

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING OCTOBER 17, 2019**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A STANDARD
HORIZONTAL SPACING AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20792

Billiken 7-6 Fed Com 5H Well
Billiken 7-6 Fed Com 6H Well
Billiken 7-6 Fed Com 7H Well
Billiken 7-6 Fed Com 8H Well

Devon Energy Production Company, L.P.

HEARING EXHIBITS

- | | |
|------------|---|
| Exhibit 1: | Application |
| Exhibit 2: | Affidavit of Joe Hammond, Landman, and supporting documents |
| Exhibit 3: | Affidavit of J. Russell Goodin, Geologist, and supporting documents |
| Exhibit 4: | Notice Affidavit |
| Exhibit 5: | Affidavit of Publication |

**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 AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20792

AFFIDAVIT OF JOE HAMMOND

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

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Devon Energy Production Company, L.P. ("Devon"), working Lea County, New Mexico and I am familiar with the subject application and the lands involved.

3. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

4. 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) NMAC.

5. Devon is seeking an order (1) creating a standard horizontal spacing and proration unit comprised of Lots 1 – 4 and the E/2 W/2 of Section 6 and Lots 1 – 4 and the E/2 W/2 of Section 7, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico, encompassing 644.08 acres, more or less, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation (WC-025 G-09 S263504N; WOLFCAMP [98117]) underlying said unit. The purpose of this



application is to force pool working interest owners and ORRI owners into the standard horizontal spacing unit described herein and in the wells to be drilled in the unit.

6. The working interest owners being pooled are Oxy USA, Inc. and Marathon Oil Company. It is my understanding that Oxy USA, Inc. has entered into a farmout agreement with Marathon Oil Company, which would allow it to earn working interest in the unit upon the drilling of a well. Both Oxy and Marathon have been contacted multiple times regarding the proposed wells but have failed or refused to voluntarily commit their interests in the well. They have, however, otherwise represented that they do not oppose this pooling application. Regarding the acreage that Marathon could potentially earn, pursuant to the Oxy farmout, Devon and Marathon are currently negotiating an acreage trade.

7. Devon seeks to dedicate this standard horizontal spacing unit to the proposed Billiken 7-6 Fed Com 6H as the Defining Well. The following wells will be Infill Wells, Billiken 7-6 Fed Com 5H, Billiken 7-6 Fed Com 7H and Billiken 7-6 Fed Com 8H. The wells are orthodox in their locations, and they meet the Division's offset requirements with the incorporation of proximity tracts.

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

9. 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.

10. There are no depth severances in the Wolfcamp formation.

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

Well Name	SHL (7-T26S-R35E)	BHL (6-T26S-R35E)	TVD
Billiken 7-6 Fed Com 5H	294' FSL and 1,218' FWL	20' FNL and 360' FWL	12,550'
Billiken 7-6 Fed Com 6H	294' FSL and 1,248' FWL	20' FNL and 1,000' FWL	12,550'
Billiken 7-6 Fed Com 7H	294' FSL and 2,191' FWL	20' FNL and 1,640' FWL	12,550'
Billiken 7-6 Fed Com 8H	294' FSL and 2,221' FWL	20' FNL and 2,280' FWL	12,550'

12. I provided the law firm of Abadic & Schill P.C. a list of names and addresses for the uncommitted interest owners and ORRI owners shown on Exhibit B. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. Because not all parties were locatable, notice of this hearing was published in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to cover unlocatable parties. The unlocatable parties were: DMA, Inc. (letter returned), MerPel, LLC, (mailed but undelivered), Thomas D. Deason (letter returned), Richard C. Deason (letter returned), Pony Oil Operating, LLC, (mailed but undelivered), and the Estate of Virginia Watt, deceased (no address of record). The mailing certification list shows the notice letters to Bryan Bell Family Limited Partnership #1 and to Rubie C. Bell Family Limited Partnership #1 as undelivered, but these parties did receive the mailings and sent Devon letters dated September 25, 2019 confirming delivery and providing updated address information.

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

14. Proposed C-102s for the wells are attached as Exhibit C. The wells will develop the Wolfcamp formation (WC-025 G-09 S263504N; WOLFCAMP [98117]), which is an oil and gas pool.

15. Exhibit D are copies of the proposal letters and AFE's sent to the working interest owners 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. Chevron, as a committed participating party and subject to an existing Operating Agreement, has already executed and returned to Devon all AFE's. A proposed form of operating agreement was furnished to Oxy and Marathon on September 4, 2019.

16. Devon requests overhead and administrative rates of \$6,000/month for drilling a well and \$600/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. Devon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

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


19. Because the proposed wells will be drilled and completed with other proposed wells, as part of a simultaneous drilling and completion project, Devon requests an extension of the normal 120-day period to drill and complete the initial well. Furthermore, Devon may propose at a later date additional infill wells for this proposed unit, depending on Devon's longer-term plans and drilling schedule.

20. The Exhibits to this Affidavit were prepared by me or compiled under my direction from Devon's company business records.

21. The granting of this Application is in the interests of conservation and the prevention of waste.

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

FURTHER AFFIANT SAYETH NAUGHT


Joe Hammond

Subscribed to and sworn before me this 15th day of October, 2019.


