BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MAY 2, 2024

CASE NO. 24397

BAETZ 22/15 FED COM 2H – SECOND EXTENSION

LEA COUNTY, NEW MEXICO



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

APPLICATION OF FASKEN OIL & RANCH TO EXTEND THE DRILLING DEADLINE UNDER ORDER R-22122, LEA COUNTY, NEW MEXICO.

CASE NO. 24397

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

APPLICATION OF FASKEN OIL & RANCH TO EXTEND THE DRILLING DEADLINE UNDER ORDER R-22122, LEA COUNTY, NEW MEXICO.

CASE NO. 24397

APPLICATION

Fasken Oil & Ranch, LTD ("Fasken" or "Applicant"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to extend the drilling deadline under compulsory pooling Order No. R-22122. In support of its application, Fasken states:

1. On May 9, 2022, the Division entered Order R-22122 in Case 22698 pooling the Bone Spring formation underlying a standard 320-acre horizontal well spacing unit comprised of the E/2 W/2 of Sections 22 and 15, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico (the "Pooling Order"). Fasken is the designated operator under the Pooling Order and the pooled spacing unit is initially dedicated to the proposed **Baetz 22/15 Fed Com 2H** (API: 30-025-PENDING) well.

2. On June 7, 2023, the Division entered Order R-22122-A in Case 23474 extending until May 9, 2024, the deadline to drill the initial well under the Pooling Order. At the Division hearing, Fasken demonstrated the drilling permit filed with the Bureau of Land Management had not yet been approved.

3. As of the filing of this application, the drilling permit on file with the Bureau of Land Management has still not been approved.

4. Good cause exists to extend the deadline to commence drilling the initial well under the Pooling Order.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2024, and, after notice and hearing as required by law, the Division enter an order extending until May 9, 2025, the deadline to commence drilling the initial well under the Pooling Order.

Respectfully submitted,

HOLLAND & HART LLP

By:

Michael H. Feldewert Adam G. Rankin Paula M. Vance Post Office Box 2208 Santa Fe, NM 87504 505-988-4421 505-983-6043 Facsimile mfeldewert@hollandhart.com agrankin@hollandhart.com

ATTORNEYS FOR FASKEN OIL & RANCH, LTD

CASE ____:

Application of Fasken Oil & Ranch, LTD to Extend the Drilling Deadline Under Order R-22122, Lea County, New Mexico. Applicant in the above-styled cause seeks an extension of time to drill the initial well under pooling Order No. R-22122. This Order pooled the Bone Spring formation underlying a standard 320-acre horizontal well spacing unit comprised of the E/2 W/2 of Sections 22 and 15, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. Fasken is the designated operator under the pooling order and the pooled spacing unit is initially dedicated to the proposed Baetz 22/15 Fed Com 2H well to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 22, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15. Said area is located 29 miles northeast of Carlsbad, New Mexico.

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

APPLICATION OF FASKEN OIL & RANCH, LTD, TO AMEND ORDER NO. R-22121, LEA COUNTY, NEW MEXICO.

CASE NO. 24396 ORDER NO. R-22121

APPLICATION OF FASKEN OIL & RANCH, LTD, TO AMEND ORDER NO. R-22122, LEA COUNTY, NEW MEXICO.

CASE NO. 24397 ORDER NO. R-22122

SELF-AFFIRMED STATEMENT OF MIKE WALLACE

1. My name is Mike Wallace, and I work for Fasken Oil & Ranch, LTD, ("Fasken") as a Landman. I am familiar with the applications filed in these cases and have personal knowledge of the information provided in this self-affirmed statement.

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 landman have been accepted by the Division and made a matter of record.

3. Case 24396 seeks to amend Order R-22121 and Case 24397 seeks to amend Order R-22122 to allow additional time to drill the initial, approved wells. Both orders were entered on May 9, 2022, and created standard 320-acre horizontal well spacing units in the Bone Spring formation underlying the W2W2 and the E2W2 (respectively) of Sections 22 and 15, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico, for the proposed **Baetz 22/15 Fed Com #1H** and **Baetz 22/15 Fed Com #2H** wells.

The drilling deadline for each of these wells was extended until May 9, 2024, under 4. Orders R-22121-A (Case 23473) and R-22122-A (Case 23474) because the drilling permits filed with the Bureau of Land Management on June 30, 2022, had not yet been approved.

5. Since the drilling permits remain pending before the Bureau of Land Management, good cause remains to further extend the deadline to commence drilling under the orders for another year, until May 19, 2025.

