APPLICATION OF STEWARD ENERGY II, LLC FOR COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case No. 20939

INDEX

Application

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 - B. List of uncommitted mineral interests
 - C. Copy of well proposal letter and associated USPS return green cards
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 - E. Affidavit of Publication
 - F. Authorization for Expenditure for proposed well
- 2. Self-Affirmed Statement of Shane Seals
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 - B. Structure map of San Andres formation
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APPLICATION OF STEWARD ENERGY II, LLC FOR COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case No. 2093 9

APPLICATION

Pursuant to NMSA § 70-2-17 and 19.15.16.15(C)(6) NMAC, Steward Energy II, LLC ("Steward") applies for an order (i) pooling all uncommitted mineral intersts in the San Andres formation in a 358.05-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, New Mexico, and (ii) approving an unorthodox well location for the Slippin Jimmy Fee #1H well. In support of its Application, Steward states:

- 1. Steward (OGRID No. 371682) is a working interest owner in the the E/2 of Section 23 and the NE/4 of Section 26 and has the right to drill a well thereon.
- 2. The horizontal spacing unit will be dedicated to the Slippin Jimmy Fee #1H well, which will be horizontally drilled from a surface location in Lot 3 in Section 26 to a bottom hole location in Lot 1 in Section 23, Township 13 South, Range 38 East.
- 3. The completed interval for the Slippin Jimmy Fee #1H well will be unorthodox in relation to the eastern boundary of the proposed horizontal spacing unit. Consequently, Steward requests Division approval of the unorthodox well location.
- 4. Steward has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners within the horizontal spacing unit to participate in the drilling of

the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.

- 5. The pooling of all uncommitted mineral interests in the San Andres formation underlying the E/2 of Section 23 and the NE/4 of Section 26 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
- 6. In order to allow Steward to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the horizontal spacing unit should be pooled.

WHEREFORE, Steward requests that this Application be set for hearing on December 12, 2019 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the San Andres formation underlying the E/2 of Section 23 and the NE/4 of Section 26;
 - B. Approving the unorthodox location for the Slippin Jimmy Fee #1H well;
 - C. Designating Steward as the operator of the Slippin Jimmy Fee #1H well;
- D. Authorizing Steward to recover its costs of drilling, equipping, and completing the Slippin Jimmy Fee #1H and allocating the costs among the well's working interest owners;
- E. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Imposing a 200% penalty for the risk assumed by Steward in drilling and completing the Slippin Jimmy Fee #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

HINKLE SHANOR LLP

Gary W. Carson

P.O. Box 2068 Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623 glarson@hinklelawfirm.com

Counsel for Steward Energy II, LLC

APPLICATION OF STEWARD ENERGY II, LLC FOR COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case No. 20939

SELF-AFFIRMED STATEMENT OF MARK TAYLOR WARREN II

- 1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
- 2. I am the Land Manager at Steward Energy II, LLC ("Steward Energy"). I have had direct involvement with Steward Energy's development of the 358.05-acre, more or less, horizontal spacing unit ("HSU") that is the subject of Steward Energy's application in this case.
- 3. The HSU will be dedicated to the Slippin Jimmy Fee #1H well. The C-102 for the well is attached hereto as Exhibit A. As indicated on the C-102, the proposed HSU is comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County.
- 4. Steward Energy seeks to pool all uncommitted interests in the San Andres formation underlying the HSU. A listing of the uncommitted mineral interests is attached hereto as Exhibit B. 86.733453% of the working interests in the HSU are committed to the proposed well.
- 5. The Slippin Jimmy Fee #1H well is to be horizontally drilled from a surface location in Lot 3 in Section 26 to a bottom hole location in Lot 1 in Section 23, Township 13 South, Range 38 East.

Case No. 20939 Steward Energy II, LLC Exhibit 1

- 6. As also indicated on the C-102, the completed interval for the well will be unorthodox at the eastern boundary of the HSU. Consequently, Steward Energy is requesting approval of the unorthodox well location. With regard to the offset acreage on the Texas side, Steward Energy is the only operator in the offset acreage, and there is one unleased mineral interest owner, the Texas General Land Office, in the offset acreage.
- 7. There are no depth exceptions in the San Andres formation underlying the proposed HSU.
 - 8. Steward Energy has the right to pool the overriding royalty owners in the HSU.
- 9. I sent certified mail well proposal letters to all of the uncommitted mineral interests identified in Exhibit B. A true and correct sample of my well proposal letter and the associated green cards are attached hereto as Exhibit C.
- 10. Subsequently, Steward Energy conducted follow-up communications with a number of the uncommitted mineral interests, ten of whom have leased their interest to Steward Energy.
- 11. In my opinion, Steward Energy has made a good faith effort to obtain the voluntary joinder of the uncommitted interests in the proposed well.
- 12. Certified mail notice of Steward Energy's application and the Division hearing was provided by Steward Energy's counsel to the uncommitted mineral interests in the HSU and to the Texas General Land Office. A sample of the notice letter sent to the uncommitted interests, the letter sent to the Texas General Land Office, and the associated green cards are attached hereto as Exhibit D.
- 13. Steward Energy also published notice of the hearing in the Hobbs News-Sun. A true and correct copy of the newspaper's Affidavit of Publication is attached hereto as Exhibit E.