Notary Public



EXHIBIT "A"

Land Plat

W/2 of Sections 6 & 7, T-26-S, R-35-E, Lea County, New Mexico

Tract 1:
USA NM 125401
(321.32 acres)



Tract 2:
USA NM 013647
(161.31 acres)



Tract 3:
USA NM 115000
(161.45 acres)



5H, 6H, 7H, 8H

Billiken 7-6 Fed Com 5H
SHL: 294' FSL & 1,218' FWL
BHL: 20' FNL & 360' FWL

Billiken 7-6 Fed Com 6H
SHL: 294' FSL & 1,248' FWL
BHL: 20' FNL & 1,000' FWL

Billiken 7-6 Fed Com 7H
SHL: 294' FSL & 2,191' FWL
BHL: 20' FNL & 1,640' FWL

Billiken 7-6 Fed Com 8H
SHL: 294' FSL & 2,221' FWL
BHL: 20' FNL & 2,280' FWL



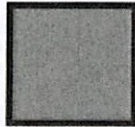
EXHIBIT "B"

OWNERSHIP BREAKDOWN

W/2 of Sections 6 and 7, Township 26 South, Range 35 East of Lea County, NM

Billiken Fed Com 7-6 5H, 6H, 7H, and 8H

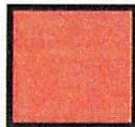
Tract 1:
USA NM 125401
(321.32 acres)



Tract 2:
USA NM 013647
(161.31 acres)



Tract 3:
USA NM 115000
(161.45 acres)



5H, 6H, 7H, 8H

TRACT 1 OWNERSHIP (Lots 1, 2, 3, 4, E2W2 of Section 6-T26S-R35E, being 321.32 acres):

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102	160.66	0.251031250	Committed
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	160.66	0.251031250	Committed



TRACT 1 TOTAL	321.32	0.5020625000
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TRACT 2 OWNERSHIP (Lots 1, 2, E2NW of Section 7-T26S-R35E being 161.31 acres):

OXY USA, Inc. 5 Greenway Plaza, Suite 110 Houston, TX 77046	161.31	0.2520468750	Uncommitted
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Marathon Oil Company 5555 San Felipe ST. Houston, TX 77056			Subject to unrecorded Farmout Agreement from Oxy to Marathon
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TRACT 2 TOTAL	161.31	0.2520468750
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TRACT 3 OWNERSHIP (Lots 3, 4, E2SW of Section 7-T26S-R35E being 161.45 acres):

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102	80.725	0.1261328125	Committed

Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	80.725	0.1261328125	Committed
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TRACT 3 TOTAL	161.45	0.2522656250
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UNIT TOTALS	644.08	1.00
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ORRI Owners

Morris Schertz and wife, Holly K. Schertz
P.O. Box 2588
Roswell, NM 88202

Rolla R. Hinkle III, SSP
P.O. Box 2292
Roswell, NM 88202

Madison M. Hinkle, MSU
P.O. Box 2292
Roswell, NM 88202

Charmar, LLC
4815 Vista Del Oso Court, N.E.
Albuquerque, NM 87109

Richard C. Deason, MSU
1301 N. Havenhurst #217
West Hollywood, CA 90046

Thomas D. Deason, MSU
6402 CR 7420
Lubbock, TX 79424

Ronald H. Mayer, Trustee of the Ronald H. Mayer and Martha M. Mayer Revocable Trust dated March 19, 1990 and any amendments thereto
P.O. Box 2391
Roswell, NM 88202

SAP, LLC
4901 Whitney Lane
Roswell, NM 88203

DMA, Inc.
P.O. Box 1496
Roswell, NM 88202

Wells Fargo Bank, Trustee of the Robert N. Enfield Revocable Trust dated 7/3/2001
P.O. Box 1968
Albuquerque, NM 87103

Howard A. Rubin, Inc.
P.O. Box 58
El Rito, NM 87530

Rubie C. Bell Family Limited Partnership #1
1331 Third Street
New Orleans, LA 70130

Bryan Bell Family Limited Partnership #1
1331 Third Street
New Orleans, LA 70130

Pony Oil Operating, LLC
4245 N. Central Expy.
Suite 320, Box 109
Dallas, TX 75205

TD Minerals LLC
8111 Westchester Drive, Suite 900
Dallas, TX 75225

MerPel, LLC
4245 N. Central Expy.

Suite 320, Box 109
Dallas, TX 75205

The estate of Virginia V. Watt
Address Unknown

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 86240
Phone: (505) 348-6161 Fax: (505) 348-0790

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 86210
Phone: (505) 748-1288 Fax: (505) 748-9790

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) 476-3480 Fax: (505) 476-3462

BUREAU OF LAND MANAGEMENT
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
	98117	WC-025 G-09 S263504N; WOLFCAMP
Property Code	Property Name	Well Number
	BILLIKEN 7-6 FED COM	5H
OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3275.0'

