

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 13, 2025**

Case No. 25682

Malco B 6 Fed Com #005H

Malco B 6 Fed Com #006H

Eddy County, New Mexico



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

**APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR
APPROVAL OF STANDARD
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

CASE NO. 25682

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 25682	APPLICANT'S RESPONSE
Date	November 13, 2025
Applicant	Riley Permian Operating Company, LLC
Designated Operator & OGRID (affiliation if applicable)	372290
Applicant's Counsel:	Miguel Suazo, Beatty & Wozniak P.C.
Case Title:	Application of Riley Permian Operating Company, LLC for Approval of Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Malco B 6
Formation/Pool	
Formation Name(s) or Vertical Extent:	Yeso
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	The top of Yeso formation to the base of the Yeso formation.
Pool Name and Pool Code:	Red Lake; Glorieta Yeso [51120]
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	159.94 acres, more or less
Building Blocks:	Quarter-Quarter Sections
Orientation:	East to West
Description: TRS/County	N/2 of the S/2 of Section 6, T-18-S, R-27-E, Eddy County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Attached C-102s

Well #1	Malco B 6 Fed Com 5H Well (API No. 30-15-49921) SHL: 1775 FSL 500 FWL, NW/4 SW/4 (Unit L) of Sec. 5, T18S, R27E N.M.P.M. FTP: 2310 FSL 100 FEL Sec. 6, 18S 27E LTP: 2310 FSL 100 FWL Sec. 6, T18S, R27E BHL: 2310 FSL, 1 FWL, NW/4 SW/4 (Lot 6) of Sec. 6, T18S, R27E, N.M.P.M. Completion Target: Red Lake; Glorieta-Yeso [51120] Well Orientation: East-West Completion Location: Standard
Well #2	Malco B 6 Fed Com 6H Well (API No. 30-15-49932) SHL: 1715 FSL 500 FWL, NW/4 SW/4 (Unit L) of Sec. 5, T18S, R27E N.M.P.M. FTP: 1650 FSL 100 FEL Sec. 6, 18S 27E LTP: 1650 FSL 100 FWL Sec. 6, T18S, R27E BHL: 1650 FSL 1 FWL, NW/4 SW/4 (Lot 6) of Sec. 6, T18S, R27E, N.M.P.M. Completion Target: Red Lake; Glorieta-Yeso [51120] Well Orientation: East-West Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibit C-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibits C & Exhibit C-5
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E-2 & Exhibit E-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit E-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits C-3 and C-4
Tract List (including lease numbers and owners)	Exhibits C-3 and C-4
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 C-4
Unlocatable Parties to be Pooled	N/A

Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
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 C-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
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-4
Well Orientation (with rationale)	Exhibit D-2
Target Formation	Exhibit D-1 through D-5
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3 & C-4
General Location Map (including basin)	Exhibits C-1 and D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Miguel Suazo
Signed Name (Attorney or Party Representative):	
Date:	11/13/2025

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

**APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR
APPROVAL OF STANDARD
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Riley Permian Operating Company, LLC (OGRID No. 372290) (“Riley” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 159.94-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the N/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Red Lake; Glorieta Yeso Pool [51120] (“Yeso Pool”), designated as an oil pool, underlying said HSU.

In support of its Application, Riley states the following:

1. Riley and/or its affiliates are working interest owners in the Application Lands and have the right to drill wells thereon as the designated Operator of the Application Lands.
2. Riley seeks to dedicate all of the Application Lands to form a 159.94-acre, more or less, HSU.
3. Riley seeks to dedicate the above-referenced HSU to the following proposed wells:
 - A. **Malco B 6 Fed Com 5H** (API No. 30-015-49921), which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Lot L) of Section

5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East;

B. **Malco B 6 Fed Com 6H** (API No. 30-015-49932), which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East;

4. The wells are orthodox in their location as defined by 19.15.16.15(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15(C) NMAC.

5. Riley has made good faith efforts to obtain voluntary agreement from all interest owners in the Yeso Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the well or otherwise commit their interests.

6. The pooling of all interests in the Yeso Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of the oil and gas underlying the Application Lands, Riley requests that all uncommitted interests in this HSU be pooled and that Riley be designated as the operator of the proposed horizontal wells and HSU.

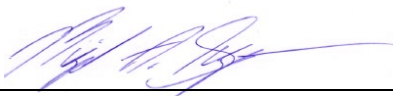
WHEREFORE, Riley requests this Application be set for hearing on November 13, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the horizontal well spacing unit and pooling all uncommitted interests in the Yeso Pool underlying the HSU within the Application Lands;

- B. Approving the **Malco B 6 Fed Com 5H** and the **Malco B 6 Fed Com 6H** as the initial wells for the HSU;
- C. Designating Riley as operator of the HSU and the horizontal wells to be drilled thereon;
- D. Authorizing Riley to recover its costs of drilling, completing, and equipping the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Riley in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

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James P. Parrot

Jacob L. Everhart

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*Attorneys for Riley Permian Operating
Company LLC*

Application of Riley Permian Operating Company, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 159.94-acre, more or less, standard horizontal spacing and proration unit composed of the N/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Yeso Pool, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are: **Malco B 6 Fed Com 5H** (API No. 30-015-49921), which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Lot L) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East, and **Malco B 6 Fed Com 6H** (API No. 30-015-49932), which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 5.5 miles east of Atoka, New Mexico.

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

APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR
APPROVAL OF STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 25682

AFFIDAVIT OF MARK SMITH

Mark Smith, being first duly sworn upon oath, deposes and states as follows:

1. My name is Mark Smith, and I am employed by Riley Permian Operating Company, LLC ("Riley") as a Senior Landman.
2. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my qualifications as an expert in petroleum land matters were accepted and made a matter of record. I have several years of experience in petroleum land matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter.
3. I am familiar with the application filed by Riley in the above-referenced case and the status of the lands in the subject lands.
4. I am submitting this affidavit in support of Riley's application in the above-referenced case, as required by the Pre-Hearing Order issued by the Division. I intend to present this case by affidavit pursuant to 19.15.4.12.(A)(1) NMAC.
5. Under Case No. 25682, Riley seeks an order (1) approving a 159.94-acre, more or less, standard horizontal spacing unit ("HSU") underlying the Application Lands, and (2) pooling all uncommitted mineral interests in the Red Lake; Glorieta Yeso Pool [51120], designated as an oil pool, underlying said HSU.

6. **Riley Exhibit C-1** is a general location map showing the proposed Yeso formation spacing unit. The acreage subject to the applications are federal and state lands.

7. **Riley Exhibit C-2** contains the Form C-102s reflecting that the proposed Yeso wells to be drilled and completed in the subject unit. The location of each well is orthodox and meets the Division's offset requirements.

8. A review of the Yeso formation underlying the subject lands indicated that there are no overlapping spacing units in this formation.

9. **Riley Exhibit C-3** contains a plat identifying ownership by tract in the HSU.

10. **Riley Exhibit C-4** sets forth the ownership of the parties being pooled in the Yeso Formation and the nature of their interests. This exhibit identifies the tract number and working interest percentages for each owner.

11. **Riley Exhibit C-5** contains a sample well proposal letter sent in August and September of 2025 to each mineral interest owner and/or working interest owner, which included AFEs for each proposed well. The estimated costs of the wells set forth in the AFEs are fair, reasonable, and comparable with the costs of other wells of similar depths and lateral lengths drilled in this area of New Mexico.

12. Riley requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of New Mexico. Riley respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in these cases.

13. Riley requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners.

14. **Riley Exhibit C-6** sets forth a chronology of the contacts with owners. Riley has made a good faith effort to obtain voluntary joinder of the interest owners in the proposed wells.

In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All interest owners were locatable and noticed, and there are no unleased mineral interest owners. Riley caused notice to be published in the Carlsbad-Current Argus, a newspaper of general circulation in Eddy County, New Mexico. I provided the law firm of Beatty & Wozniak, P.C., with the names and addresses for these mineral owners and instructed that each owner be provided notice of the hearing in these matters.

15. Riley requests that it be designated operator of the unit and wells.

16. **Exhibit C-1** through **Exhibit C-6** were either prepared by me or compiled from Riley's company business records under my direction and supervision.

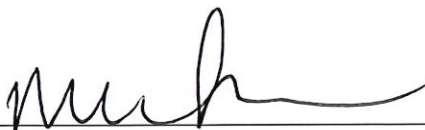
17. The granting of this application for compulsory pooling and approval of non-standard spacing unit is in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

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

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FURTHER AFFIANT SAYETH NOT.

Dated this 30th day of October, 2025.



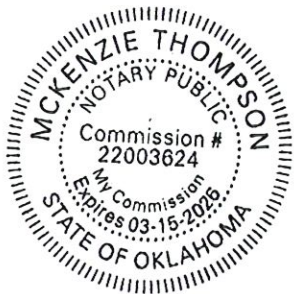
Mark Smith
Riley Permian Operating Company, LLC

STATE OF OKLAHOMA)
) ss.
CITY OF OKLAHOMA CITY)

The foregoing instrument was subscribed and sworn to before me this 30th day of October, 2025, by Mark Smith, Senior Landman for Riley Permian Operating Company, LLC.

Witness my hand and official seal.

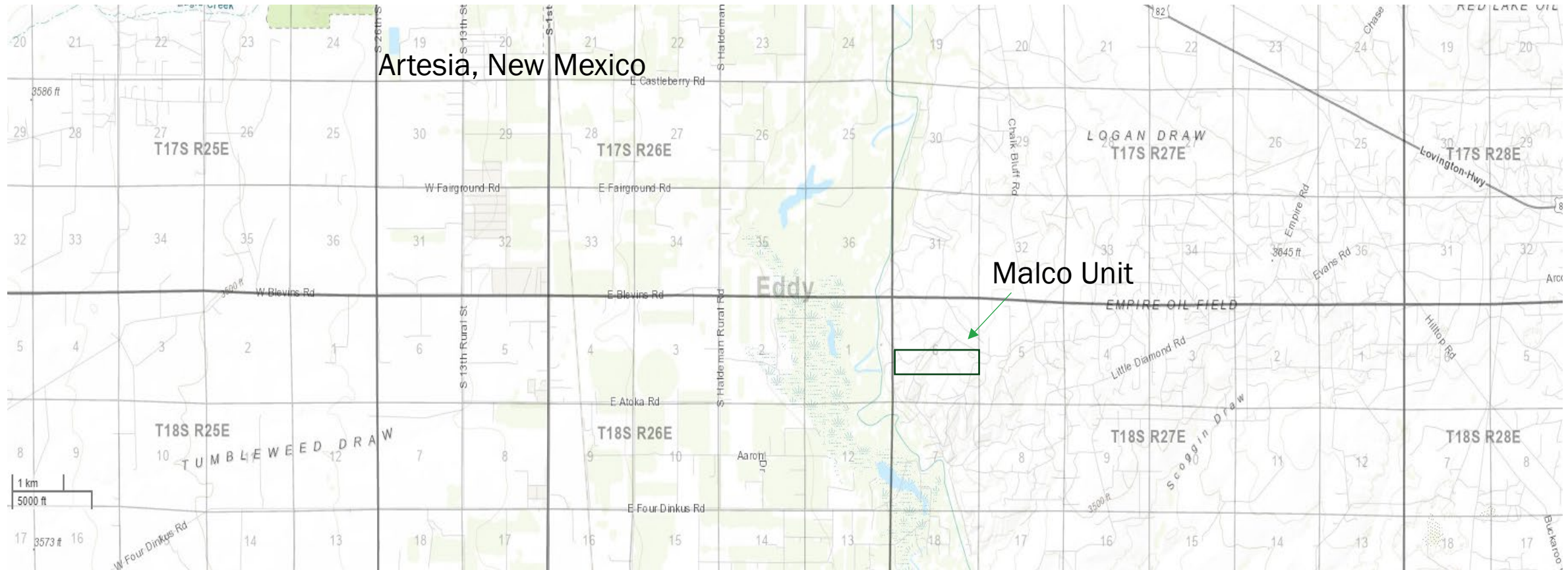
My commission expires: 3-15-2026





Land: Exhibit C-1

Locator Map:



