

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

CASE NO. 20153

Devon Energy Production Company, L.P.
EXHIBITS

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Case No. 20153

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

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 20153

AMENDED APPLICATION¹

Devon Energy Production Company LP (“Devon”), through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 629.6-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]) underlying the unit. In support of its application, Devon states:

1. Devon is a working interest owner in the standard horizontal spacing and proration unit (“HSU”) and has the right to drill thereon.
2. Devon proposes to dedicate the HSU to its proposed **Bell Lake 19-18 State Com 17H** well, to be horizontally drilled from an approximate surface hole location 538’ FSL and 1,922’ FWL of irregular Section 19 to an approximate bottom hole location 20’ FNL and 1,388’ FWL of irregular Section 18. This well defines the HSU.

¹ The original application was filed on December 6, 2018. The purpose of this amendment is to reflect the irregular section designations and the acreage of the proposed unit.

3. Also to be drilled is the following infill well: the **Bell Lake 19-18 State Com 13H** well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,952' FWL of irregular Section 19 to an approximate bottom hole location 20' FNL and 2,188' FWL of irregular Section 18.

4. The completed intervals and first and last take points for all wells proposed in the unit meet the setback requirements set forth in the statewide rules for horizontal oil wells.

5. Devon has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

6. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit Devon to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Devon should be designated the operator of the HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 629.6-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation (TRIPLE X; BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]) underlying the HSU;

- C. Designating the Bell Lake 19-18 State Com 17H well as the defining well for the HSU;
- D. Allowing the drilling of the Bell Lake 19-18 State Com 13H well as an infill well;
- E. Designating Devon as operator of the HSU and the wells to be drilled thereon;
- F. Approving downhole commingling;
- G. Authorizing Devon to recover its costs of drilling, equipping and completing the wells;
- H. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- I. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Seth C. McMillan

Seth C. McMillan

Kaitlyn A. Luck

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

smcmillan@montand.com

kluck@montand.com

*Attorneys for Devon Energy Production Company
LP*

7. The purpose of this application is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit by Devon.

8. Devon seeks an order pooling all mineral interests in the Bone Spring horizontal spacing and proration unit underlying the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. The proposed spacing unit will be dedicated to the Bell Lake 19-18 State Com 17H well, as the defining well, and the Bell Lake 19-18 State Com 13H well, as the infill well, to be horizontally drilled.

9. A plat outlining the unit being pooled is attached hereto as **Exhibit A**, which shows the location of the proposed wells within the unit.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit B** attached hereto. **Exhibit B** includes information regarding working interest owners and overriding royalty interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. The locations and proposed depths of the wells to be drilled on the pooled units are as follows:

Well Name	SHL (~19-T24S-R33E)	BHL (~18-T24S-R33E)	TVD
Bell Lake 19-18 State Com 17H	538' FSL and 1,922' FWL	20' FNL and 1,388' FWL	9,350'
Bell Lake 19-18 State Com 13H	538' FSL and 1,952' FWL	20' FNL and 2,188' FWL	9,515'

13. I have conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure (“AFE”).

14. Devon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

15. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells. However, no opposition from any interest owner is expected at hearing.

16. Proposed C-102's for the wells are attached as Exhibit C. The wells will develop the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]), which is an oil and gas pool.

17. **Exhibit D** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

18. Devon requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing wells. 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. Devon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

19. Devon requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

20. Devon requests that it be designated operator of the wells.

21. Given that the subject wells will draw from the two pools named above, Devon requests approval of downhole commingling.

22. The Exhibits to this Affidavit were prepared by me, or compiled from Devon's company business records.

23. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

24. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT



Andy D. Bennett

Subscribed to and sworn before me this 7th day of January, 2019.



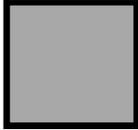


Notary Public

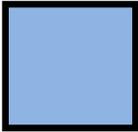
PLAT

W/2 of Sections 19 & 18, T-24-S, R-33-E, Lea County, New Mexico, Bonespring Formation

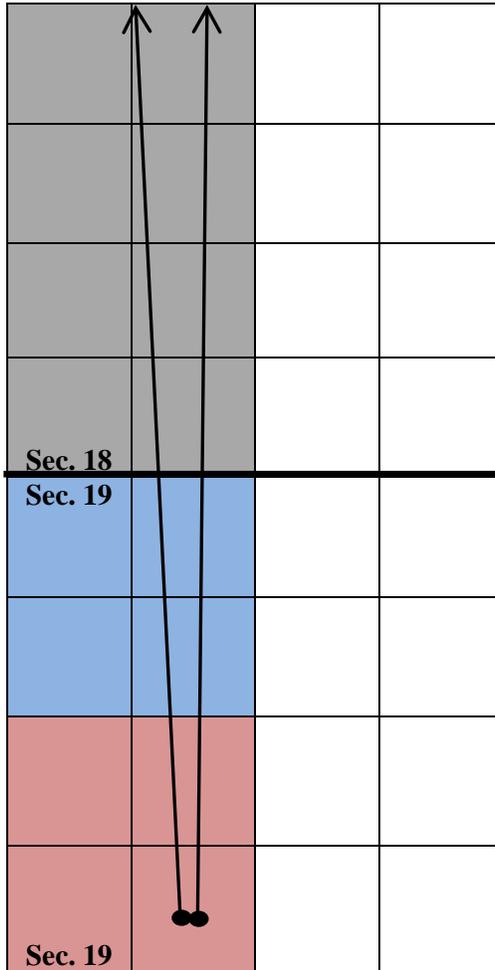
Tract 1:
St of NM VO-5638
(314.16 acres)



Tract 2:
St of NM VO-4457
(157.54 acres)



Tract 3:
St of NM VO-4457
(157.90 acres)



17H, 13H

Bell Lake 19-18 State Com 17H
SHL: 538' FSL & 1,922' FWL
BHL: 20' FNL & 1,388' FWL

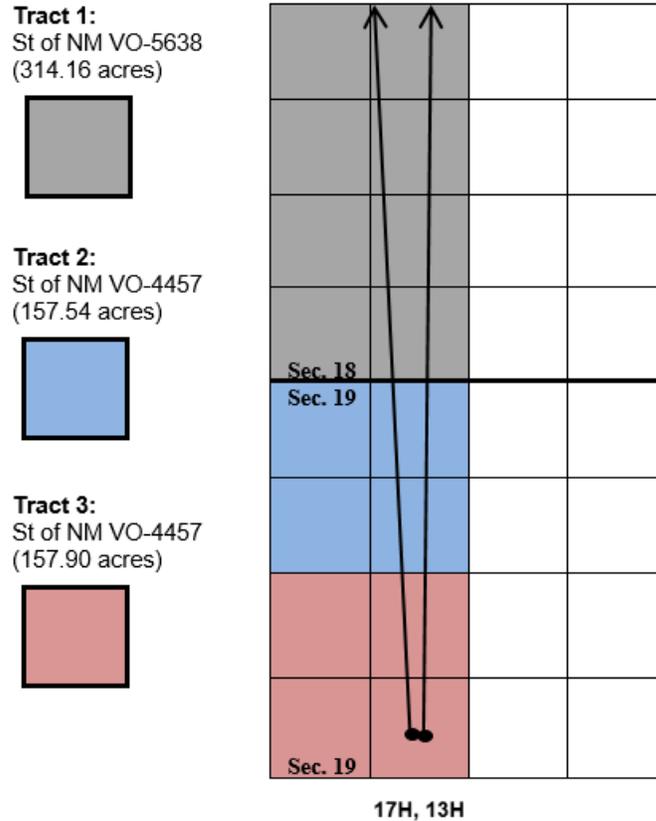
Bell Lake 19-18 State Com 13H
SHL: 538' FSL & 1,952' FWL
BHL: 20' FNL & 2,188' FWL