Surface Location

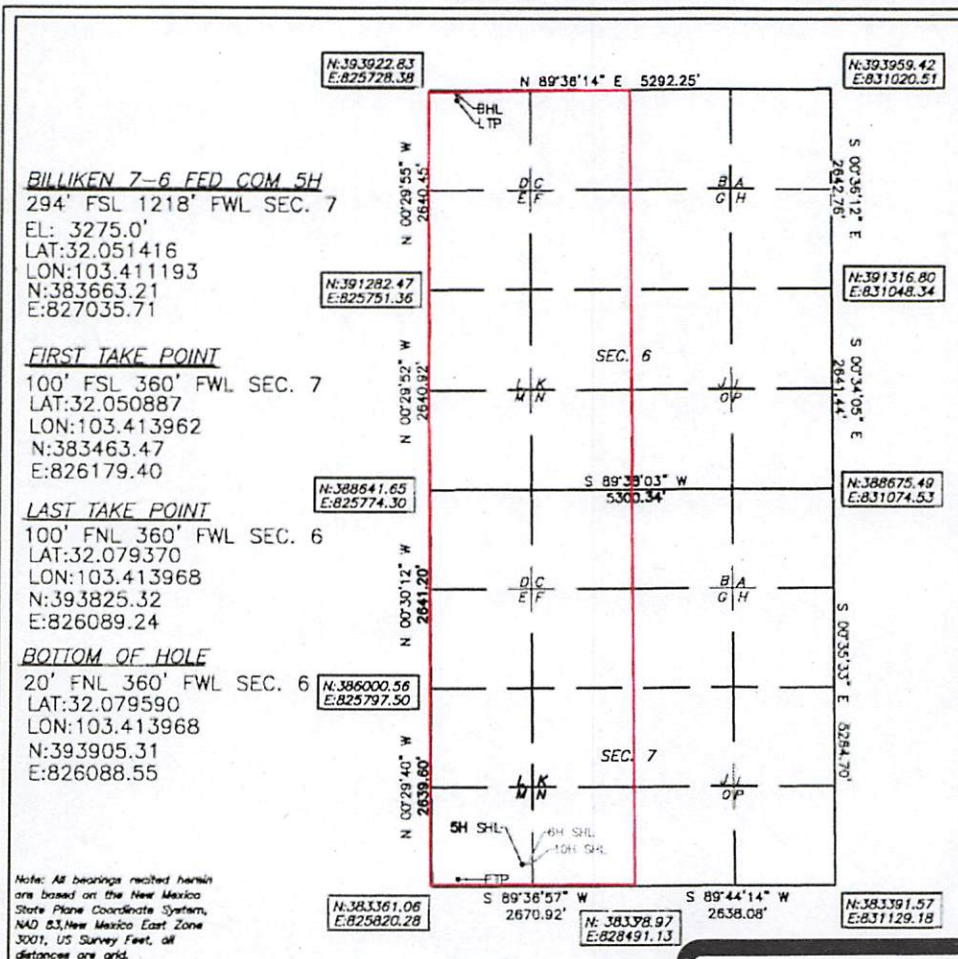
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	26-S	35-E		294	SOUTH	1218	WEST	LEA

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
D	6	26-S	35-E		20	NORTH	360	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
644.08			

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 10/2/2019
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.

7/2019
Date of Survey

Signature & Seal of Professional Surveyor



07/26/19
Certificate No. 22404 B.L. LAMAN
DATE OF SURVEY: 6/02/19 DRAWN BY: JP

EXHIBIT

2C

DISTRICT I
1525 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 383-6161 Fax: (575) 383-0780

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1883 Fax: (575) 748-9780

DISTRICT III
1000 RIO BRAZOS RD., 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

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Property Code	Property Name	Well Number
	BILLIKEN 7-6 FED COM	6H
OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3275.4'

Surface Location

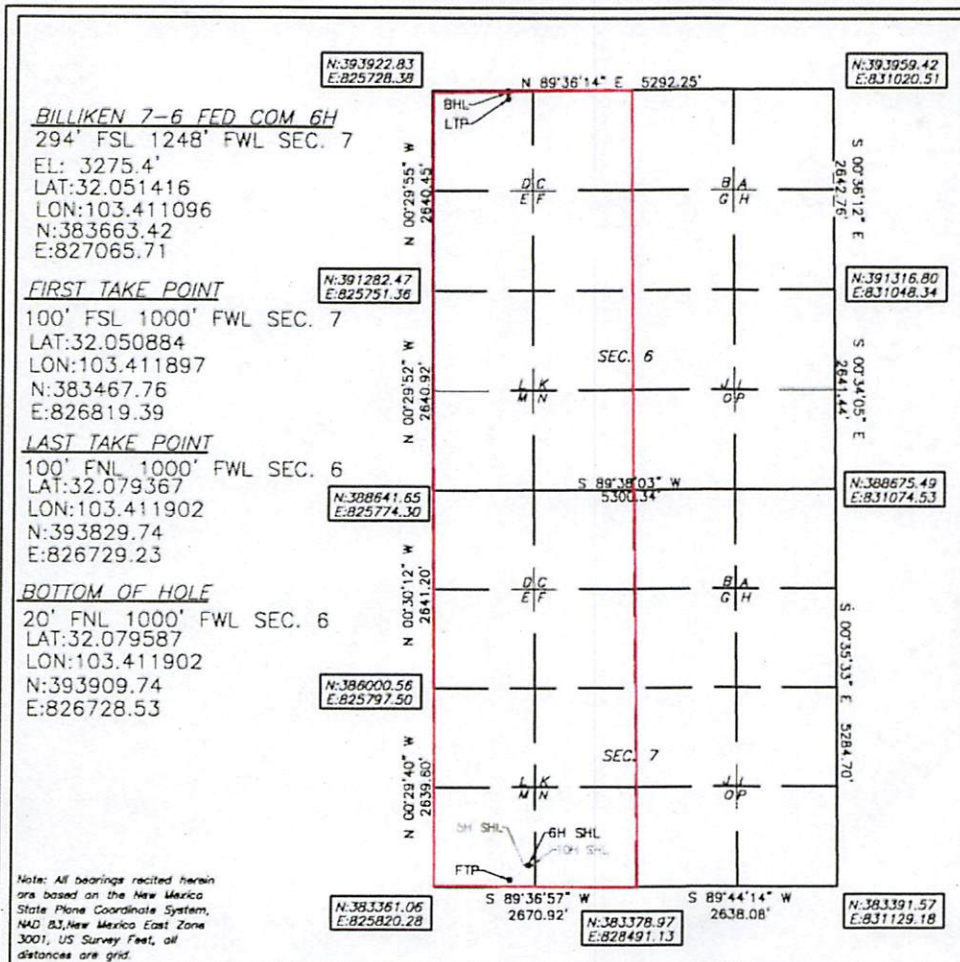
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	26-S	35-E		294	SOUTH	1248	WEST	LEA