RILEY PERMIAN

Released to Imaging: 11/7/2025 3:31:18 PM

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☐ Initial Submittal
			☒ Amended Report
		☐ As Drilled	
Property Name and Well Number MALCO B 6 FED COM 5H			

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-49921	Pool Code 51120	Pool Name RED LAKE; GLORIETA YESO
Property Code 333223	Property Name MALCO B 6 FED COM	Well Number 5H
OGRID No. 330211	Operator Name RILEY PERMIAN OPERATING COMPANY LLC	Ground Level Elevation 3481'
Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal		Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal

Surface Location

UL or Lot No.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
L	5	18 S	27 E		1775 FSL	500 FWL	N 32.774427°	W 104.307561°	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
6	6	18 S	27 E		2310 FSL	1 FWL	N 32.776158°	W 104.326473°	EDDY

Dedicated Acres 159.94	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N) NO	Consolidated Code
Order Numbers			Well Setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
L	5	18 S	27 E		1957 FSL	677 FWL	N 32.774927°	W 104.306991°	EDDY

First Take Point (FTP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
I	6	18 S	27 E		2310 FSL	100 FEL	N 32.775906°	W 104.309531°	EDDY

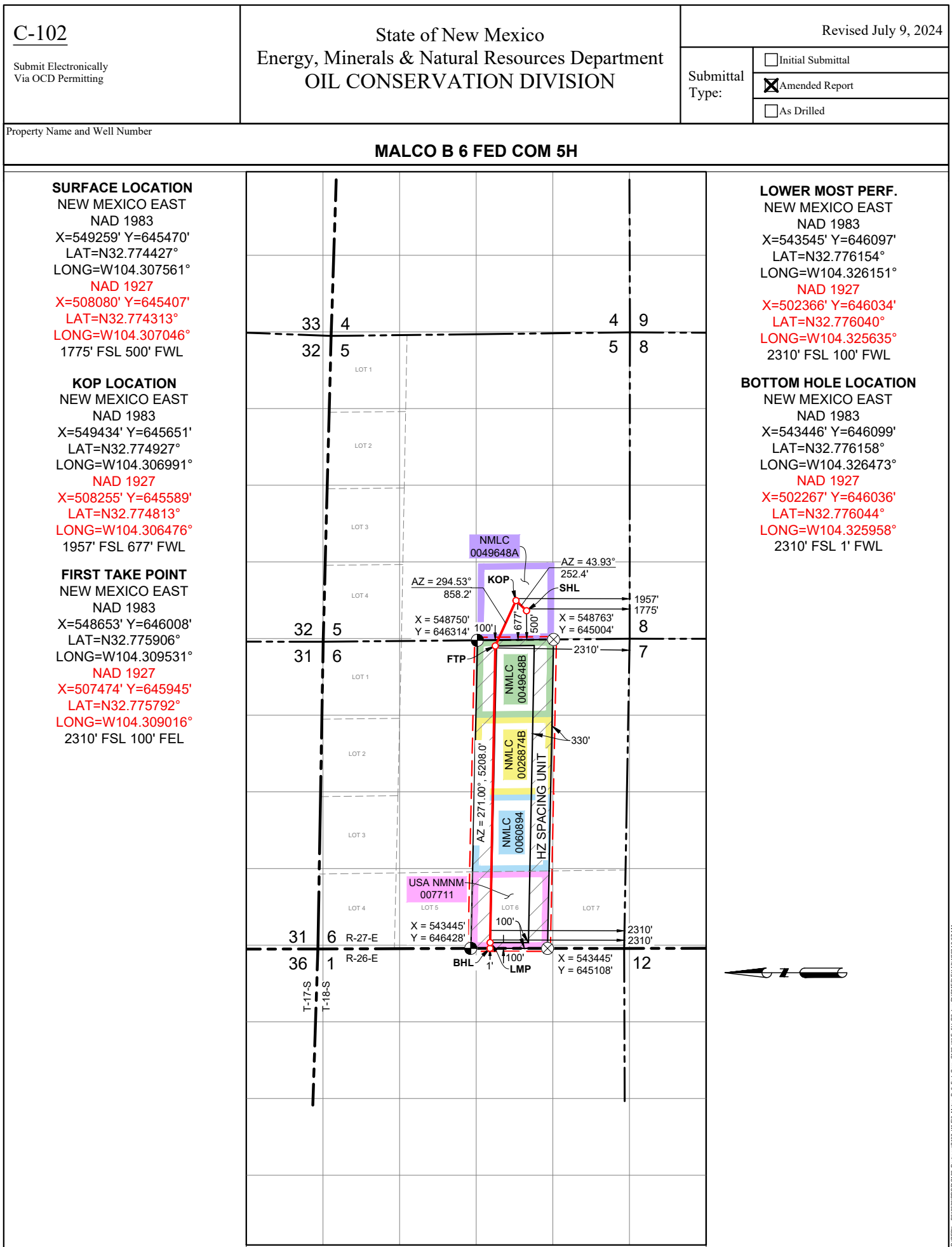
Last Take Point (LTP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
6	6	18 S	27 E		2310 FSL	100 FWL	N 32.776154°	W 104.326151°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unity Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation 3506'
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OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received The consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i> Signature <u>Spence Laird</u> Date <u>9/25/2025</u> Print Name <u>Spence Laird</u> E-mail Address <u>spencelaird@rileypermian.com</u>	SURVEYORS CERTIFICATION  Signature and Seal of Professional Surveyor _____ Date _____ <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> MITCHELL L. MCDONALD, N.M. P.L.S. Certificate Number <u>29821</u> Date of Survey <u>OCTOBER 7, 2024</u>
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Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☐ Initial Submittal
			☒ Amended Report
		☐ As Drilled	
Property Name and Well Number MALCO B 6 FED COM 6H			

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-49932	Pool Code 51120	Pool Name RED LAKE; GLORIETA YESO
Property Code 333223	Property Name MALCO B 6 FED COM	Well Number 6H
OGRID No. 330211	Operator Name RILEY PERMIAN OPERATING COMPANY LLC	Ground Level Elevation 3478'
Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal		Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal

Surface Location

UL or Lot No.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
L	5	18 S	27 E		1715 FSL	500 FWL	N 32.774262°	W 104.307559°	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
6	6	18 S	27 E		1650 FSL	1 FWL	N 32.774344°	W 104.326474°	EDDY

Dedicated Acres 159.94	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N) NO	Consolidated Code
Order Numbers			Well Setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
L	5	18 S	27 E		1636 FSL	655 FWL	N 32.774045°	W 104.307052°	EDDY

First Take Point (FTP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
I	6	18 S	27 E		1650 FSL	100 FEL	N 32.774092°	W 104.309509°	EDDY

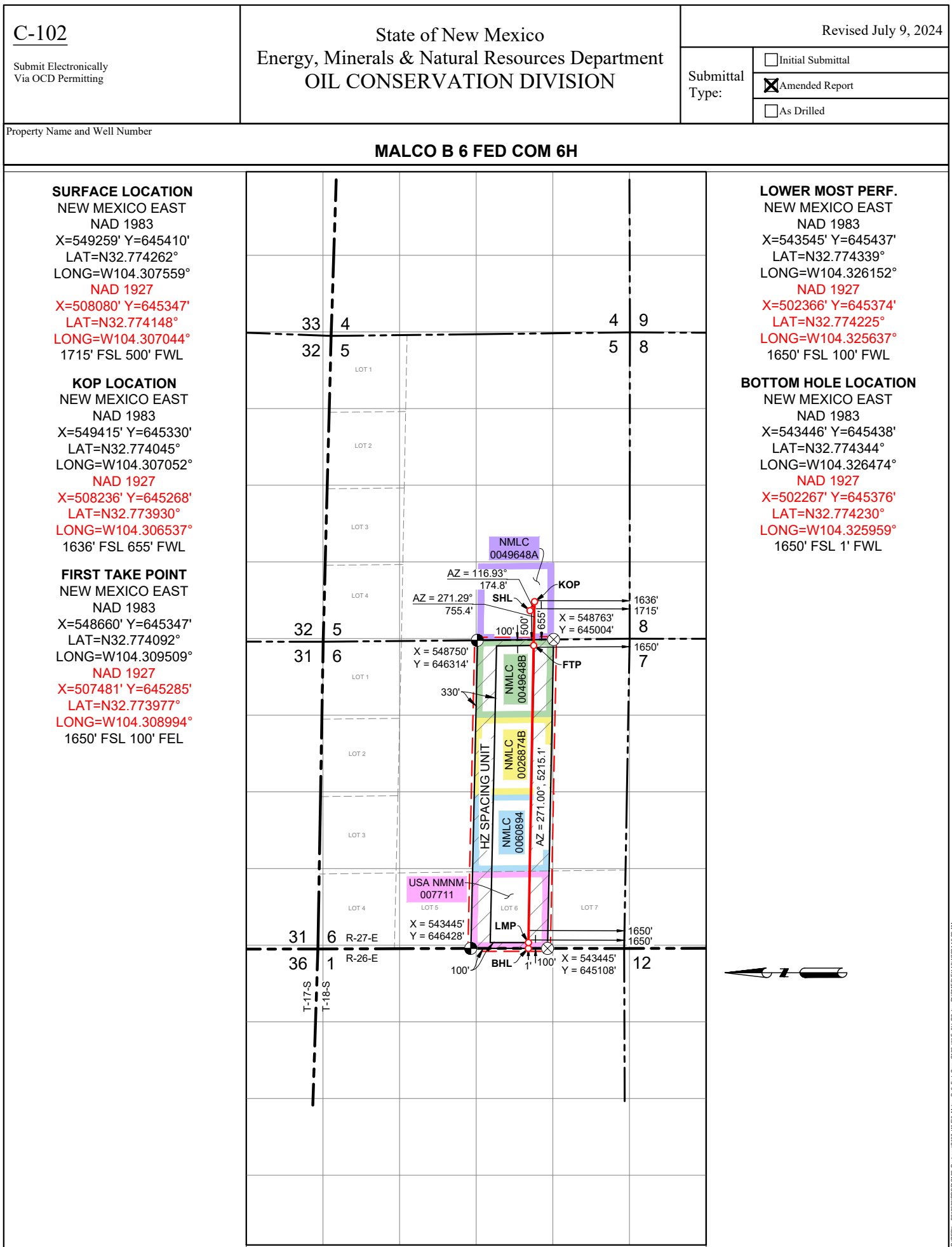
Last Take Point (LTP)

