

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC TO POOL ADDITIONAL INTERESTS
UNDER ORDER NO. R-22597,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25538
ORDER NO. R-22597**

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

**APPLICATION OF EARTHSTONE OPERATING,
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UNDER ORDER NO. R-22597,
LEA COUNTY, NEW MEXICO**

**CASE NO. 25538
ORDER NO. R-22497**

**SELF-AFFIRMED STATEMENT
OF KEVIN WOOLLEY**

1. I am a Petroleum Landman with Permian Resources Operating, LLC ("Permian Resources"). Earthstone Operating, LLC ("Earthstone") is a wholly owned subsidiary of Permian Resources. I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in this case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. On March 30, 2023, the Division entered Order No. R-25597 ("Order") in Case No. 23270, which pooled all uncommitted interests from the top of the Second Bone Spring interval to the base of the Third Bone Spring interval of the Bone Spring formation, underlying a 638.71-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 34, Township 19 South, Range 33 East, and Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Jade 34-3 Fed 2BS Com 9H, Jade 34-3 Fed 2BS Com 18H, Jade 34-3

**Earthstone Operating, LLC
Case No. 25538
Exhibit A**

Fed HKY Com 19H, Jade 34-3 Fed 3BS Com 21H, and Jade 34-3 Fed 3BS Com 22H wells (“Wells”) and designated Applicant as operator of the Unit and Wells.

5. A copy of the Order is attached as **Exhibit A-2**.

6. Following entry of the Order, Earthstone determined a Record Title owner in the Unit that had not been pooled under the terms of the Order needed to be pooled because it had not signed the Communitization Agreement, and filed Case No. 25538 to pool their Record Title.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interest to be pooled under the terms of the Order, which is highlighted in yellow.

8. **Exhibit A-4** is the Communitization Agreement that I sent to the additional party to be pooled under the terms of the Order.

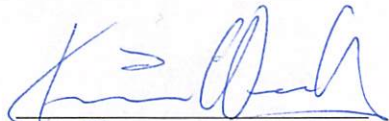
9. In my opinion, Earthstone made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

10. Earthstone requests the additional uncommitted interest be pooled under the terms of the Order.

11. In my opinion, the granting of Earthstone’s application would serve the interests of conservation and prevention of waste.

12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.



Kevin Woolley

September 3, 2025
Date

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC TO POOL ADDITIONAL INTERESTS
UNDER ORDER NO. R-22597,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25538
ORDER NO. R-22597**

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Earthstone Operating, LLC (“Earthstone” or “Applicant”) (OGRID No. 331165) files this application with the Oil Conservation Division (“Division”) seeking to pool additional uncommitted interests under the terms of Division Order No. R-22597. Applicant states the following in support of its application.

1. On March 30, 2023, the Division entered Order No. R-22597 (“Order”) in Case No. 23270, which pooled uncommitted interests from the top of the Second Bone Spring interval to the base of the Third Bone Spring interval of the Bone Spring formation, underlying a 638.71-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 34, Township 19 South, Range 33 East, and Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico (“Unit”). The Order dedicated the Unit to the Jade 34-3 Fed 2BS Com 9H, Jade 34-3 Fed 2BS Com 18H, Jade 34-3 Fed HKY Com 19H, Jade 34-3 Fed 3BS Com 21H, and Jade 34-3 Fed 3BS Com 22H wells (“Wells”) and designated Applicant as operator of the Unit and Wells.

2. Since the Order was entered, Applicant has identified additional interests in the Unit that have not been pooled under the terms of the Order.

**Earthstone Operating, LLC
Case No. 25538
Exhibit A-1**

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

4. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on September 11, 2025, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22597.