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
D	6	26-S	35-E		20	NORTH	1000	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
644.08			

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OPERATOR CERTIFICATION

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Rebecca Deal 10/2/2019
Signature Date

Rebecca Deal, Regulatory Analyst
Printed Name

rebecca.deal@dm.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.

7/2019

Date of Survey

Signature & Seal of Professional Surveyor



07/26/19

Certificate No. 22404 B.L. LAMAN
DATE OF SURVEY: 6/02/19 DRAWN BY: JP

17

DISTRICT I
1625 N. FRENCH DR., HOHNS, NM 88240
Phone: (575) 325-6151 Fax: (575) 325-0700

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 745-1253 Fax: (575) 745-9780

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

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Property Code	Property Name	Well Number
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OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3270.3'

Surface Location

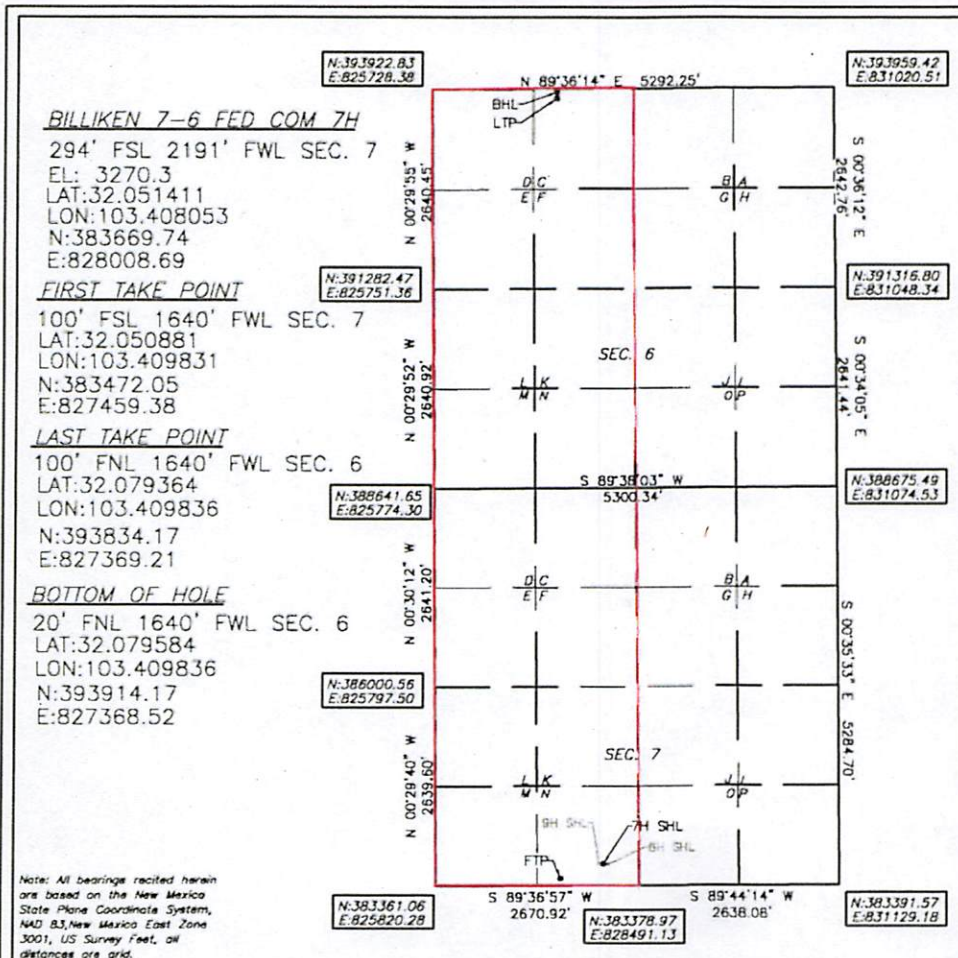
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	26-S	35-E		294	SOUTH	2191	WEST	LEA

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	6	26-S	35-E		20	NORTH	1640	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
644.08			

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OPERATOR CERTIFICATION

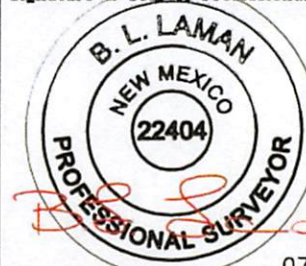
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Rebecca Deal 10/2/2019
Signature Date
Rebecca Deal, Regulatory Analyst
Printed Name
rebecca.deal@dvn.com
E-mail Address

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.