UL or lot no.	Section	Township	Range	Lot	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
6	6	18 S	27 E		1650 FSL	100 FWL	N 32.774339°	W 104.326152°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unity Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation 3503'
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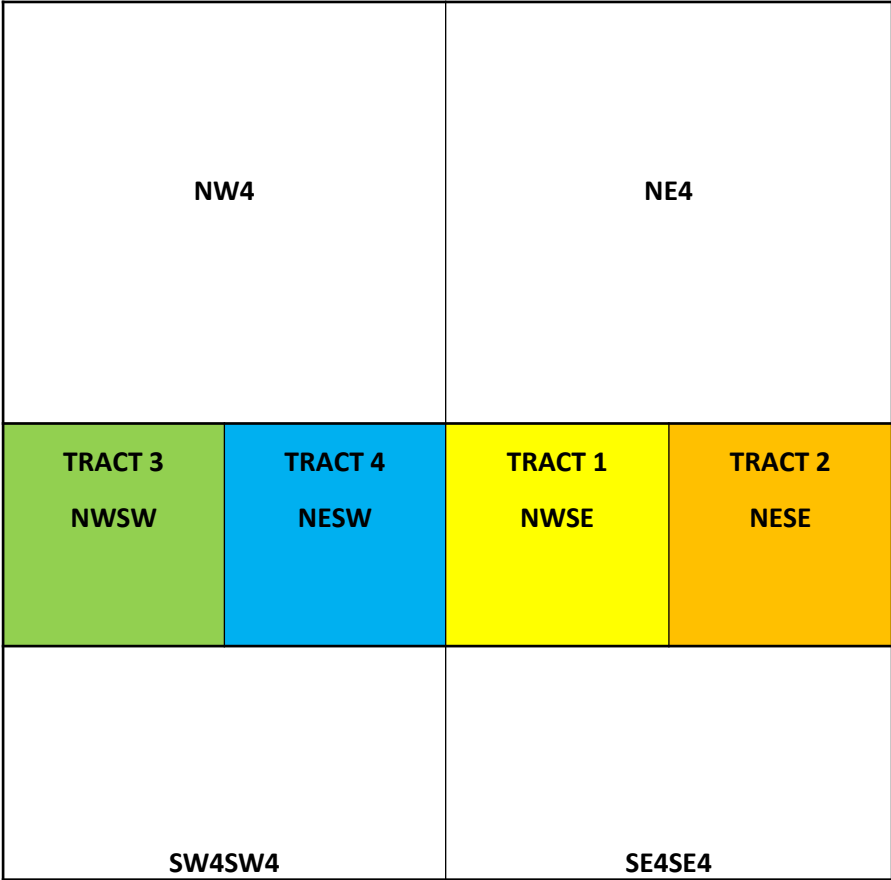
OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received The consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i> Signature <u>Spence Laird</u> Date <u>9/25/2025</u> Print Name <u>Spence Laird</u> E-mail Address <u>spencelaird@rileypermian.com</u>	SURVEYORS CERTIFICATION  Signature and Seal of Professional Surveyor Date <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> MITCHELL L. MCDONALD, N.M. P.L.S. Certificate Number <u>29821</u> Date of Survey <u>OCTOBER 7, 2024</u>
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Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Lease Tract Map: Exhibit C-3

160 acre unit within the N2S2 of Section 6-18S-27E, Eddy County, NM (Red Lake, Glorieta-Yeso Pool - 51120); *Malco B 6 Federal Com 5H and 6H.*



DSU N2S2		
TRACT	ACRES	MINERAL/ROYALTY OWNER
TRACT 1	40.00	FED – NMLC-026874B
TRACT 2	40.00	FED – NMLC – 049648B
TRACT 3	39.94	FED – NMLC-069274
TRACT 4	40.00	FED – NMLC - 060894

159.94

Tract Ownership: Exhibit C-4

Malco B 6 Federal Com 5H and 6H
N2S2 Section 6-18S-27E, Eddy County, NM

UNCOMMITTED/COMMITTED SUMMARY

Tract Number	Location	Section	Gross Acres
Tract 1	NWSE	40.00	40.00
Tract 2	NESE	40.00	40.00
Tract 3	NWSW	39.94	39.94
Tract 4	NESW	40.00	40.00
159.94			

TRACT 1	Interest Type	WI	Gross Acres	Net Acres
Riley Exploration - Permian, LLC	COMMITTED	0.25009	40	40

Tract 2 -	Interest Type	WI	Gross Acres	Net Acres
Hilcorp Energy I, LP	UNCOMMITTED	0.25009	40	40

Tract 3	Interest Type	WI	Gross Acres	Net Acres
XTO Holdings LLC	UNCOMMITTED	0.24972	39.94	39.94

Tract 4	Interest Type	WI	Gross Acres	Net Acres
XTO Holdings LLC	UNCOMMITTED	0.25009	40	40

TOTAL 100.00%

Summary of Interested Parties: Exhibit C-4
Malco B 6 Federal Com 5H and 6H
N2S2 Section 6-18S-27E, Eddy County, NM

C-4 CONTINUED

WI SUMMARY

Riley Exploration - Permian, LLC	25.01%
Hilcorp Energy I, LP	25.01%
XTO Holdings LLC	49.98%
	100.00%

ORRI SUMMARY

- Clyde Guy and Sons Inc.
- Francis F. Hawley
- Gary L. Huguley
- James C. Hawley and Pearl Hawley
- Jane Ann Hudson Davis
- Joan Hudson Moore
- Jonel Susan Grasso
- Kate G. Lowery
- Catherine Boatwright
- Pecos Royalty LLC
- Sandra Leigh Terry
- Sharon Ann Huguley Childs
- Slayton Investments LLC
- Susan L. Terry
- Rebecca Wild
- XTO Holdings, LLC



August 20, 2025

XTO Holdings, LLC
PO Box 840780
Dallas, TX 75284

RE: Well Proposal
Malco B 6 Federal Com 5H & 6H
N/2 S/2 Section 6, T18S-R27E
Eddy County, New Mexico

Dear Working Interest Owner:

Riley Permian Operating Company, LLC ("Riley"), hereby proposes to drill and complete the Malco wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Malco B 6 Federal Com 5H – Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 1775' FSL & 500' FWL, Section 5, T18S-R27E
Proposed Bottom Hole Location – 2310' FSL & 1' FWL, Section 6, T18S-R27E
TVD: 3,001'

Malco B 6 Federal Com 6H – Horizontal Yeso Well, Eddy County, NM

Proposed Surface Hole Location – 1715' FSL & 500' FWL, Section 5, T18S-R27E
Proposed Bottom Hole Location – 1650' FSL & 1' FWL, Section 6, T18S-R27E
TVD: 2,600'

Riley proposes to form a Drilling Spacing Unit ("DSU") covering the N/2 S/2 of Section 6, T18S-R27E, Eddy County, New Mexico, containing 159.94 acres of land, more or less, from the top of the Yeso formation to the base of the Yeso formation. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e. micro seismic wells, pilot hole wells) within the DSU, Riley proposes creating a new joint operating agreement dated September 1, 2025, ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and operations within the DSU. The NJOA has the following general provisions:

- Effective Date of September 1, 2025
- Contract Area consisting of N/2 S/2 Section 6-T18S-R27E
- Limited in depth from the top of the Yeso to the base of the Yeso formation
- 100% / 300% / 100% non-consenting penalty
- \$8,000 / \$800 drilling and producing monthly overhead rate
- Riley Permian Operating Company, LLC named as Operator

29 E. Reno Ave. Suite 500 * Oklahoma City, Oklahoma 73104 * Phone (405) 415-8699

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.

Riley respectfully requests that you select one of the following three options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed wells and agree to enter into the NJOA with the terms specified above.

Option 2: Not participate in the proposed wells (an election of "Non-Consent")

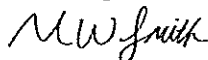
Option 3: Lease or Assignment Option – Lease or assign your interest in the N/2 S/2 of Section 6-T18S-R27E to Riley for a bonus consideration of \$2,500.00 per net acre delivering an 81.25% net revenue interest.

In the event you elect to lease/assign your minerals/working interest under the terms outlined above in Option 3, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, Riley will submit a Lease/Assignment to you for your review and execution.

Riley looks forward to working with you on this matter. However, if an agreement cannot be reached within 30 days of the receipt date of this proposal, please be advised Riley may apply to the New Mexico Oil Conservation Division for Compulsory Pooling of any uncommitted interest owners into a spacing unit for the proposed wells.

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a copy of this letter (together with a signed copy of each AFE for any well(s) you elect to participate in) to the undersigned within 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact Mark Smith at 405-694-9053 or marksmith@rileypermian.com.

Best Regards,



Mark W. Smith
Sr. Landman

29 E. Reno Ave. Suite 500 * Oklahoma City, Oklahoma 73104 * Phone (405) 415-8699

Malco B 6 Federal Com 5H

WI Owner: XTO Holdings, LLC

WI: 0.49981243

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Malco B 6 Federal Com 5H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the Malco B 6 Federal Com 5H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Riley*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2025.

Company / Individual: _____

By: _____

Name: _____

Title: _____

29 E. Reno Ave. Suite 500 * Oklahoma City, Oklahoma 73104 * Phone (405) 415-8699

Malco B 6 Federal Com 6H

WI Owner: XTO Holdings, LLC

WI: 0.49981243

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Malco B 6 Federal Com 6H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____ **Option 2)** *The undersigned elects not to participate in the drilling and completion of the Malco B 6 Federal Com 6H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Riley with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Riley*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2025.

Company / Individual: _____

By: _____

Name: _____

Title: _____

29 E. Reno Ave. Suite 500 * Oklahoma City, Oklahoma 73104 * Phone (405) 415-8699

Option 3) Lease/Assignment

_____ The undersigned hereby elects to lease/assign their interest in the N/2 S/2 of Section 6, T18S-R27E with a bonus consideration of \$2,500.00 per net acre delivering an 81.25% net revenue interest.

Agreed to and Accepted this _____ day of _____, 2025.