EXHIBIT A

OWNERSHIP BREAKDOWN

W/2 of Sections 19 and 18, Township 24 South, Range 33 East of Lea County, NM

Bell Lake 19-18 State Com 17H and 13H



TRACT 1 OWNERSHIP (W/2 of Section 18-T24S-R33E, being 314.16 acres):

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102	126.76356	0.201339835	Committed
Chevron Midcontinent, L.P. 1400 Smith Street Houston, TX 77002	147.6552	0.234522236	Uncommitted

EXHIBIT B

The Allar Company	36.1284	0.0573831	Uncommitted
735 Elm Street			
Houston, TX 77002			

Shepherd Royalty, LLC	1.80642	0.002869155	Uncommitted
5949 Sherry Lane, Suite 1175			
Dallas, TX 75225			

Highland Texas Energy Company, Inc.	1.80642	0.002869155	Uncommitted
7557 Rambler Road, Suite 918			
Dallas, TX 75231			

TRACT 1 TOTAL	314.16	0.498983482	
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TRACT 2 OWNERSHIP (NW/4 of Section 19-T24S-R33E being 157.54 acres)

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P.	111.8534	0.177657878	Committed
Monarch Resources, Inc.	3.1508	0.005004447	Uncommitted
306 W. 7 th Street, Suite 701			
Fort Worth, TX 76102			
Prince Petroleum Company, Ltd.	3.1508	0.005004447	Uncommitted
306 W. 7 th Street, Suite 701			
Fort Worth, TX 76102			

Durango Production Corporation	39.385	0.062555591	Uncommitted
P.O. Box 4848			
Wichita Falls, TX 76308			

TRACT 2 TOTAL	157.54	0.250222363	
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TRACT 3 OWNERSHIP (SW/4 of Section 19-T24S-R33E being 157.90 acres)

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P.	157.90	0.250794155	Committed
TRACT 3 TOTAL	157.90	0.250794155	
<hr/>			
UNIT TOTALS	629.60	1.00	

ORRI Owners

John Kyle Thoma, Trustee of the Cornerstone Family Trust
 PO Box 558
 Peyton, CO 80831

The Morse Family Security Trust
 410 17th Street, Suite 1150
 Denver CO 80202

Limpinbear Family Partnership, Ltd.
 410 17th Street, Suite 1150
 Denver CO 80202

The Allar Company
PO Box 1567
Graham, TX 76450

Devon Energy Production Company, L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

Highland Texas Energy Company
7557 Rambler Road, Suite 918
Dallas, TX 75231

States Royalty Limited Partnership
PO Box 911
Breckenridge, TX 76424

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6176 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, New Mexico 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	97784	WC-025 G-06 S253201M; UPPER BONE SPR
Property Code	Property Name	Well Number
	BELL LAKE 19-18 STATE COM	13H
OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3550.5'

Surface Location

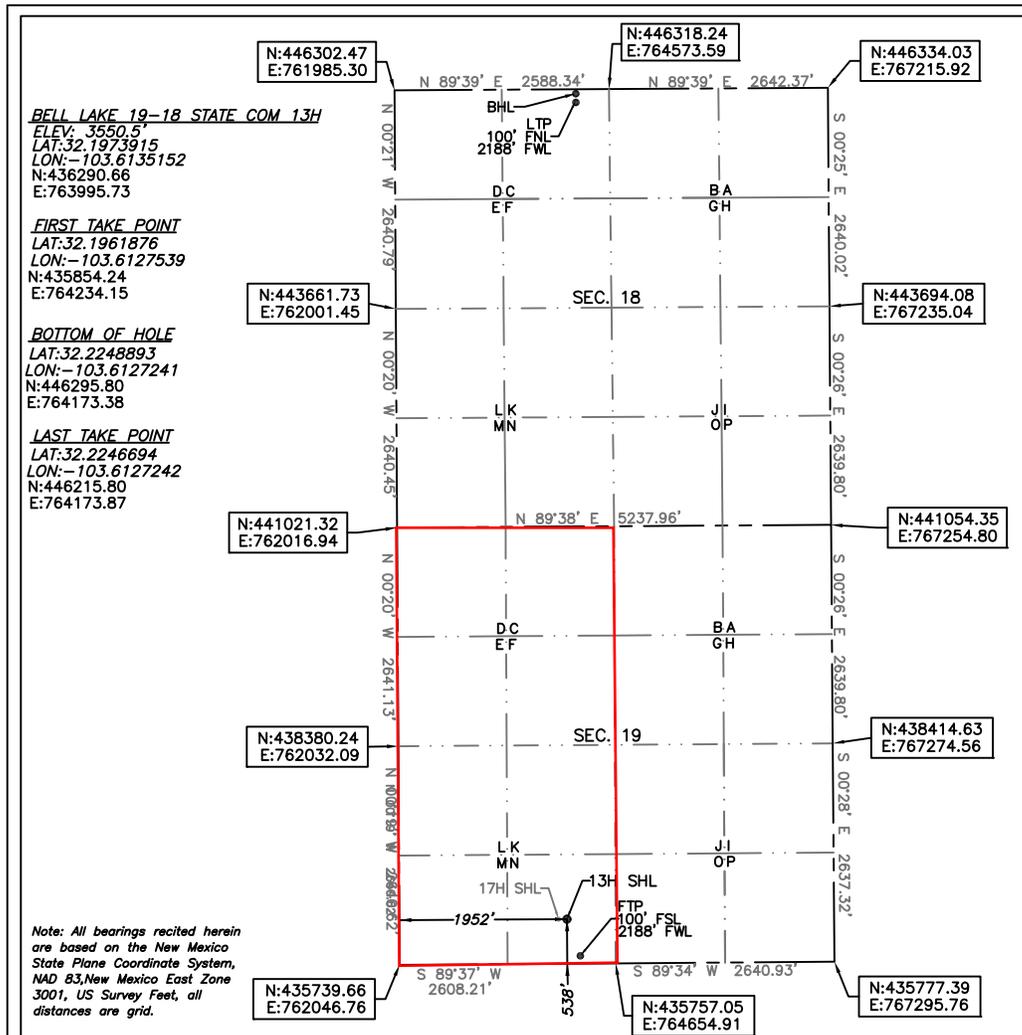
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	24-S	33-E		538	SOUTH	1952	WEST	LEA

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
C	18	24-S	33-E		20	NORTH	2188	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
315.44			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Rebecca Deal 12/17/2018
Signature Date
Rebecca Deal, Regulatory Analyst
Printed Name
rebecca.deal@dvn.com
E-mail Address

SURVEYOR CERTIFICATION

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.

