

NEW MEXICO OIL CONSERVATION DIVISION

SEPTEMBER 20, 2018 DOCKET

CASE NOS. 16142 (RE-OPENED) & 16143 (RE-OPENED)

**APPLICATIONS OF APACHE CORPORATION TO RE-OPEN
CASES 16142 AND 16143 TO ALLOW FOR THE DRILLING
OF SUBSEQUENT WELLS AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**



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

**APPLICATION OF APACHE CORP.
RE-OPEN CASE NO. 16142 AND
MODIFY ORDER NO. R-14765 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16142 (Re-opened)
ORDER NO. R-14765**

Laci Stretcher, being duly sworn, deposes and states:

1. I am a landman for Apache Corporation ("Apache"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. On May 17, 2018, Apache presented an application in Case No. 16142 which requested the approval of a non-standard spacing and proration unit, the pooling of all uncommitted mineral interests, and the approval of non-standard locations within the S/2 N/2 of Section 26, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This application was for the development of the Palmillo 26 State Com Well No. 314H (API No. 30-015-44906).
3. An order was issued in Case No. 16142 on July 2, 2018 – Order No. R-14765.
4. Apache now seeks to re-open Case No. 16142 and amend Order No. R-14765 to allow for the drilling and concurrent completion of an additional well within the pooled unit.
5. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced application to amend a compulsory pooling order:



- (a) The purpose of this application is to authorize the drilling of an additional well within the pooled unit. This additional well will be the Palmillo 26 State #213H well (API No. 30-015-45040).
- (b) As shown in the plat attached as Exhibit A, the Palmillo 26 State #213H ("213H") has a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500, as found on the enclosed AFE#11-18-0996.
- (c) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests in the well.
- (d) A plat outlining the unit being pooled was presented at hearing on May 17, 2018, along with a list of parties being pooled, ownership percentages, and last known addresses for such parties. Apache asks that this information be included in the record for this matter.
- (e) There are no depth severances within the Bone Spring formation.
- (f) I have conducted a diligent search of the public records in the county where the well is located, searched phone directories, and conducted computer searched to locate contact information for parties entitled to notification.
- (g) Exhibit B contains a summary of contact or attempted contacts with the interest owners, together with copies of the proposal letters sent to interest owners for the well.

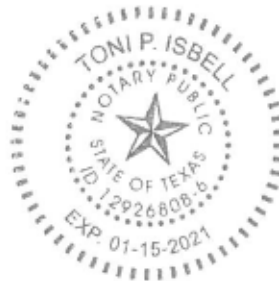
- (h) Apache has made a good faith effort to obtain voluntary joinder of the work interest owners in the proposed well.
 - (i) Apache has the right to pool the overriding royalty interest owners in the well and pooled such ownership to the unit when it obtained Order No. R-14765.
 - (j) Exhibit C is the well proposal letter and Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.
 - (k) Apache requests overhead and administrative rates of \$7,000/month for a drilling well and \$700/month for a producing well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern New Mexico. Apache requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
 - (l) Apache requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
 - (m) Apache requests that it be designated operator of the well.
 - (n) The offsets to this well were notified of this application.
6. The attachments to this affidavit were prepared by me or compiled from company business records.
7. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.
8. The granting of this application is in the interests of conservation and the prevention of waste.


Laci Stretcher

SUBSCRIBED AND SWORN to before me this 18th day of September, 2018 by Laci Stretcher.


Notary Public

My commission expires: 01-15-2021



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

NM OIL CONSERVATION
ARTESIA DISTRICT

Form C-102

Revised August 1, 2011

JUN 14 2018
One copy to appropriate
District Office

RECEIVED AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015- 45040		² Pool Code 65010		³ Pool Name WINCHESTER; BONE SPRING	
⁴ Property Code 321281		⁵ Property Name PALMILLO 26 STATE COM			⁶ Well Number 213H
⁷ OGRID NO. 873		⁸ Operator Name APACHE CORPORATION			⁹ Elevation 3358'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
H	26	19S	28E		1580	NORTH	230	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	26	19S	28E		1936	NORTH	50	WEST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>N 89°35'29" E 5197.90'</p> <p>16</p> <p>1936' L.T.P. & B.H.</p> <p>40 ACRES</p> <p>40 ACRES</p> <p>40 ACRES</p> <p>40 ACRES</p> <p>S.L.</p> <p>230'</p> <p>1580'</p> <p>N 00°10'12" W 2641.25'</p> <p>1</p> <p>2</p> <p>100' L.T.P.</p> <p>50' B.H.</p> <p>26</p> <p>GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION (S.L.) N 594714.5 - E 600955.5</p> <p>LAT: 32.6347698° N LONG: 104.1396639° W</p> <p>LAST TAKE POINT (L.T.P.) N 594323.8 - E 596084.1</p> <p>LAT: 32.6337194° N LONG: 104.1554907° W</p> <p>BOTTOM HOLE (B.H.) N 594323.8 - E 596034.1</p> <p>LAT: 32.6337197° N LONG: 104.1556530° W</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 590981.1 - E: 595983.8</p> <p>B: FOUND BRASS CAP "1941" N: 593620.0 - E: 595984.1</p> <p>C: FOUND BRASS CAP "1941" N: 596258.7 - E: 595984.2</p> <p>D: FOUND BRASS CAP "1941" N: 596295.7 - E: 601180.7</p> <p>E: FOUND BRASS CAP "1941" N: 593655.1 - E: 601188.6</p> <p>F: FOUND BRASS CAP "1941" N: 591014.6 - E: 601199.0</p> <p>G: FOUND BRASS CAP "1941" N: 590996.8 - E: 598590.3</p> <p>CALCULATED POINTS 1: N: 594939.4 - E: 595984.2</p> <p>N 00°00'13" E 2639.30'</p> <p>N 00°00'21" E 2639.60'</p> <p>S 89°39'17" W 2607.17'</p>		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and 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 such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Sorina L Flores 6/13/18 Signature Date SORINA L FLORES Printed Name sorina.flores@apachecorp.com E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>6-5-2018 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>10034 Certificate Number</p> <p>JEFFREY L. FANSLER 10034 PROFESSIONAL SURVEYOR</p> <p>Job No.: LS1805714</p>
---	--	--

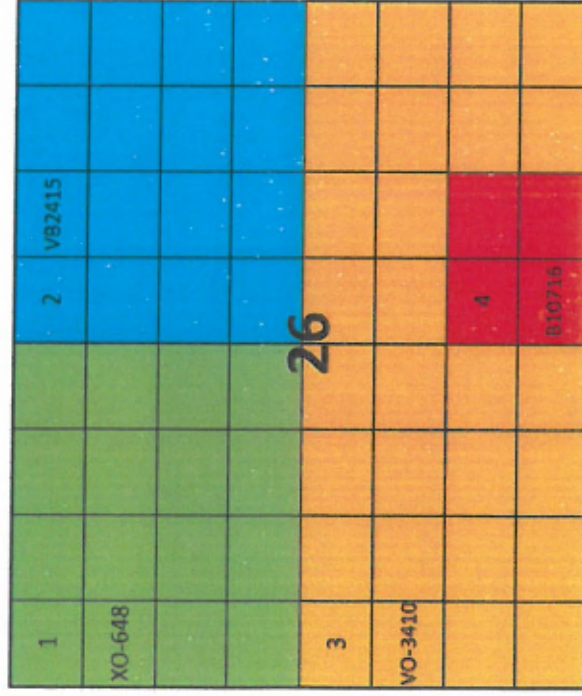
EXHIBIT

A

STATE OF NEW MEXICO LEASES

SECTION 26 T19S-28E EDDY CO

SURFACE LEASES



BONE SPRING RIGHTS

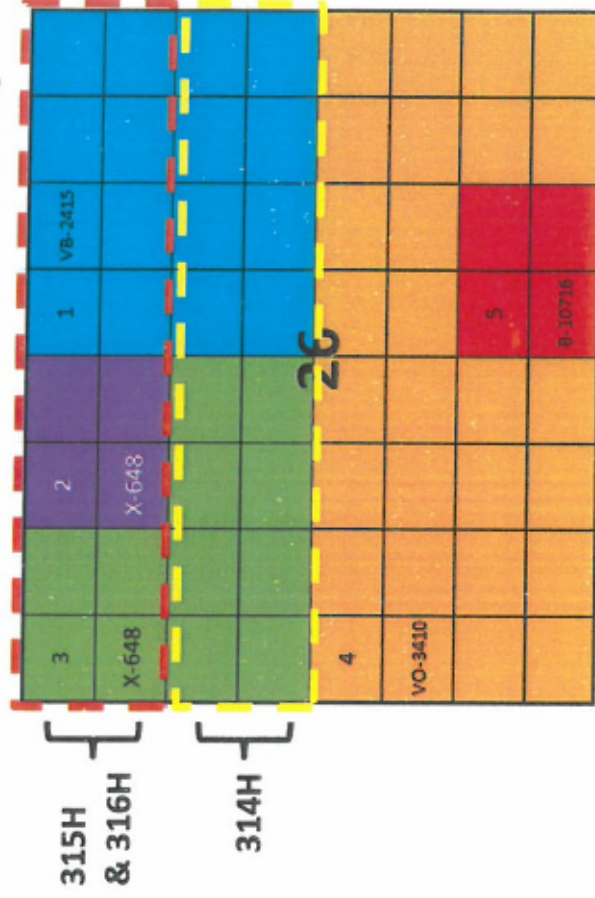


EXHIBIT
3

SUMMARY OF INTERESTS

PALMILLO 26 STATE COM #314H

PALMILLO 26 STATE COM #314H		
Owner Name	WI	Description
ZPZ Delaware I LLC	25.000000%	Committed Working Interest Owner
Apache Corporation	53.993056%	Committed Working Interest Owner
Marathon Oil Company	7.986111%	Uncommitted Working Interest Owner
PGP Holdings	1.996528%	Uncommitted Working Interest Owner
Marathon Oil Permian	1.996528%	Uncommitted Working Interest Owner
EOG Y	9.027778%	Uncommitted Working Interest Owner
	100.0000%	

Exhibit B – Summary of Attempted Contacts

- Apache sent well proposal letters for the additional well on June 20, 2018.
- Apache then contacted parties to see if they would participate in the well and/or execute a joint operating agreement.
- Apache moved to re-open the cases in order to add the additional wells, and sent out notices to addresses of record.
- Apache conducted record searches and internet searches for contact information for pooled parties.
- Apache continued to attempt to contact pooled parties.
- Apache's counsel contacted EOG, and EOG later agreed to execute a joint operating agreement.
- Apache published notice in a newspaper of general circulation in the county where the well will be located.



USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 7017268000069605041

Remove X

We attempted to deliver your package at 8:50 am on June 21, 2018 in MIDLAND, TX 79706 but could not access the delivery location. We will redeliver on the next business day.

Delivery Attempt

June 21, 2018 at 8:50 am

Delivery Attempted - No Access to Delivery Location
MIDLAND, TX 79706

Get Updates ▼

Text & Email Updates

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.**OFFICIAL USE**

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage

Total Po

Sent To

Street or

City, State, ZIP+4

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706
ASP-Palmillo 26 Com 213H,

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

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.

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706
ASP-Palmillo 26 Com 213H,



9590 9402 3447 7275 5141 53

2. Article Number (Transfer from service label)

7017 2680 0000 6960 5041

PS Form 3811, July 2015 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

[Signature]

6-21-18

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

for?

Domestic Return Receipt

https://tools.usps.com/go/TrackConfirmAction?tci=1&ui=page&_af=2&_ext=28777=&_tLabe... 6/26/2018



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5041

June 20, 2018

EOG Y Resources, Inc.
Attn: Chuck Bassett
5509 Champions Drive
Midland, Texas 79706

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 9.027778% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

EOG Y Resources, Inc.
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

EOG Y Resources, Inc.