Since Fasken is still waiting for approved drilling permits, none of the working 6. interest owners that remain subject to these pooling orders have been asked to make an election on the wells or pay their estimated share of the costs to drill, complete and equip the wells.

The granting of this application will prevent waste and protect correlative rights. 7.

8. 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 these cases. This statement is made on the date next to my signature below.

Mike Wallace

<u>4/29/24</u> Date

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

APPLICATION OF FASKEN OIL & RANCH TO EXTEND THE DRILLING DEADLINE UNDER ORDER R-22122, LEA COUNTY, NEW MEXICO.

CASE NO. 24397

<u>SELF-AFFIRMED STATEMENT OF</u> <u>MICHAEL H. FELDEWERT</u>

1. I am attorney in fact and authorized representative of Fasken Oil & Ranch ("Fasken"), 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 April 26, 2024.

5. I caused a notice to be published to all parties subject to these compulsory pooling proceedings on April 17, 2024. An affidavit of publication from the publication's legal clerk with a copy of the notice publication is attached as Exhibit C.

6. 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.

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. B Submitted by: Fasken Oil & Ranch, Ltd. Hearing Date: May 2, 2024 Case No. 24397

<u>Michael H. Feldewert</u>

April 30, 2024

Date

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Holland & Hart

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

April 12, 2024

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

TO: ALL INTEREST OWNERS THAT REMAIN SUBJECT TO POOLING ORDER

Re: Application of Fasken Oil & Ranch, LTD to Extend the Drilling Deadline Under Order R-22122, Lea County, New Mexico: *Baetz 22/15 Fed Com 2H*

Ladies & Gentlemen:

This letter is to advise you that Fasken Oil & Ranch, LTD has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on May 2, 2024, and the status of the hearing can be monitored through the Division's website at <u>https://www.emnrd.nm.gov/ocd/</u>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. 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 Mike Wallace at (432) 687-1777 or at mwallance@forl.com.

Sincerely,

Paula M. Vance ATTORNEY FOR FASKEN OIL & RANCH, LTD

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

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

		Postal Delivery Report				
9414811898765406490404	Brooks Oil and Gas Interests, Ltd.	2100 Castleford Rd Apt 312	Midland	ТХ	79705-1737	Your item was delivered to the front desk, reception area, or mail room at 1:26 pm on April 16, 2024 in MIDLAND, TX 79705.
9414811898765406490497	Trainer Partners, Ltd.	PO Box 3788	Midland	ТХ	79702-3788	Your item arrived at our MIDLAND TX DISTRIBUTION CENTER destination facility on April 24, 2024 at 11:23 pm. The item is currently in transit to the destination.
9414811898765406490442	Transcendent Oil and Gas, LLC	PO Box 310	Parker	СО	80134-0310	Your item has been delivered and is available at a PO Box at 10:44 am on April 16, 2024 in PARKER, CO 80134.
9414811898765406490435	Legacy Reserves Operating, LP	15 Smith Rd Ste 3000	Midland	ТХ	79705-5461	Your item was delivered to an individual at the address at 11:15 am on April 16, 2024 in MIDLAND, TX 79705.
9414811898765406490510	Legacy Reserves, LP	15 Smith Rd Ste 3000	Midland	ТХ	79705-5461	Your item was delivered to an individual at the address at 9:33 am on April 19, 2024 in MIDLAND, TX 79705.

		Postal Delivery Report				
9414811898765406490558	Legacy Reserves, Inc.	15 Smith Rd Ste 3000	Midland	ТХ	79705-5461	Your item was delivered to an individual at the address at 11:15 am on April 16, 2024 in MIDLAND, TX 79705.
9414811898765406490565	Revenir Energy, Inc.	1400 16th St Ste 510	Denver	со	80202-1471	Your item was delivered to the front desk, reception area, or mail room at 10:36 am on April 15, 2024 in DENVER, CO 80202.
9414811898765406490527	Revenir Energy, Inc.	15 Smith Rd Ste 3000	Midland	ТХ	79705-5461	Your item was delivered to an individual at the address at 11:15 am on April 16, 2024 in MIDLAND, TX 79705.
9414811898765406490503	BEXP II Alpha, LLC	5914 W Courtyard Dr Ste 340	Austin	ТХ	78730-4928	Your item was delivered to the front desk, reception area, or mail room at 10:39 am on April 16, 2024 in AUSTIN, TX 78730.
9414811898765406490596	BEXP II Omega, LLC	5914 W Courtyard Dr Ste 340	Austin	ТХ		Your item was delivered to an individual at the address at 1:12 pm on April 19, 2024 in AUSTIN, TX 73301.

