payment or tender shall be made to Lessor at address above until written notice of address change has been received by Lessee from Lessor. The first payment shall, be due and payable on or before ninety (90) days after the date such well is shut in, or ninety (90) days from the date this lease ceases to be maintained in force by some other provision hereof. Unless gas from such well is produced and sold or used prior thereto, except temporary sales, or use for lease operations, subsequent payments shall be due annually thereafter on the anniversary date of the period for which such prior payment was made. No additional payments shall be required if there is more than one shut-in gas well on the leased premises or on lands with which the leased premises are pooled or unitized. The term "gas well" shall include wells capable of producing natural gas, condensate, or any gaseous substance, and wells classified as gas wells by any governmental authority having jurisdiction.

5. Delay Rental. This lease, which is a "paid-up" lease, requires no rentals.

6. Drilling Operations. If Lessee should drill and abandon as a dry hole a well on the leased premises, or if after the discovery of oil, gas or other minerals, the production thereof should cease from any cause, and, in either event there are no other producing wells on the leased premises or on lands with which they are pooled or unitized, or drilling or reworking operations are not being conducted thereon, this lease shall not terminate if Lessee commences reworking or additional drilling operations on the leased premises within ninety (90) days thereafter or, if it be within the primary term, Lessee commences operations for drilling or reworking on or before the expiration of ninety (90) days from the date of such abandonment or cessation of production or the end of the primary term which is the later. If, at the expiration of the primary term, oil, gas or other minerals are not being produced from the leased premises or from lands with which the leased premises are pooled or unitized, but Lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such drilling or reworking operations are prosecuted, or reworking operations on any well or additional drilling operations are conducted on the leased premises, or on lands pooled or unitized therewith, with no cessation of more than ninety (90) consecutive days, and if any such operations result in production then as long thereafter as such production continues.

7. Pooling. Lessee is hereby granted the right, at any time and from time to time, whether before or after production, to pool this lease for the production of oil, gas or condensate, or any or either of them, as to the land covered hereby, or any zone or portion thereof, or as to any mineral or royalty interest therein, with any other lease covering the above described land, or lands adjacent, contiguous, adjoining, or in the immediate vicinity thereof, or as to any zone or portion of said lease or any mineral or royalty interest therein. Such pooling shall be into a unit or units as follows:

- a) Vertical oil wells: Unit or units shall not exceed eighty (80) acres plus an acreage tolerance of ten percent (10%)

thereof for vertical oil wells.

- b) Horizontal oil wells: Unit or units shall not exceed three hundred twenty (320) acres plus an acreage tolerance of ten percent (10%) thereof for horizontal oil wells.
- c) Gas wells: Unit or units shall not exceed six hundred forty (640) acres each plus an acreage tolerance of ten percent (10%) thereof for gas wells, as either a vertical or horizontal completion.

However, should governmental authority having jurisdiction prescribe, permit, or allow the creation of any drilling, spacing or proration units larger than those specified above such units may be created or enlarged to conform in size to the drilling or spacing units so prescribed or permitted or to the proration units as may be authorized for obtaining the maximum allowable production from one well.

Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil, or gas in any one or more zones, and units so formed need not conform in size or area with the unit or units into which the lease is pooled, or combined as to any other zone, and oil units need not conform as to area with gas units. Such pooling shall be effected by the filing by Lessee of a written designation, in the county or counties, in which the premises are located, identifying and describing the pooled unit. The production of oil, gas or condensate from any zone or portion of the land so pooled and the development and operation on such land, including the commencement, drilling, completion and operation of a well thereon, or the existence thereon of shut-in gas well, be considered and construed and shall have the same effect, except for the payment of royalty, as production, development and operation, or the existence of a shut-in gas well on the leased premises, regardless of the location of the well on the unit. Production from any unit well producing oil, gas or condensate shall be allocated to the leased premises in the proportion that the acreage of the leased premises included within the units bears to the total acreage in the unit and the royalty provided for herein shall be calculated on the portion of the production so allocated. The royalty so payable on allocated production shall be in lieu of any other royalty that would accrue to Lessor from the production of oil, gas or condensate from any zone or portion of the leased premises included within the unit. Shut-in gas royalty, with respect to unit shut-in gas wells, shall be payable in accordance with the provisions and in the amount set forth in this lease. In the event any unit well shall fail to produce oil, gas or condensate in paying quantities, or in the event the production from any such well shall cease, Lessee may terminate the unit by filing for record, in the county, or counties where the land is situated, a written declaration of such termination.