7/2019
Date of Survey
Signature & Seal of Professional Surveyor



07/26/19
Certificate No. 22404 B.L. LAMAN
DATE OF SURVEY: 6/02/19 DRAWN BY: JP

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1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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Surface Location

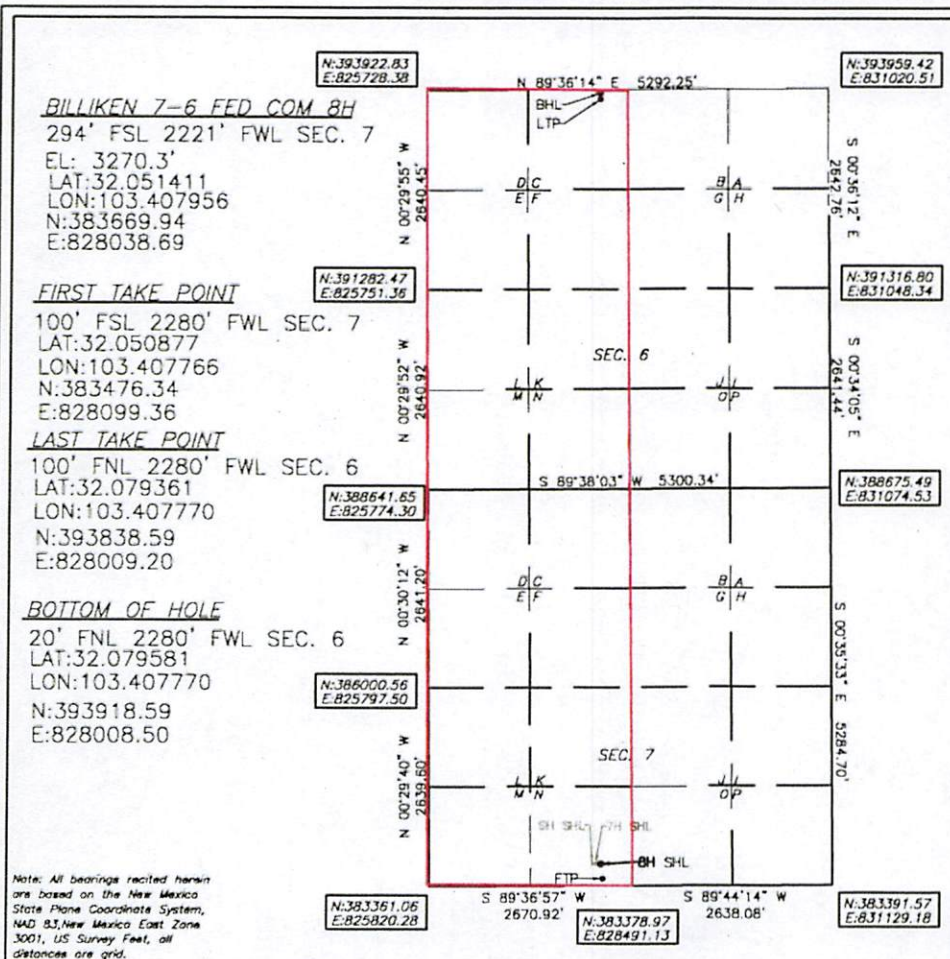
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	26-S	35-E		294	SOUTH	2221	WEST	LEA

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	6	26-S	35-E		20	NORTH	2280	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
644.08			

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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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.

Signature: Rebecca Deal Date: 10/2/2019

Printed Name: Rebecca Deal, Regulatory Analyst

E-mail Address: 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.

7/2019

Date of Survey

Signature & Seal of Professional Surveyor



07/26/19

Certificate No. 22404

B.L. LAMAN

DATE OF SURVEY: 6/02/19

DRAWN BY: JP



Devon Energy Production Company LP 405 235 3611 Phone
333 West Sheridan Avenue www.devonenergy.com
Oklahoma City, OK 73102

July 18, 2019

Emailed: India_Isbell@oxy.com

OXY USA Inc.
5 Greenway Plaza
Suite 110
Houston, TX 77046

RE: Well Proposal: Billiken 7-6 Fed Com 5H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Isbell,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 5H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 1,218' FWL Section 7-26S-35E and BHL 20' FNL and 360' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs).

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

Devon will drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement ("JOA"), which will be provided upon request. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract Area of W2 of Sections 6 and 7-T26S-R35E
- 100/300% Non-Consenting Penalty
- \$8000/\$800 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space 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 Communitization Agreement for said well 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, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.



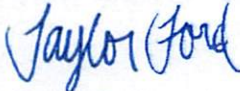
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OXY USA Inc.
Billiken 7-6 Fed Com 5H
AFE: XX-134281
July 18, 2019
Page Two

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.



Taylor Ford
Landman

OXY USA Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

OXY USA Inc.

By: _____



Authorization for Expenditure

AFE # XX-134281.01

Well Name: BILLIKEN 7-6 FED COM 5H

Cost Center Number: 1094092901

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 5H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134281.01

Well Name: BILLIKEN 7-6 FED COM 5H

Cost Center Number: 1094092901

Legal Description: Section 7-26S-35E

Revision: ☐

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE, FIT, FLANG, CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.