By: _____

Printed Name: _____

Date: _____



AFE Summary

AFE #	11-18-0996	PROJECT NAME	PALMILLO 26 STATE COM 213H		
PROPERTY #	pending1	OPERATOR	Apache Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

S/2 N/2 SEC 26 T19S R28E

PROJECTS				
Type	AFE #	WI %	Objective	Description
Drilling	11-18-0996-DH	78.994000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000', Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6900'. Drill an 8-3/4" curve at 12 D&G/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/G8-CD casing string to 12400'. Estimated time is 1 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0996-CP	78.994000	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equippping	11-18-0996-EQ	78.994000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equippping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0996 | Project Name: PALMILLO 26 STATE COM 213H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$100,000	\$0	\$0	\$0	\$100,000
70065	Road and Site Preparation	\$40,000	\$5,600	\$0	\$0	\$45,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,074,500	\$2,873,000	\$500,000	\$0	\$5,447,500
Less Outside Interests	\$435,769	\$603,502	\$105,030	\$0	\$1,144,302
Total Net Costs	\$1,638,731	\$2,269,498	\$394,970	\$0	\$4,303,198

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706

USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 7017268000069605010

Remove X

Your item was delivered to an individual at the address at 11:43 am on June 27, 2018 in HOUSTON, TX 77056.

 **Delivered**

June 27, 2018 at 11:43 am
Delivered, Left with Individual
HOUSTON, TX 77056

Get Updates ▾

Text & Email Updates

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only
For delivery information, visit our website at www.usps.com®.**OFFICIAL USE**

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$☐ Return Receipt (electronic) \$☐ Certified Mail Restricted Delivery \$☐ Adult Signature Required \$☒ Adult Signature Restricted Delivery \$

Postage

\$

Total

\$

Sent

\$

Street

City

State

Zip

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

MARATHON OIL COMPANY
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmito 26 Com 213H,

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:

MARATHON OIL COMPANY
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmito 26 Com 213H,



9590 9402 3447 7275 5141 22

2. Article Number (Transfer from service label)

7017 2680 0000 6960 5010

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Marcos Camery*☐ Agent☐ Addressee

B. Received by (Printed Name)

Marcos Camery

C. Date of Delivery

6-27-18

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Insured Mail☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5010

June 20, 2018

Marathon Oil Company
Attn: Jessica Gorman
5555 San Felipe Street
Houston, Texas 77056

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 7.98611% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

Marathon Oil Company
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

Marathon Oil Company

By: _____

Printed Name: _____

Date: _____

USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 70172680000073610901

Remove X

Your item was delivered to an individual at the address at 11:43 am on June 27, 2018 in HOUSTON, TX 77056.

 **Delivered**

June 27, 2018 at 11:43 am
Delivered, Left with Individual
HOUSTON, TX 77056

Get Updates ▼

Text & Email Updates

Tracking History

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$
 Postage \$
 Total Post \$
 Sent To \$
 Street and \$
 City, State \$

MARATHON OIL PERMIAN LLC
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmito 26 Com 213H,

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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.

Article Addressed to:

MARATHON OIL PERMIAN LLC
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmito 26 Com 213H,



9590 9402 3447 7275 5141 60

Article Number (Transfer from service label)

7017 2680 0000 7361 0901

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)

Marcos Camea

C. Date of Delivery

6-27-18

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Restricted Delivery

S Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

<https://tools.usps.com/go?TRACKINGNUMBER=70172680000073610901&text28777=&tLabe...> 6/29/2018



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 7361 0901

June 20, 2018

Marathon Oil Permian
Attn: Jessica Gorman
5555 San Felipe Street
Houston, Texas 77056

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

Marathon Oil Permian
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does NOT elect to participate in the drilling and completion of the Palmillo 26 State #213H

Marathon Oil Permian

By: _____

Printed Name: _____

Date: _____

USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 70172680000073610925

Remove X

The item is currently in transit to the next facility as of June 27, 2018.

In-Transit

June 27, 2018

In Transit to Next Facility

Get Updates ▼

Text & Email Updates

Tracking History

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee \$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
Postage \$	PGP HOLDINGS I, LLC ATTN: AJ FERRARO 104 TOWNPARK DRIVE KENNESAW, GA 30144 ASP-Palmito 26 Com 213H
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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. / PGP HOLDINGS I, LLC
ATTN: AJ FERRARO
104 TOWNPARK DRIVE
KENNESAW, GA 30144
ASP-Palmito 26 Com 213H



9590 9402 3447 7275 5141 77

2. Article Number (Transfer from service label)

7017 2680 0000 7361 0925

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x *E. Williams* ☒ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
6-25-18

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

3. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

<https://tools.usps.com/go/TrackConfirmAction?tRef=fullpage&tLc=2&text28777=&tLabe...> 6/29/2018



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 7361 0925

June 20, 2018

PGP Holdings I, LLC
104 Townpark Drive
Kennesaw, Georgia 30144

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

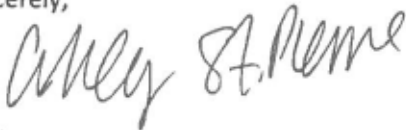
Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

PGP Holdings I, LLC
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

PGP Holdings I, LLC

By: _____

Printed Name: _____

Date: _____



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 7361 0925

June 20, 2018

Working Interest Owner

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

PGP Holdings I, LLC
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure



AFE Summary

AFE #	11-18-0996	PROJECT NAME	PALMILLO 26 STATE COM 213H		
PROPERTY #	pending1	OPERATOR	Apeche Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

S/2 N/2 SEC 26-T19S-R28E

PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0996-DH	78.994000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 46# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 1 days MRRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0996-CP	78.994000	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0996-EQ	78.994000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0996 | Project Name: PALMILLO 26 STATE COM 213H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$100,000	\$0	\$0	\$0	\$100,000
70065	Road and Site Preparation	\$40,000	\$5,600	\$0	\$0	\$45,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,074,500	\$2,873,000	\$500,000	\$0	\$5,447,500
Less Outside Interests	\$435,769	\$603,502	\$105,030	\$0	\$1,144,302
Total Net Costs	\$1,638,731	\$2,269,498	\$394,970	\$0	\$4,303,198

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

MARATHON OIL PERMIAN LLC
 ATTN: JESSICA GORMAN
 5555 SAN FELIPE STREET
 HOUSTON, TX 77056-2723



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5041

June 20, 2018

EOG Y Resources, Inc.
Attn: Chuck Bassett
5509 Champions Drive
Midland, Texas 79706

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

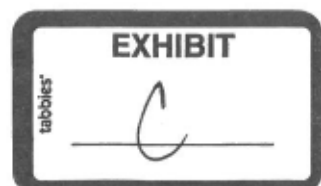
Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 9.027778% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.



EOG Y Resources, Inc.
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre". The signature is written in dark ink and is positioned above the printed name.

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

EOG Y Resources, Inc.

By: _____

Printed Name: _____

Date: _____



AFE Summary

AFE #	11-18-0996	PROJECT NAME	PALMILLO 26 STATE COM 213H		
PROPERTY #	pending1	OPERATOR	Apache Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

S/2 N/2 SEC 26 T19S R28E

PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0996-DH	78.994000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 46# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 1 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0996-CP	78.994000	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0996-EQ	78.994000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0996 | Project Name: PALMILLO 26 STATE COM 213H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$100,000	\$0	\$0	\$0	\$100,000
70065	Road and Site Preparation	\$40,000	\$5,600	\$0	\$0	\$45,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,074,500	\$2,873,000	\$500,000	\$0	\$5,447,500
Less Outside Interests	\$435,769	\$603,502	\$105,030	\$0	\$1,144,302
Total Net Costs	\$1,638,731	\$2,269,498	\$394,970	\$0	\$4,303,198

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706

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

**APPLICATION OF APACHE CORP.
RE-OPEN CASE NO. 16142 AND
MODIFY ORDER NO. R-14765 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16142 (Re-opened)
ORDER NO. R-14765**

Mike Muncy, being duly sworn, deposes and states:

1. I am over the age of 18, and have person knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum geologist.
2. I am a geologist for Apache Corporation ("Apache"), and I am familiar with the geological matters involved in this case.
3. On May 17, 2018, Apache presented an application in Case No. 16142 which requested the approval of a non-standard spacing and proration unit, the pooling of all uncommitted mineral interests, and the approval of non-standard locations within the S/2 N/2 of Section 26, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This application was for the development of the Palmillo 26 State Com Well No. 314H (API No. 30-015-44906).
4. An order was issued in Case No. 16142 on July 2, 2018 – Order No. R-14765.
5. Apache now seeks to re-open Case No. 16142 and amend Order No. R-14765 to allow for the drilling and concurrent completion of an additional well within the pooled unit.

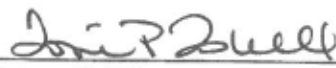


6. Apache asks that the exhibits admitted in the record in Case No. 16142 on May 17, 2018 be incorporated into the record for this proceeding.
7. The well that Apache seeks to include under Order NO. R-14765 is the Palmillo 26 State #213H well. The targeted interval for this well is the Second Bone Spring Sands.
8. The following additional geological exhibits are attached hereto:
 - a. Exhibit A is a structure map on the base of the Second Bone Spring Sands. It shows that the structure dips to the southeast. It also shows the Second Bone Spring Sands wells in the vicinity of the proposed 213H well, and a line of cross-section.
 - b. Exhibit B is a Gross Sand Isopach map of the Second Bone Spring Sand interval. The Second Bone Spring Sands is uniform across the proposed well unit.
 - c. Exhibit C is a cross section, which highlights the targeted interval for the 213H well. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The Second Bone Spring Sands are continuous across the well unit.
9. I conclude from the maps that:
 - a. There are no structural impediments or faulting that will interfere with horizontal development.
 - b. Each quarter quarter section in the unit will contribute more or less equally to production.
10. The preferred well orientation in this area is east-west. This is because of offset horizontal well production and formation microimager (FMI) interpretation from the Palmillo 14 State #1H pilot hole (API 30-015-39027).

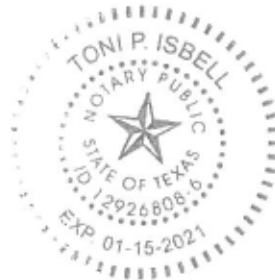
11. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.