Respectfully submitted,

/s/ Dana S. Hardy
Hardy McLean LLC
Dana S. Hardy
Jaclyn M. McLean
Jaime R. Kennedy
125 Lincoln Ave., Suite 223
Santa Fe, NM 87501
505-230-4410
dhardy@hardymclean.com
jmclean@hardymclean.com
jkennedy@hardymclean.com

ATTORNEYS FOR EARTHSTONE OPERATING,
LLC

Application of Earthstone Operating, LLC to Pool Additional Interests Under Order No. R-22597, Lea County, New Mexico. Applicant seeks an order pooling additional uncommitted interests under the terms of Division Order No. R-22597 (“Order”). The Order pooled uncommitted interests from the top of the Second Bone Spring interval to the base of the Third Bone Spring interval of the Bone Spring formation underlying a 638.71-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 34, Township 19 South, Range 33 East, and Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico (“Unit”). The Order dedicated the Unit to the Jade 34-3 Fed 2BS Com 9H, Jade 34-3 Fed 2BS Com 18H, Jade 34-3 Fed HKY Com 19H, Jade 34-3 Fed 3BS Com 21H, and Jade 34-3 Fed 3BS Com 22H wells (“Wells”) and designated Applicant as operator of the Unit and Wells. Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 30 miles southwest of Hobbs, 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
EARTHSTONE OPERATING, LLC**

**CASE NO. 23270
ORDER NO. R-22597**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 5, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Earthstone 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

**Earthstone Operating, LLC
Case No. 25538
Exhibit A-2**

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


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. BUGGE
DIRECTOR (ACTING)
DMF/hat

Date: 3/30/23

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Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23270	APPLICANT'S RESPONSE
Date:	January 5, 2023
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 331165
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Earthstone Operating, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	Tap Rock Operating, LLC
Well Family	Jade 34-3 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Teas; Bone Spring Pool (Code 58960)
Well Location Setback Rules:	Standard
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	638.71
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	E/2 of Section 34, Township 19 South, Range 33 East, and Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, Standard.
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, there is a depth severance in the Bone Spring Formation and Applicant seeks to pool interests from the top of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 9,730' TVD as shown on the Jade Federal #1 well log (API # 3002534390000) to the base of the Third Bone Spring Formation.
Proximity Tracts: If yes, description	Yes, the completed interval of the Jade 34-3 Fed HYK Com 19H well will be located within 330' of the quarter-quarter section line separating the W/2 E/2 and the E/2 E/2 of Sections 34 and 3 to allow for the creation of a 638.71-acre standard horizontal spacing unit.
Proximity Defining Well: if yes, description	Jade 34-3 Fed HKY Com 19H
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	

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Well #1	Jade 34-3 Fed 2BS Com 9H (API # ---) SHL: 240' FNL & 680' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 810' FEL (Unit P), Section 3, T20S, R33E Completion Target: Second Bone Spring (Approx. 10,161' TVD)
Well #2	Jade 34-3 Fed 2BS Com 18H (API # ---) SHL: 240' FNL & 710' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 2,130' FEL (Unit O), Section 3, T20S, R33E Completion Target: Second Bone Spring (Approx. 10,171' TVD)
Well #3	Jade 34-3 Fed HKY Com 19H (API # ---) SHL: 110' FNL & 710' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 1,470' FEL (Unit O), Section 3, T20S, R33E Completion Target: Third Bone Spring, Harkey (Approx. 10,481' TVD)
Well #4	Jade 34-3 Fed 3BS Com 21H (API # ---) SHL: 110' FNL & 740' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 2130' FEL (Unit O), Section 3, T20S, R33E Completion Target: Third Bone Spring, (Approx. 10,786' TVD)
Well #5	Jade 34-3 Fed 3BS Com 22H (API # ---) SHL: 110' FNL & 650' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 810' FEL (Unit P), Section 3, T20S, R33E Completion Target: Third Bone Spring, (Approx. 10,780' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibit A-3
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
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Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-8
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-2
Well Bore Location Map	Exhibit B-3, B-4, B-5
Structure Contour Map - Subsea Depth	Exhibit B-3, B-4, B-5
Cross Section Location Map (including wells)	Exhibit B-6, B-7
Cross Section (including Landing Zone)	Exhibit B-6, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	Dana S. Hardy
Date:	1/3/2023