14. The AFE for the proposed Slippin Jimmy Fee #1H well is attached hereto as ExhibitE. The estimated cost of the San Andres well is fair and reasonable, and is comparable to the cost

of other wells of similar depth and length drilled in Lea County.

15. Steward Energy requests overhead and administrative rates of \$6,500 per month

while the well is being drilled and \$650 per month while the well in producing. These rates are

fair, and are comparable to the rates charged by Steward Energy and by other operators in the

vicinity. They are also the rates set forth in the Joint Operating Agreement for the HSU. Steward

Energy requests that the rates be adjusted periodically in accordance with the COPAS Accounting

Procedure.

16. Steward Energy requests that it be designated the operator of the Slippin Jimmy

Fee #1H well.

17. Steward Energy requests that a 200% risk charge be assessed against non-

consenting working interest owners.

18. The exhibits attached hereto are true and correct copies of documents that were

either prepared by me or under my supervision, or were compiled from company business records.

19. In my opinion, the granting of Steward Energy's application would serve the

interests of conservation and the prevention of waste.

20. I understand that this Self-Affirmed Statement will be used as written testimony in

this case. I affirm that my testimony in paragraphs 1 through 19 above is true and correct and is

made under penalty of perjury under the laws of the State of New Mexico. My testimony is made

as of the date handwritten next to my signature below.

Mark Taylor Warren II

Date

12.11.19

3

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

Phone: (505) 476-3460 Fax (505) 476-3462

358.05

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

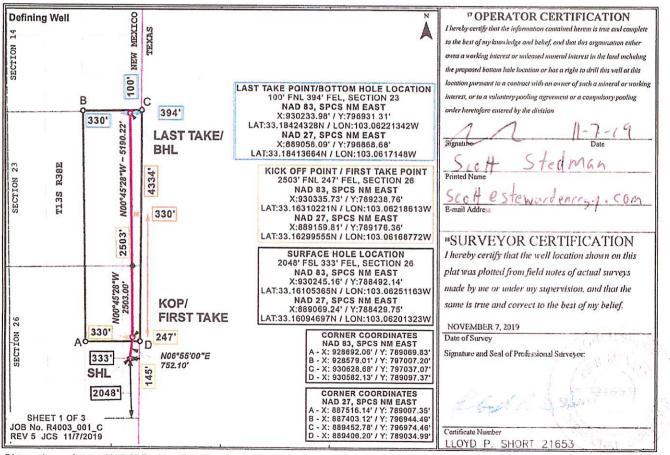
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

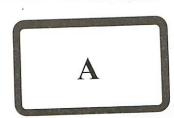
WELL LOCATION AND ACREAGE DEDICATION PLAT

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				7500	7500 BRONCO; SAN ANDRES			DRES, SOUT	, SOUTH	
4 Property (⁴ Property Code			⁵ Property Name			6 1	Yell Number		
				SLIPPIN JIMMY FEE					1H	
OGRID 1	1				8 Operator h	Vame			Elevation	
371682			STEWARD ENERGY II, LLC				3791'			
					¹⁰ Surface I	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/\Vest line	County	
I	26	13S	38E		2048	SOUTH	333	EAST	LEA	
			" Bot	ttom Hol	e 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	
Α	23	13S	38E		100	NORTH	394	EAST	LEA	
12 Dedicated Acres	Joint o	r Infill 14 C	Consolidation (Code 15 Or	der No.					

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.