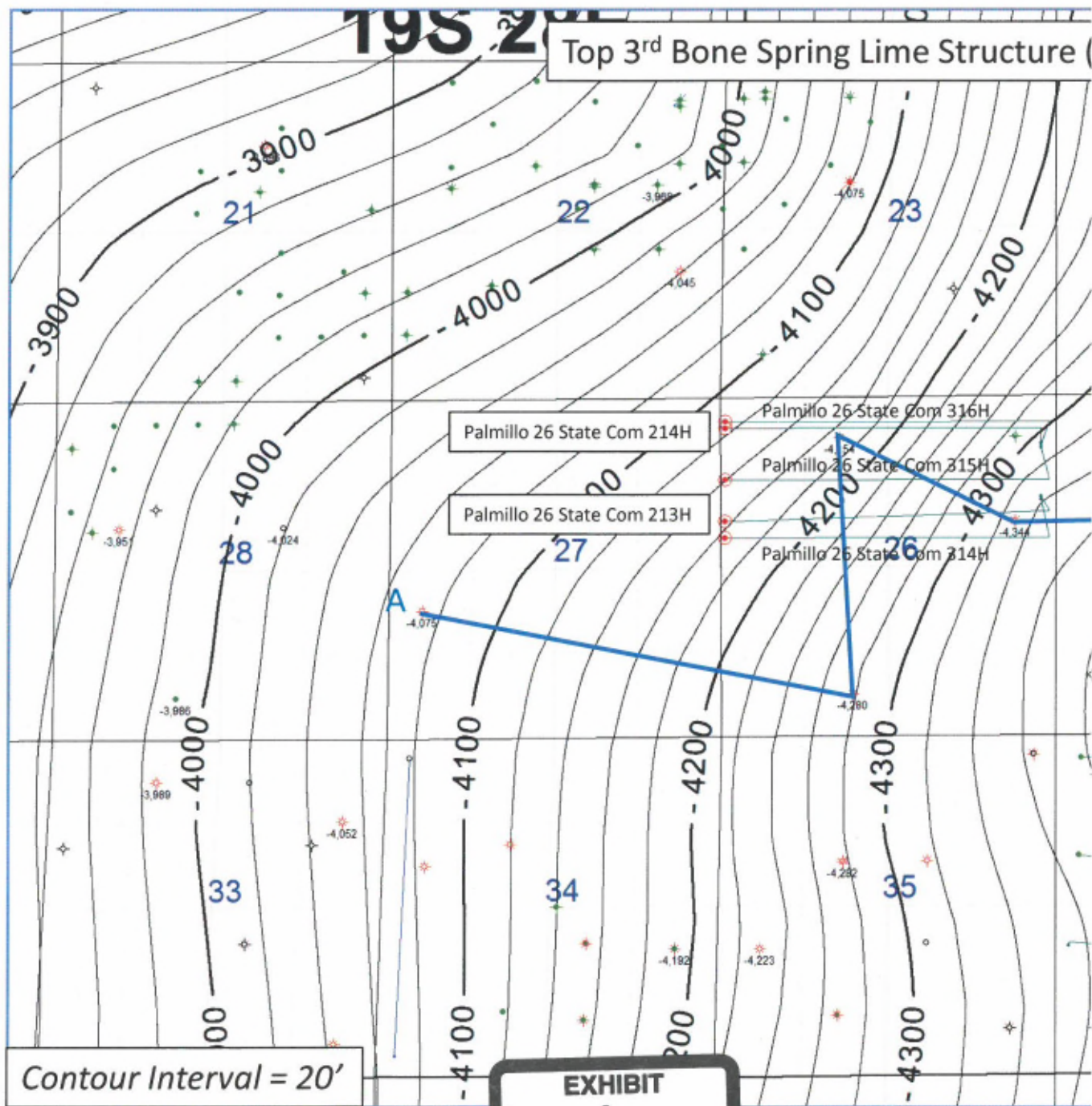

Mike Muncy

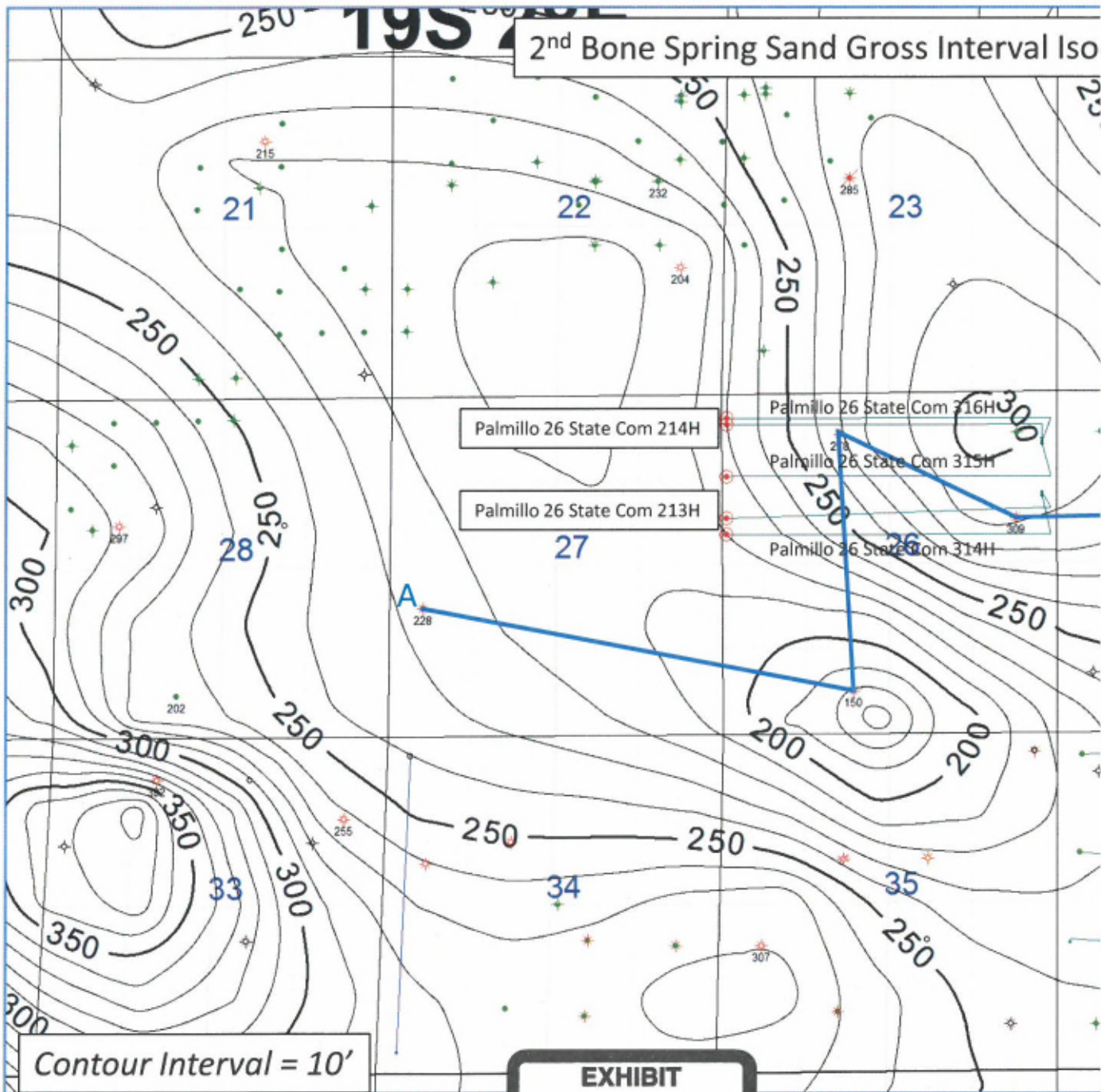
SUBSCRIBED AND SWORN to before me this 18th day of September, 2018 by Mike Muncy.


Notary Public

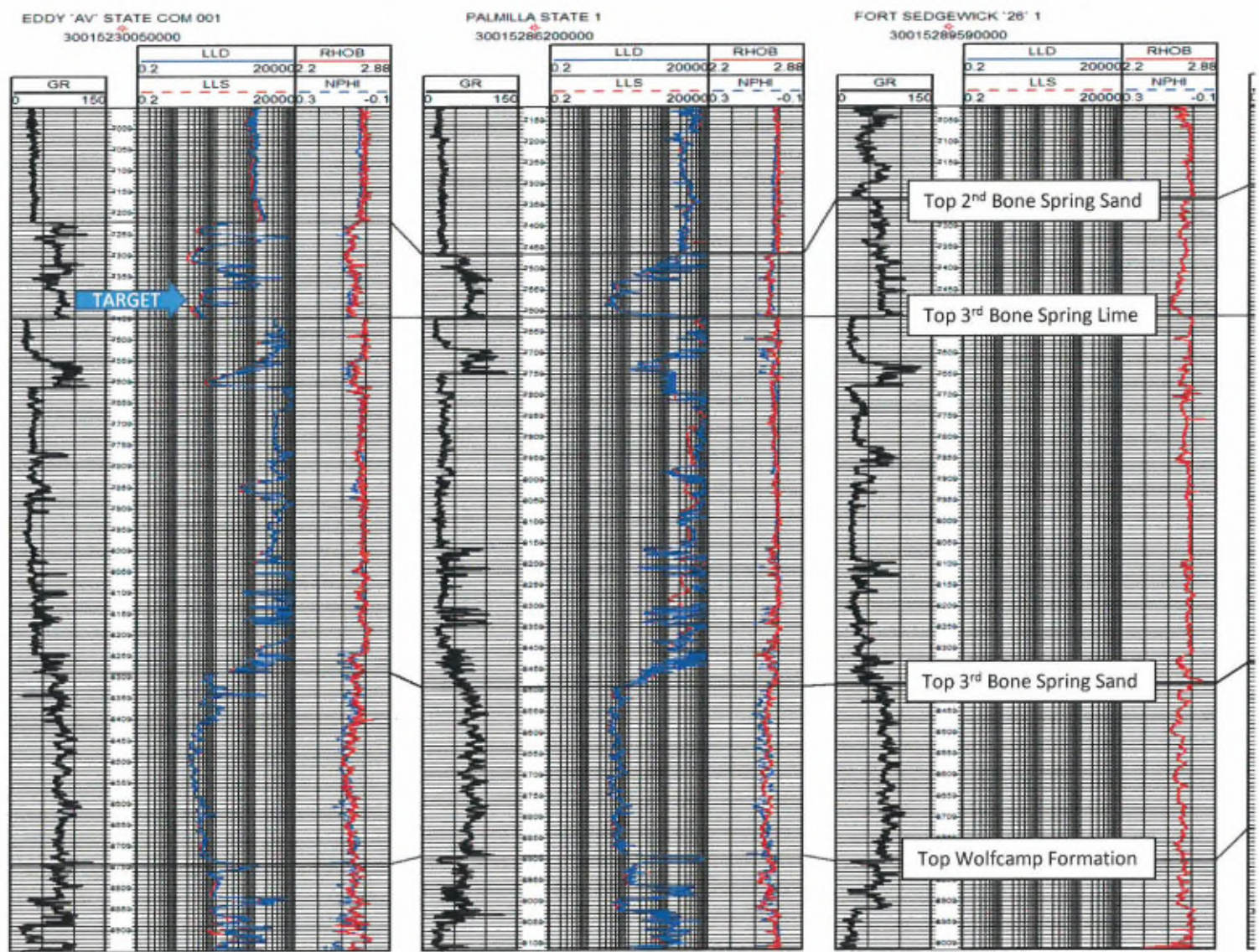
My commission expires: 01-15-2021



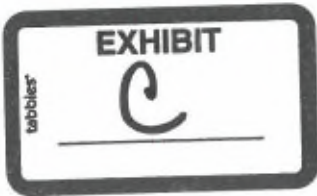




STRATIGRAPHIC CROSS-SECTION: A



DATUM = TOP 3RD BONE SPRING LIME



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

**APPLICATION OF APACHE CORP.
RE-OPEN CASE NO. 16142 AND
MODIFY ORDER NO. R-14765 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16142 (Re-opened)
ORDER NO. R-14765**

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Jennifer L. Bradfute, attorney in fact and authorized representative of Apache Corporation ("Apache"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and that proof of receipt is attached hereto. Apache has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.


Jennifer L. Bradfute

SUBSCRIBED AND SWORN to before me this 5th day of September, 2018 by
Jennifer L. Bradfute.