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Jade 34-3 Fed 2BS Com 9H

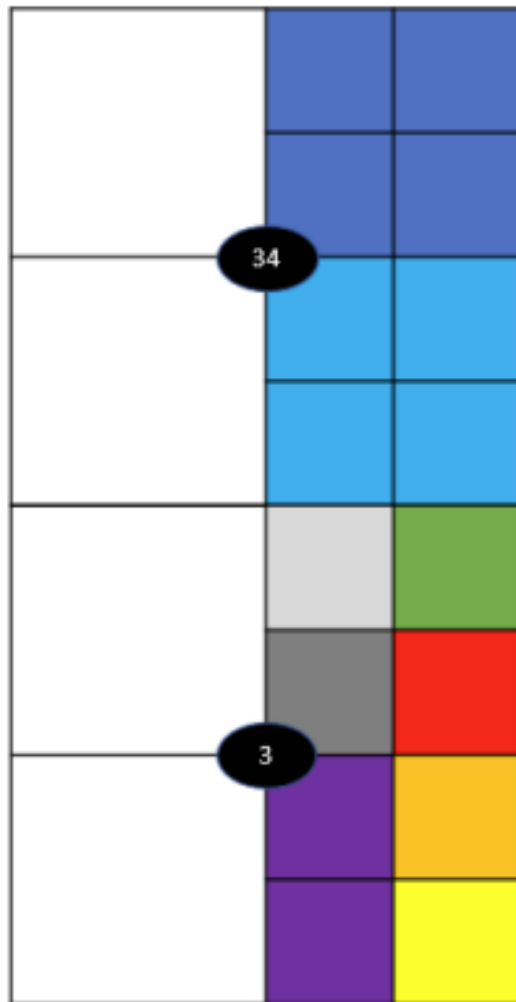
Jade 34-3 Fed 2BS Com 18H

Jade 34-3 Fed HKY Com 19H

Jade 34-3 Fed 3BS Com 21H

Jade 34-3 Fed 3BS Com 22H

Lot 1-2, S2NE, SE of Section 34, Township 19 South – Range 33 East
E2 of Section 3, Township 20 South – Range 33 East
Lea County New Mexico



Earthstone Operating, LLC
Case No. 25538
Exhibit A-3

TRACT 1 OWNERSHIP (NM-97896)

Earthstone Permian LLC	58.304444%
Devon Energy Production	12.000000%
FR Energy, LLC	22.000000%
Timothy R. MacDonald	0.146667%
Maverick Oil & Gas Corporation	0.048889%
Marathon Oil Permian, LLC	<u>7.500000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-97896)

Earthstone Permian LLC	29.051111%
Legacy Reserves Operating, LP	29.250000%
Devon Energy Production	12.000000%
FR Energy, LLC	22.000000%
Timothy R. MacDonald	0.149167%
Maverick Oil & Gas Corporation	0.049722%
Marathon Oil Permian, LLC	<u>7.500000%</u>
	100.000000%

TRACT 3 OWNERSHIP (NM-17238)

Earthstone Permian LLC	69.979115%
COG Operating LLC	30.000000%
Timothy R. MacDonald	0.012531%
Maverick Oil & Gas Corporation	<u>0.008354%</u>
	100.000000%

TRACT 4 OWNERSHIP (NM-17238)

Earthstone Permian LLC	69.979115%
COG Operating LLC	30.000000%
Timothy R. MacDonald	0.012531%
Maverick Oil & Gas Corporation	<u>0.008354%</u>
	100.000000%

TRACT 5 OWNERSHIP (NM-17238)

Earthstone Permian LLC	28.000000%
COG Operating LLC	30.000000%
Tap Rock Resources, LLC	24.979500%
Marshall & Winston, Inc.	14.000000%
JD Murchison Interests, Inc.	2.320500%
MEC Petroleum Corp.	<u>0.700000%</u>
	100.000000%

TRACT 6 OWNERSHIP (NM-17238)

Earthstone Permian LLC	28.000000%
COG Operating LLC	30.000000%
Tap Rock Resources, LLC	24.979500%
Marshall & Winston, Inc.	14.000000%
JD Murchison Interests, Inc.	2.320500%
MEC Petroleum Corp.	<u>0.700000%</u>
	100.000000%