Company / Individual: _____

By: _____

Name: _____

Title: _____

29 E. Reno Ave. Suite 500 * Oklahoma City, Oklahoma 73104 * Phone (405) 415-8699

AUTHORITY FOR EXPENDITURE

OPERATOR				AFE NO.		DATE		
Riley Permian Operating Company								
WELL NAME & NUMBER			PROPOSED TVD		PROPOSED MEASURED DEPTH		FIELD/PROSPECT	
Malco B 6 Federal Com 5H			3,001				Red Lake	
COUNTY		STATE		COMPLETED LATERAL		PROPOSED FORMATION		
Eddy		NM		5,000		Yeso		
LOCATION				CLASSIFICATION		Surface LAT:		
				Development		Surface LONG:		

INTANGIBLES						DRILLING		COMPLETION		FACILITIES		TOTAL
DESCRIPTION						ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	
Permits & Surveys						850.010	\$ 15,000	855.010	\$ -	825.010	\$-	\$ 15,000
Drilling Title Opinion						850.020	\$ 50,000					\$ 50,000
Location, Roads, & Pits						850.030	\$ 55,000	855.030	\$ -	825.030	\$-	\$ 55,000
Insurance & Bonds						850.040	\$ 4,000	855.040	\$ -			\$ 4,000
Rig Mobilization						850.050	\$ 75,000	855.050				\$ 75,000
Dayrate Drilling Rig 8 days @ \$ 19,500 /day						850.060	\$ 156,000	855.060				\$ 156,000
Footage Drilling 10000 feet @ /ft						850.070	n/a					\$ -
Turnkey Drilling						850.080	n/a					\$ -
Bits						850.090	\$ 31,000					\$ 31,000
Directional Services						850.095	\$ 130,000					\$ 130,000
Mud & Chemicals						850.100	\$ 50,000					\$ 50,000
Solids Control Services						850.105	\$ 45,000					\$ 45,000
Coil Tbg/Snubbing								855.110	\$ -			\$ -
Fuel 1400 gal/day @ \$ 3.00 /day						850.111	\$ 33,600	855.111	\$175,000			\$ 208,600
Water - Fresh						850.120	\$ 15,000	855.120	\$166,000	825.120	\$-	\$ 181,000
Kill Weight Fluids						850.125	\$ 10,000	855.125	\$ 10,000			\$ 20,000
Cementing Svcs Surf \$ 12,000 Int Prod Csg \$ 70,000						850.130	\$ 82,000					\$ 82,000
Casing Hardware Surf \$ 2,500 Int Prod \$ 35,000						850.135	\$ 37,500					\$ 37,500
Open Hole Logs						850.140	\$ -					\$ -
Completion Fluids								855.140	\$289,000			\$ 289,000
Mud Logging						850.150	\$ 20,000					\$ 20,000
Coring						850.160	\$ -					\$ -
Surface Equip Rentals						850.180	\$ 45,000	855.180	\$72,000	825.180	\$5,000	\$ 122,000
Downhole Equip Rentals						850.185	\$ 20,000	855.185	\$11,000			\$ 31,000
Transportation						850.190	\$ 20,000	855.190	\$20,000	825.190	\$10,000	\$ 50,000
Living Quarters						850.200	\$ 32,750	855.200	\$ -			\$ 32,750
Safety						850.205	\$ 5,000					\$ 5,000
Contract Services						850.210	\$ 60,000	855.210	\$78,000	825.210	\$25,000	\$ 163,000
Tubular Inspections						850.215	\$ 20,000	855.215	\$15,000			\$ 35,000
Consulting Engineer						850.220	\$ -					\$ -
On-Site Supervision						850.225	\$ 42,000	855.225	\$51,733	825.225	\$ -	\$ 93,733
Consulting Geologist						850.230	\$ 15,000					\$ 15,000
Company Labor						850.245	\$ 5,060	855.245	\$ -	825.245	\$ -	\$ 5,060
Plug & Abandonment						850.270	n/a					\$ -
Surface Damages						850.280	\$ 37,600	855.280	\$ -	825.280	\$ -	\$ 37,600
Fluid Haul & Disposal						850.290	\$ 85,000	855.290	\$20,000	825.290	\$ -	\$ 105,000
Water Transfer Services						850.291	n/a	855.291	\$91,333			\$ 91,333
Overhead						850.300	\$ 3,000	855.300	\$5,000	825.300	\$5,000	\$ 13,000
Completion Unit								855.310	\$79,800			\$ 79,800
Plugs, Perfs & Cased Hole Wireline								855.325	\$128,000			\$ 128,000
Acidizing								855.340	\$10,000			\$ 10,000
Fracturing 141 Stage Spacing 55 Stages								855.350	\$616,000			\$ 616,000
Flowback Services								855.380	\$40,000			\$ 40,000
EHS & Regulatory						850.700	\$ 3,000	855.700				\$ 3,000
Spills & Environmental Response						850.701	n/a	855.701				\$ -
Safety						850.702	n/a	855.702				\$ -
Regulatory						850.703	n/a	855.703				\$ -
Environmental Compliance						850.704	n/a	855.704				\$ -
TOTAL INTANGIBLES							\$ 1,202,510		\$ 1,877,867		\$ 45,000	\$ 3,125,377

TANGIBLES						DRILLING		COMPLETION		FACILITIES		TOTAL
DESCRIPTION	SIZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	
Conductor Pipe	20				90	860.010	\$ 22,000					\$ 22,000
Surface Casing	9 5/8	36.0	J-55	27.00	1,250	860.020	\$ 36,000					\$ 36,000
Intermediate Casing						860.030	\$ -					\$ -
Production Casing -top string	7	32.0	L-80	36.00	4,215	860.040	\$ 161,000					\$ 161,000
Production Casing -bottom string	5 1/2	20.0	L-80	23.00	4,800	860.041	\$ 117,000					\$ 117,000
Casing Head Spools						860.050	\$ 8,000					\$ 8,000
Liners & Hangers						860.060	n/a					\$ -
Production Tubing	2 7/8	6.5	J-55	4.55	3,300			865.120	\$ 20,000			\$ 20,000
Other Wellhead Equipment						860.070	n/a	865.070	\$3,000			\$ 3,000
Flowline & Connectors								865.250	\$34,600	826.250	\$72,000	\$ 106,600
Production Wellhead								865.100	\$16,000			\$ 16,000
Tubing Head						860.130	\$ 18,000					\$ 18,000
Artificial Lift -Surface & Downhole Equipment								865.155	\$136,500			\$ 136,500
Non-controllable (Well)						860.080	n/a					\$ -
Miscellaneous Equipment						860.090	\$ 2,000	865.090	\$ -	826.090	\$ -	\$ 2,000
Tanks, Stairs, & Walkways										826.150	\$83,738	\$ 83,738
Production Facility (pipes, valves, other misc. equipt)										826.200	\$72,500	\$ 72,500
Separators, Heater Treaters, FWKO, Flare, & Combustor										826.210	\$80,000	\$ 80,000
LACT Units										826.220	\$33,750	\$ 33,750
Compressor & Dehydrators										826.230	\$ -	\$ -
Meters & Meter Runs										826.240	\$52,500	\$ 52,500
Electrical & SCADA Automation								865.270	\$95,000	826.270	\$140,000	\$ 235,000
TOTAL TANGIBLES							\$ 364,000		\$ 305,100		\$ 534,488	\$ 1,203,588

prepared by: Andrea Swyden	TOTAL WELL COST	\$ 1,566,510	\$ 2,182,967	\$ 579,488	\$ 4,328,964
PARTNER COMPANY:	NAME / TITLE	DATE	APPROVED BY	APPROVED BY	

AUTHORITY FOR EXPENDITURE

OPERATOR			AFE NO.		DATE	
Riley Permian Operating Company						
WELL NAME & NUMBER		PROPOSED TVD	PROPOSED MEASURED DEPTH		FIELD/PROSPECT	
Malco B 6 Federal Com 6H		2,600			Red Lake	
COUNTY	STATE	COMPLETED LATERAL		PROPOSED FORMATION		
Eddy	NM	5,000		Yeso		
LOCATION		CLASSIFICATION		Surface LAT:		
		Development		Surface LONG:		

INTANGIBLES				DRILLING		COMPLETION		FACILITIES		TOTAL
DESCRIPTION				ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	
Permits & Surveys				850.010	\$ 15,000	855.010	\$ -	825.010	\$-	\$ 15,000
Drilling Title Opinion				850.020	\$ 50,000					\$ 50,000
Location, Roads, & Pits				850.030	\$ 55,000	855.030	\$ -	825.030	\$-	\$ 55,000
Insurance & Bonds				850.040	\$ 4,000	855.040	\$ -			\$ 4,000
Rig Mobilization				850.050	\$ 75,000	855.050				\$ 75,000
Dayrate Drilling Rig	8 days @	\$ 19,500	/day	850.060	\$ 156,000	855.060				\$ 156,000
Footage Drilling	10000 feet @		/ft	850.070	n/a					\$ -
Turnkey Drilling				850.080	n/a					\$ -
Bits				850.090	\$ 31,000					\$ 31,000
Directional Services				850.095	\$ 130,000					\$ 130,000
Mud & Chemicals				850.100	\$ 50,000					\$ 50,000
Solids Control Services				850.105	\$ 45,000					\$ 45,000
Coil Tbg/Snubbing						855.110	\$ -			\$ -
Fuel	1400 gal/day @	\$ 3.00	/day	850.111	\$ 33,600	855.111	\$175,000			\$ 208,600
Water - Fresh				850.120	\$ 15,000	855.120	\$166,000	825.120	\$-	\$ 181,000
Kill Weight Fluids				850.125	\$ 10,000	855.125	\$ 10,000			\$ 20,000
Cementing Svcs	Surf \$ 12,000	Int	Prod Csg \$ 70,000	850.130	\$ 82,000					\$ 82,000
Casing Hardware	Surf \$ 2,500	Int	Prod \$ 35,000	850.135	\$ 37,500					\$ 37,500
Open Hole Logs				850.140	\$ -					\$ -
Completion Fluids						855.140	\$289,000			\$ 289,000
Mud Logging				850.150	\$ 20,000					\$ 20,000
Coring				850.160	\$ -					\$ -
Surface Equip Rentals				850.180	\$ 45,000	855.180	\$72,000	825.180	\$5,000	\$ 122,000
Downhole Equip Rentals				850.185	\$ 20,000	855.185	\$11,000			\$ 31,000
Transportation				850.190	\$ 20,000	855.190	\$20,000	825.190	\$10,000	\$ 50,000
Living Quarters				850.200	\$ 32,750	855.200	\$ -			\$ 32,750
Safety				850.205	\$ 5,000					\$ 5,000
Contract Services				850.210	\$ 60,000	855.210	\$78,000	825.210	\$25,000	\$ 163,000
Tubular Inspections				850.215	\$ 20,000	855.215	\$15,000			\$ 35,000
Consulting Engineer				850.220	\$ -					\$ -
On-Site Supervision				850.225	\$ 42,000	855.225	\$51,733	825.225	\$ -	\$ 93,733
Consulting Geologist				850.230	\$ 15,000					\$ 15,000
Company Labor				850.245	\$ 5,060	855.245	\$ -	825.245	\$ -	\$ 5,060
Plug & Abandonment				850.270	n/a					\$ -
Surface Damages				850.280	\$ 37,600	855.280	\$ -	825.280	\$ -	\$ 37,600
Fluid Haul & Disposal				850.290	\$ 85,000	855.290	\$20,000	825.290	\$ -	\$ 105,000
Water Transfer Services				850.291	n/a	855.291	\$91,333			\$ 91,333
Overhead				850.300	\$ 3,000	855.300	\$5,000	825.300	\$5,000	\$ 13,000
Completion Unit						855.310	\$79,800			\$ 79,800
Plugs, Perfs & Cased Hole Wireline						855.325	\$128,000			\$ 128,000
Acidizing						855.340	\$10,000			\$ 10,000
Fracturing	141 Stage Spacing		55 Stages			855.350	\$616,000			\$ 616,000
Flowback Services						855.380	\$40,000			\$ 40,000
EHS & Regulatory				850.700	\$ 3,000	855.700				\$ 3,000
Spills & Environmental Response				850.701	n/a	855.701				\$ -
Safety				850.702	n/a	855.702				\$ -
Regulatory				850.703	n/a	855.703				\$ -
Environmental Compliance				850.704	n/a	855.704				\$ -
TOTAL INTANGIBLES					\$ 1,202,510		\$ 1,877,867		\$ 45,000	\$ 3,125,377