Kathleen T. Allen
Notary Public

My commission expires: 07-22-2022



Kathleen Allen
Modrall Spering Roehl Harris & Sisk, P.A.
P.O. Box 2168
Albuquerque NM 87103-2168

PS Form 3877

Type of Mailing: **CERTIFIED**
08/17/2018

Firm Mailing Book ID: 149196

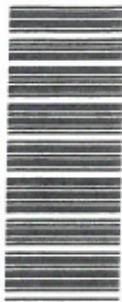
Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0049 6992 76	New Mexico State Land Office Attn: Oil & Gas Lease Manager 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
2	9314 8699 0430 0049 6992 83	ZPZ Delaware I LLC Attn: West Land Manager 303 Veterans Airpark Lane Midland TX 79705	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
3	9314 8699 0430 0049 6992 90	PGP Holdings I LLC Attn: Tina Smith 104 Townpark Drive Kennesaw GA 30144	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
4	9314 8699 0430 0049 6993 06	Marathon Oil Company/Marathon Oil Permian Attn: Jessica Gorman 5555 San Felipe Street Houston TX 77056	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
5	9314 8699 0430 0049 6993 13	EOG Resources, Inc. Attn: Wendy Dalton 5509 Champions Drive Midland TX 79706	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
6	9314 8699 0430 0049 6993 20	Yates Brothers 105 South 4th Street Artesia NM 88210	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
7	9314 8699 0430 0049 6993 37	Mewbourne Oil Company Attn: Lee Scarborough 500 West Texas, Suite 1020 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
8	9314 8699 0430 0049 6993 44	Cimarex Energy Co. Attn: Bari Sadler 600 N. Marienfeld St. Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
9	9314 8699 0430 0049 6993 51	Cogate Operating, LLC Attn: Taylor Craighead 306 W. Wall Street, Suite 500 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
10	9314 8699 0430 0049 6993 68	Chi Energy, Inc. Attn: John Qualls P.O. Box 1799 Midland TX 79702	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
11	9314 8699 0430 0049 6993 75	Choctaw Oil Company Attn: Don Buckalew P.O. Box 3 Olney TX 76374	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
12	9314 8699 0430 0049 6993 82	Keating-Martin, LLC Attn: Chip Keating 5815 N. Western Ave. Oklahoma City OK 73116	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice



Kathleen Allen
Modrall Sperling Roehl Harris & Sisk, P.A.
P.O. Box 2168
Albuquerque NM 87103-2168

PS Form 3877

Type of Mailing: CERTIFIED
08/17/2018



Firm Mailing Book ID: 149196

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
13	9314 8699 0430 0049 6993 99	Kennedy Minerals, Ltd. Attn: Lisa Epperson 550 W. Texas Ave., Suite 655 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
14	9314 8699 0430 0049 6994 05	LBCA Investments, Inc. Attn: Catherine Metcalf 1827 North Hart Drive Orange CA 92876	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
15	9314 8699 0430 0049 6994 12	Hayes Revocable Trust Attn: Michael Hayes 3608 Meadowridge Lane Midland TX 79707	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
16	9314 8699 0430 0049 6994 29	Oxy USA WTP, Inc. Attn: Lauren Guest 5 Greenway Plaza, Ste. 110 Houston TX 77046	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
17	9314 8699 0430 0049 6994 36	The Charles W. Seltzer Trust 214 W. Texas, Ste. 509 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
18	9314 8699 0430 0049 6994 43	The Shawna Seltzer Redwine Trust 4416 San Carlos Dallas TX 75205	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
19	9314 8699 0430 0049 6994 50	Stephens & Johnson Op Co P.O. Box 2249 Wichita Falls TX 76307	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
20	9314 8699 0430 0049 6994 67	Fasken Oil & Ranch LTD Attn: Land Manager 303 West Wall, Suite 1800 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
21	9314 8699 0430 0049 6994 74	V-F Petroleum Attn: Land Manager P.O. Box 1889 Midland TX 79702	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
Totals:			\$25.41	\$72.45	\$31.50	Grand Total:	\$0.00 \$129.36

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:

Name of receiving employee

Dated:



Transaction Report Details - CertifiedPro.net

Firm Mail Book ID= 149196

Generated: 9/5/2018 7:59:26 AM

Certified Mail Article Number	Date Created	Reference Number	Name 1	Name 2	Address	
9314869904300049699474	2018-08-17 10:13 AM	13454-0144	V-F Petroleum	Attn: Land Manager	P.O. Box 1889	Midlan
9314869904300049699467	2018-08-17 10:13 AM	13454-0144	Fasken Oil & Ranch LTD	Attn: Land Manager	303 West Wall, Suite 1800	Midlan
9314869904300049699450	2018-08-17 10:13 AM	13454-0144	Stephens & Johnson Op Co		P.O. Box 2249	Wichita
9314869904300049699443	2018-08-17 10:13 AM	13454-0144	The Shawna Seltzer Redwine Trust		4416 San Carlos	Dallas
9314869904300049699436	2018-08-17 10:13 AM	13454-0144	The Charles W. Seltzer Trust		214 W. Texas, Ste. 509	Midlan
9314869904300049699429	2018-08-17 10:13 AM	13454-0144	Oxy USA WTP, Inc.	Attn: Lauren Guest	5 Greenway Plaza, Ste. 110	Housto
9314869904300049699412	2018-08-17 10:13 AM	13454-0144	Hayes Revocable Trust	Attn: Michael Hayes	3608 Meadowridge Lane	Midlan
9314869904300049699405	2018-08-17 10:13 AM	13454-0144	LBCA Investments, Inc.	Attn: Catherine Metcalf	1827 North Hart Drive	Orange
9314869904300049699399	2018-08-17 10:13 AM	13454-0144	Kennedy Minerals, Ltd.	Attn: Lisa Epperson	550 W. Texas Ave., Suite 655	Midlan
9314869904300049699382	2018-08-17 10:13 AM	13454-0144	Keating-Martin, LLC	Attn: Chip Keating	5815 N. Western Ave.	Oklaho
9314869904300049699375	2018-08-17 10:13 AM	13454-0144	Choctaw Oil Company	Attn: Don Buckalew	P.O. Box 3	Olney
9314869904300049699368	2018-08-17 10:13 AM	13454-0144	Chi Energy, Inc.	Attn: John Qualls	P.O. Box 1799	Midlan
9314869904300049699351	2018-08-17 10:13 AM	13454-0144	Cogate Operating, LLC	Attn: Taylor Craighead	306 W. Wall Street, Suite 500	Midlan
9314869904300049699344	2018-08-17 10:13 AM	13454-0144	Cimarex Energy Co.	Attn: Bari Sadler	600 N. Marienfeld St.	Midlan
9314869904300049699337	2018-08-17 10:13 AM	13454-0144	Mewbourne Oil Company	Attn: Lee Scarborough	500 West Texas, Suite 1020	Midlan
9314869904300049699320	2018-08-17 10:13 AM	13454-0144	Yates Brothers		105 South 4th Street	Artesu
9314869904300049699313	2018-08-17 10:13 AM	13454-0144	EOG Resources, Inc.	Attn: Wendy Dalton	5509 Champions Drive	Midlan
9314869904300049699306	2018-08-17 10:13 AM	13454-0144	Marathon Oil Company/Marathon Oil Permian	Attn: Jessica Gorman	5555 San Felioppe Street	Housto
9314869904300049699290	2018-08-17 10:13 AM	13454-0144	PGP Holdings I LLC	Attn: Tina Smith	104 Townpark Drive	Kennes
9314869904300049699283	2018-08-17 10:13 AM	13454-0144	ZPZ Delaware I LLC	Attn: West Land Manager	303 Veterans Airpark Lane	Midlan
9314869904300049699276	2018-08-17 10:13 AM	13454-0144	New Mexico State Land Office	Attn: Oil & Gas Lease Manage	310 Old Santa Fe Trail	Santa F

Transaction Details

Recipient: Marathon Oil Company/Marathon Oil Permian Attn: Jessica Gorman 5555 San Felipe Street Houston, TX 77056	Certified Mail Article Number: 9314869904300049699306 Return Receipt Article Number:
Sender: Kathleen Allen Modrall Sperling Roehl Harris & Sisk, P.A. P.O. Box 2168 Albuquerque, NM 87103-2168	Service Options: Return Receipt - Electronic Mail Service: Certified Reference #: 13454-0144 Postage: \$1.21 Fees: \$4.95 Status: Undelivered Custom Field 1: 13454-0144 Custom Field 2: 13454-0144 Custom Field 3: 13454-0144
Transaction created by: KatAllen User ID: 20619 Firm Mailing Book ID: 149196 Batch ID: 142457	

Transaction History

Event Description	Event Date	Details
Mailbook Generated	08-17-2018 10:15 AM	[WALZ] - Firm Mailing Book 149196 generated by KatAllen
USPS® Certified Mail	08-17-2018 03:05 PM	[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA
USPS® Certified Mail	08-17-2018 09:56 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	08-19-2018 11:33 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON,TX

CARLSBAD
CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001258908

MODRALL SPERLING ROEHL HARRIS & SISK
500 4TH ST NW STE 1000

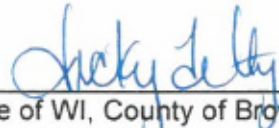
ALBUQUERQUE NM 87102

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

08/22/18


Legal Clerk

Subscribed and sworn before me this
22nd of August 2018.


State of WI, County of Brown
NOTARY PUBLIC

9-14-21
My Commission Expires

CASE NO. 16142 (reopened): Application of Apache Corporation to Re-Open Case No. 16142 and Modify Order No. R-14765 to allow for drilling of a subsequent well and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division modifying Order No. R-14765 to allow for the drilling of a subsequent well in the unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the unit. **The Palmillo 26 State Com #213H well** is to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Carlsbad, New Mexico.

August 22, 2018



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

**APPLICATION OF APACHE CORP.
TO RE-OPEN CASE NO. 16143 AND
MODIFY ORDER NO. R-14766 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16143 (Re-opened)
ORDER NO. R-14766**

Laci Stretcher, being duly sworn, deposes and states:

1. I am a landman for Apache Corporation ("Apache"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. On May 17, 2018, Apache presented an application in Case No. 16143 which requested the approval of a non-standard spacing and proration unit, the pooling of all uncommitted mineral interests, and the approval of non-standard locations within the N/2 N/2 of Section 26, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This application was for the development of the Palmillo 26 State Com Well No. 315H and Palmillo 26 State Com Well No. 316H wells (API Nos. 30-015-44907 and 30-015-44908).
3. An order was issued in Case No. 16143 on July 2, 2018 – Order No. R-14766.
4. Apache now seeks to re-open Case No. 16143 and amend Order No. R-14766 to allow for the drilling and concurrent completion of an additional well within the pooled unit.
5. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced application to amend a compulsory pooling order:

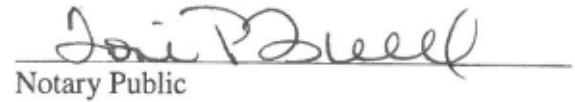


- (a) The purpose of this application is to authorize the drilling of an additional well within the pooled unit. This additional well will be the Palmillo 26 State #214H well (API No. 30-015-45041).
- (b) As shown in the plat attached as Exhibit A, the Palmillo 26 State #214H ("214H") has a proposed surface location to be located in the NE/4NE/4 (Unit A) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 214H will be located in the NW/4NW/4 (Unit D) of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico. The 214H will have a targeted interval located in the 2nd Bone Spring formation (7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 214H is \$5,380,500.00 as found on the enclosed AFE #11-18-0997.
- (c) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests in the well.
- (d) A plat outlining the unit being pooled was presented at hearing on May 17, 2018, along with a list of parties being pooled, ownership percentages, and last known addresses for such parties. Apache asks that this information be included in the record for this matter.
- (e) There are no depth severances within the Bone Spring formation.
- (f) I have conducted a diligent search of the public records in the county where the well is located, searched phone directories, and conducted computer searched to locate contact information for parties entitled to notification.
- (g) Exhibit B contains a summary of contact or attempted contacts with the interest owners, together with copies of the proposal letters sent to interest owners for the well.

- (h) Apache has made a good faith effort to obtain voluntary joinder of the work interest owners in the proposed well.
 - (i) Apache has the right to pool the overriding royalty interest owners in the well and pooled such ownership to the unit when it obtained Order No. R-14766.
 - (j) Exhibit C is the well proposal letter and Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.
 - (k) Apache requests overhead and administrative rates of \$7,000/month for a drilling well and \$700/month for a producing well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Apache requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
 - (l) Apache requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
 - (m) Apache requests that it be designated operator of the well.
 - (n) The offsets to this well were notified of this application.
6. The attachments to this affidavit were prepared by me or compiled from company business records.
7. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.
8. The granting of this application is in the interests of conservation and the prevention of waste.