11/2018
Date of Survey

Signature & Seal of Professional Surveyor

B. L. LAMAN
NEW MEXICO
22404
PROFESSIONAL SURVEYOR

11/29/18

Certificate No. 22404 B.L. LAMAN
Date of Survey: 11/14/18 DRAWN BY: CM

Exhibit C

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97784	Pool Name WC-025 G-06 S253201M; UPPER BONE SPR
Property Code	Property Name BELL LAKE 19-18 STATE COM	Well Number 17H
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.	Elevation 3550.6'

Surface Location

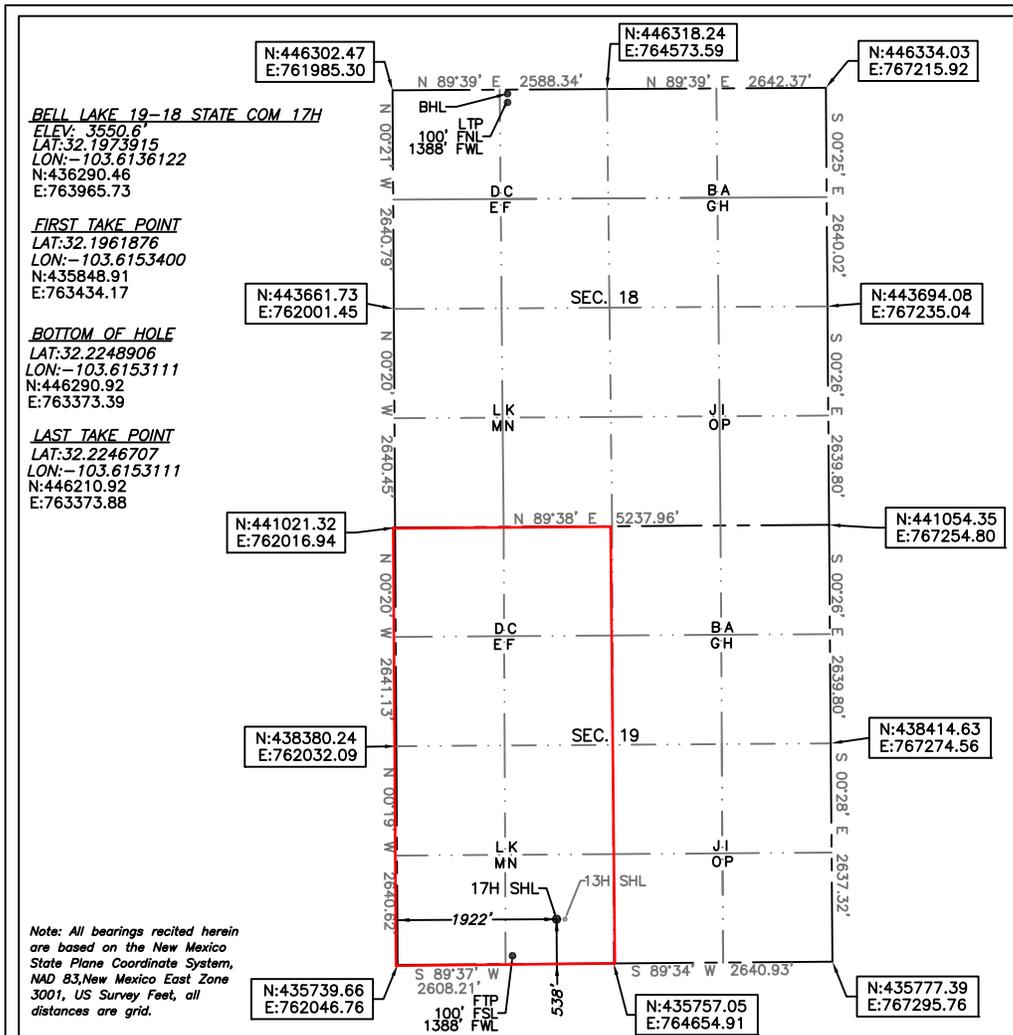
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	24-S	33-E		538	SOUTH	1922	WEST	LEA

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
C	18	24-S	33-E		20	NORTH	1388	WEST	LEA

Dedicated Acres 315.44	Joint or Infill	Consolidation Code	Order No.
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OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Rebecca Deal 12/17/2018
Signature Date

Rebecca Deal, Regulatory Analyst
Printed Name

rebecca.deal@dvn.com
E-mail Address

SURVEYOR CERTIFICATION

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.

11/2018
Date of Survey

Signature & Seal of Professional Surveyor

11/29/18

Certificate No. 22404 B.L. LAMAN
Date of Survey: 11/14/18 DRAWN BY: CM

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 976674	Pool Name TRIPLE X;BONE SPRING, WEST
Property Code	Property Name BELL LAKE 19-18 STATE COM	Well Number 17H
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.	Elevation 3550.6'

Surface Location

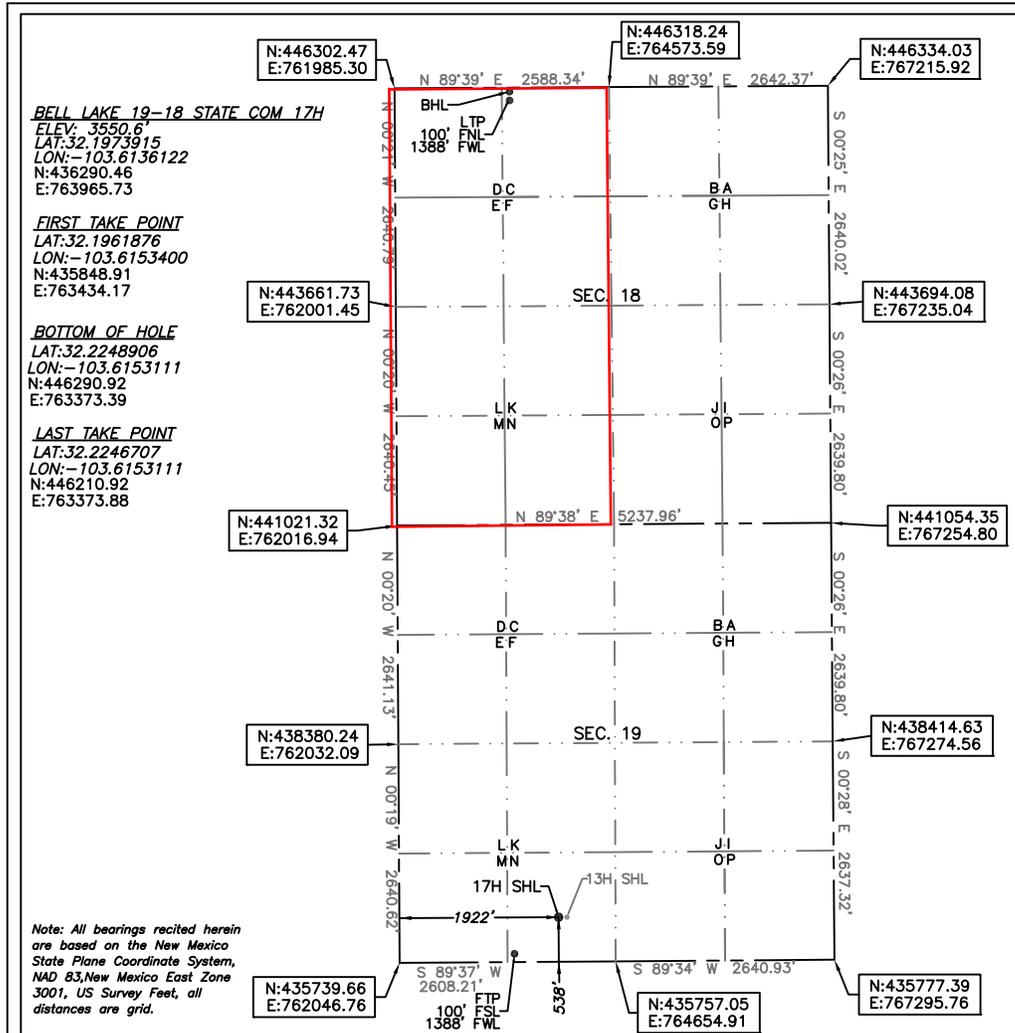
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	24-S	33-E		538	SOUTH	1922	WEST	LEA

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
C	18	24-S	33-E		20	NORTH	1388	WEST	LEA

Dedicated Acres 314.16	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

12/17/2018

Signature Date

Rebecca Deal, Regulatory Analyst

Printed Name

rebecca.deal@dvn.com

E-mail Address

SURVEYOR CERTIFICATION

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.