TANGIBLES						DRILLING		COMPLETION		FACILITIES		TOTAL
DESCRIPTION	SIZE	WEIGHT	GRADE	Cost/Ft.	LENGTH	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	ACCOUNT	AMOUNT	
Conductor Pipe	20				90	860.010	\$ 22,000					\$ 22,000
Surface Casing	9 5/8	36.0	J-55	27.00	1,250	860.020	\$ 36,000					\$ 36,000
Intermediate Casing						860.030	\$ -					\$ -
Production Casing -top string	7	32.0	L-80	36.00	4,215	860.040	\$ 161,000					\$ 161,000
Production Casing -bottom string	5 1/2	20.0	L-80	23.00	4,800	860.041	\$ 117,000					\$ 117,000
Casing Head Spools						860.050	\$ 8,000					\$ 8,000
Liners & Hangers						860.060	n/a					\$ -
Production Tubing	2 7/8	6.5	J-55	4.55	3,300			865.120	\$ 20,000			\$ 20,000
Other Wellhead Equipment						860.070	n/a	865.070	\$3,000			\$ 3,000
Flowline & Connectors								865.250	\$34,600	826.250	\$72,000	\$ 106,600
Production Wellhead								865.100	\$16,000			\$ 16,000
Tubing Head						860.130	\$ 18,000					\$ 18,000
Artificial Lift -Surface & Downhole Equipment								865.155	\$136,500			\$ 136,500
Non-controllable (Well)						860.080	n/a					\$ -
Miscellaneous Equipment						860.090	\$ 2,000	865.090	\$ -	826.090	\$ -	\$ 2,000
Tanks, Stairs, & Walkways										826.150	\$83,738	\$ 83,738
Production Facility (pipes, valves, other misc. equipt)										826.200	\$72,500	\$ 72,500
Separators, Heater Treaters, FWKO, Flare, & Combustor										826.210	\$80,000	\$ 80,000
LACT Units										826.220	\$33,750	\$ 33,750
Compressor & Dehydrators										826.230	\$ -	\$ -
Meters & Meter Runs										826.240	\$52,500	\$ 52,500
Electrical & SCADA Automation								865.270	\$95,000	826.270	\$140,000	\$ 235,000
TOTAL TANGIBLES							\$ 364,000		\$ 305,100		\$ 534,488	\$ 1,203,588
prepared by: Andrea Swyden						TOTAL WELL COST			\$ 2,182,967		\$ 579,488	\$ 4,328,964

Summary of Chronology of Contact: C-6
Malco B 6 Federal Com 5H and 6H
N2S2 Section 6-18S-27E, Eddy County, NM

Date	Recipient	Description	Certified Tracking Number	Delivered
8/22/2025	XTO Holdings, LLC	Proposal_Malco B 6 Federal Com 5H, 6H, 7H, 8H	9589 0710 5270 2955 1039 70	8/29/2025
8/22/2025	Hilcorp Energy I, LP	Proposal_Malco B 6 Federal Com 5H, 6H, 7H, 8H	9589 0710 5270 2955 1039 87	9/3/2025
8/22/2025	XTO Energy, Inc. Attn: Land Department	Proposal_Malco B 6 Federal Com 5H, 6H, 7H, 8H	9589 0710 5270 2955 1039 94	8/25/2025

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

APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR
APPROVAL OF STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 25682

AFFIDAVIT OF DOUG STANDART

Doug Standart, being first duly sworn upon oath, deposes and states as follows:

1. My name is Doug Standart, and I am employed by Riley Permian Operating Company, LLC ("Riley") as a Senior Geologist.
2. I have testified before the New Mexico Oil Conservation Division ("Division"), and my qualifications as an expert in petroleum geology were accepted and made a matter of record. I have several years of experience in petroleum geological matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter.
3. I am familiar with the applications filed by Riley in this case and the geology involved.
4. I am submitting this affidavit in support of Riley's application in the above-referenced case, as required by the Pre-Hearing Order issued by the Division. I intend to present this case by affidavit pursuant to 19.15.4.12.(A)(1) NMAC.
5. **Riley Exhibit D-1** includes a base map of the lands showing the proposed Yeso formation spacing unit and the proposed well development plan.
6. **Riley Exhibit D-2** is a subsea structure map showing the depth to the top of the Yeso formation, a marker that defines the top of the target interval for the proposed wells. The contour interval used in this exhibit is 20'. The unit being pooled is outlined in green, and the

proposed wells are identified by red dashed lines. The structure map shows regional down-dip to the east. I do not observe any faulting, pinchouts, or other geologic impediments to developing this target interval.

7. **Riley Exhibit D-3** includes stratigraphic cross-section flattened on the top of the proposed Yeso formation. Each well in the cross-section contains a gamma ray, resistivity, and porosity log. The cross-sections demonstrate continuity and consistent thickness across the target zone, and the well logs on the cross-section give a representative sample of the targeted interval. The landing zone is highlighted on the exhibit.

8. **Riley Exhibit D-3** also provides a cross-section locator map that identifies wells penetrating the targeted interval used to construct a structural cross-section from A to A'. These wells penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

9. **Riley Exhibit D-4** shows the Gunbarrel Diagram within the Yeso formation in the vicinity of the proposed unit.

10. **Riley Exhibit D-5** includes the gross isopach map. The Yeso wells are indicated by red dashed lines. The proposed horizontal spacing unit is outlined in green. The contour interval used in this exhibit is 50'.

11. Based on the attached exhibits, I hereby conclude as follows:

- a. The target formation is present and continuous throughout the lands subject to the applications.
- b. The standard horizontal spacing and proration unit is justified from a geologic standpoint.

c. There are no structural impediments or faulting that will interfere with horizontal development.

d. Each quarter-quarter section in the unit will contribute more or less equally to production, and I can confirm each quarter section along the lateral will also contribute more or less equally to production.

e. The preferred well orientation in this area is East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress. The standup orientation will efficiently and effectively develop the subject acreage.

12. **Exhibit D-1** through **Exhibit D-5** were prepared by me or compiled from Riley's company business records under my direct supervision.

13. The granting of these applications is in the best interest of conservation, the prevention of waste, the protection of correlative rights, and will avoid the drilling of unnecessary wells.

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

[Remainder of page left intentionally blank]

FURTHER AFFIANT SAYETH NOT.

Dated this 30th day of October, 2025.

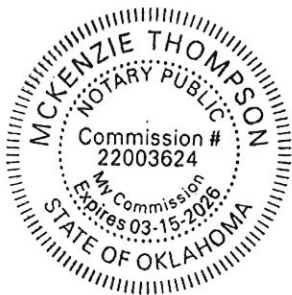
Doug Standart
Riley Permian Operating Company, LLC

STATE OF OKLAHOMA)
) ss.
CITY OF OKLAHOMA CITY)

The foregoing instrument was subscribed and sworn to before me this 30th day of October, 2025, by Doug Standart, Senior Geologist for Riley Permian Operating Company, LLC.

Witness my hand and official seal.

My commission expires: 3-15-2026

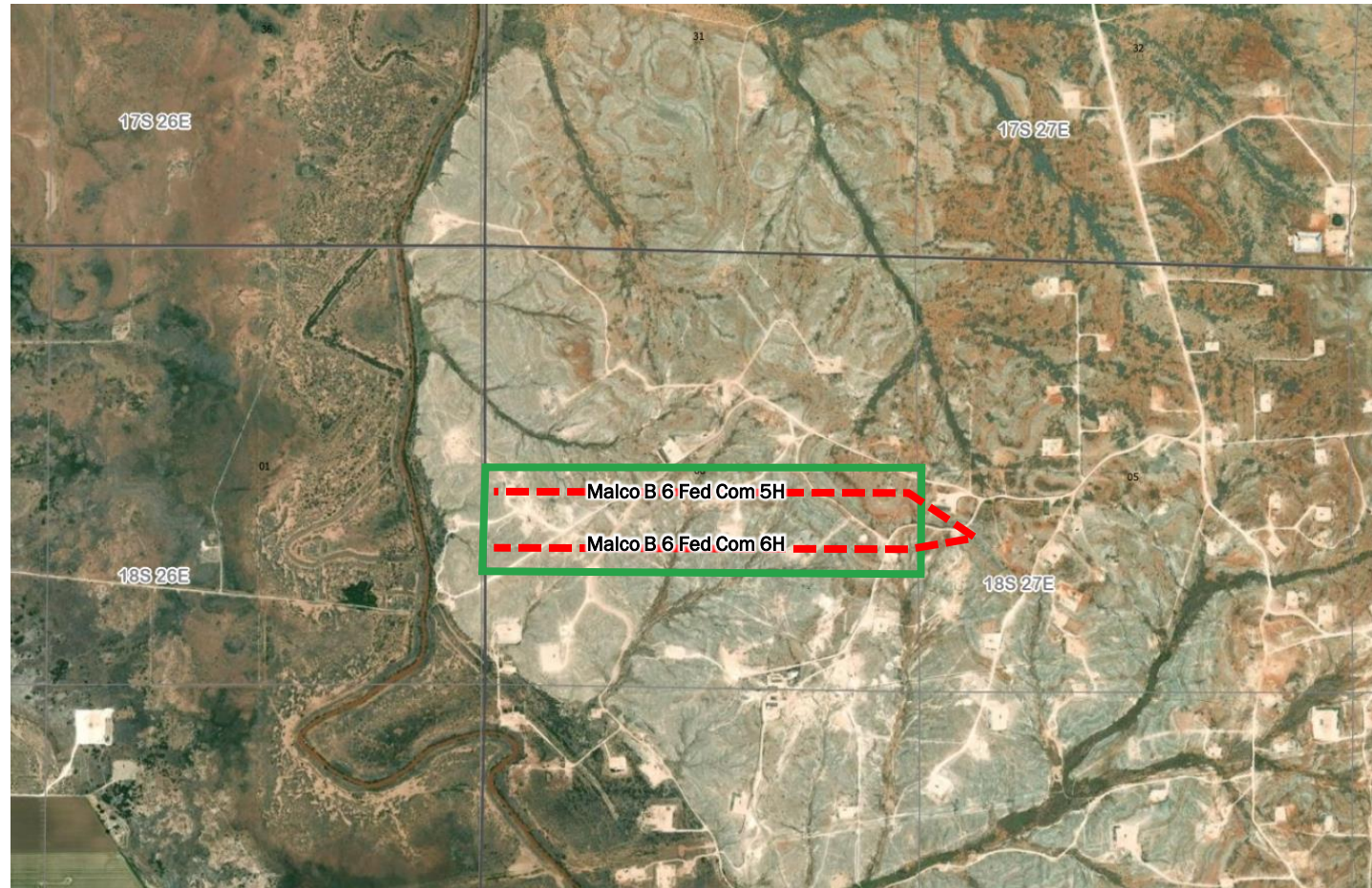


Geology: Malco B 6 Fed Com N2S2 DSU - Base Map

Proposing a 160-acre DSU in 18S 27E Sec 6, Eddy Co NM.