Laci Stretcher

SUBSCRIBED AND SWORN to before me this 18th day of September, 2018 by Laci Stretcher.


Notary Public

My commission expires: 01-15-2021



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Bruzon Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

JUN 14 2018

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

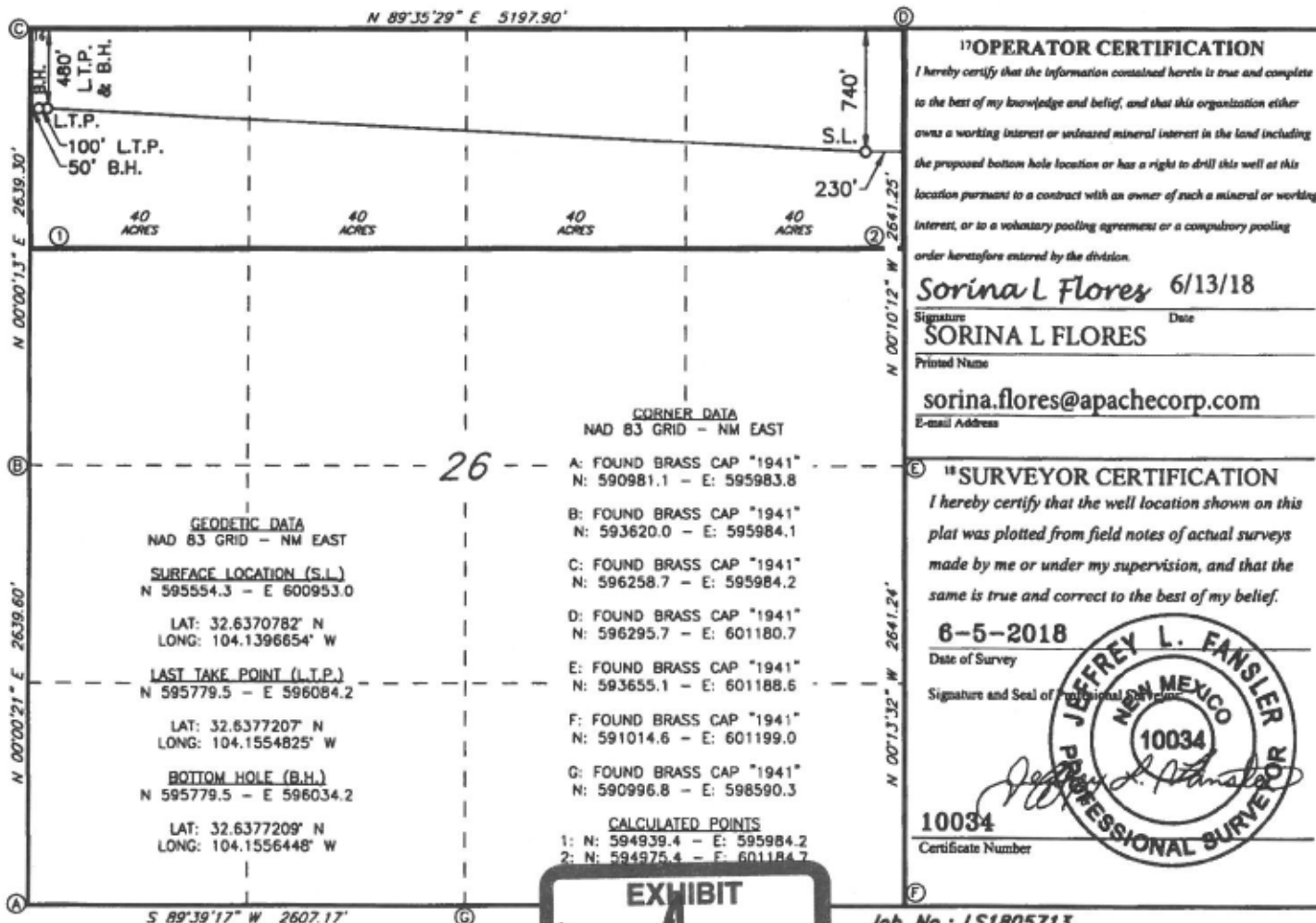
¹ API Number 30-015-45041	² Pool Code 65010	³ Pool Name WINCHESTER; BONE SPRING
⁴ Property Code 321281	⁵ Property Name PALMILLO 26 STATE COM	
⁷ OGRID NO. 873	⁸ Operator Name APACHE CORPORATION	⁶ Well Number 214H
		⁹ Elevation 3359'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
A	26	19S	28E		740	NORTH	230	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	19S	28E		480	NORTH	50	WEST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

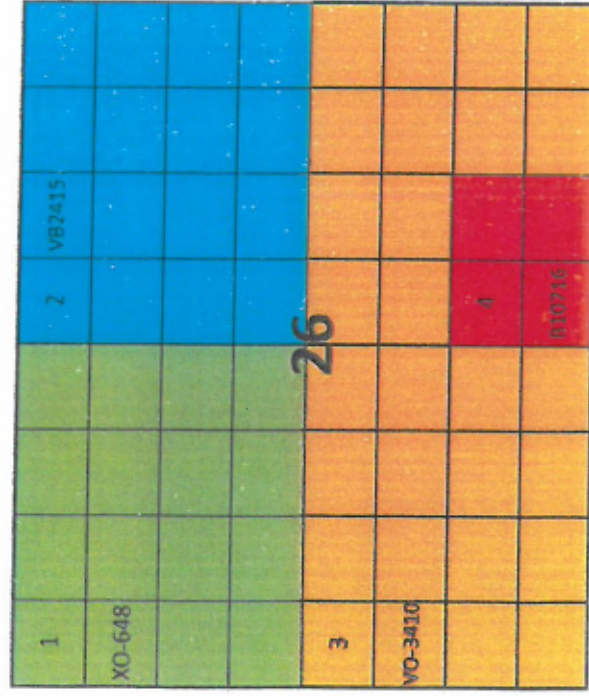
No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



STATE OF NEW MEXICO LEASES

SECTION 26 T19S-28E EDDY CO

SURFACE LEASES



BONE SPRING RIGHTS

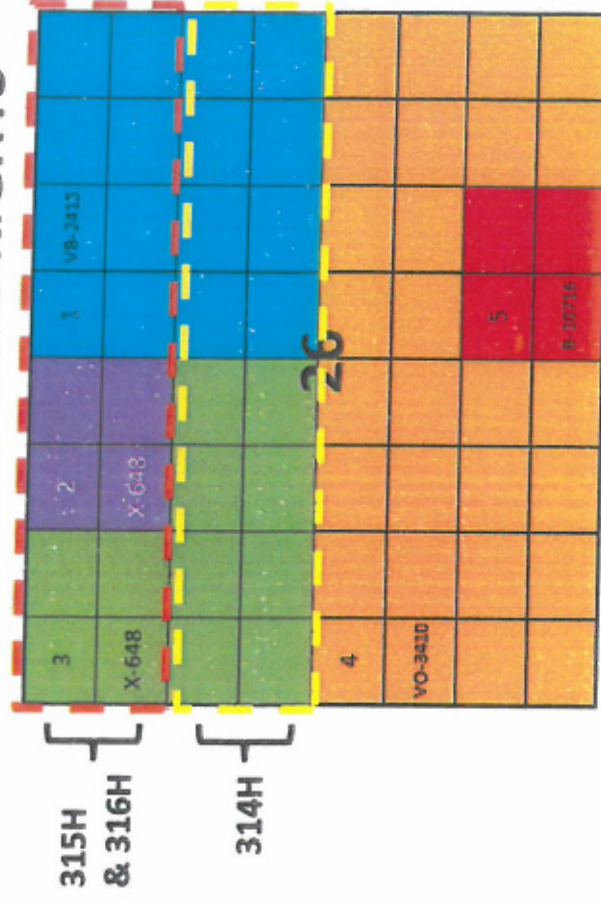


EXHIBIT
4

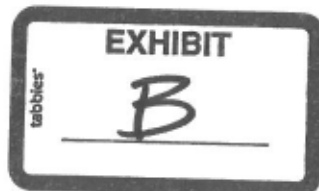
SUMMARY OF INTERESTS

PALMILLO 26 STATE COM #315H AND #316H

PALMILLO 26 STATE COM #315H and #316H		
Owner Name	WI	Description
ZPZ Delaware I LLC	25.000000%	Committed Working Interest Owner
Apache Corporation	53.993056%	Committed Working Interest Owner
Marathon Oil Company	3.993056%	Uncommitted Working Interest owner
PGP Holdings I LLC	3.993056%	Uncommitted Working Interest owner
Marathon Oil Permian LLC	3.993056%	Uncommitted Working Interest owner
EOG Y Resources, Inc.	9.027778%	Uncommitted Working Interest owner
	100.0000%	

Exhibit B – Summary of Attempted Contacts

- Apache sent well proposal letters for the additional well on June 20, 2018.
- Apache then contacted parties to see if they would participate in the well and/or execute a joint operating agreement.
- Apache moved to re-open the cases in order to add the additional wells, and sent out notices to addresses of record.
- Apache conducted record searches and internet searches for contact information for pooled parties.
- Apache continued to attempt to contact pooled parties.
- Apache's counsel contacted EOG, and EOG later agreed to execute a joint operating agreement.
- Apache published notice in a newspaper of general circulation in the county where the well will be located.



USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 7017268000069605041

Remove X

We attempted to deliver your package at 8:50 am on June 21, 2018 in MIDLAND, TX 79706 but could not access the delivery location. We will redeliver on the next business day.

Delivery Attempt

June 21, 2018 at 8:50 am

Delivery Attempted - No Access to Delivery Location
MIDLAND, TX 79706

Get Updates ▼

Text & Email Updates

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®	
OFFICIAL USE	
Certified Mail Fee \$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage \$	
Total Po \$	
Sent To	EOG Y RESOURCES, INC.
Street #	ATTN: CHUCK BASSETT
City, State, ZIP+4®	5509 CHAMPIONS DR MIDLAND, TX 79706 ASP-Palmillo 26 Com 213H,
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7017 2680 0000 6960 5041

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. EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706
ASP-Palmillo 26 Com 213H,



9590 9402 3447 7275 5141 53

2. Article Number (Transfer from service label)

7017 2680 0000 6960 5041

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

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

☒ Agent
☐ Addressee

C. Date of Delivery

☐ Yes
☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Restricted Delivery | |

for?



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5041

June 20, 2018

EOG Y Resources, Inc.
Attn: Chuck Bassett
5509 Champions Drive
Midland, Texas 79706

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 9.027778% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

EOG Y Resources, Inc.
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

EOG Y Resources, Inc.