		Postal Delivery Report	e 1103. 24390-2439	,		
9414811898765406490541	SITL Energy, LLC	308 N Colorado St Ste 200	Midland	ТХ	79701-4631	Your item was delivered to the front desk, reception area, or mail room at 11:06 am on April 16, 2024 in MIDLAND, TX 79701.
9414811898765406490589	Earthstone Permian LLC	1400 Woodloch Forest Dr Ste 300	The Woodlands	ТХ	77380-1197	Your item was delivered to an individual at the address at 1:32 pm on April 16, 2024 in SPRING, TX 77380.
9414811898765406490534	Earthstone Energy Holdings, LLC	1400 Woodloch Forest Dr Ste 300	The Woodlands	ТХ	77380-1197	Your item was delivered to an individual at the address at 1:32 pm on April 16, 2024 in SPRING, TX 77380.
9414811898765406498219	Permian Resources	300 N Marienfeld St Ste 1000	Midland	ТХ	79701-4688	Your item was delivered to the front desk, reception area, or mail room at 12:53 pm on April 16, 2024 in MIDLAND, TX 79701.
9414811898765406498257	Escondido Oil and Gas, LLC	PO Box 395	Roanoke	TX	76262-0395	Your item was picked up at the post office at 11:28 am on April 17, 2024 in ROANOKE, TX
9414811898765406498264		PO Box 395	Roanoke	ТХ	76262-0395	Your item was picked up at the post office at 11:28 am on April 17, 2024 in ROANOKE, TX

		Postal Delivery Report	24390-2439	,		
9414811898765406498226	MRC Permian Company	5400 Lbj Fwy Ste 1500	Dallas	ТХ	75240-1017	Your item was delivered to the front desk, reception area, or mail room at 11:07 am on April 15, 2024 in DALLAS, TX 75240.
9414811898765406498202	Marathon Oil Permian LLC	990 Town And Country Blvd	Houston	ТХ	77024-2217	Your item was delivered to the front desk, reception area, or mail room at 11:28 am on April 15, 2024 in HOUSTON, TX 77024.
9414811898765406498295	Marie I. Baetz Family 2012 Trust	633 Alta Ave	San Antonio	ТХ	78209-4431	Your item was delivered to an individual at the address at 1:31 pm on April 17, 2024 in SAN ANTONIO, TX 78209.
9414811898765406498240	Barbara Shelby Baetz Shipper	1626 Milford St	Houston	ТХ	77006-6028	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765406498288	CSC3 Holdings, Ltd. Attn Courntey B. Watson	344 Terrell Rd	San Antonio	ТХ	78209-5918	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

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		Postal Delivery Report	2105. 21050 2105	,		
9414811898765406498233	Trainer Partners, Ltd. Attn Randall Mark Trainer	PO Box 3788	Midland	ТХ	79702-3788	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765406498813	Trainer Partners, Ltd. Attn Randall Mark Trainer	200 W Illinois Ave	Midland	ТХ	79701-4643	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765406498851	Lenox Minerals, LLC Attn Marshall Hickey	420 Throckmorton St. Ste. 1150	Houston	ТХ	77056	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765406498868	Lenox Minerals, LLC Attn Marshall Hickey	1701 Post Oak Blvd Unit 171	Houston	ТХ	77056	Your item was delivered to the front desk, reception area, or mail room at 1:51 pm on April 15, 2024 in HOUSTON, TX 77056.
	R.K. Moore	1006 5th St	Canyon	ТХ		Your item was delivered to an individual at the address at 11:58 am on April 16, 2024 in CANYON, TX 79015.
9414811898765406498899	Richard H. Schulze	2422 N Spojnia Rd	McHenry	IL	60050-3344	This is a reminder to arrange for redelivery of your item or your item will be returned to