8. Use of Oil, Gas for Operations. Lessee shall have the free use of oil and gas from the leased premises for all operations hereunder and the royalty on oil and gas shall be computed after deducting the amount so used.

9. Removal of Equipment. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed on the leased premises by Lessee, including the right to withdraw and remove all casing.

10. Assignment or Change of Ownership. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or, division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change or division in ownership of the land, rentals or royalties, however accomplished, shall be binding upon Lessee for any purpose and shall not impair the effectiveness of any payment theretofore made by Lessee (irrespective of whether Lessee has either actual or constructive knowledge hereof) until (60) days after such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder.

11. Force Majeure. Lessee shall not be liable for any delays in its performance of any covenant or condition hereunder, express or implied, or for total or partial nonperformance thereof, due to force majeure. The term "force majeure", as used herein, shall mean any circumstance or any condition beyond the control of Lessee, including but not limited to acts of God and actions of the elements; acts of the public enemy; strikes; lockouts; accidents; laws, acts, rules, regulations and orders of federal, state or municipal governments, or officers or agents thereof; failure of transportation; or the exhaustion, unavailability, or delays in delivery, of any product, labor, service or material. If Lessee is required to cease drilling or reworking or producing operations on the leased premises by force majeure, then until such time as such force majeure is terminated and for a period of ninety (90) days after such termination, each and every provision of this lease that might operate to terminate it shall be suspended and this lease shall continue in full force and effect during such suspension period.

If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

12. Lesser Interest Clause. If Lessor does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessor hereunder.

13. Warranty. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, any time, to redeem for Lessor, by payment, any mortgage, taxes or other liens on the leased premises in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessor hereunder.

14. Surrender. Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so surrendered.

15. Parties Bound. This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and heirs, devisees, successors and assigns. Should any party named above as Lessor fail to execute this lease, or should any party execute this lease who is not named above as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

16. Headings for Convenience. The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

17. Continuous Drilling Program. If, at the end of the Primary Term production of oil or gas has been obtained on the leased premises, such production occurring at any time during the Primary Term, or a well has been completed as a dry hole within one hundred eighty (180) days of the end of the Primary Term, then Lessee shall thereafter continuously develop the leased premises with no cessation of more than one hundred eighty (180) days from the completion of one well (either as a well capable of producing oil or gas in paying quantities or as a dry hole) and the commencement of actual drilling operations on the next well. Where no operations for drilling are being conducted on the leased premises at the end of the Primary Term (production previously having been obtained or well completed as a dry hole), then the first such continuous development well shall be actually commenced within one hundred eighty (180) days of the end of the Primary Term. If, however, at the end of the Primary Term no oil or gas is being produced on the leased premises, but Lessee has engaged in operations for the drilling of a well thereon, then this lease shall not terminate as long as drilling operations are continuous and as long as oil and gas is produced in paying quantities or said leased premises are continuously developed as provided above.

18. PUGH Clause. At the expiration of the Primary Term or upon the cessation of the continuous development of the leased premises required above, whichever is later, this Lease shall automatically terminate as to all lands and depths herein, save and except those lands located within a governmental proration unit assigned to a well producing oil or gas in paying quantities and the depths down to and including one hundred feet (100') below the deepest producing formation in all lands included in this Lease. Governmental proration unit shall include the maximum number of acres required to comply with the applicable rules and regulations of the governmental authority having jurisdiction, for obtaining the maximum production allowable for the particular well. In the event the well produces from more than one zone or field, and such zones or fields contain a varying number of acres allotted as per the rules, or field rules, for each formation, then the acreage retained for any well, as to all depths and horizons, shall be the number of acres for the largest proration of any horizon, field, or zone being produced.

However, it is understood that a proration unit corresponding to an horizontal oil well retained under this lease shall be at least 320 acres in size, and a proration unit corresponding to a horizontal gas well retained under this lease shall be 640 acres in size, subject to the field rules of the governmental authority having jurisdiction, as such rules may permit the creation of larger units. It is agreed that as long as this Lease remains in force as to any part of said land, any portion of the land as to which this Lease expires may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably

necessary for ingress and egress for gathering, transporting, treating, processing and storing oil and/or gas produced from the land as to which this Lease remains in force.