By: _____

Printed Name: _____

Date: _____



AFE Summary

AFE #	11-18-0996	PROJECT NAME	PALMILLO 26 STATE COM 213H		
PROPERTY #	pending1	OPERATOR	Apache Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

S/2 N/2 SEC 26-T19S-R28E

PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0996-DH	78.994000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 40# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 1 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0996-CP	78.994000	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bb/h Water @ 1.2 \$/bbl.
Equipping	11-18-0996-EQ	78.994000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0996 | Project Name: PALMILLO 26 STATE COM 213H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$100,000	\$0	\$0	\$0	\$100,000
70065	Road and Site Preparation	\$40,000	\$5,600	\$0	\$0	\$45,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,733,500	\$2,869,700	\$212,000	\$0	\$4,815,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,074,500	\$2,873,000	\$500,000	\$0	\$5,447,500
Less Outside Interests	\$435,769	\$603,502	\$105,030	\$0	\$1,144,302
Total Net Costs	\$1,638,731	\$2,269,498	\$394,970	\$0	\$4,303,198

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Remove X

Text & Email Updates

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT <i>Domestic Mail Only</i>	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee \$	Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$ <input type="checkbox"/> Return Receipt (electronic) \$ <input type="checkbox"/> Certified Mail Restricted Delivery \$ <input type="checkbox"/> Adult Signature Required \$ <input checked="" type="checkbox"/> Adult Signature Restricted Delivery \$
Postage \$ Total \$ Sent Street City	MARATHON OIL COMPANY ATTN: JESSICA GORMAN 5555 SAN FELIPE STREET HOUSTON, TX 77056-2723 ASP-Palmito 26 Com 213H,

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>1. Complete Items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <i>x Marcus Camery</i> </div> <div style="float: right; text-align: right;"> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </div> </p> <p>B. Received by (Printed Name) <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <i>Marcus Camery</i> </div> </p> <p>C. Date of Delivery <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <i>6-27-18</i> </div> </p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes if YES, enter delivery address below: <input type="checkbox"/> No </p>
<p>2. Article Address and Zip</p> <p>MARATHON OIL COMPANY ATTN: JESSICA GORMAN 5555 SAN FELIPE STREET HOUSTON, TX 77056-2723 ASP-Palmillo 26 Com 213H,</p> <div style="text-align: center;">  9590 9402 3447 7275 5141 22 </div>	<p>3. Service Type</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail </div> <div style="width: 35%;"> <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery </div> </div> <p style="text-align: center;">Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p>7017 2680 0000 6960 5010</p>	<p>Domestic Return Receipt</p>



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5010

June 20, 2018

Marathon Oil Company
Attn: Jessica Gorman
5555 San Felipe Street
Houston, Texas 77056

RE: Palmillo 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmillo 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 7.98611% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

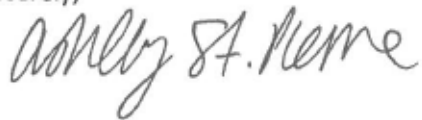
Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

Marathon Oil Company
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #213H

Marathon Oil Company

By: _____

Printed Name: _____

Date: _____

USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 7017268000073610901

Remove X

Your item was delivered to an individual at the address at 11:43 am on June 27, 2018 in HOUSTON, TX 77056.

 **Delivered**

June 27, 2018 at 11:43 am
Delivered, Left with Individual
HOUSTON, TX 77056

Get Updates ▾

Text & Email Updates

Tracking History

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.

Article Addressed to:

MARATHON OIL PERMIAN LLC
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmillo 26 Com 213H,



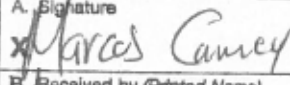
9590 9402 3447 7275 5141 60

Article Number (Transfer from service label)

7017 2680 0000 7361 0901

S Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

- A. Signature
 ☐ Agent
☐ Addressee
- B. Received by (Printed Name)
Marcos Camery
- C. Date of Delivery
6-27-18
- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail OnlyFor delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postage

Total Post

Sent To

Street and

City, State

MARATHON OIL PERMIAN LLC
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723
ASP-Palmillo 26 Com 213H,

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for instructions

ng for?

acking questions.

text28777=&tLabe... 6/29/2018



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 7361 0901

June 20, 2018

Marathon Oil Permian
Attn: Jessica Gorman
5555 San Felipe Street
Houston, Texas 77056

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

Marathon Oil Permian
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre". The signature is written in dark ink and is positioned above the printed name and title.

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #213H

OR

_____ Does NOT elect to participate in the drilling and completion of the Palmillo 26 State #213H

Marathon Oil Permian

By: _____

Printed Name: _____

Date: _____

USPS Tracking®

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 7017268000073610925

Remove X

The item is currently in transit to the next facility as of June 27, 2018.

In-Transit

June 27, 2018

In Transit to Next Facility

Get Updates ▼

Text & Email Updates

Tracking History

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com	
OFFICIAL USE	
Certified Mail Fee \$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage	
\$ Total	PGP HOLDINGS I, LLC
\$ Sent	ATTN: AJ FERRARO
Street	104 TOWNPARK DRIVE
City	KENNESAW, GA 30144
	ASP-Palmillo 26 Com 213H
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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. PGP HOLDINGS I, LLC
ATTN: AJ FERRARO
104 TOWNPARK DRIVE
KENNESAW, GA 30144
ASP-Palmillo 26 Com 213H



9590 9402 3447 7275 5141 77

2. Article Number (Transfer from service label)

7017 2680 0000 7361 0925

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *E. Williams*☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

6-25-18

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

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

<https://tools.usps.com/go/TrackConfirmAction?tRef=fullpage&tLc=2&text28777=&tLabe...> 6/29/2018



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 7361 0925

June 20, 2018

PGP Holdings I, LLC
104 Townpark Drive
Kennesaw, Georgia 30144

RE: Palmito 26 State #213H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmito 26 State #213H ("213H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 213H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 213H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 213H is \$5,447,500.00 as found on the enclosed AFE #11-18-0996.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

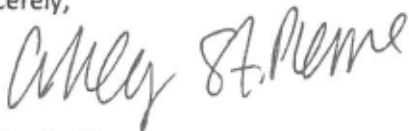
Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

PGP Holdings I, LLC
Palmillo 26 State 213H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16142 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5027

June 20, 2018

Working Interest Owner

RE: Palmillo 26 State #214H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following wells located in the N/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico ("Operations") as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmillo 26 State #214H ("214H") with a proposed surface location to be located in the NE/4NE/4 (Unit A) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 214H will be located in the NW/4NW/4 (Unit D) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 214H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 214H is \$5,380,500.00 as found on the enclosed AFE #11-18-0997. The 214H is an infill well in the proration unit.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 3.99306% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

Marathon Oil Company
Palmillo 26 State 214H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16143 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #214H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #214H

Marathon Oil Company

By: _____

Printed Name: _____

Date: _____



AFE Summary

AFE #	11-18-0997	PROJECT NAME	PALMILLO 26 STATE COM 214H		
PROPERTY #	pending1	OPERATOR	Apache Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

N/2 N/2 SEC 26-T19S-R28E

PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0997-DH	78.993055	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 6-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 1 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0997-CF	78.993055	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0997-EQ	78.993055	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0997 | Project Name: PALMILLO 26 STATE COM 214H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$45,000	\$0	\$0	\$0	\$45,000
70065	Road and Site Preparation	\$28,000	\$5,600	\$0	\$0	\$33,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,666,500	\$2,869,700	\$212,000	\$0	\$4,748,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,666,500	\$2,869,700	\$212,000	\$0	\$4,748,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,007,500	\$2,873,000	\$500,000	\$0	\$5,380,500
Less Outside Interests	\$421,714	\$603,530	\$105,035	\$0	\$1,130,279
Total Net Costs	\$1,585,786	\$2,269,470	\$394,965	\$0	\$4,250,221

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

MARATHON OIL PERMIAN LLC
ATTN: JESSICA GORMAN
5555 SAN FELIPE STREET
HOUSTON, TX 77056-2723



VIA CERTIFIED MAIL RETURN RECEIPT
ARTICLE #7017 2680 0000 6960 5034

June 20, 2018

EOG Y Resources, Inc.
Attn: Chuck Bassett
5509 Champions Drive
Midland, Texas 79706

RE: Palmillo 26 State #214H Well Proposal
Section 26, T19S-R28E
Eddy County, New Mexico

To Whom It May Concern,

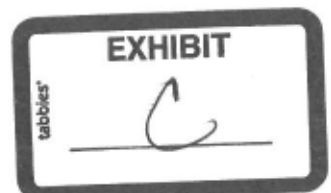
Apache Corporation ("Apache"), proposes the drilling of the following wells located in the N/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico ("Operations") as shown on the attached Form C-102. Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmillo 26 State #214H ("214H") with a proposed surface location to be located in the NE/4NE/4 (Unit A) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 214H will be located in the NW/4NW/4 (Unit D) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 214H will have a targeted interval located in the 2nd Bone Spring formation (~7,650' TVD) to a Total Measured Depth of approximately 12,600 feet. The estimated cost of drilling and completing the 214H is \$5,380,500.00 as found on the enclosed AFE #11-18-0997. The 214H is an infill well in the proration unit.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the North Half of Section 26. This JOA was sent to you for review via e-mail on May 11, 2018.

Apache's records indicate you own a 9.0277778% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop the north half of Section 26 on a 320 acre basis. As of the date of this letter, Apache has not received 100% voluntary commitment from the owners in the north half of Section 26 to move forward with this development plan and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 320 acre development, please contact me as indicated below.

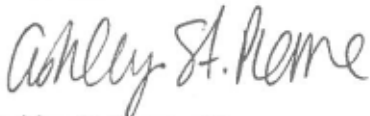


EOG Y Resources, Inc.
Palmillo 26 State 214H
June 20, 2018
Page 2 of 3

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division to request an amendment to Order #16143 to include the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Ashley St. Pierre".

Ashley St. Pierre, CPL
Landman – Permian Region
Enclosure

_____ Elects to participate in the drilling and completion of the Palmillo 26 State #214H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 26 State #214H

EOG Y Resources, Inc.

By: _____

Printed Name: _____

Date: _____



AFE Summary

AFE #	11-18-0997	PROJECT NAME	PALMILLO 26 STATE COM 214H		
PROPERTY #	pending1	OPERATOR	Apache Corp		
		LEASE NUMBERS			
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001		
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	API #	
		APACHE FIELD NAME		JOA #	
		FOCUS AREA			

LEGAL DESCRIPTION

N/2 N/2 SEC 26-T19S-R28E

PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0997-DH	78.993055	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 1 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0997-CP	78.993055	2nd Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 4@ bbl/h Water @ 1.2 \$/bbl.
Equipping	11-18-0997-EQ	78.993055	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$6,500	\$0	\$0	\$0	\$6,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70005	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,000	\$0	\$0	\$0	\$3,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$54,000	\$0	\$94,000
70019	Contract Rigs - Daywork	\$424,000	\$100	\$30,000	\$0	\$454,100
70021	Contract Supervision	\$50,000	\$75,700	\$15,000	\$0	\$140,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$98,000	\$31,600	\$15,000	\$0	\$144,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$67,000	\$215,000	\$0	\$0	\$282,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0997 | Project Name: PALMILLO 26 STATE COM 214H

Date Printed: 6/14/2018 | Page 1 of 2

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$45,000	\$0	\$0	\$0	\$45,000
70065	Road and Site Preparation	\$28,000	\$5,600	\$0	\$0	\$33,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$38,000	\$0	\$51,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,666,500	\$2,869,700	\$212,000	\$0	\$4,748,200

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$110,000	\$0	\$110,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$288,000	\$0	\$632,300

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,666,500	\$2,869,700	\$212,000	\$0	\$4,748,200
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$288,000	\$0	\$632,300
Grand Total	\$2,007,500	\$2,873,000	\$500,000	\$0	\$5,380,500
Less Outside Interests	\$421,714	\$603,530	\$105,035	\$0	\$1,130,279
Total Net Costs	\$1,585,786	\$2,269,470	\$394,965	\$0	\$4,250,221

No Approvers for this Project

Partner Response:				
Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

EOG Y RESOURCES, INC.
ATTN: CHUCK BASSETT
5509 CHAMPIONS DR
MIDLAND, TX 79706

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

**APPLICATION OF APACHE CORP.
TO RE-OPEN CASE NO. 16143 AND
MODIFY ORDER NO. R-14766 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16143 (Re-opened)
ORDER NO. R-14766**

Mike Muncy, being duly sworn, deposes and states:

1. I am over the age of 18, and have person knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum geologist.
2. I am a geologist for Apache Corporation ("Apache"), and I am familiar with the geological matters involved in this case.
3. On May 17, 2018, Apache presented an application in Case No. 16143 which requested the approval of a non-standard spacing and proration unit, the pooling of all uncommitted mineral interests, and the approval of non-standard locations within the N/2 N/2 of Section 26, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This application was for the development of the Palmillo 26 State Com Well No. 315H and Palmillo 26 State Com Well No. 316H wells (API Nos. 30-015-44907 and 30-015-44908).
4. An order was issued in Case No. 16143 on July 2, 2018 – Order No. R-14766.
5. Apache now seeks to re-open Case No. 16143 and amend Order No. R-14766 to allow for the drilling and concurrent completion of an additional well within the pooled unit.