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		Postal Delivery Report	- 1103. 24330-2433	,		
9414811898765406498844	John R. Lewis	290 Woodlawn St	Vidor	ТХ	77662-5245	Your item was picked up at the post office at 10:24 am on April 24, 2024 in VIDOR, TX 77662.
9414811898765406498837	Heirs or devisees of David C. Stephenson, believed to be Richard T. Stephenson	303 Brooks Dr	Fritch	ТХ	79036-8555	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765406498875	Benny D. Duncan	5714 Southwestern Blvd	Dallas	ТХ	75209-3438	Your item was delivered to an individual at the address at 5:32 pm on April 22, 2024 in DALLAS, TX 75209.
9414811898765406498714	Trunk Bay Royalty Partners, Ltd.	PO Box 671099	Dallas	ТХ	75367-1099	Your item has been delivered and is available at a PO Box at 9:45 am on April 24, 2024 in DALLAS, TX 75230.
9414811898765406498752	Kimbell Royalty Holdings, LLC Attn Daniel C. Przyojski, Jr.	777 Taylor St Ste 810	Fort Worth	ТХ	76102-4936	Your item was delivered to the front desk, reception area, or mail room at 11:55 am on April 16, 2024 in FORT WORTH, TX 76102.
9414811898765406498769	KRP Legacy Isles, LLC	PO Box 59000	Lafayette	LA	70505-9000	Your item was picked up at the post office at 8:36 am on April 19, 2024 in LAFAYETTE, LA 70503.

		Postal Delivery Report				
9414811898765406498721	Lougee Oil and Gas Trust, Attn Earl S. Lougee Attn Fred Frederikense, Trustee	6714 Orchard Lane	Dallas	тх	75230	Your item was delivered to an individual at the address at 5:01 pm on April 15, 2024 in DALLAS, TX 75230.
9414811898765406498707	Lougee Oil and Gas Trust, Attn Earl S. LougeeAttn Fred Frederikense, Trustee	6614 Northport Dr	Dallas	ТХ	75230-4115	Your item was delivered to an individual at the address at 5:00 pm on April 15, 2024 in DALLAS, TX 75230.
9414811898765406498790	Martin Joyce	2905 Anna J Dr PO Box 2142	Roswell	NM	88202-2142	Your item was picked up at the post office at 4:01 pm on April 16, 2024 in ROSWELL, NM 88201.
9414811898765406498738	Martin Joyce	PO Box 2142	Roswell	NM	88202-2142	Your item was picked up at the post office at 4:01 pm on April 16, 2024 in ROSWELL, NM 88201.
9414811898765406498776	Nestegg Energy CorportionAttn Joel W. Miller	2501 N 26th St PO Box 357	Artesia	NM	88211-0357	Your item was picked up at the post office at 10:55 am on April 16, 2024 in ARTESIA, NM 88210.
9414811898765406498912	Nestegg Energy CorportionAttn Joel W. Miller	PO Box 357	Artesia	NM	88211-0357	Your item was picked up at the post office at 10:55 am on April 16, 2024 in ARTESIA, NM

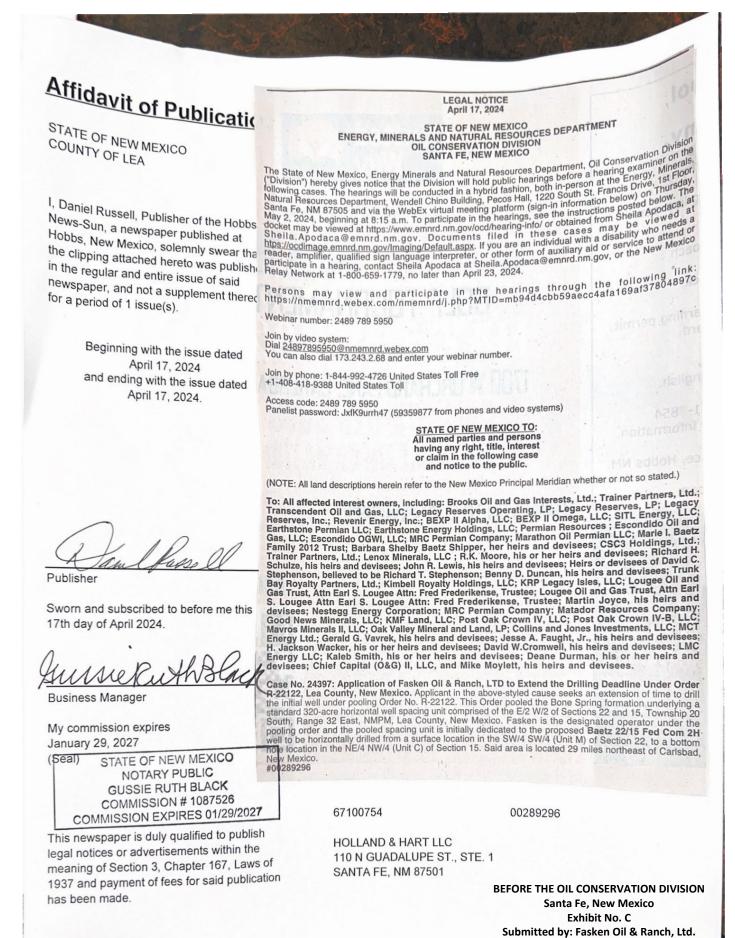
		Postal Delivery Report				
9414811898765406498950	MRC Permian Company	5400 Lbj Fwy Ste 1500	Dallas	ТХ	75240-1017	Your item was delivered to the front desk, reception area, or mail room at 11:07 am on April 15, 2024 in DALLAS, TX 75240.
9414811898765406498967	Matador Resources Company	5400 Lbj Fwy Ste 1500 One Lincoln Centre	Dallas	TX	75240-1017	Your item was delivered to the front desk, reception area, or mail room at 11:07 am on April 15, 2024 in DALLAS, TX 75240.
9414811898765406498929	Good News Minerals, LLCAttn E. Lea Crump	PO Box 50820	Midland	ТХ	79710-0820	Your item arrived at our MIDLAND TX DISTRIBUTION CENTER destination facility on April 24, 2024 at 11:04 pm. The item is currently in transit to the destination.
9414811898765406498905	KMF Land, LLCAttn Noam Lockshin	1144 15th St Ste 2650	Denver	СО	80202-2686	Your item was delivered to an individual at the address at 12:13 pm on April 16, 2024 in DENVER, CO 80202.
9414811898765406498998	Post Oak Crown IV, LLCAttn Ryan J. Matthews	34 S Wynden Dr Ste 300	Houston	ТХ	77056-2531	Your item was delivered to an individual at the address at 12:43 pm on April 15, 2024 in HOUSTON, TX 77056.