Proposing the drilling and completion of 2, 1-mile HZ wells in the Yeso interval.

Proposed Unit outline:



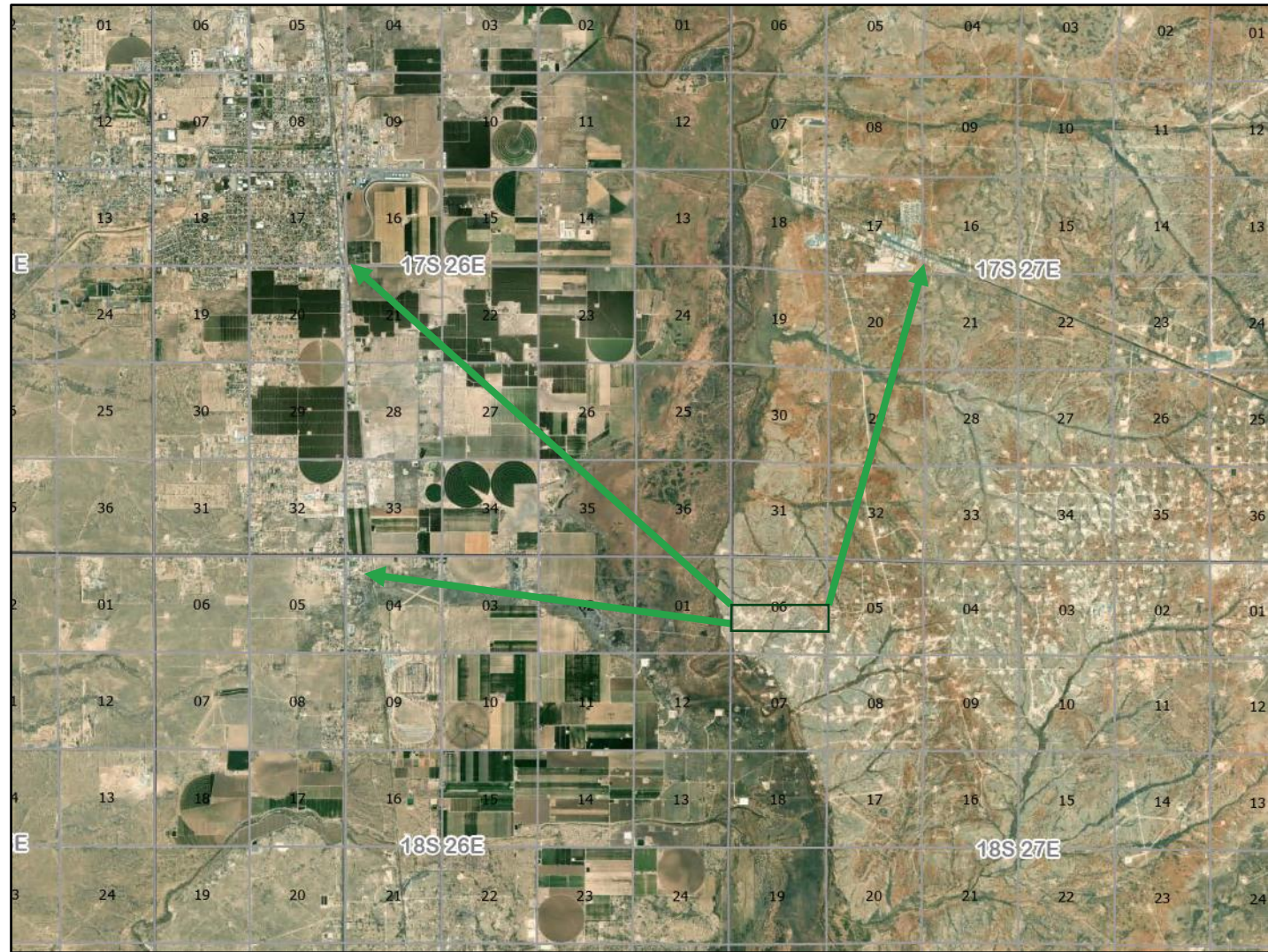
RILEY PERMIAN

Released to Imaging: 11/7/2025 3:31:18 PM

Case No. 25682
Riley Permian Operating Co. - Exhibit D-1

Location Indicator Relative to Nearest Major City/Town

The Malco B 6 Fed Com proposed DSU is ~6.5 miles from Artesia, 4 miles from Riverside, and 4.75 miles from Atoka, NM.



RILEY PERMIAN

Released to Imaging: 11/7/2025 3:31:18 PM

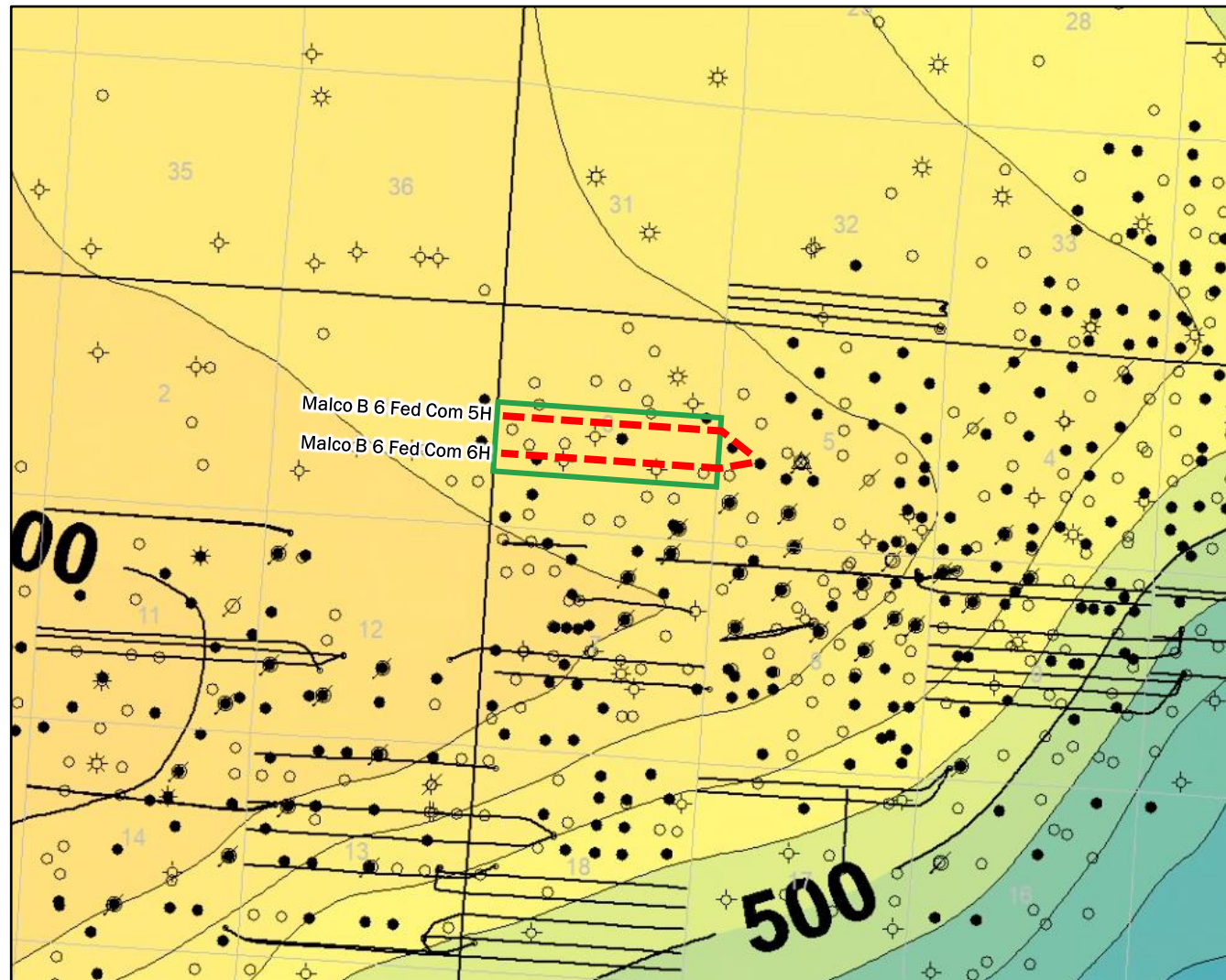
Geology: Malco B 6 Fed Com N2S2 DSU Formation Structure Map

PDCK TVDSS
Structure Map

20' Contour
Intervals.