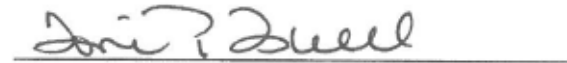


6. Apache asks that the exhibits admitted in the record in Case No. 16142 on May 17, 2018 be incorporated into the record for this proceeding.
7. The well that Apache seeks to include under Order NO. R-14766 is the Palmillo 26 State #214H well. The targeted interval for this well is the Second Bone Spring Sands.
8. The following additional geological exhibits are attached hereto:
 - a. Exhibit A is a structure map on the base of the Second Bone Spring Sands. It shows that the structure dips to the southeast. It also shows the Second Bone Spring Sands wells in the vicinity of the proposed 214H well, and a line of cross-section.
 - b. Exhibit B is a Gross Sand Isopach map of the Second Bone Spring Sand interval. The Second Bone Spring Sands is uniform across the proposed well unit.
 - c. Exhibit C is a cross section, which highlights the targeted interval for the 214H well. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The Second Bone Spring Sands are continuous across the well unit.
9. I conclude from the maps that:
 - a. There are no structural impediments or faulting that will interfere with horizontal development.
 - b. Each quarter quarter section in the unit will contribute more or less equally to production.
10. The preferred well orientation in this area is east-west. This is because of offset horizontal well production and formation microimager (FMI) interpretation from the Palmillo 14 State #1H pilot hole (API 30-015-39027).

11. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.

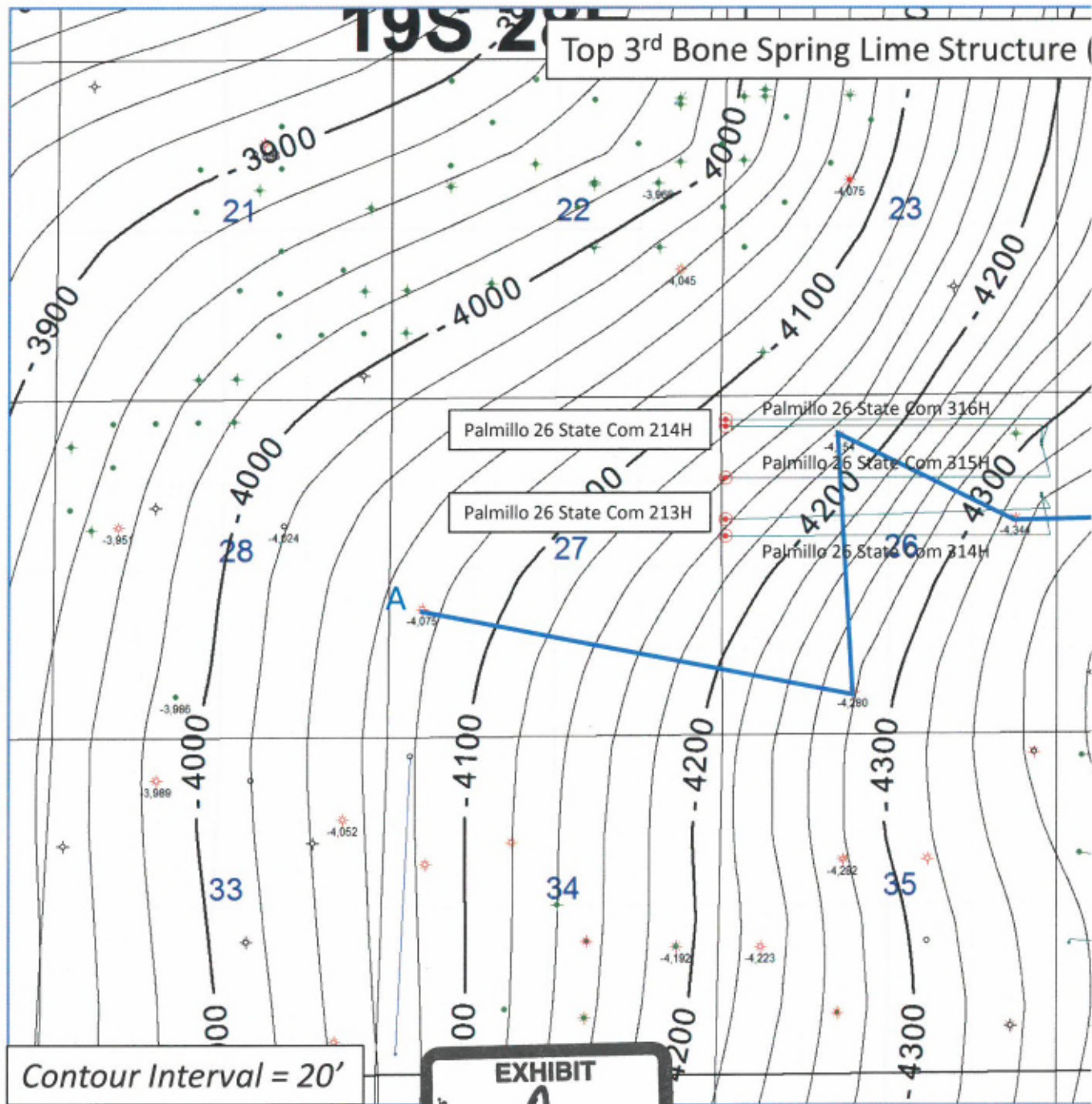

Mike Muncy

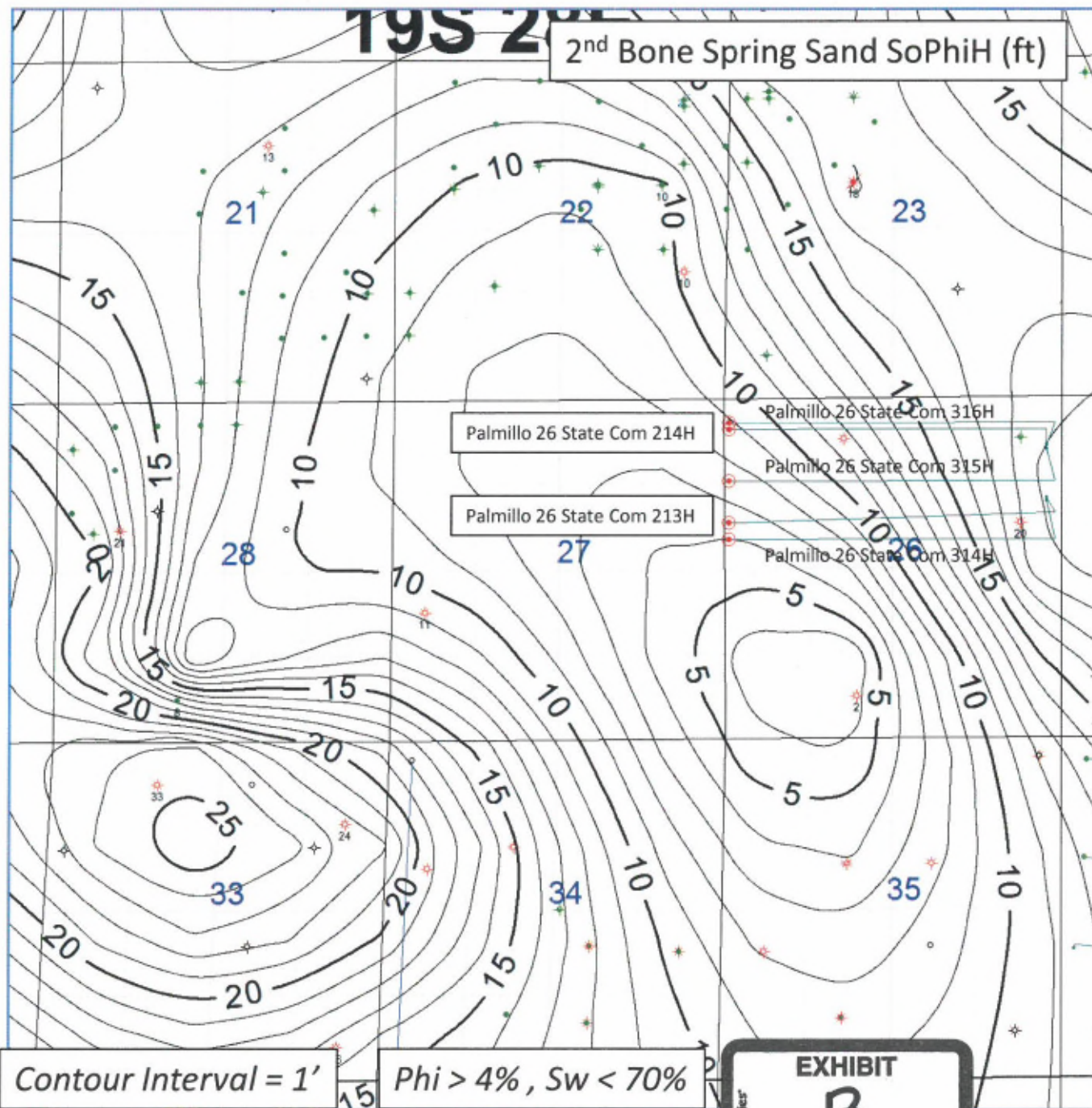
SUBSCRIBED AND SWORN to before me this 18th day of September, 2018 by Mike Muncy.


Notary Public

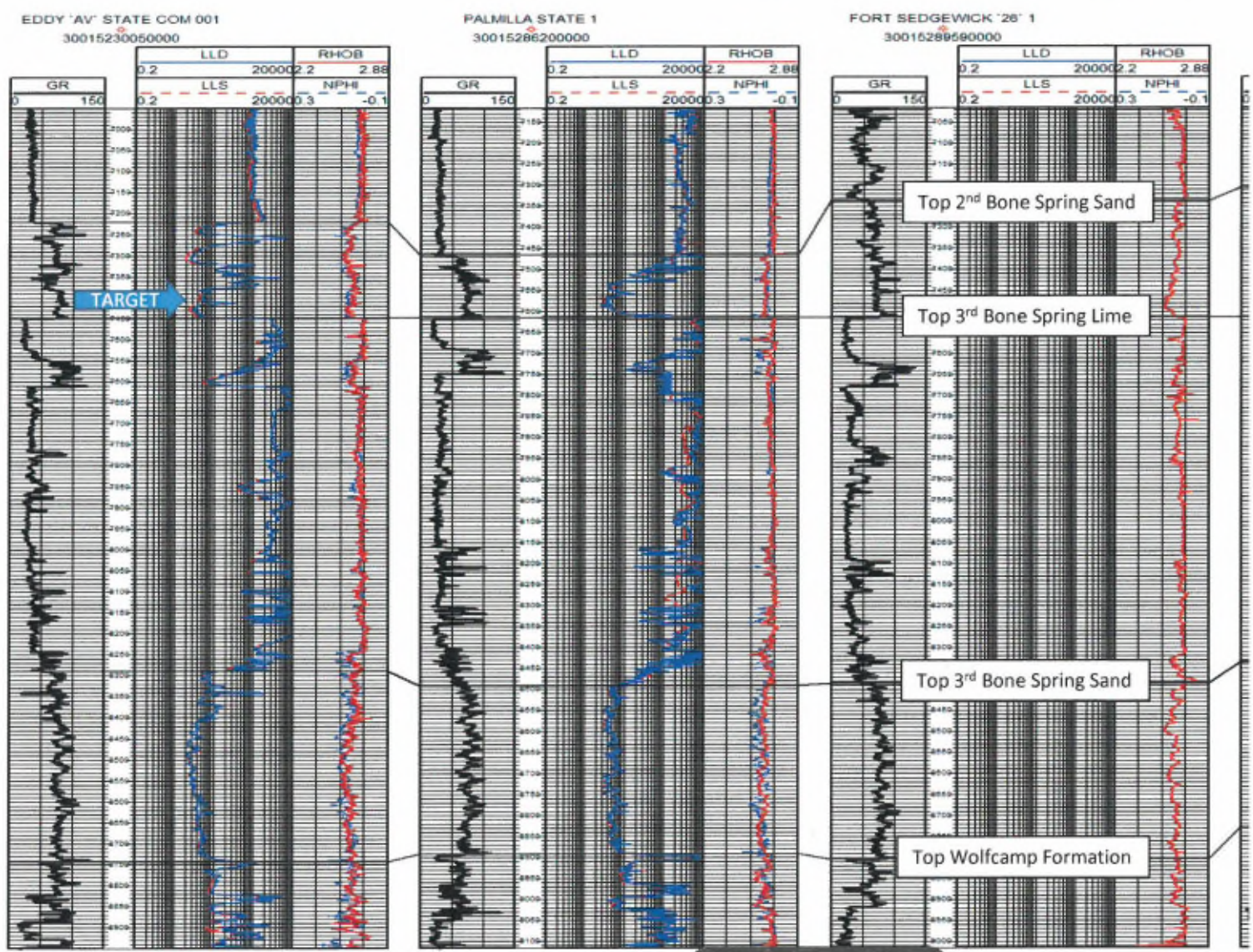
My commission expires: 01-15-2021







STRATIGRAPHIC CROSS-SECTION: A



DATUM = TOP 3RD BONE SPRING LIME

EXHIBIT
C

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

**APPLICATION OF APACHE CORP.
RE-OPEN CASE NO. 16142 AND
MODIFY ORDER NO. R-14765 TO
ALLOW FOR DRILLING OF A
SUBSEQUENT WELL AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16143 (Re-opened)
ORDER NO. R-14766**