11/2018

Date of Survey

Signature & Seal of Professional Surveyor

11/29/18

Certificate No. 22404 B.L. LAMAN

Date of Survey: 11/14/18 DRAWN BY: CM



November 1, 2018

The Allar Company
735 Elm Street
Houston, TX 77002

VIA FEDEX 7736 2511 6073

RE: Well Proposal – Bell Lake 19-18 State Com 7H
Bell Lake 19-18 State Com 9H
Bell Lake 19-18 State Com 10H
Bell Lake 19-18 State Com 13H
Bell Lake 19-18 State Com 17H
Lea County, New Mexico

Ladies and Gentlemen:

Devon Energy Production Company, L.P. (“Devon”), as Operator, proposes to drill and complete the following five (5) wells:

- Bell Lake 19-18 State Com 7H as a horizontal well to an approximate TVD of 9,550’ and approximate TMD of 19,550’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,122’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 1,284’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 9H as a horizontal well to an approximate TVD of 9,420’ and approximate TMD of 19,420’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,092’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 380’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 10H as a horizontal well to an approximate TVD of 9,400’ and approximate TMD of 19,400’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,152’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 2,188’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 13H as a horizontal well to an approximate TVD of 9,515’ and approximate TMD of 19,515’ into the Bone Spring formation at an approximate SHL 538’ FSL and 1,952’ FWL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 2,188’ FWL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).

EXHIBIT D

- Bell Lake 19-18 State Com 17H as a horizontal well to an approximate TVD of 9,350' and approximate TMD of 19,350' into the Bone Spring formation at an approximate SHL 538' FSL and 1,922' FWL of Section 19-T24S-R33E and an approximate BHL 20' FNL and 1,388' FWL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the "Wells"). Enclosed for your review is Devon's AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).

Devon reserves the right to modify the locations and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Devon intends to drill each of the Wells as a horizontal well with an approximate two-mile lateral that will cross three (3) tracts, i.e., the S/2 of Section 19, the N/2 of Section 19, and Section 18. Section 18-T24S-R33E is subject to an existing January 1, 2004, Operating Agreement (the "Copperhead JOA"); the N/2 of Section 19-T24S-R33E is subject to an existing December 23, 1996, Operating Agreement (the "Cobra JOA"); and the working interest in the S/2 of Section 19-T24S-R33E is owned 100% by Devon. Devon proposes to drill the Wells under the terms of a superseding agreement (an "Agreement for Operations") that will (i) be limited in scope to the two-mile horizontal wells that cross all three tracts and the Bone Spring formation, (ii) designate Devon as the operator, (iii) incorporate the basic terms of the Copperhead JOA as to those parties owning an interest in Section 18, (iv) incorporate the basic terms of the Cobra JOA as to those parties owning an interest in the N/2 of Section 19, and (v.) include standard modifications for horizontal drilling. The Agreement for Operations will act as a superseding operating agreement for the Wells, and will set forth the interests owned by each party in the Wells based on an allocation of the percentage of ownership in each of the three tracts. Under the Agreement for Operations, each party's ownership in the Wells would be based on the following example: If a party owns 50% Working Interest in the N/2 of Section 19, that party's Working Interest in the Wells would be approximately 12.5% (will be proportionately reduced to the acres in the two sections). The Agreement for Operations will be supplied to those parties interested in participating.

Please indicate your election to participate in the drilling and completion of the Wells in the spaces provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communization Agreement for said Wells will be supplied for your review and execution at a later date.

If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

If an agreement cannot be reached within 30 days of receipt of this letter by all parties, Devon will apply to the New Mexico Oil Conversation Division for compulsory pooling of your interest into a spacing unit for the Wells, if uncommitted at such time.

Please do not hesitate to contact me at (405) 552-8002 or via email at Andy.Bennett@dvn.com if you have any questions concerning this proposal.

Very truly yours,

Devon Energy Production Company, L.P.



Andy Bennett
Senior Staff Landman

The Allar Company:

_____ **To Participate** in the proposal of the Bell Lake 19-18 State Com 7H Well

_____ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 7H Well

_____ **To Participate** in the proposal of the Bell Lake 19-18 State Com 9H Well

_____ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 9H Well

_____ **To Participate** in the proposal of the Bell Lake 19-18 State Com 10H Well

_____ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 10H Well

_____ **To Participate** in the proposal of the Bell Lake 19-18 State Com 13H Well

_____ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 13H Well

_____ **To Participate** in the proposal of the Bell Lake 19-18 State Com 17H Well

_____ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 17H Well

Agreed to and Accepted this _____ day of _____, 2018.

The Allar Company

By: _____

Title: _____



Authorization for Expenditure

AFE # XX-112007.01 Well Name: BELL LAKE 19-18 STATE COM 7H Cost Center Number: 1093120801 Legal Description: Sections 19 & 18-T24S-R33E Revision: 01	AFE Date: November 1, 2018 State: NM County/Parish: LEA
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Explanation and Justification:

Drill and complete the Bell Lake 19-18 State Com 7H well located at SHL 481' FSL & 1122' FEL of Section 19, and BHL 20' FNL & 1284' FEL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-112007.01

Well Name: BELL LAKE 19-18 STATE COM 7H

AFE Date: November 1, 2018

Cost Center Number: 1093120801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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WORKING INTEREST OWNER APPROVAL

Company Name: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-113711.01 Well Name: BELL LAKE 19-18 STATE COM 9H Cost Center Number: 1093298401 Legal Description: Sections 19 & 18-T24S-R33E Revision: <input type="checkbox"/>	AFE Date: November 1, 2018 State: NM County/Parish: LEA
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Explanation and Justification:

Drill and complete the Bell Lake 19-18 State Com 9H well located at SHL 481' FSL & 1092' FEL of Section 19, and BHL 20' FNL & 380' FEL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-113711.01

Well Name: BELL LAKE 19-18 STATE COM 9H

Cost Center Number: 1093298401

Legal Description: Sections 19 & 18-T24S-R33E

Revision:

AFE Date: November 1, 2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-114148.01

Well Name: BELL LAKE 19-18 STATE COM 10H

AFE Date: November 1, 2018

Cost Center Number: 1093308401

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Explanation and Justification:

Drill and complete the Bell Lake 19-18 State Com 10H well located at SHL 481' FSL & 1152' FEL of Section 19, and BHL 20' FNL & 2188' FEL of Section 18 all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRGTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-114148.01

Well Name: BELL LAKE 19-18 STATE COM 10H

Cost Center Number: 1093308401

Legal Description: Sections 19 & 18-T24S-R33E

Revision:

AFE Date: November 1, 2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-115866.01
 Well Name: BELL LAKE 19-18 STATE COM 13H
 Cost Center Number: 1093387701
 Legal Description: Sections 19 & 18-T24S-R33E
 Revision:

AFE Date: November 1, 2018
 State: NM
 County/Parish: LEA

Explanation and Justification:

Drill and complete the Bell Lake 19-18 State Com 13H well located at SHL 538' FSL & 1952' FWL of Section 19, and BHL 20' FNL & 2188' FWL of Section 18 all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-115866.01