Distances/areas relative to NAD 83 Combined Scale Factor: 1.000081596 Convergence: 00°41'37.78218"



Uncommitted Mineral Interests

Alma L. & Kelly B. Tisher P.O. Box 533 Littleton, CO 80160

Baxsto, LLC P.O. Box 302857 Austin, TX 78703

Billy Glen Spradlin 29 Rim Road Kilgore, TX 75662

Bonnie L. McGurn 699 Constellation Ct. Davidsonville, MD 21035

Brook Colby Gruszka 2541 Prairie Avenue Apartment 2 Evanston, IL 30201

Buffy Energy, LLC P.O. Box 1649 Austin, TX 78767

Cathie McCown Cone Post Office Box 658 Dripping Springs, TX 78620

Chatfield Company 308 West 104th Avenue Suite 2A New York City, NY 10025

Christa L. Leavell Post Office Box 470 Robinson, IL 62454

Colby Family Revocable Living Marital Deduction Trust c/o Paul J. Colby, Co-Trustee 7 Ramsel Way Byford, W.A.,6122 Australia Daniel Alden Hill, Jr. 185 Massachusetts Avenue Apartment 202 Boston, MA 02115

Donald Marshall Markham Family Trust c/o Donald Marshall Markham, Trustee P.O. Box 241 Center Point, TX 78010

Douglas A. Denton 1501 Princeton Avenue Midland, TX 79701

Edward and Bessie O'Neal P.O. Box 241 Center Point, TX 78010

FFF, Inc. Post Office Box 8687 Denver, CO 80210

Frannifin, LLC, an Oklahoma limited liability company 501 W. Main Street Yukon, OK 73099

Grady Hunnicutt Paul Larry Hunnicutt, Custodian 14046 Rolling Hills Lane Dallas, TX 75240

Harle, Inc. 1504 Hess Creek Road Newberg, OR 97132 Howard H. Cone Trust "A" u/w/o Herbert E. Cone 117 Seaview Lane Corpus Christi, TX 78411

Jan C. Ice P.O. Box 7366 Covington, WA 98042 Jennifer Moynihan 1301 Clover Valley Way, Apt. K Edgewood, MD 21040

John Raymond Hill, Jr. 175 Willowgreen Place Santa Rosa, CA 95403

Justin Hunnicutt Travis 14046 Rolling Hills Lane Dallas, TX 75240

Kenneth G. Cone c/o Cathie Cone McGowan, AIF P.O. Box 507 Dripping Springs, TX 78620

L.S. & M.E. Anderson Family Trust Dated 5/26/2004 61166 Stoney Point Road Vernonia, OR 97064

L.S. & M.E. Anderson Family Trust Dated 5/26/2004 71332 San Gorgonio Rd. Rancho Mirage, CA 92207

Lavern W. Colby Revocable Trust Dt. 2/15/00 & amended 7/13/2000 c/o Paul J. Colby, Co-Trustee 7 Ramsel Way Byford, W.A., 6122 Australia

Louis A. Oswald, III 5360 S. Marshall St. Littleton, CO 80218

Lowe Minerals & Land Family Ptship, Ltd. 2313 Broadway Lubbock, TX 79401

M.W. Oil Investment Company 5454 Washington St. Denver, CO 80216

Margaret E. Moynihan 8605 Soaring Eagle Ln. Waxhaw, NC 28173 Michelle Leavell P.O. Box 470 Robinson, IL 62454

Motowi, LLC 501 W. Main St. Yukon, OK 73099

Oswald Family Trust Louis A. Oswald, III, Trustee 5360 S. Marshall St. Littleton, CO 80218

Patrick B. Moynihan 1807 Flagstaff Rd, #179 Bell Air, MD 21015

Paula M. Schneider 1902 Thomas Run Cir. Bell Air, MD 21015

Pumpkin Buttes, LLC P.O. Box 1989 Casper, WY 86202

Robert Edwards Eckels, Jr., LLC 13637 Happy Hollow Rd. Eckert, CO 91418

Roy G. Barton & Opal Barton Revocable Trust, u/t/a 1/28/1982 c/o Roy G. Barton, Jr., Trustee 1919 N. Turner St. Hobbs, NM 88240

The Long Trusts Larry T. Long, Managing Trustee P.O. Box 3096 Kilgore, TX 75663

Wyotex Oil Company 8690 S. Marshall St. Littleton, CO 80218



******VIA CERTIFIED U.S.P.S. MAIL******

September 25, 2019

Re: Steward Energy II, LLC

Well Proposal – SLIPPIN JIMMY FEE #1H

Sections 23 and 26, Township 13 South, Range 38 East, N.M.P.M.

Lea County, New Mexico

Billy Spradlin 29 Rim Road Kilgore, TX 75662

To Whom it may concern,

This letter will serve as notice regarding the plans of Steward Energy II, LLC ("Steward") to drill the Slippin Jimmy Fee #1H ("Well") with its surface location in the N/2 of the SE/4 of Section 26, Township 13 South, Range 38 East, Lea County, New Mexico. The Well will target the San Andres formation and will be drilled as a horizontal well with an approximate total depth drilled of 13,500 feet. The producing intervals of the Well will be located within the standard horizontal spacing unit ("Spacing Unit") approved by the New Mexico Oil Conservation Division.