TRACT 7 OWNERSHIP (NM-17238)

Earthstone Permian LLC	69.979115%
COG Operating LLC	30.000000%
Timothy R. MacDonald	0.012531%
Maverick Oil & Gas Corporation	<u>0.008354%</u>
	100.000000%

TRACT 8 OWNERSHIP (NM-17238)

Earthstone Permian LLC	69.979115%
COG Operating LLC	30.000000%
Timothy R. MacDonald	0.012531%
Maverick Oil & Gas Corporation	<u>0.008354%</u>
	100.000000%

TRACT 9 OWNERSHIP (NM-17238)

Earthstone Permian LLC	69.979115%
COG Operating LLC	30.000000%
Timothy R. MacDonald	0.012531%
Maverick Oil & Gas Corporation	<u>0.008354%</u>
	100.000000%

Parties to be Pooled:

Record Title – 6.3890% in Tracts 3, 4, 5, 6, 7, 8, 9:
Chesapeake Exploration, LLC
P.O. Box 18496 Oklahoma City, OK 73154-0496



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

September 26, 2024

Sent via Certified USPS Mailer

Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154-0496

RE: **COMMUNITIZATION AGREEMENT (Federal Form)**
Lessee of Record or Operating Rights Owner
E2 of Section 34, T19S-R33E and Lots 1, 2, S2NE4 & SW4 of Section 3, T20S-33E
Lea County, New Mexico, Bone Spring, 639.81 ac.
Jade 34-3 Fed Com #9H
Jade 34-3 Fed Com #11H
Jade 34-3 Fed Com #12H
Jade 34-3 Fed Com #18H
Jade 34-3 Fed Com #19H*
Jade 34-3 Fed Com #21H
Jade 34-3 Fed Com #22H

Dear Owner:

In anticipation of the drilling and completion of the wells listed, Permian Resources Operating, LLC, respectfully requests your review and approval of the enclosed Communitization Agreement covering the relative spacing unit/contract area in the Bone Spring formation.

- E/2 Jade Bone Spring – Lessee of Record (Tract 2)

At your earliest convenience, please execute and notarize **four (4) copies** of the signature and acknowledgement pages for the Communitization Agreement enclosed and return to my attention at the address listed below.

If you have any questions concerning this, please do not hesitate to contact Kevin Woolley via email at kevin.wooley@permianres.com

Sincerely,

Permian Resources Operating, LLC

A handwritten signature in blue ink that reads "Kimberly M. Smith".

Kimberly M. Smith, CPLTA
Land Coordinator
Kimberly.Smith@permianres.com

Earthstone Operating, LLC
Case No. 25538
Exhibit A-4

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of November 1, 2023, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantage to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 19 South, Range 33 East:

Section 34: E2

Township 20 South, Range 33 East:

Section 3: Lots 1, 2, S2NE4 and the SE4

Lea County, New Mexico

Containing **639.81** acres, and this agreement shall include the Bone Spring formations underlying said lands and the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of

Jade E2 Bone Spring

LESSEES OF RECORD AND OPERATING RIGHTS OWNERS

BURLINGTON RESOURCES OIL & GAS CO. LP
(Lessee of Record – Tract 2)