Well Name: BELL LAKE 19-18 STATE COM 13H

AFE Date: November 1, 2018

Cost Center Number: 1093387701

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-130143.01

Well Name: BELL LAKE 19-18 STATE COM 17H

AFE Date: November 1, 2018

Cost Center Number: 1093579801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Explanation and Justification:

Drill and complete the Bell Lake 19-18 State Com 17H well located at SHL 538' FSL & 1922' FWL of Section 19, and BHL 20' FNL & 1388' FWL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	OYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-130143.01

Well Name: BELL LAKE 19-18 STATE COM 17H

AFE Date: November 1, 2018

Cost Center Number: 1093579801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

Line	Mail Class	Tracking No	To Name	Delivery Address	City	State	Zip	Mail Date	Signature Date
1	Federal Express	7736 5732 4360	Shepherd Royalty, LLC	5949 Sherry Lane, Suite 1175	Dallas	TX	75225	11/6/2018	Delivered 11/7/2018
2	Federal Express	7736 2555 3436	Shepherd Royalty, LLC	8214 Westchester Drive, Suite 740	Dallas	TX	75225	11/1/2018	Delivered 11/5/2018
3	Federal Express	7736 2517 5234	Chevron Midcontinent, LP	1400 Smith Street	Houston	TX	77002	11/1/2018	Delivered 11/2/2018
4	Federal Express	7736 2511 6073	The Allar Company	735 Elm Street	Houston	TX	77002	11/1/2018	Delivered 11/2/2018
5	USPS Certified	9414 8149 0152 7181 6272 15	Durango Production Corporation	P. O. Box 4848	Wichita Falls	TX	76308	11/1/2018	Delivered 11/6/2018
7	Federal Express	7736 2548 0492	Prince Petroleum Company, Ltd.	306 West 7th Street, Suite 701	Fort Worth	TX	76102	11/1/2018	Delivered 11/2/2018
8	Federal Express	7736 2500 8337	OXY USA, Inc.	5 Greenway Plaza, Suite 110	Houston	TX	77046	11/1/2018	Delivered 11/2/2018
9	Federal Express	7736 2543 3166	Monarch Resources, Inc.	306 West 7th Street, Suite 701	Fort Worth	TX	76102	11/1/2018	Delivered 11/2/2018
10	Federal Express	7736 2530 1190	Highland Texas Energy Company, Inc.	7557 Rambler Road, Suite 918	Dallas	TX	75231	11/1/2018	Delivered 11/2/2018

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 20153

AFFIDAVIT OF JOHN GREEN

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Devon Energy Production Company, L.P. (“Devon”), and I am familiar with the subject application and the geology involved.
3. This affidavit is submitted in connection with the filing by Devon of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1), (6) NMAC.
4. I seek to be qualified by the Oil Conservation Division (“Division”) as an expert petroleum geologist. I have not previously made my credentials a matter of record and been qualified as an expert by the Division.
 - a. I hold a Bachelor’s degree in Geology obtained from Oklahoma State University, and a Master’s degree in Geology from Oklahoma State University. I completed my education in 2011.
 - b. I have been employed as a petroleum geologist with Devon since April, 2011.
5. **Exhibit A** is a Bone Spring structure map. The unit being pooled is outlined by red rectangle. Strata dip approximately 100’ eastward across the Bell Lake sections. The apparent

EXHIBIT 3

Devon/Bell Lake Wells
Case No. 20153
January 10, 2019 Hearing

structural dip along the proposed Bell Lake wellbores is around 0.25°. No major structural hazards exist at this location.

6. **Exhibit A** identifies wells in the vicinity of the proposed well, with a cross-section line running from A to A'.

7. **Exhibit A** shows that the structure dips down to the east.

8. **Exhibit B** is a Bone Spring stratigraphic cross-section hung on the First Bone Spring Limestone. The cross-section shows consistent target thickness in wells near the Bell Lake sections. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area and demonstrate reasonable well control. The target zone for the wells is the Leonard Formation as indicated by the blue line in **Exhibit B**. The target zone is continuous across the well unit.

9. **Exhibit C** is a gross isochore of the Bone Spring formation. The map shows thickness for the "target interval" indicated in **Exhibit B**. The Bone Spring is uniform across the proposed well unit.

10. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

11. The preferred well orientation in this area is south-north. This is because the inferred orientation of the maximum horizontal stress is roughly E-W.

12. The Exhibits to this Affidavit were prepared by me, or compiled from Devon's company business records.

13. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

14. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT



John Green

Subscribed to and sworn before me this 8 day of January, 2019.





Notary Public

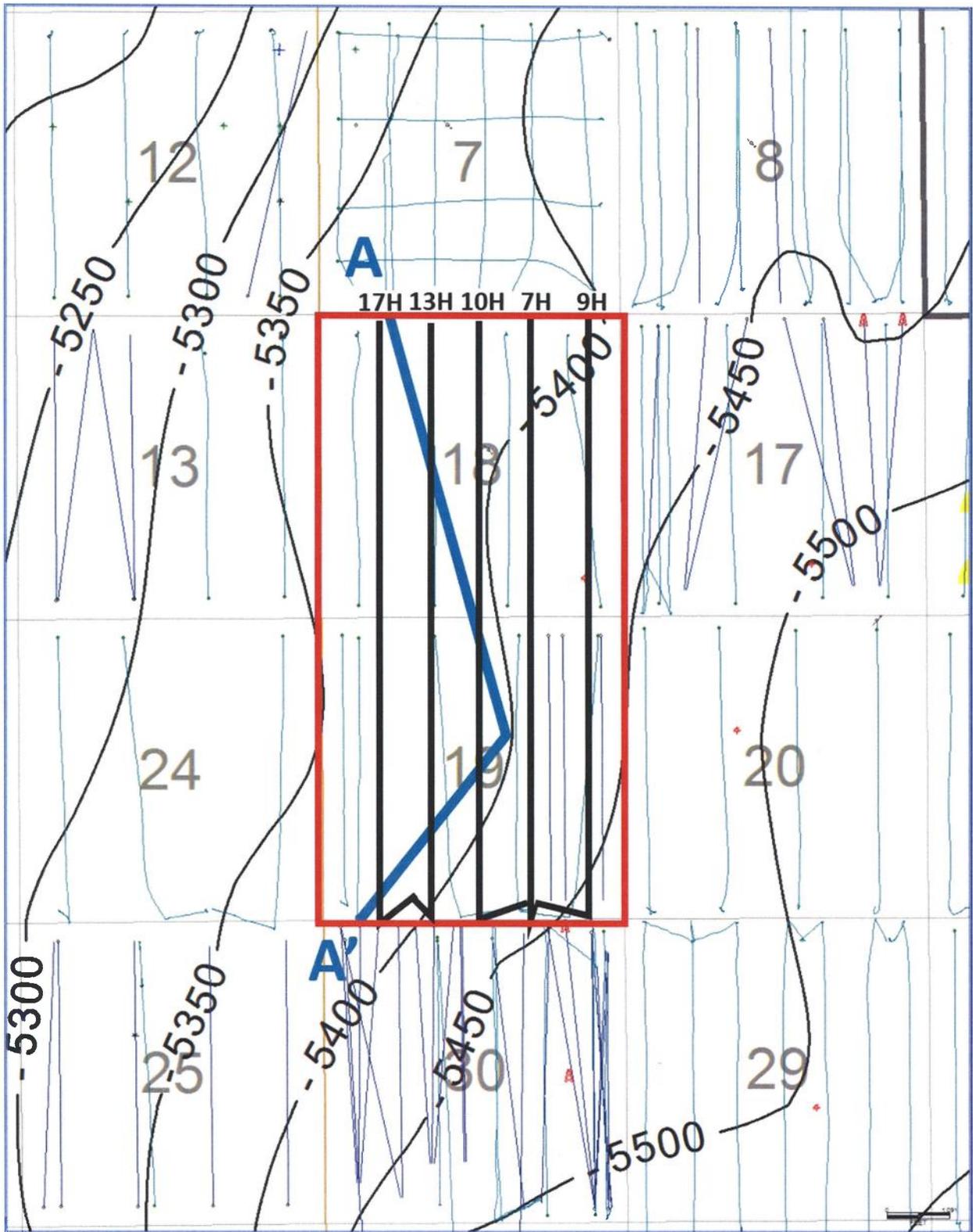


Exhibit A: Bone Spring structure map. Contour interval = 50'. Cross-section indicated by blue line labeled A to A'. The red rectangle indicates the unit being pooled.