Steward's ownership records indicate that you own an unleased mineral interest located within the Well's Spacing Unit, and as an unleased mineral owner you are offered participation in the Well based upon your proportionate mineral interest in the Spacing Unit. Your proportionate interest and share of cost in the Well are noted at the bottom of the attached Authorization for Expenditure ("AFE"). The itemized cost of the Well is listed on the AFE, and the total cost for drilling is \$1,479,830.00, with an additional \$3,219,396.00 to complete the well.

Please indicate your election as to your participation in the Well by checking the appropriate box in the space provided below.

In the even you elect to participate in the well, please sign the bottom of the attached AFE and return the AFE along with this signed letter.

In the event you elect NOT to participate in the well, please return a signed copy of this letter. Please be advised that Steward has requested a risk penalty in accordance with New Mexico law. In the event you elect NOT to participate, but do desire to lease your mineral interest, please contact Steward's Land Department at any of the contacts listed below.

Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

Steward Energy II, LLC Land Department 2600 N. Dallas Parkway, Suite 400 Frisco, Texas 75094

For questions regarding this well proposal please contact the Land Department at land@stewardenergy.net or call (214) 297-0500

Respectfully,	
M. 6-20	
Taylor Warren Land Manager	
Attachment	
Proportionate Interest: 0.221815%	
The undersigned elects <u>to not to</u> particip #1H well with their proportionate interest.	ate in the SLIPPIN JIMMY FEE
Billy Glen Spradlin	
By: Date:	