Devon Energy Production Company LP 405 235 3611 Phone
333 West Sheridan Avenue www.devonenergy.com
Oklahoma City, OK 73102

July 18, 2019

Emailed: kristen.hunter@chevron.com
Emailed: afenojvmcbu@chevron.com

Chevron U.S.A. Inc.
Attn: NOJV Group
1400 Smith Street
Houston, Texas 77002

RE: Well Proposal: Billiken 7-6 Fed Com 5H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Hunter,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 5H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 1,218' FWL Section 7-26S-35E and BHL 20' FNL and 360' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

As provided in the governing Operating Agreement dated March 1, 2005, Chevron shall have thirty (30) days from receipt of this letter within which to make its election to participate in the drilling and completion of the subject well.

Should Chevron elect to participate, please sign and date this letter below in the spaces provided and return one signed copy to the undersigned within the time allowed. An election to participate should be accompanied by an executed AFE and Chevron's well requirement sheet including all contact information.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford
Landman

Chevron U.S.A. Inc.
Billiken 7-6 Fed Com 511
AFB: XX-134281
July 18, 2019
Page Two

Chevron U.S.A. Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

Chevron U.S.A. Inc.

By: _____



Authorization for Expenditure

AFE # XX-134281.01

Well Name: BILLIKEN 7-6 FED COM 5H

Cost Center Number: 1094092901

Legal Description: Section 7-26S-35E

Revision: r

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 5H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TESTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134281.01

Well Name: BILLIKEN 7-6 FED COM 5H

Cost Center Number: 1094092901

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE.FIT,FLANG,CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.



Devon Energy Production Company LP
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

July 18, 2019

Emailed: India_Isbell@oxy.com

OXY USA Inc.
5 Greenway Plaza
Suite 110
Houston, TX 77046

RE: Well Proposal: Billiken 7-6 Fed Com 6H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Isbell,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 6H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 1,248' FWL. Section 7-26S-35E; and BILL 20' FNL and 1,000' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

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

Devon will drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement ("JOA"), which will be provided upon request. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract Area of W2 of Sections 6 and 7-T26S-R35E
- 100/300% Non-Consenting Penalty
- \$8000/\$800 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space 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 Communitization Agreement for said well 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, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.



OXY USA Inc.
Billiken 7-6 Fed Com 611
A/E: XX-134282
July 18, 2019
Page Two

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford

Taylor Ford
Landman

OXY USA Inc. hereby elects:

_____ To Participate in the drilling and completion of the referenced Well.

_____ Not To Participate in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

OXY USA Inc.

By: _____



Authorization for Expenditure

AFE # XX-134282.01

Well Name: BILLIKEN 7-6 FED COM 6H

Cost Center Number: 1094093001

Legal Description: Section 7-26S-35E

Revision: 1

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 6H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRGT&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

30



Authorization for Expenditure

AFE # XX-134282.01

Well Name: BILLIKEN 7-6 FED COM 6H

Cost Center Number: 1094093001

Legal Description: Section 7-26S-35E

Revision: 01

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE, FIT, FLANG, CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.



Devon Energy Production Company LP
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

July 18, 2019

Emailed: kristen.hunter@chevron.com
Emailed: afenojvmchu@chevron.com

Chevron U.S.A. Inc.
Attn: NOJV Group
1400 Smith Street
Houston, Texas 77002

RE: Well Proposal: Billiken 7-6 Fed Com 6H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Hunter,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 6H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 1,248' FWL Section 7-26S-35E and BHL 20' FNL and 1,000' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

As provided in the governing Operating Agreement dated March 1, 2005, Chevron shall have thirty (30) days from receipt of this letter within which to make its election to participate in the drilling and completion of the subject well.

Should Chevron elect to participate, please sign and date this letter below in the spaces provided and return one signed copy to the undersigned within the time allowed. An election to participate should be accompanied by an executed AFE and Chevron's well requirement sheet including all contact information.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford
Landman

Chevron U.S.A. Inc.
Billiken 7-6 Fed Com 6H
AFE: XX-134282
July 18, 2019
Page Two

Chevron U.S.A. Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

Chevron U.S.A. Inc.

By: _____



Authorization for Expenditure

AFE # XX-134282.01

Well Name: BILLIKEN 7-6 FED COM 6H

Cost Center Number: 1094093001

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 6H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134282.01

Well Name: BILLIKEN 7-6 FED COM 6H

Cost Center Number: 1094093001

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE, FIT, FLANG, CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.

35



Devon Energy Production Company LP 405 235 3611 Phone
333 West Sheridan Avenue www.devonenergy.com
Oklahoma City, OK 73102

July 18, 2019

Emailed: India_Isbell@oxy.com

OXY USA Inc.
5 Greenway Plaza
Suite 110
Houston, TX 77046

RE: Well Proposal: Billiken 7-6 Fed Com 7H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Isbell,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 7H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 2,191' FWL Section 7-26S-35E and BHL 20' FNL and 1,640' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

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

Devon will drill the Well under the terms of the modified 2015 AAPI form of Operating Agreement ("JOA"), which will be provided upon request. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract Area of W2 of Sections 6 and 7-T26S-R35E
- 100/300% Non-Consenting Penalty
- \$8000/\$800 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space 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 Communitization Agreement for said well 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, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.



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OXY USA Inc.
Billiken 7-6 Fed Com 7II
AFE: XX-134283
July 18, 2019
Page Two

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford

Taylor Ford
Landman

OXY USA Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

OXY USA Inc.