Date: _____

By: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

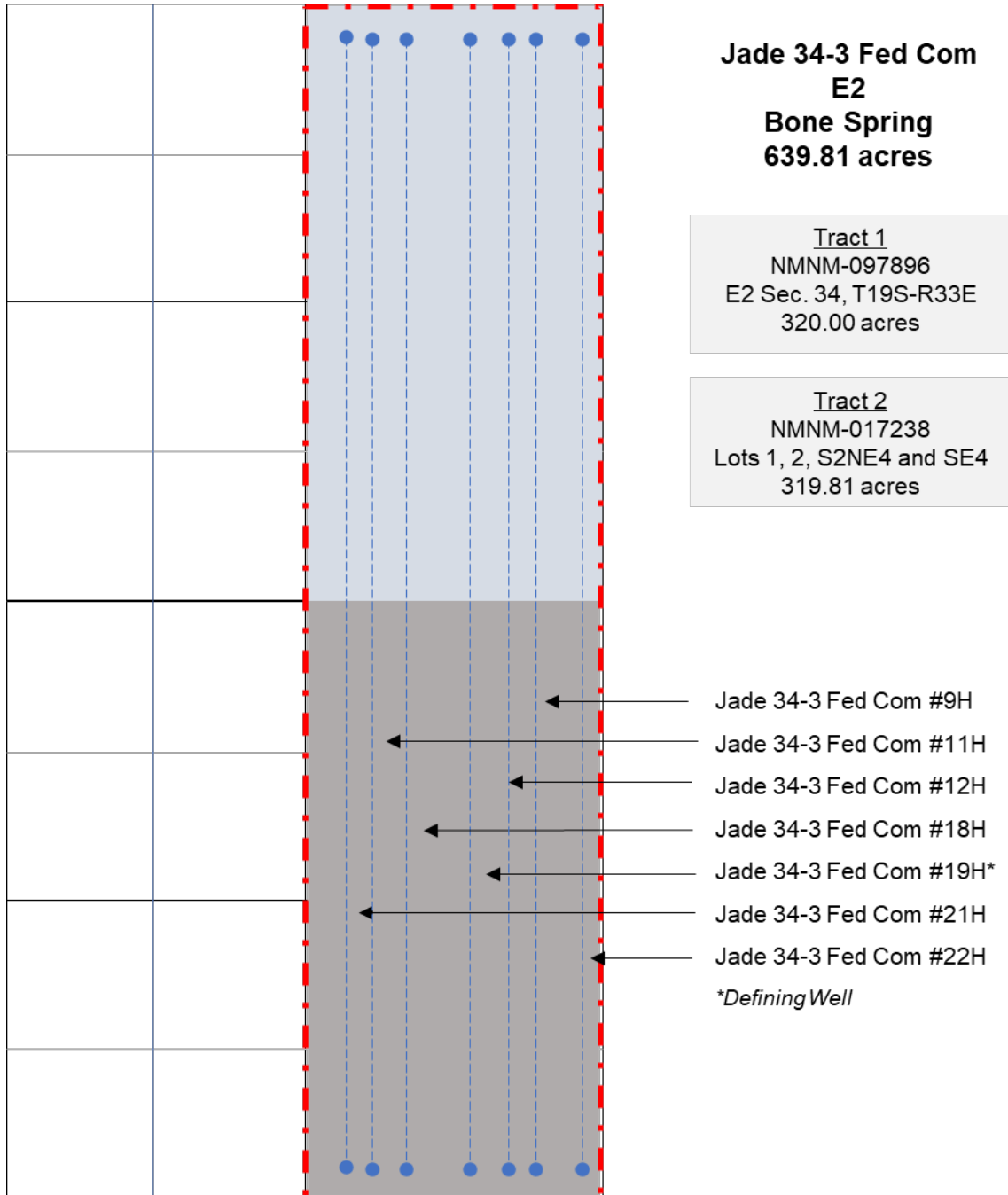
My commission expires

Jade E2 Bone Spring

EXHIBIT "A"

Plat of communitized area covering **639.81** acres in the E2 of Section 34, T19S-R33E, and the Lots 1, 2, S2NE4 and the SE4 of Section 3, T20S-R33E, Lea County, New Mexico, as written in Section 1 above.

Well Name/No.



Jade E2 Bone Spring

EXHIBIT "B"

To Communitization Agreement Dated November 1, 2023 embracing the following described land in E2 of Section 34, T19S-R33E, and the Lots 1, 2, S2NE4 and the SE4 of Section 3, T20S-R33E, Lea County, New Mexico, as written in Section 1 above.