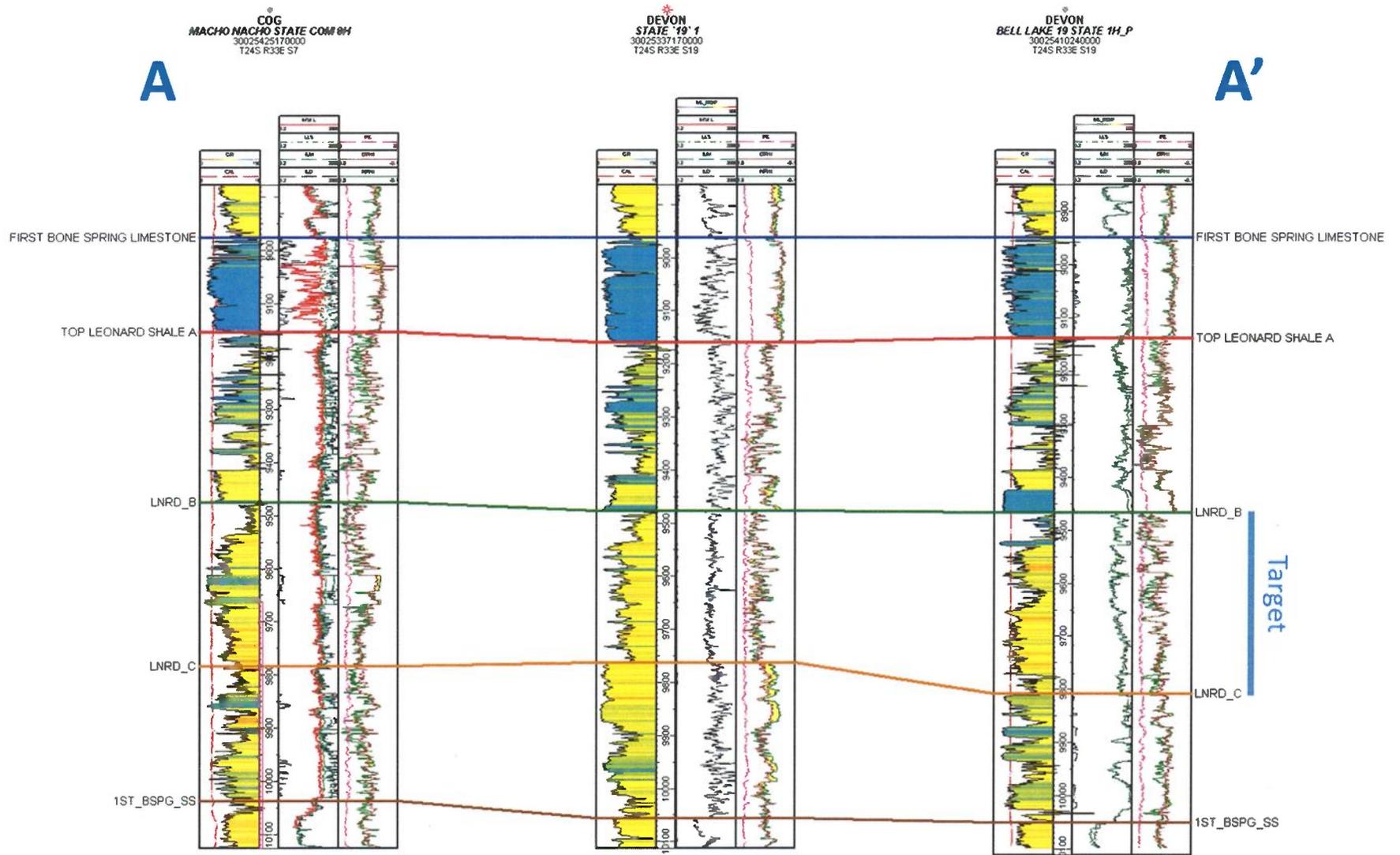


Exhibit B: Cross-section A to A'. Stratigraphic cross-section hung on First Bone Spring Limestone top. Target interval indicated by blue arrows.