By: _____



Authorization for Expenditure

AFE # XX-134283.01
Well Name: BILLIKEN 7-6 FED COM 7H
Cost Center Number: 1094093101
Legal Description: Section 7-26S-35E
Revision:

AFE Date: 7/18/2019
State: NM
County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 7H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISC COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

38



Authorization for Expenditure

AFE # XX-134283.01

Well Name: BILLIKEN 7-6 FED COM 7H

Cost Center Number: 1094093101

Legal Description: Section 7-26S-35E

Revision: 1

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE,FIT,FLANG,CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.



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

405 235 3611 Phone
www.devonenergy.com

July 18, 2019

Emailed: kristen.hunter@chevron.com

Emailed: afenojvmcbu@chevron.com

Chevron U.S.A. Inc.
Attn: NOJV Group
1400 Smith Street
Houston, Texas 77002

RE: Well Proposal: Billiken 7-6 Fed Com 7H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Hunter,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 7H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 2,191' FWL Section 7-26S-35E and BHL 20' FNL and 1,640' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

As provided in the governing Operating Agreement dated March 1, 2005, Chevron shall have thirty (30) days from receipt of this letter within which to make its election to participate in the drilling and completion of the subject well.

Should Chevron elect to participate, please sign and date this letter below in the spaces provided and return one signed copy to the undersigned within the time allowed. An election to participate should be accompanied by an executed AFE and Chevron's well requirement sheet including all contact information.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford
Landman

Chevron U.S.A. Inc.
Billiken 7-6 Fed Com 7H
AFF: XX-134283
July 18, 2019
Page Two

Chevron U.S.A. Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

Chevron U.S.A. Inc.

By: _____



Authorization for Expenditure

AFE # XX-134283.01

Well Name: BILLIKEN 7-6 FED COM 7H

Cost Center Number: 1094093101

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 7H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134283.01

Well Name: BILLIKEN 7-6 FED COM 7H

Cost Center Number: 1094093101

Legal Description: Section 7-26S-35E

Revision: ☐

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE, FIT, FLANG, CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.

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Devon Energy Production Company LP
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

July 18, 2019

Emailed: India Isbell@oxy.com

OXY USA Inc.
5 Greenway Plaza
Suite 110
Houston, TX 77046

RE: Well Proposal: Billiken 7-6 Fed Com 8H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Isbell,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 8H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHIL 294' FSL and 2,221' FWL Section 7-26S-35E and BHIL 20' FNL and 2,280' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

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

Devon will drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement ("JOA"), which will be provided upon request. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract Area of W2 of Sections 6 and 7-T26S-R35E
- 100/300% Non-Consenting Penalty
- \$8000/\$800 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space 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 Communitization Agreement for said well 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, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.



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OXY USA Inc.
Billiken 7-6 Fed Com SH
AFE: XX-134285
July 18, 2019
Page Two

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070
or email me at Taylor.Ford@dvn.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford

Taylor Ford
Landman

OXY USA Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

OXY USA Inc.

By: _____



Authorization for Expenditure

AFE # XX-134285.01

Well Name: BILLIKEN 7-6 FED COM 8H

Cost Center Number: 1094093201

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 8H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL, PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134285.01

Well Name: BILLIKEN 7-6 FED COM 8H

Cost Center Number: 1094093201

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE,FIT,FLANG,CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.

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Devon Energy Production Company LP
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

July 18, 2019

Emailed: kristen.hunter@chevron.com
Emailed: afenojymcbu@chevron.com

Chevron U.S.A. Inc.
Attn: NOJV Group
1400 Smith Street
Houston, Texas 77002

RE: Well Proposal: Billiken 7-6 Fed Com 8H
T26S-R35E
Section 6: W/2, Section 7: W/2
Lea County, New Mexico

Dear Ms. Hunter,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Billiken 7-6 Fed Com 8H as a horizontal well to an approximate TVD of 12,550' and approximate TMD of 22,550' into the Wolfcamp formation at a SHL 294' FSL and 2,221' FWL Section 7-26S-35E and BHL 20' FNL and 2,280' FWL Section 6-26S-35E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$4,427,582.65 and total completed well costs of \$12,430,402.57 (includes CTB and flowline costs). No science costs apply.

As provided in the governing Operating Agreement dated March 1, 2005, Chevron shall have thirty (30) days from receipt of this letter within which to make its election to participate in the drilling and completion of the subject well.

Should Chevron elect to participate, please sign and date this letter below in the spaces provided and return one signed copy to the undersigned within the time allowed. An election to participate should be accompanied by an executed AFE and Chevron's well requirement sheet including all contact information.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8070 or email me at Taylor.Ford@dnv.com.

Best regards,

Devon Energy Production Company, L.P.

Taylor Ford
Landman

Chevron U.S.A. Inc.
Billiken 7-6 Fed Com 8H
AFIE: XX-134285
July 18, 2019
Page Two

Chevron U.S.A. Inc. hereby elects:

_____ **To Participate** in the drilling and completion of the referenced Well.

_____ **Not To Participate** in the drilling and completion of the referenced Well.

Agreed to and Accepted this _____ day of _____, 2019.

Chevron U.S.A. Inc.