Operator of Communitized Area: **PERMIAN RESOURCES OPERATING, LLC**

DESCRIPTION OF LEASES COMMITTED**Tract No. 1**

Lease Serial Number:	NMNM-097896
Description of Lands Committed:	Township 19 South, Range 33 East, N.M.P.M., Section 34: E/2
Number of Acres:	320.00
Current Lessee(s) of Record:	Devon Energy Company, LP
Name of Operating Rights Owners:	Earthstone Permian LLC Devon Energy Company, LP Timothy R. MacDonald FR Energy, LLC Marathon Permian, LLC MNO (I), LLC Maverick Oil & Gas Corporation Northern Oil & Gas, Inc. Legacy Reserves Operating, LP

Tract No. 2

Lease Serial Number:	NMNM-017238
Description of Lands Committed:	Township 20 South, Range 33 East, N.M.P.M., Section 3: Lots 1, 2, S2NE4 and SW4
Number of Acres:	319.81
Current Lessee(s) of Record:	Chevron USA, Inc. Burlington Resources Oil & Gas Co. LP Chesapeake Exploration, LLC COG Operating, LLC
Name of Operating Rights Owners:	Earthstone Permian LLC COG Operating, LLC

Jade E2 Bone Spring

Timothy R. MacDonald
Maverick Oil & Gas Corporation
Tap Rock Resources, LLC
Marshall & Winston, Inc.
Murchison Oil & Gas, LLC
MEC Petroleum Corporation
NHPP Permian, LLC

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	320.00	50.0148%
2	319.81	49.9852%
Total	639.81	100.00%

Communication Log – Jade 34-3 Record Title Pooling

Attempts to contact Chesapeake Exploration, LLC have been unfruitful.

9/30/2024:

Communitization Agreement was sent for execution via Certified Mail to Chesapeake's last known address at P.O. Box 18496 Oklahoma City, OK 73154-0496. Confirmation of delivery was returned, but no response was received.

Multiple other attempts to deliver the agreement via FedEx were made, no response was received to any letters sent.

Attempt made to call front desk and put in touch to someone who would handle Permian land matters, no return call.

Attempt made on linkedin to connect with land supervisor to discuss need of signature, no response.

**Earthstone Operating, LLC
Case No. 25538
Exhibit A-5**

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC TO POOL ADDITIONAL INTERESTS
UNDER ORDER NO. R-22597,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25538
ORDER NO. R-22597**

**SELF-AFFIRMED STATEMENT
OF JACLYN M. MCLEAN**

1. I am attorney in fact and authorized representative of Earthstone Operating, LLC the Applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit B-1**, and caused the Notice Letter, along with the Application in this case, to be sent to the parties listed in the Postal Delivery Report attached as **Exhibit B-2**.
3. Exhibit B-2 also provides the date the Notice Letter was sent, along with the delivery status of each.
4. Electronic return receipts are attached as **Exhibit B-3** as supporting documentation for proof of mailing and the information provided on Exhibit B-2.
5. On August 19, 2025, I caused a notice to be published in the Hobbs News-Sun. An Affidavit of Publication from the legal clerk of the Hobbs News-Sun along with a copy of the Notice Publication, is attached as **Exhibit B-4**.
6. I understand this Self-Affirmed Statement will be used as written testimony in the subject case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/Jaclyn M. McLean
Jaclyn M. McLean

September 4, 2025
Date

**Earthstone Operating, LLC
Case No. 25538
Exhibit B**



August 12, 2025

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154-0496

Re: Case No. 25538 – Application of Earthstone Operating, LLC to Pool Additional Interests Under Order No. R-22597, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **September 11, 2025**, beginning at 9:00 a.m.

The hearing will be conducted in a hybrid fashion, both virtually and in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505. The hearing may be held only virtually at the discretion of the Division. To confirm the manner in which the hearing will be held, and to participate virtually, please visit the OCD Hearings website at the following link: <https://www.emnrd.nm.gov/oed/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.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days prior to the scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. If you are not registered with the OCD's E-Permitting system, you must submit the statement via e-mail to oed.hearings@emnrd.nm.gov and should include: the names of the parties; whether or not the parties are represented by counsel; a concise statement of the case; the names of witnesses anticipated to be called to testify at the hearing; the approximate amount of time needed to present the case; and an identification of any procedural matters that are to be resolved prior to the hearing.