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Jennifer L. Bradfute, attorney in fact and authorized representative of Apache Corporation ("Apache"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and that proof of receipt is attached hereto. Apache has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.



Jennifer L. Bradfute

SUBSCRIBED AND SWORN to before me this 5th day of September, 2018 by
Jennifer L. Bradfute.



Kathleen Tallen
Notary Public

My commission expires: 07-22-2022



Kathleen Allen
Modrall Sperling Roehl Harris & Sisk, P.A.
P.O. Box 2168
Albuquerque NM 87103-2168

PS Form 3877

Type of Mailing: **CERTIFIED**
08/17/2018

Firm Mailing Book ID: 149196

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0049 6992 76	New Mexico State Land Office Attn: Oil & Gas Lease Manager 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
2	9314 8699 0430 0049 6992 83	ZPZ Delaware I LLC Attn: West Land Manager 303 Veterans Airpark Lane Midland TX 79705	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
3	9314 8699 0430 0049 6992 90	PGP Holdings I LLC Attn: Tina Smith 104 Townpark Drive Kennesaw GA 30144	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
4	9314 8699 0430 0049 6993 06	Marathon Oil Company/Marathon Oil Permian Attn: Jessica Gorman 5555 San Felipe Street Houston TX 77056	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
5	9314 8699 0430 0049 6993 13	EOG Resources, Inc. Attn: Wendy Dalton 5509 Champions Drive Midland TX 79706	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
6	9314 8699 0430 0049 6993 20	Yates Brothers 105 South 4th Street Artesia NM 88210	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
7	9314 8699 0430 0049 6993 37	Mewbourne Oil Company Attn: Lee Scarborough 500 West Texas, Suite 1020 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
8	9314 8699 0430 0049 6993 44	Cimarex Energy Co. Attn: Bari Sadler 600 N. Maricfield St. Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
9	9314 8699 0430 0049 6993 51	Cogate Operating, LLC Attn: Taylor Craighead 306 W. Wall Street, Suite 500 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
10	9314 8699 0430 0049 6993 68	Chi Energy, Inc. Attn: John Qualls P.O. Box 1799 Midland TX 79702	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
11	9314 8699 0430 0049 6993 75	Choctaw Oil Company Attn: Don Buckalew P.O. Box 3 Olney TX 76374	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
12	9314 8699 0430 0049 6993 82	Keating-Martin, LLC Attn: Chip Keating 5815 N. Western Ave. Oklahoma City OK 73116	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice



Kathleen Allen
Modrall Sperling Rochl Harris & Sisk, P.A.
P.O. Box 2168
Albuquerque NM 87103-2168

PS Form 3877

Type of Mailing: CERTIFIED
08/17/2018



Firm Mailing Book ID: 149196

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
13	9314 8699 0430 0049 6993 99	Kennedy Minerals, Ltd. Attn: Lisa Epperson 550 W. Texas Ave., Suite 655 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
14	9314 8699 0430 0049 6994 05	LBCA Investments, Inc. Attn: Catherine Metcalf 1827 North Hart Drive Orange CA 92876	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
15	9314 8699 0430 0049 6994 12	Hayes Revocable Trust Attn: Michael Hayes 3608 Meadowridge Lane Midland TX 79707	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
16	9314 8699 0430 0049 6994 29	Oxy USA WTP, Inc. Attn: Lauren Guest 5 Greenway Plaza, Ste. 110 Houston TX 77046	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
17	9314 8699 0430 0049 6994 36	The Charles W. Seltzer Trust 214 W. Texas, Ste. 509 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
18	9314 8699 0430 0049 6994 43	The Shawna Seltzer Redwine Trust 4416 San Carlos Dallas TX 75205	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
19	9314 8699 0430 0049 6994 50	Stephens & Johnson Op Co P.O. Box 2249 Wichita Falls TX 76307	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
20	9314 8699 0430 0049 6994 67	Fasken Oil & Ranch LTD Attn: Land Manager 303 West Wall, Suite 1800 Midland TX 79701	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
21	9314 8699 0430 0049 6994 74	V-F Petroleum Attn: Land Manager P.O. Box 1889 Midland TX 79702	\$1.21	\$3.45	\$1.50	13454-0144	\$0.00 Notice
Totals:			\$25.41	\$72.45	\$31.50	Grand Total:	\$0.00 \$129.36

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:

Name of receiving employee

Dated:



Transaction Report Details - CertifiedPro.net

Firm Mail Book ID= 149196

Generated: 9/5/2018 7:59:26 AM

Certified Mail Article Number	Date Created	Reference Number	Name 1	Name 2	Address	
9314869904300049699474	2018-08-17 10:13 AM	13454-0144	V-F Petroleum	Attn: Land Manager	P.O. Box 1889	Midlan
9314869904300049699467	2018-08-17 10:13 AM	13454-0144	Fasken Oil & Ranch LTD	Attn: Land Manager	303 West Wall, Suite 1800	Midlan
9314869904300049699450	2018-08-17 10:13 AM	13454-0144	Stephens & Johnson Op Co		P.O. Box 2249	Wichit
9314869904300049699443	2018-08-17 10:13 AM	13454-0144	The Shawna Seltzer Redwine Trust		4416 San Carlos	Dallas
9314869904300049699436	2018-08-17 10:13 AM	13454-0144	The Charles W. Seltzer Trust		214 W. Texas, Ste. 509	Midlan
9314869904300049699429	2018-08-17 10:13 AM	13454-0144	Oxy USA WTP, Inc.	Attn: Lauren Guest	5 Greenway Plaza, Ste. 110	Housto
9314869904300049699412	2018-08-17 10:13 AM	13454-0144	Hayes Revocable Trust	Attn: Michael Hayes	3608 Meadowridge Lane	Midlan
9314869904300049699405	2018-08-17 10:13 AM	13454-0144	LBCA Investments, Inc.	Attn: Catherine Metcalf	1827 North Hart Drive	Orange
9314869904300049699399	2018-08-17 10:13 AM	13454-0144	Kennedy Minerals, Ltd.	Attn: Lisa Epperson	550 W. Texas Ave., Suite 655	Midlan
9314869904300049699382	2018-08-17 10:13 AM	13454-0144	Keating-Martin, LLC	Attn: Chip Keating	5815 N. Western Ave.	Oklaho
9314869904300049699375	2018-08-17 10:13 AM	13454-0144	Choctaw Oil Company	Attn: Don Buckalew	P.O. Box 3	Olney
9314869904300049699368	2018-08-17 10:13 AM	13454-0144	Chi Energy, Inc.	Attn: John Qualls	P.O. Box 1799	Midlan
9314869904300049699351	2018-08-17 10:13 AM	13454-0144	Cogate Operating, LLC	Attn: Taylor Craighead	306 W. Wall Street, Suite 500	Midlan
9314869904300049699344	2018-08-17 10:13 AM	13454-0144	Cimarex Energy Co.	Attn: Bari Sadler	600 N. Marienfeld St.	Midlan
9314869904300049699337	2018-08-17 10:13 AM	13454-0144	Mewbourne Oil Company	Attn: Lee Scarborough	500 West Texas, Suite 1020	Midlan
9314869904300049699320	2018-08-17 10:13 AM	13454-0144	Yates Brothers		105 South 4th Street	Artesus
9314869904300049699313	2018-08-17 10:13 AM	13454-0144	EOG Resources, Inc.	Attn: Wendy Dalton	5509 Champions Drive	Midlan
9314869904300049699306	2018-08-17 10:13 AM	13454-0144	Marathon Oil Company/Marathon Oil Permian	Attn: Jessica Gorman	5555 San Fellope Street	Housto
9314869904300049699290	2018-08-17 10:13 AM	13454-0144	PGP Holdings I LLC	Attn: Tina Smith	104 Townpark Drive	Kennes
9314869904300049699283	2018-08-17 10:13 AM	13454-0144	ZIPZ Delaware I LLC	Attn: West Land Manager	303 Veterans Airpark Lane	Midlan
9314869904300049699276	2018-08-17 10:13 AM	13454-0144	New Mexico State Land Office	Attn: Oil & Gas Lease Manage	310 Old Santa Fe Trail	Santa F

Transaction Details

Recipient:

Marathon Oil Company/Marathon Oil Permian
Attn: Jessica Gorman
5555 San Felipe Street
Houston, TX 77056

Sender:

Kathleen Allen
Modrall Sperling Roehl Harris & Sisk, P.A.
P.O. Box 2168
Albuquerque, NM 87103-2168

Transaction created by: KatAllen

User ID: 20619

Firm Mailing Book ID: 149196

Batch ID: 142457

Certified Mail Article Number: 9314869904300049699306

Return Receipt Article Number:

Service Options:

Return Receipt - Electronic

Mail Service:

Certified

Reference #:

13454-0144

Postage:

\$1.21

Fees:

\$4.95

Status:

Undelivered

Custom Field 1:

13454-0144

Custom Field 2:

13454-0144

Custom Field 3:

13454-0144

Transaction History

Event Description**Event Date****Details**

Mailbook Generated

08-17-2018 10:15 AM

[WALZ] - Firm Mailing Book 149196 generated by KatAllen

USPS® Certified Mail

08-17-2018 03:05 PM

[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA

USPS® Certified Mail

08-17-2018 09:56 PM

[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM

USPS® Certified Mail

08-19-2018 11:33 AM

[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON,TX

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001258996

MODRALL SPERLING ROEHL HARRIS & SISK
500 4TH ST NW STE 1000

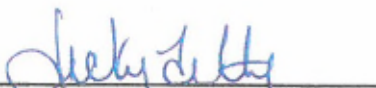
ALBUQUERQUE NM 87102

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

08/22/18


Legal Clerk

Subscribed and sworn before me this
22nd of August 2018.


State of WI, County of Brown
NOTARY PUBLIC

9-19-21
My Commission Expires

CASE NO. 16143 (reopened): Application of Apache Corporation to Re-Open Case No. 16143 and Modify Order No. R-14766 to allow for drilling of a subsequent well and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division modifying Order No. R-14766 to allow for the drilling of a subsequent well in the unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the well. The **Palmillo 26 State Com #214H** well is to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Carlsbad, New Mexico.
August 22, 2018