+ Data Point

Proposed Unit outline:

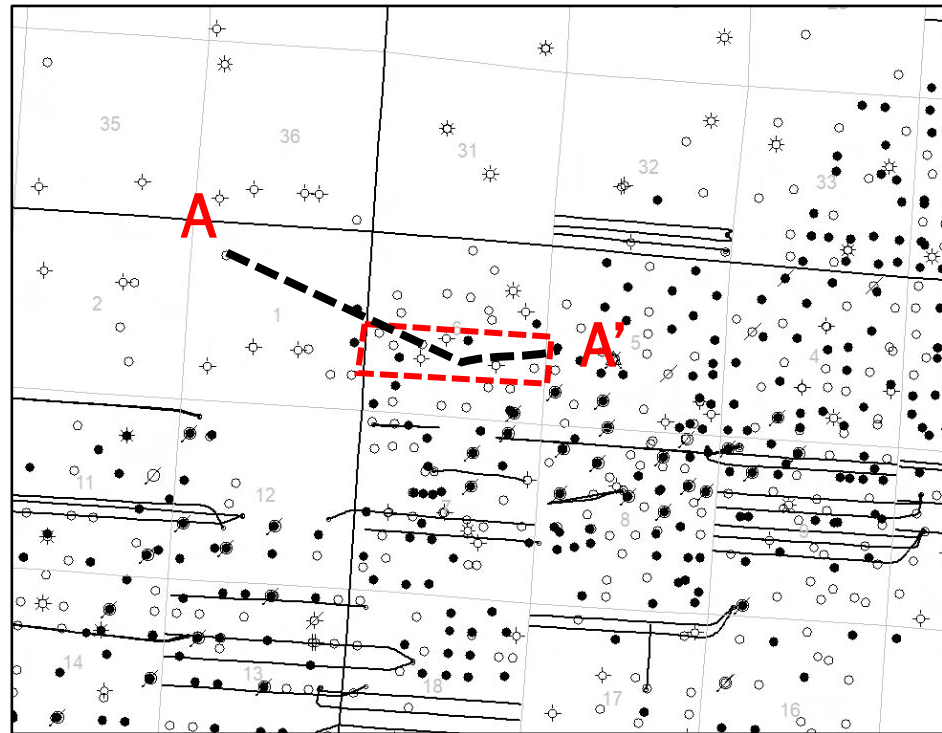


RILEY PERMIAN

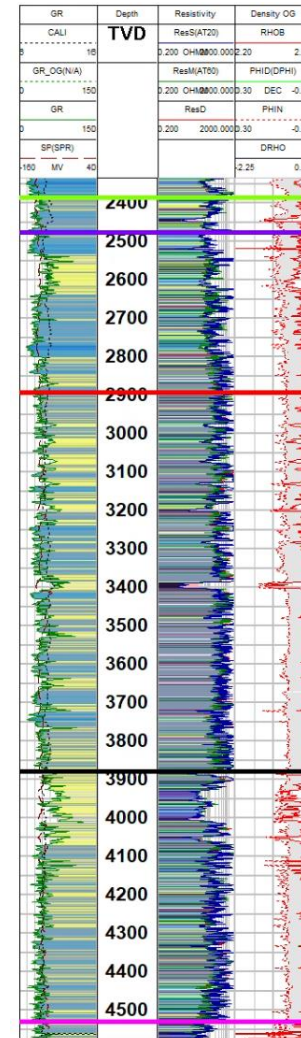
Released to Imaging: 11/7/2025 3:31:18 PM

Case No. 25682
Riley Permian Operating Co. - Exhibit D-2

Geology: Malco B 6 Fed Com N2S2 DSU Stratigraphic Cross Section



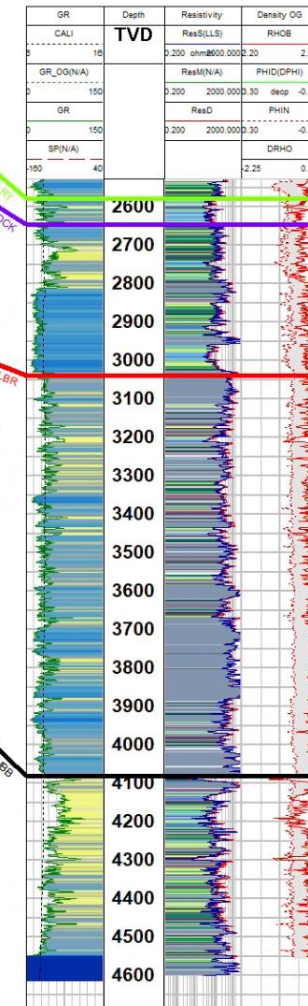
A



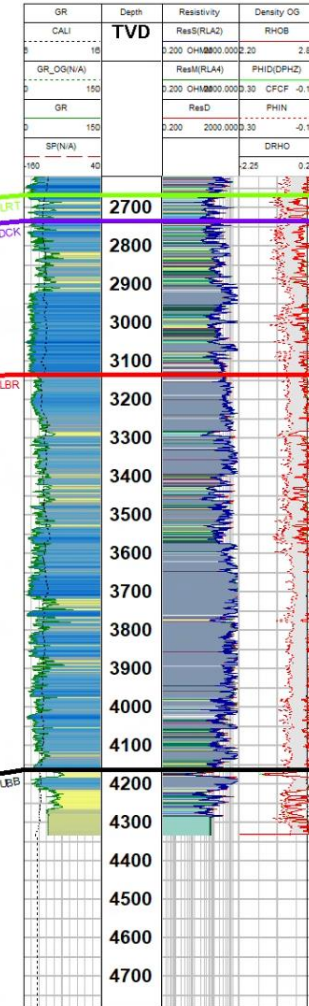
Abo (Base Yeso)

30015279700000
HIGGINS TRUST 1 001
TD=9075.00

A'



30015438750000
MALCO B 6 J FEDERAL 010
TD=4625.00



30015362600000
RED RAIDERS FEDERAL 1
TD=4325.00

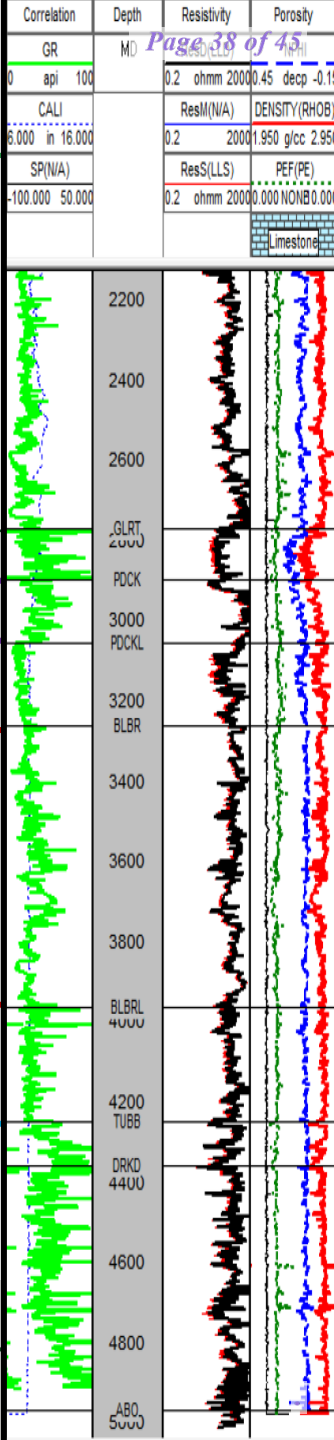
Glorieta
Paddock (Top Yeso)

Blinberry

Tubb

RILEY PERMIAN

Geology: Malco B 6 Fed Com N2S2 DSU Gunbarrel Schematic



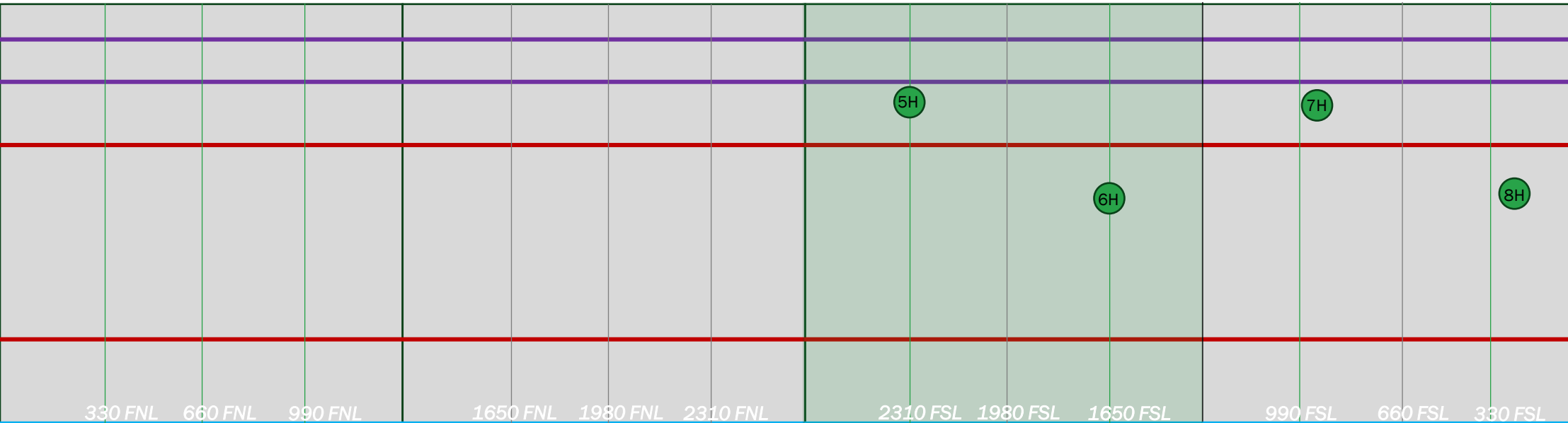
18S 27E Sec 6, Eddy Co NM

Section 6 N2/N2

Section 6 S2/N2

Malco B 6 Fed Com N2/S2

Malco B 6 Fed Com S2/S2



Proposed 160-acre HSU/DSU

RILEY PERMIAN

Condor 8 Fed Com 4H Pilot
30015468160000



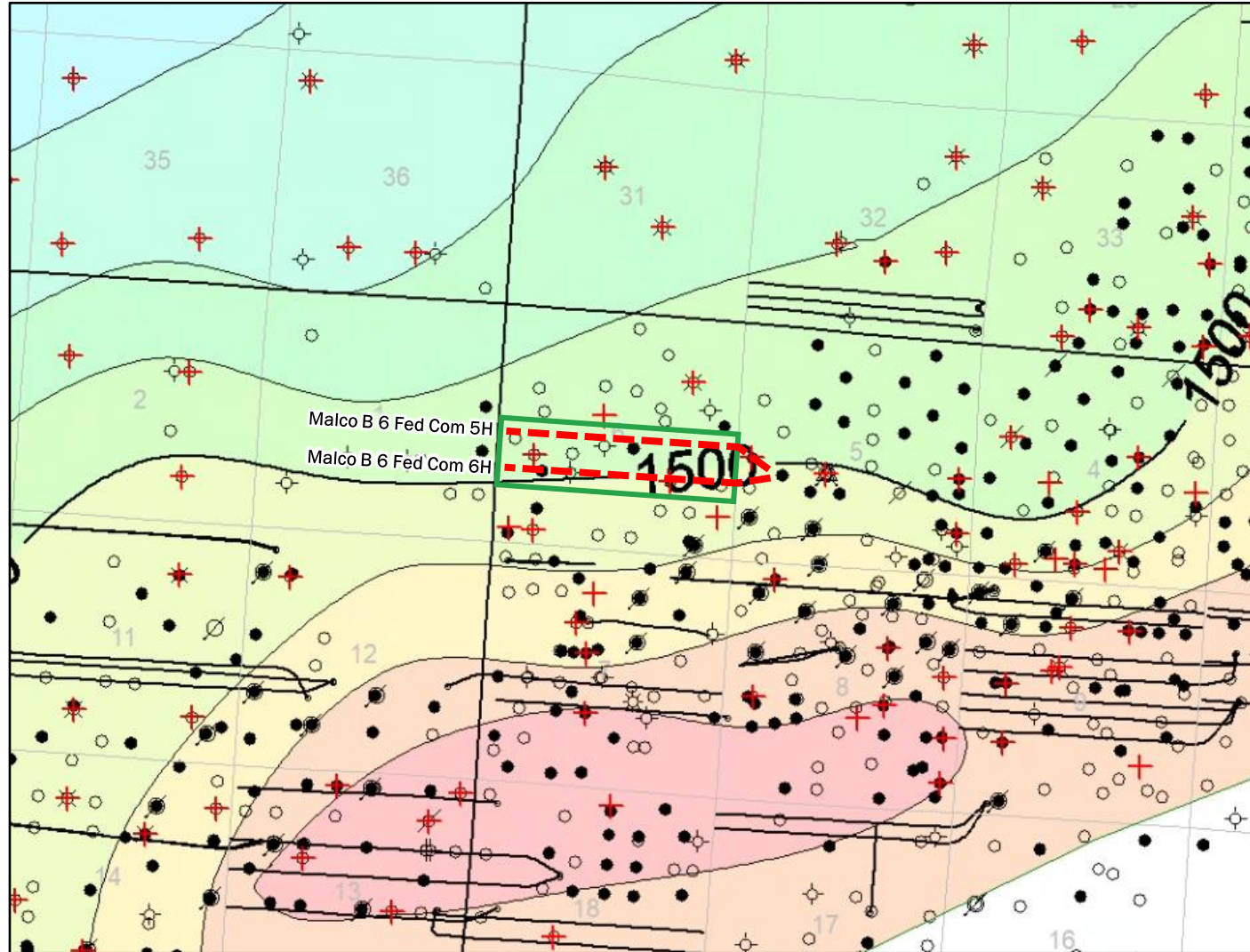
Geology: Malco B 6 Fed Com N2S2 DSU Gross Isopach Map

Yeso gross isopach
map

50' Contour
Intervals.