125 Lincoln Avenue, Suite 223
Santa Fe, NM 87501
505-230-4410

HardyMcClean.com

Writer:
Jaclyn M. McLean
Managing Partner
jmclean@hardymclean.com

Earthstone Operating, LLC
Case No. 25538
Exhibit B-1

Hardy McLean LLC
August 12, 2025

Page 2

If you have any questions about this application, please contact Kimberly Smith, Land Coordinator, for Permian Resources Operating, LLC, at 432-400-0182 or Kimberly.smith@permianres.com.

Sincerely,
/s/ Jaclyn M. McLean
Jaclyn M. McLean

Postal Deliver Report

Earthstone Operating Jade Case No. 25338

Recipient	Date Mailed	USPA Tracking Number	Date Delivered	Status
Chesapeake Exploration, LLC	8/12/2025	9414836208551286089472	8/18/2025	Delivered, Left with Individual OKLAHOMA CITY, OK 73118

Earthstone Operating, LLC
Case No. 25538
Exhibit B-2



August 18, 2025

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8362 0855 1286 0894 72.

Item Details

Status: Delivered, Left with Individual
Status Date / Time: August 18, 2025, 10:04 am
Location: OKLAHOMA CITY, OK 73118
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: CHESAPEAKE EXPLORATION LLC

Recipient Signature

Signature of Recipient:

Address of Recipient:

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

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

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

Chesapeake Exploration, LLC
P.O Box 18496
Oklahoma City, OK 73154
Reference #: PR Jade 25538
Item ID: PR Jade 25538

Earthstone Operating, LLC
Case No. 25538
Exhibit B-3

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

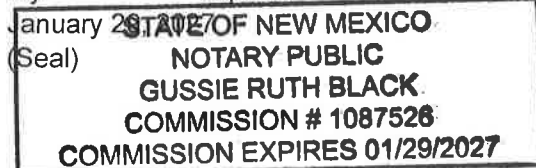
Beginning with the issue dated
August 19, 2025
and ending with the issue dated
August 19, 2025.


Publisher

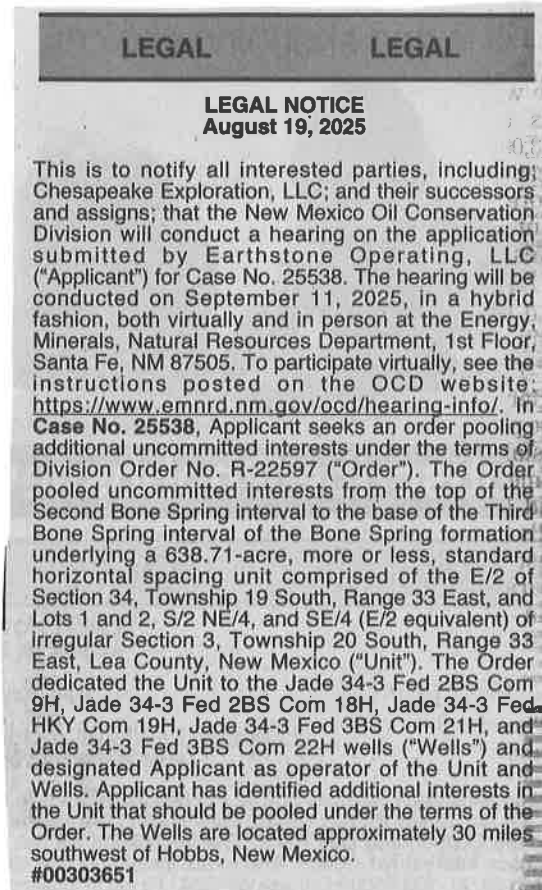
Sworn and subscribed to before me this
19th day of August 2025.


Business Manager

My commission expires



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



67118479

00303651

HARDY MCLEAN LLC
125 LINCOLN AVE, STE. 223
SANTA FE, NM 87501

Earthstone Operating, LLC
Case No. 25538
Exhibit B-4