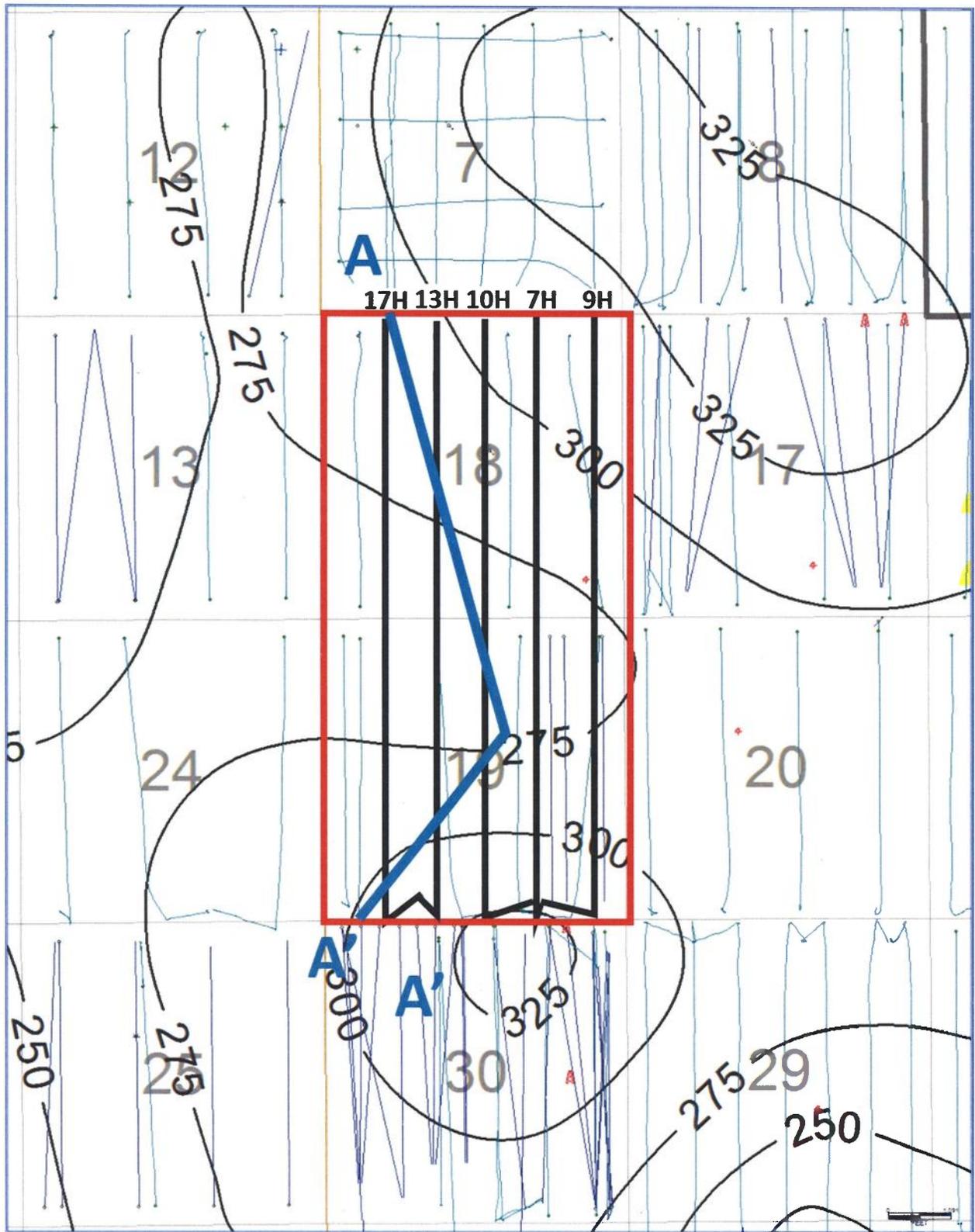


Exhibit C: Isochore thickness of target interval indicated on cross-section (Exhibit B). Cross-section indicated by blue line labeled A to A'. The red rectangle indicates the unit being pool.

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

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 20152

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 20153

AFFIDAVIT OF NOTICE

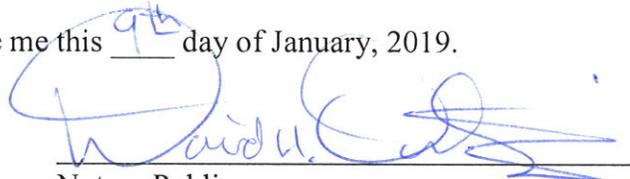
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Seth C. McMillan, attorney in fact and authorized representative of Devon Energy Production Company, L.P., the Applicant in the above-captioned matters, being first duly sworn, upon oath state that I sent copies of the Applications in these matters to the parties as specified on the attached **Exhibit A**. Proof of receipt is attached hereto. I also had published a Notice in the Hobbs News-Sun. An Affidavit of Publication is attached as **Exhibit B**. Devon has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the Applications filed herein.



SETH C. McMILLAN

SUBSCRIBED AND SWORN to before me this 9th day of January, 2019.



Notary Public



EXHIBIT 4
Devon/Bell Lake Wells
Case No. 20153
January 10, 2019 Hearing

EXHIBIT A

WORKING INTEREST OWNERS

Chevron Midcontinent, L.P.
1400 Smith Street
Houston, TX 77002

The Allar Company
735 Elm Street
Houston, TX 77002

Shepherd Royalty, LLC
5949 Sherry Lane, Suite 1175
Dallas, TX 75225

Highland Texas Energy Company, Inc.
7557 Rambler Road, Suite 918
Dallas, TX 75231

Monarch Resources, Inc.
306 W. 7th Street, Suite 701
Fort Worth, TX 76102

Prince Petroleum Company, Ltd.
306 W. 7th Street, Suite 701
Fort Worth, TX 76102

Durango Production Corporation
P.O. Box 4848
Wichita Falls, TX 76308

ORRIs/NPRIs – SECTION 18

John Kyle Thoma,
trustee of the Cornerstone Family Trust
P.O. Box 558
Peyton, CO 80831

The Morse Family Security Trust
410 17th Street, Suite 1150
Denver, CO 80202

Limpinbear Family Partnership, Ltd
410 17th Street, Suite 1150
Denver, CO 80202

The Allar Company
P.O. Box 1567
Graham, TX 76450

Highland Texas Energy Company
7557 Rambler Road, Suite 918
Dallas, TX 75231

ORRIs/NPRIs – SECTION 19

States Royalty Limited Partnership
P.O. Box 911
Breckenridge, TX 76424

OTHER

Bureau of Land Management
301 Dinosaur Trail
Santa Fe, NM 87508

7017 3040 0000 8684 6293

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Certified Mail Fee	\$	3.45
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	2.75
<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	\$	

SANTA FE NM
Postmark
Here
DEC 19 2018
USPO 87504

Postage \$ 1.42 / 7.62
\$
R Chevron Midcontinent, L.P.
\$ 1400 Smith Street
\$ Houston, TX 77002
\$
C

PS Form 3800, April 2012 Edition or Instructions

U.S. Postal Service™
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7015 1730 0000 9813 2807

Certified Mail Fee
 \$ 3.45

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

Return Receipt (hardcopy) \$ 2.75

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage 1.92 / 7.62

The Allar Company
 P.O. Box 1567
 Graham, TX 76450

Postmark
 Here
SANTA FE NM
DEC 19 2018
USPO 87504

PS Form 3800, April 2015 PSN 7530-02-000-9057 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. Article Addressed to:
 The Allar Company
 P.O. Box 1567
 Graham, TX 76450



9590 9402 1275 5246 2282 53

2. Article Number (Transfer from service label)
 7015 1730 0000 9813 2807

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X M Barrett Agent
 Addressee

B. Received By (Printed Name) M Barrett C. Date of Delivery 12-26-18

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
 - Mail
 - Mail 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

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OFFICIAL USE

7017 3040 0000 8684 6309

Certified Mail Fee
 \$ 3.45

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

Return Receipt (hardcopy) \$ 2.75

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage 142/7.62

Shepherd Royalty, LLC
 5949 Sherry Lane, Suite 1175
 Dallas, TX 75225

Postmark
 Here
SANTA FE NM
DEC 19 2018
USPO 87504

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. Article Addressed to:
 Shepherd Royalty, LLC
 5949 Sherry Lane, Suite 1175
 Dallas, TX 75225



9590 9402 1275 5246 2283 07

2. Article Number (Transfer from service label)
 7017 3040 0000 8684 6309

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Addressee
 Agent

B. Received by (Printed Name)
 Cathy K. Lawrence

C. Date of Delivery
 12/26/18

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

Mail 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

7015 1730 0000 9813 2821

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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OFFICIAL USE

Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<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	1.42/7.62
Total	\$
Sent to: Highland Texas Energy Company 7557 Rambler Road, Suite 918 Dallas, TX 75231	
City:	
State:	
Zip:	
Postmark Here	SANTA FE NM DEC 19 2018 USPO 87504
PS Form 3811, July 2015 PSN 7530-02-000-9053	Instructions

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee <i>Quint Matthews</i></p> <p>B. Received by (Printed Name) _____ C. Date of Delivery <u>12-26-18</u></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>1. Article Addressed to:</p> <p>Highland Texas Energy Company 7557 Rambler Road, Suite 918 Dallas, TX 75231</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>9590 9402 1275 5246 2282 84</p> <p>7015 1730 0000 9813 2821</p>		<p>Domestic Return Receipt</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>			

7017 3040 0000 8684 6316

U.S. Postal Service™
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OFFICIAL USE

Certified Mail Fee	\$	3.45
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	2.75
<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 1.42 / 7.62

To: Monarch Resources, Inc.
306 W. 7th Street, Suite 701
Fort Worth, TX 76102

City _____
State _____
Zip _____

Postmark
SANTA FE NM
DEC 19 2018
USPO 87504

7017 3040 0000 8684 6323

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Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<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	1.42 / 7.62

Prince Petroleum Company, Ltd.
 306 W. 7th Street, Suite 701
 Fort Worth, TX 76102