+ Data Point

Proposed Unit outline:



RILEY PERMIAN

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

APPLICATION OF RILEY PERMIAN
OPERATING, LLC FOR APPROVAL OF
STANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO

CASE NO. 25682

AFFIDAVIT

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

Rachael Ketchledge, legal assistant and authorized representative of Riley Permian Operating Company, LLC ("Riley"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under Notice Letters dated October 9, 2025, which the Applicant mailed via U.S. Postal Service Certified Mail. Notice was delivered to the interested parties on or about October 15, 2025, as shown on certified mail receipts attached as Exhibit E-3.

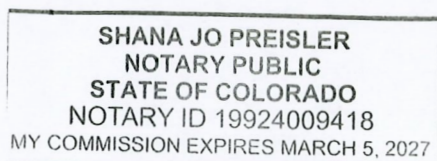
Applicant also published notice of the Application in the Carlsbad Current-Argus on October 16, 2025. Proof of receipts is shown on Exhibit E-4.

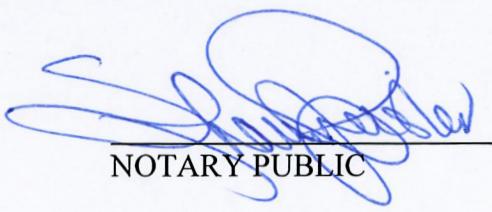


Rachael Ketchledge

SUBSCRIBED AND SWORN to before me on October 17, 2025, by Rachael Ketchledge.

My commission expires:





NOTARY PUBLIC

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
500 DON GASPAR AVENUE
SANTA FE, NEW MEXICO 87505
TELEPHONE 505-983-8545
FACSIMILE 800-886-6566
www.bwenergylaw.com

COLORADO
NEW MEXICO
WYOMING

MIGUEL SUAZO

505-946-2090
MSUAZO@BWENERGYLAW.COM

October 9, 2025

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Riley Permian Operating Company, LLC for Approval of a Standard Horizontal Spacing Unit and Compulsory Pooling in Eddy County, New Mexico (Case No. 25682).

Dear Interest Owners:

This letter is to advise you that Riley Permian Operating Company, LLC ("Riley") has filed the enclosed application, Case No. 25682, with the New Mexico Oil Conservation Division for Approval of a Standard Spacing Unit and Compulsory Pooling in Eddy County, New Mexico.

In Case No. 25682, Riley seeks an Order from the Division to: (1) approve a 159.94-acre, more or less, standard horizontal spacing and proration unit composed of the N/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico; and (2) to pool all uncommitted mineral interests in the Yeso Pool (51120), designated as an oil pool, underlying said unit.

A hearing has been requested before a Division Examiner on November 13, 2025, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 9:00 a.m. Mountain Standard Time, and will be conducted in a hybrid fashion, both 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 and via the Microsoft Teams virtual meeting platform. To view the hearing docket and to determine how to participate in the electronic hearing, visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

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

Parties appearing in cases who intend to present evidence are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the

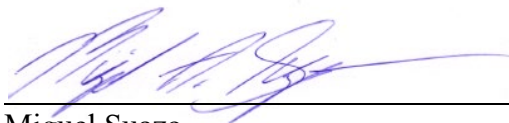
BEATTY & WOZNIAK, P.C.

October 9, 2025
Case No. 25682
Page 2

scheduled hearing date. This statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.nm.gov/oed/oedpermitting/>) or via e-mail to oed.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. The statement must also be provided to the attorney for the applicant, Miguel Suazo at msuazo@bwenergylaw.com.

If you have any questions about this matter, please contact Mark Smith at marksmith@rileypermian.com.

Sincerely,



Miguel Suazo

*Attorney for Riley Permian Operating Company,
LLC*

Case No. 25682 Certified Mailing Status

MAIL DATE	OWNER	ADDRESS	TYPE_INT	MAIL CLASS	TRACKING NUMBER
October 9, 2025	XTO Holdings, LLC	22777 Springwoods Village Pkwy Spring, TX 77389	WI	Certified w/ Return Receipt (Signature)	9589 0710 5270 2981 1326 92
October 9, 2025	Hilcorp Energy I, LP	PO Box 61229 Houston, TX 77208	WI	Certified w/ Return Receipt (Signature)	9589 0710 5270 2981 1326 85
October 9, 2025	Kenneth L. Benally Oil and Gas Investments Company, LLC	PO Box 68 Waterflow, NM 87421	RI	Certified w/ Return Receipt (Signature)	9589 0710 5270 2981 1326 78
October 9, 2025	Bureau of Land Management Carlsbad Field Office	620 East Green Street Carlsbad, NM 88220-6292	RI	Certified w/ Return Receipt (Signature)	9589 0710 5270 2981 1326 61

SENDER: COMPLETE THIS SECTION

■ Complete items 1, 2, and 3.
■ Print your name and address on the reverse so that we can return the card to you.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

9310.14

Bureau of Land Management
Burlingame Field Office
100 East Green Street
Burlingame, NM 88220-6292

9590 9402 8916 4064 1450 55

9589 0710 5270 2981 1326 61

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *[Signature]* ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation™
☐ Collect on Delivery ☐ Signature Confirmation Restricted Delivery
☐ Collect on Delivery Restricted Delivery (over \$500)

PS Form 3811, July 2020 PSN 7530-02-000-9053

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■ Print your name and address on the reverse so that we can return the card to you.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

9310.14

Kenneth L. Benally Oil and Gas Investments Company, LLC
PO Box 68
Waterflow, NM 87421

9590 9402 8916 4064 1450 48

2. Article Number (Transfer from service label)
9589 0710 5270 2981 1326 78

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *[Signature]* ☐ Agent ☐ Addressee

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B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation™
☐ Collect on Delivery ☐ Signature Confirmation Restricted Delivery
☐ Collect on Delivery Restricted Delivery (over \$500)

PS Form 3811, July 2020 PSN 7530-02-000-9053

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■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

9310.14

XTO Holdings, LLC
22777 Springwoods Village Pkwy
Spring, TX 77389

9590 9402 8916 4064 1450 24

2. Article Number (Transfer from service label)
9589 0710 5270 2981 1326 92

PS Form 3811, July 2020 PSN 7530-02-000-9053

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A. Signature
X *[Signature]* ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation™
☐ Collect on Delivery ☐ Signature Confirmation Restricted Delivery
☐ Collect on Delivery Restricted Delivery (over \$500)

PS Form 3811, July 2020 PSN 7530-02-000-9053

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■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

9310.14

Hilcorp Energy I, LP
PO Box 61229
Houston, TX 77208

9590 9402 8916 4064 1450 31

2. Article Number (Transfer from service label)
9589 0710 5270 2981 1326 85

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *[Signature]* ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation™
☐ Collect on Delivery ☐ Signature Confirmation Restricted Delivery
☐ Collect on Delivery Restricted Delivery (over \$500)

PS Form 3811, July 2020 PSN 7530-02-000-9053

Affidavit of PublicationNo. 67030

State of New Mexico

Publisher

County of Eddy:

Adrian Hedden

being duly sworn, says that he is the

Publisher

of the Carlsbad Current Argus, a weekly newspaper of

general circulation, published in English at Carlsbad,

said county and state, and that the hereto attached

Legal Ad

was published in a regular and entire issue of the said

Carlsbad Current Argus, a weekly newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

3 Consecutive weeks/day on the same

day as follows:

First Publication

October 16, 2025

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Sixth Publication

Seventh Publication

Eighth Publication

Subscribed and sworn before me this

16th day of October 2025

LATISHA ROMINE
 Notary Public, State of New Mexico
 Commission No. 1076338
 My Commission Expires
 05-12-2027

Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE
OCTOBER 16, 2025
STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION, SANTA FE, NEW
MEXICO

The State of New Mexico, Energy, Minerals, and Natural Resources Department, Oil Conservation Division (Division) hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case.

The hearing will be conducted on **Thursday, November 13, 2025, beginning at 9:00 A.M. MST** in a hybrid fashion, both 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 and via the Microsoft Teams meeting platform. To view the hearing docket and to determine how to participate in the electronic hearing, visit the Divisions website at: <http://www.emnrd.state.nm.us/OCD/hearing-info/> or contact Sheila Apodaca at Sheila.Apodaca@emnrd.nm.gov. Documents filed in the case may also be viewed at <https://ocdimage.emnrd.nm.gov/imaging/CaseFileView.aspx?CaseNo=25682>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Sheila Apodaca or the New Mexico Relay Network at 1-800-659-1779, no later than **November 6, 2025**.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

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

TO: All interested parties, including: XTO Holdings, LLC; Hilcorp Energy I, LP; Kenneth L. Benally Oil and Gas Investments Company, LLC; Bureau of Land Management.

CASE NO. 25682: Application of Riley Permian Operating Company, LLC for Approval of a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 159.94-acre, more or less, standard horizontal spacing and proration unit composed of the N/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Red Lake; Glorieta Yeso Pool [51120], designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are: **Malco B 6 Fed Com 5H (API No. 30-015-49921)**, which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Lot L) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East, and **Malco B 6 Fed Com 6H (API No. 30-015-49932)**, which is an oil well that will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the NW/4 SW/4 (Lot 6) of Section 6, Township 18 South, Range 27 East. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 5.5 miles east of Atoka, New Mexico.
 67030-Published in Carlsbad Current Argus Oct. 16, 2025.