19. No Community Lease. If this lease now or hereafter covers separate tracts, no pooling, unitization or communitization of mineral or royalty interests as between any such separate tracts is intended or shall be implied or result from the inclusion of such separate tracts within this lease, and the rule of non-apportionment shall be applicable to this lease and to all lands covered by this lease. The inclusion of Lessor's interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in any such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. With respect to Lessor's interests in said lands, or in any separate tract, and any other party's interest in said lands, or in any separate tract, such interests shall remain separate ownerships with neither party having any rights, interests or ownership whatsoever in the rights, interests or ownership of the other. Any attempt by an owner of any mineral or royalty interest under a separate tract, now or hereafter, to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of any separate tract covered by this lease with any other interests shall by such action specifically ratify, adopt and confirm the entire contents of this Paragraph, and such attempt to effect a pooling, unitization or communitization shall be ineffective, null and void for all purposes. As used in this Paragraph, the words "separate tract" means any tract with mineral or royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the lands covered by this lease.

20. Notice of Breach. The breach by Lessee of any express covenant hereof shall be ground for cancellation hereof as provided in this paragraph. In the event Lessor considers that such a breach has occurred Lessor shall notify Lessee in writing, via certified mail, of the facts relied upon as constituting such breach. Upon receipt of such notice Lessee may notify Lessor of Lessee's intention in good faith to remedy the same, whereupon Lessee shall have a reasonable time, not to exceed sixty (60) days, from the receipt of such notice within which to contest the materiality of such breach or to commence in good faith a diligent compliance with such express obligation which was claimed to have been breached. In any event a cancellation for any such breach shall not affect any well then being worked on or then in process of being drilled or then commercially producing oil or gas or both, and each such well, together with its retained unit, shall continue under the terms of this Lease.

21. Option to Extend Primary Term. Lessee shall have the option, but not the obligation of extending the primary term of this lease in whole or in part for an additional two (2) years from the expiration of the primary term by the payment to lessor on or before the expiration of said primary term, a sum equal to the original bonus per net acre amount paid to Lessor. In the event that the lease is extended as to a portion of the leased premises, the bonus amount due for the extension shall be paid as to the number of net acres of the lands being extended only. Additionally, Lessee, its successors or assigns, shall have the right to extend the lease in its entirety, or any portion thereof, at its discretion. Should this lease be extended, Lessor agrees to execute recordable documents as requested by Lessee, its successors or assigns.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

SIGNATURE PAGE TO FOLLOW



**Teresa Kay Rabun-Stebnicki**

THE STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 2023.

My Commission Expires: \_\_\_\_\_

Notary Public

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**MEMORANDUM OF OIL AND GAS LEASE**

STATE OF NEW MEXICO       §  
   § **KNOW ALL MEN BY THESE PRESENTS:**  
 COUNTY OF LEA               §

**BE IT REMEMBERED** that on the **27<sup>th</sup> day of September, 2023**, a Paid Up Oil and Gas Lease was made and entered into by and between **Teresa Rabun-Stebnicki**, whose address is 2040 Misty Oaks Drive, Buford, Georgia 30519, hereinafter called ("LESSOR"), and **Elite Title & Land, LLC**, whose address is P.O. Box 9622, Midland, Texas 79708, hereinafter called ("LESSEE"), where LESSOR hereby grants, leases and lets exclusively to LESSEE for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non-hydrocarbon substances produced in association therewith, from the following land situated in Lea County, New Mexico, to-wit:

**Township 13 South, Range 38 East N.M.P.M**

**All of the South Half (S/2) of Section 31**

Subject to the other provisions therein contained, said lease provides for a primary term of three (3) years from the date thereof with an option to extend said lease for a further two (2) years, or as long thereafter as oil or gas or other substances covered therein are produced in paying quantities from the leased premises or from lands pooled therewith, or this lease is otherwise maintained in effect pursuant to the provisions therein.

An executed copy of said Oil and Gas Lease is in the possession of the LESSEE at its address indicated above.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_ 2023.

**LESSOR:**

\_\_\_\_\_  
**Teresa Rabun-Stebnicki**

**ACKNOWLEDGMENT**

THE STATE OF \_\_\_\_\_ )  
   )  
 COUNTY OF \_\_\_\_\_ )

Before me, the undersigned authority, on this day personally appeared **Teresa Rabun Stebnicki**, known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 2023.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
 Notary Public