Postmark Here
SANTA FE NM
DEC 19 2018
USPO 87504

PS Form 3800, April 2015 PSN 7530-02-000-9053 For Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY													
<ul style="list-style-type: none"> 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. <p>Prince Petroleum Company, Ltd. 306 W. 7th Street, Suite 701 Fort Worth, TX 76102</p>	<p>A. Signature <input checked="" type="checkbox"/> <i>Tara J. Edman</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Tara Edman</i></p> <p>C. Date of Delivery 12-26-18</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>9590 9402 1275 5246 2282 22</p> <p>2. Article Number (Transfer from service label) 7017 3040 0000 8684 6323</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input checked="" type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> </table>		<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input checked="" 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"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®													
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™													
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery													
<input type="checkbox"/> Certified Mail Restricted Delivery	<input checked="" 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													

7017 3040 0000 8684 6330

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Extra Services & Fees (check box, add fee as appropriate)
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 Return Receipt (electronic) \$ _____
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 Adult Signature Required \$ _____
 Adult Signature Restricted Delivery \$ _____

SANTA FE NM
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USPO 87504

Postage 1.92 / 7.62
Durango Production Corporation
P.O. Box 4848
Wichita Falls, TX 76308

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. Article Addressed to:
Durango Production Corporation
P.O. Box 4848
Wichita Falls, TX 76308



9590 9402 1275 5246 2282 15

2. Article Number (Transfer from service label)
7017 3040 0000 8684 6330

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 S. Beavers Addressee

B. Received by (Printed Name) S. Beavers C. Date of Delivery 12-26-18

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
 - Insured Mail
 - Insured Mail Restricted Delivery (500)
 - 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

7015 1730 0000 9813 2777

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Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<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	1.42 / 7.62

SANTA FE NM
Postmark
Here 2018
US 87504
SANTA FE NM
DEC 19 2018
USPO 87504

John Kyle Thoma,
trustee of the Cornerstone Family Trust
P.O. Box 558
Peyton, CO 80831

for Instructions

7015 1730 0000 9813 2784

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Certified Mail Fee	
\$	3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/>	Return Receipt (hardcopy) \$ 2.75
<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	
\$	1.42 / 7.62

The Morse Family Security Trust
410 17th Street, Suite 1150
Denver, CO 80202

SANTA FE NM
Postmark Here
1.9.2018
USPO 87504

PS Form 3800, April 2015 PSN 7530-02-000-9053 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. Article Addressed to:
The Morse Family Security Trust
410 17th Street, Suite 1150
Denver, CO 80202



9590 9402 3493 7275 4787 68

2. Article Number (Transfer from service label)
7015 1730 0000 9813 2784

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

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

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

3. Service Type
- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input checked="" 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"/> Insured Mail (Limit up to \$500) | |

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7015 1730 0000 9813 2791

Certified Mail Fee	
\$	3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/>	Return Receipt (hardcopy) \$ 2.75
<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	
	1.42 / 7.62

Limpinbear Family Partnership, Ltd
 410 17th Street, Suite 1150
 Denver, CO 80202

Postmark Here
 SANTA FE NM
 JUN 19 2018
 USPO 87504

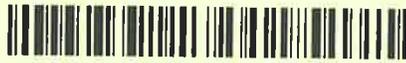
PS Form 3800, April 2015

See back 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. Article Addressed to:
 Limpinbear Family Partnership, Ltd
 410 17th Street, Suite 1150
 Denver, CO 80202



9590 9402 1275 5246 2282 46

2. Article Number (Transfer from service label)

7622 6786 0000 0327 5702

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 M. Nayld Agent
 Addressee

B. Received by (Printed Name) *M. Nayld* C. Date of Delivery *12-21-18*

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 checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input checked="" 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 |

7017 3040 0000 8684 6286

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Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<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	1.42 / 7.62

SANTA FE NM
Postmark 9 2018
Here
USPO 87504

States Royalty Limited Partnership
P.O. Box 911
Breckenridge, TX 76424

PS Form 3800, April 2015 PSN 7530-02-000-9053

See 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. Article Addressed to:

States Royalty Limited Partnership
P.O. Box 911
Breckenridge, TX 76424



9590 9402 1275 5246 2282 77

2. Article Number (Transfer from service label)

7017 3040 0000 8684 6286

COMPLETE THIS SECTION ON DELIVERY

A. Signature	<input type="checkbox"/> Agent
<input checked="" type="checkbox"/> Paula Grissom	<input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery
Paula Grissom	12-26-18
D. Is delivery address different from item 1? <input type="checkbox"/> Yes	
If YES, enter delivery address below: <input type="checkbox"/> 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 checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input checked="" 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"/> Mail Restricted Delivery | |

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

Domestic Return Receipt

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
December 21, 2018
and ending with the issue dated
December 21, 2018.



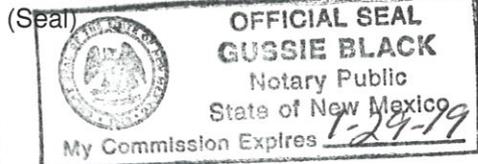
Publisher

Sworn and subscribed to before me this
21st day of December 2018.



Business Manager

My commission expires
January 29, 2019



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

LEGAL	LEGAL	LEGAL
LEGAL NOTICE DECEMBER 21, 2018		
To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns: Chevron Midcontinent, L.P.; The Allar Company; Shepherd Royalty, LLC; Highland Texas Energy Company, Inc.; Monarch Resources, Inc.; Prince Petroleum Company, Ltd.; Durango Production Corporation; John Kyle Thoma, trustee of the Cornerstone Family Trust; The Morse Family Security Trust; Limpinbear Family Partnership, Ltd; Highland Texas Energy Company; States Royalty Limited Partnership		
Devon Energy Production Company, L.P. has filed applications with the New Mexico Oil Conservation Division as follows. Please note that the Division has not yet assigned case numbers:		
Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 18 and the W/2 of Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the standard unit. Said horizontal spacing unit is to be dedicated to the proposed Bell Lake 19-18 State Com 17H well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,922' FWL of Section 19 to an approximate bottom hole location 20' FNL and 1,388' FWL of Section 18. This well defines the HSU. Also to be drilled is the following infill well: the Bell Lake 19-18 State Com 13H well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,952' FWL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FWL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 32 miles southeast of Eunice, New Mexico.		
Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Section 18 and the E/2 of Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the standard unit. Said horizontal spacing unit is to be dedicated to the proposed Bell Lake 19-18 State Com 7H well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,122' FEL of Section 19 to an approximate bottom hole location 20' FNL and 1,284' FEL of Section 18. This well defines the HSU. Also to be drilled are the following infill wells: (1) the Bell Lake 19-18 State Com 9H well, to be horizontally drilled from an approximate surface hole location 481' FSL and 380' FEL of Section 19 to an approximate bottom hole location 20' FNL and 380' FEL of Section 18, and; (2) the Bell Lake 19-18 State Com 10H well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,152' FEL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FEL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 32 miles southeast of Eunice, New Mexico.		
Hearing on these applications is scheduled at 8:15 a.m. on Thursday, January 10, 2019 at the Oil Conservation Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. For further information, contact the applicant's attorney, Seth C. McMillan, Montgomery and Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 982-3873. #33550		

01101398

00222438

SETH C. MCMILLAN
MONTGOMERY & ANDREWS, P.A.
P.O. BOX OFFICE BOX 2307
A/C 451986
SANTA FE,, NM 87504-2307

EXHIBIT B