		Postal Delivery Report				
9414811898765406498943	Post Oak Crown IV-B, LLCAttn Ryan J. Matthews	34 S Wynden Dr Ste 300	Houston	тх	77056-2531	Your item was delivered to an individual at the address at 12:43 pm on April 15, 2024 in HOUSTON, TX 77056. Your item was picked up at a postal facility at 10:14 am on April 18,
	Mavros Minerals II, LLC Attn					2024 in MIDLAND, TX
9414811898765406498981	Samantha Durham	PO Box 50820	Midland	ТΧ	79710-0820	79705.
9414811898765406498936	Oak Valley Mineral and Land, LP Attn Samantha Durham	PO Box 50820	Midland	тх	79710-0820	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765406498974	Collins and Jones Investments, LLC	508 W Wall St Ste 1200	Midland	ТХ	79701-5076	Your item was delivered to the front desk, reception area, or mail room at 10:20 am on April 16, 2024 in MIDLAND, TX 79701.
9414811898765406498615	MCT Energy Ltd.	550 W Texas Ave Ste 945	Midland	TX	79701-4233	Your item has been delivered to the original sender at 11:30 am on April 25, 2024 in SANTA FE, NM 87501.
9414811898765406498653	Gerald G. Vavrek	1521 2nd Ave Apt 1604	Seattle	WA	98101-4509	Your item was delivered to an individual at the address at 11:43 am on April 16, 2024 in SEATTLE, WA 98101.

		Postal Delivery Report	2103. 21330 21337			
9414811898765406498660	Jesse A. Faught, Jr.	PO Box 52603	Midland	ТХ	79710-2603	Your item was picked up at a postal facility at 2:23 pm on April 19, 2024 in MIDLAND, TX 79705.
9414811898765406498608	H. Jackson Wacker	5601 Hillcrest	Midland	тх	79707-9113	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765406498691	David W. Cromwell	2008 Country Club Dr	Midland	тх	79701-5719	Your item was delivered to an individual at the address at 10:12 am on April 16, 2024 in MIDLAND, TX 79701.
9414811898765406498646	LMC Energy LLC	550 W Texas Ave Ste 945	Midland	ТХ	79701-4233	Your item has been delivered to the original sender at 11:30 am on April 25, 2024 in SANTA FE, NM 87501.
9414811898765406498684	Kaleb Smith	PO Box 50820	Midland	тх	79710-0820	Your item was picked up at a postal facility at 10:14 am on April 18, 2024 in MIDLAND, TX 79705.
9414811898765406498639		PO Box 50820	Midland	тх	79710-0820	Your item was picked up at a postal facility at 10:14 am on April 18, 2024 in MIDLAND, TX

	Postal Delivery Report						
						Your item was picked up at a postal facility at 10:14 am on April 18,	
9414811898765406498110	Mike Moylett	PO Box 50820	Midland	тх	79710-0820	2024 in MIDLAND, TX 79705.	

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Hearing Date: May 2, 2024 Case No. 24397