**Contact Chronology**  
**Ackbar 30-31 A Fee 1H**

Interest Owner	Notes
Estate of William H. Rabun (Robert Dean Rabun and Teresa Kay Rabun-Stebnicki, as possible heirs) Subject Lands: SE/4 of Section 31, Township 13 South, Range 38 East	1. It was first discovered on April 14, 2023, via Division Order Title Opinion, that William H. Rabun owned an undivided mineral interest in this well unit. Previously, title to this interest was thought to be owned by another mineral owner that we have under current lease. Upon further research, we found that William H. Rabun has been deceased since 2012. No probate record could be located in multiple searches.
	2. We located Robert Dean Rabun, the son of William H. Rabun, on May 10, 2023. We spoke with him via phone and email. He indicated that he and his sister Teresa were the sole heirs of William Rabun. No information was provided to locate any probate records.
	3. Successive attempts were made with Robert, on behalf of the estate of William Rabun, via phone, text message, and email, to obtain a lease and even purchase the mineral interest. He stopped responding to any calls or emails.
	4. We located Teresa Kay Rabun-Stebnicki, sibling of Robert Rabun, and the only other beneficiary to the Estate of William Rabun. We contacted her on June 30, 2023 to pursue a voluntary agreement to lease or participate. We emailed her a lease offer and a well election packet on July 11, 2023. At this time, Robert was no longer responsive to any contact attempts and Teresa was the main point of contact.
	5. Multiple attempts to follow-up with Teresa were made from July through September with either no response or indicating that she was "too busy" and to call back.
	6. In September, 2023 we were successful in setting up a video conference meeting with Rob, Teresa, Percy Engineer and Mason Vasquez. The video meeting took place on September 13, 2023. We spent over one hour reviewing the Well Election and Proposal, answering their questions, and explaining the process from leasing to development, as well as their option for leasing, participating or compulsory-pooling. We came to agreement to lease at our previously offered terms. We were to send her the finalized lease packet and she was going to return along with any a paperwork regarding the estate of William Rabun. The meeting was very positive and both sides enjoyed finally getting to know each other and work together.
	7. We attempted to contact both Teresa and Rob several times following the meeting to verify addresses for the lease and were unsuccessful.
	8. On September 24, 2023, Teresa notified us that they were considering exploring other options (working with a broker to sell their mineral interest). We offered to still take her lease and to assist in selling her mineral interest, but received no response. Further contact attempts were unsuccessful.
	9. We sent another Well Election and Proposal packet for the Ackbar 30-31 A Fee 1H well to both siblings, via certified mail on September 25, 2023. This was in addition to the same being sent via email multiple times (and acknowledged as received). We subsequently sent her lease packets via certified mail on September 27, 2023 in order to have a proper record of them receiving the same.
	10. No further contact has been successful in obtaining a voluntary agreement.

**BEFORE THE OIL CONSERVATION DIVISION**  
**Santa Fe, New Mexico**  
**Exhibit No. C-3**  
**Submitted by: Crockett Operating, LLC**  
**Hearing Date: December 7, 2023**  
**Case No. 23990**



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

**APPLICATION OF CROCKETT OPERATING  
OIL COMPANY TO AMEND ORDER R-22515  
TO ADD ADDITIONAL POOLED PARTIES,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23990  
(formerly Case No. 23092)**

**SELF-AFFIRMED STATEMENT OF  
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Crockett Operating, LLC (“Crockett”), the Applicant herein. I have personal knowledge of the matters addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of December 4, 2023.

5. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Paula M. Vance

December 4, 2023

Date

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: Crockett Operating, LLC  
Hearing Date: December 7, 2023  
Case No. 23990**



**Paula M. Vance**  
**Associate**  
Phone (505) 988-4421  
pmvance@hollandhart.com

November 17, 2023

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of Crockett Operating, LLC to Amend Order R-22515 to Add Additional Pooled Parties, Lea County, New Mexico: Ackbar 30 31 A Fee IH well**

Ladies & Gentlemen:

This letter is to advise you that Crockett Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on December 7, 2023, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

**Due to the remodeling of the state building where the New Mexico Oil Conservation Division is located, hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.**

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Percy Engineer at (210) 710-9468, or at [percy.engineer@gmail.com](mailto:percy.engineer@gmail.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance".

Paula M. Vance  
**ATTORNEY FOR CROCKETT OPERATING, LLC**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

## Postal Delivery Report

9214 8901 9403 8339 1534 00	Estate of Willian H. Rabun and Robert Dean Rabun as Possible Heir 3102 Pagoda Trce Lawrenceville GA 30043	Delivered Signature Received
9214 8901 9403 8339 1534 17	Estate of William and Teresa Kay Rabun-Stebnicki as Possible Heir 2040 Misty Oaks Dr Buford GA 30519	Delivered Signature Received