By: _____



Authorization for Expenditure

AFE # XX-134285.01

Well Name: BILLIKEN 7-6 FED COM 8H

Cost Center Number: 1094093201

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Billiken 7-6 Fed Com 8H.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	354,904.87	0.00	354,904.87
6060100	DYED LIQUID FUELS	135,959.58	542,833.47	0.00	678,793.05
6060130	GASEOUS FUELS	62,467.92	0.00	0.00	62,467.92
6080100	DISPOSAL - SOLIDS	102,390.24	2,100.00	0.00	104,490.24
6080110	DISP-SALTWATER & OTH	0.00	223,000.00	0.00	223,000.00
6090100	FLUIDS - WATER	60,900.00	164,897.15	0.00	225,797.15
6090120	RECYC TREAT&PROC-H2O	0.00	473,788.98	0.00	473,788.98
6100100	PERMIT SURVEY&TITLE	40,000.00	4,044.94	0.00	44,044.94
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	40,723.03	0.00	140,723.03
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130130	COMM SERVICE - SCADA	0.00	112,921.35	0.00	112,921.35
6130170	COMM SVCS - WAN	6,430.52	0.00	0.00	6,430.52
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,404.00	0.00	0.00	28,404.00
6150100	CH LOG PERFRTG&WL SV	0.00	461,317.50	0.00	461,317.50
6160100	MATERIALS & SUPPLIES	734.92	0.00	0.00	734.92
6170100	PULLING&SWABBING SVC	0.00	33,000.00	0.00	33,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	631,591.63	0.00	631,591.63
6190100	TRCKG&HL-SOLID&FLUID	55,118.75	0.00	0.00	55,118.75
6190110	TRUCKING&HAUL OF EQP	54,000.00	18,750.00	0.00	72,750.00
6200130	CONSLT & PROJECT SVC	176,380.00	147,587.80	0.00	323,967.80
6230120	SAFETY SERVICES	60,630.63	0.00	0.00	60,630.63
6300270	SOLIDS CONTROL SRVCS	117,586.67	0.00	0.00	117,586.67
6310120	STIMULATION SERVICES	0.00	1,677,554.55	0.00	1,677,554.55
6310190	PROPPANT PURCHASE	0.00	918,097.80	0.00	918,097.80
6310200	CASING & TUBULAR SVC	67,600.00	0.00	0.00	67,600.00
6310250	CEMENTING SERVICES	255,000.00	0.00	0.00	255,000.00
6310280	DAYWORK COSTS	750,000.00	0.00	0.00	750,000.00
6310300	DIRECTIONAL SERVICES	355,887.50	0.00	0.00	355,887.50
6310310	DRILL BITS	135,200.00	0.00	0.00	135,200.00
6310330	DRILL&COMP FLUID&SVC	395,920.00	6,600.00	0.00	402,520.00
6310370	MOB & DEMOBILIZATION	22,000.00	0.00	0.00	22,000.00
6310380	OPEN HOLE EVALUATION	24,129.31	0.00	0.00	24,129.31
6310480	TSTNG-WELL. PL & OTH	0.00	270,050.72	0.00	270,050.72
6310600	MISC PUMPING SERVICE	0.00	136,119.57	0.00	136,119.57
6320100	EQPMNT SVC-SRF RNTL	150,000.00	486,050.82	0.00	636,050.82
6320110	EQUIP SVC - DOWNHOLE	80,000.00	0.00	0.00	80,000.00
6320160	WELDING SERVICES	1,750.00	0.00	0.00	1,750.00
6320190	WATER TRANSFER	0.00	235,684.07	0.00	235,684.07
6350100	CONSTRUCTION SVC	0.00	164,224.72	0.00	164,224.72
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550100	MISCS COSTS & SERVS	0.00	11,325.00	0.00	11,325.00
6550110	MISCELLANEOUS SVC	125,900.00	0.00	0.00	125,900.00

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.

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Authorization for Expenditure

AFE # XX-134285.01

Well Name: BILLIKEN 7-6 FED COM 8H

Cost Center Number: 1094093201

Legal Description: Section 7-26S-35E

Revision:

AFE Date: 7/18/2019

State: NM

County/Parish: LEA

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6630110	CAPITAL OVERHEAD	11,023.75	29,906.74	0.00	40,930.49
6740340	TAXES OTHER	394.28	8,106.00	0.00	8,500.28
	Total Intangibles	3,410,808.07	7,165,680.71	0.00	10,576,488.78

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6130120	COMM DEVICES - SCADA	0.00	24,194.94	0.00	24,194.94
6230130	SAFETY EQUIPMENT	3,674.58	0.00	0.00	3,674.58
6300210	TREATER FWKO EQUIP	0.00	476,169.10	0.00	476,169.10
6310130	ARTIFICIAL LIFT EQP	0.00	37,000.00	0.00	37,000.00
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310420	TUBING & COMPONENTS	0.00	66,000.00	0.00	66,000.00
6310460	WELLHEAD EQUIPMENT	33,100.00	72,460.00	0.00	105,560.00
6310530	SURFACE CASING	80,000.00	0.00	0.00	80,000.00
6310540	INTERMEDIATE CASING	350,000.00	0.00	0.00	350,000.00
6310550	PRODUCTION CASING	450,000.00	0.00	0.00	450,000.00
6310580	CASING COMPONENTS	50,000.00	0.00	0.00	50,000.00
6330100	PIPE, FIT, FLANG, CPLNG	0.00	161,315.17	0.00	161,315.17
	Total Tangibles	1,016,774.58	837,139.21	0.00	1,853,913.79

TOTAL ESTIMATED COST	4,427,582.65	8,002,819.92	0.00	12,430,402.57
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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.