COMPLETE THIS SECTION ON DELIVERY	X Agent X Addres B. Received by Printed Name) C. Date of Deliv	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No	Service Type Adult Signature Adult Signature Certified Mal(® Certified Mal(®) Coloct on Delivery Collect on Delivery Ivery Restricted Delivery Ivery Restricted Delivery Sal	Domestic Return Recression Belling Recression Recressio	A. Signature A. Signature A. Signature B. Received by (Printed Name) C. Date of Delive C. CAUCE C. Date of Delive D. Is delivery address different from item 1? If YES, enter delivery address below: D. S. C. Date of Delive D. S. C. C. D. S. C. C. C. D. S. C. C. D. S. C. C. C. C. D. S. C. C. C. C. D. S. C.	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Malie Merchandise Certified Malie Merchandise Signature Confirmatic Signature Confirmatic Certified Malie Merchandise Merchandise Merchandise Signature Confirmatic Certified Malie Merchandise Merchandise
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SENDER: COMP Complete items Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: Bonnie L. McGurn 699 Constellation Court Davidsonville, MD 21035	X Grant Galler Grant Grant Galler Grant Gall	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 Long Trusts Larry T. Long, Managing Trustee Post Office Box 3096	A. Signature X B. Received by Printed Name C. L D. Is delivery address different from item? If YES, enter delivery address below:
9590 9402 5071 9092 1687 12 2 7017 2620 0000 3197 PS Form 3811, July 2015 PSN 7530-02-000-9053	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail Restricted Delivery Certified Mail Restricted Delivery Collect on Delivery Restricted Delivery Bilion Restricted Delivery (over \$500) Priority Mail Express® Registered Mail™ Registered Mail™ Registered Mail™ Registered Mail Restricted Delivery Registered Mail Restricted Delivery Return Recelpt for Merchandise Signature Confirmation™ Signature Confirmation Restricted Delivery Domestic Return Recelpt	9590 9402 5090 9092 0571 03 2 Article Number (Transfer from service leben 7017 3380 000 7347 468) PS Form 3811, July 2015 PSN 7530-02-000-9053	3. Service Type Adult Signature Adult Signature Restricted Delivery Cortified Mail® Collect on Delivery Collect on Delivery Mail Restricted Delivery Mail Restricted Delivery Mail Restricted Delivery (over \$500) Domestic Return Receipt Collect On Delivery Mail Restricted Delivery Domestic Return Receipt Domestic Return Receipt Domestic Return Receipt Domestic Return Receipt
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■ 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: Pumpkin Buttes, LLC Post Office Box 1989 Casper, WY 82602	A. Signature A. Signature Agent Addressee B. Received by (Printed Name) D. Is delivery address different from item 1? Yes If YES, enter delivery address below:	SENDER: COMPLETE 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. Notowi, LLC 501 W. Main Street Yukon, OK 73099	A. Signature X
9590 9402 5090 9092 0556 66 2 Article Number (Transfer from service label) 7017 2620 0000 3197 3 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. Roy G Barton & Opal Barton Revocable T c/o Roy G. Barton, Jr., Trustee 1919 North Turner Street	A Signature B Received by (Printed Name) C. Date of Delivery	9590 9402 5071 9092 1686 75 2. Article Number (Transfer from service label) 7017 2620 0000 3197 PS Form 3811, July 2015 PSN 7530-02-000-9053 SENDER: GOMPLETE 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 Arddressed to: Billy Glen Spradlin 29 Rim Road	3. Service Type Adult Signature Priority Mail Express® Registered Mail™ Registered Mail™ Registered Mail™ Registered Mail Restricted Delivery Cortified Mail Restricted Delivery Collect on Delivery Restricted Delivery Signature Confirmatic Signature Address® Address® Address® Address® Address® Address® Address® Address® No No No No No No No N
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PO Box 302857		P.O. Box 324	10/8/19
Austin, TX 78703		Lovington, NM 88260	10 10 1 1
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Complete items 1, 2, and 3.	A. Signature		COMPLETE THIS SECTION ON DELIVERY
Print your name and address on the reverse so that we can return the card to you.	X □ Addressee	Complete items 1, 2, and 3. Print your name and address on the reverse	A. Signature
Attach this card to the back of the mailpiece,	B. Received by (Printed Name) C. Date of Delivery	so that we can return the card to you.	X Agent
or on the front if space permits.	□ Is delivery address different from item 1? □ Yes	Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delive
Buffy Energy, LLC	If YES, enter delivery address below:	1	D. Is delivery address different from item 1? Yes
PO Box 1649,	10/2/19	William N. Heiss Profit Sharing Plan	If YES, enter delivery address below:
Austin, TX 78767	10/2/17	1 OSL OTTICE BOX 2944	
		Casper, WY, 82602	
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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. Donald Marshall Markham Family Truste PO Box 241 Center Point, TX 78010	A. Signature A. Signature A. Received by (Printed Name) D. Is delivery address different from item 1? If YES, enter delivery address below:	Co 98., 2, and 3. Prin 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. Fall River Resources, Inc. Post Office Box 13456 Denver, CO 80201	A. Signature X / Color Agent Address B. Received by (Printed Name) C. Date of Delin 10-7-(1) D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
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or on the front if space permits.	Ishar Wicarel Kichardson 10-3-19	1.	D. Is delivery address different from item 1? ☐ Yes
J Bar Cane, Inc.	D. Is delivery address different from item 1? Yes If YES, enter delivery address below:	Jan C. Ice	If YES, enter delivery address below: ☐ No
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or on the front if space permits.		or on the front if space permits.	Tatrick Higgins
The Jonathan S. Roderick Trust	 D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No 	1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Jonathan S. Roderick, Truste	1.1.2/11	Richard D. Jones, Jr.	
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501 W. Main Street	If YES, enter delivery address below: ☐ No	Article Addressed to: Douglas K. Garrett	D. Is delivery address different from Item 1? Yes If YES, enter delivery address below: No
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	3	Edmond, OK 73013	° CT - 7 2019
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Jackie Garrett	If YES, enter delivery address below: No		
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Edmond, OK 73013	2019		
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PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt		



HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER

Gary W. Larson, Partner glarson@hinklelawfirm.com

November 20, 2019

VIA CERTIFIED MAIL

Wyotex Oil Company 5360 S. Marshall St. Littleton, CO 80218

Re: Steward Energy II, LLC New Mexico Oil Conservation Division Application

Dear Sir or Madam:

Enclosed is a copy of an application that Steward Energy II, LLC ("Steward") has filed with the New Mexico Oil Conservation Division ("the Division"). The application requests an order (i) pooling all uncommitted mineral interests in the San Andres formation in a 358.05-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, New Mexico, and (ii) approving an unorthodox well location for Steward's Slippin Jimmy Fee #1H horizontal well.

This matter (Case No. 20939) is scheduled for hearing at 8:15 a.m. on Thursday, December 12, 2019 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Wyotex Oil Company ("Wyotex") is not required to attend this hearing, but as an owner of an interest that may be affected by Steward's application, it may appear at the hearing and present testimony. If Wyotex does not appear at that time and become a party of record, it will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, December 5, 2019. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:jwl Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 PO BOX 1720 ARTESIA, NEW MEXICO 88211 575-622-6510 (FAX) 575-746-6316 PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE - SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321



HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson, Partner glarson@hinklelawfirm.com

November 20, 2019

VIA CERTIFIED MAIL

Texas General Land Office Attn: Mineral Division 1700 N. Congress Ave., Suite 600 Austin, TX 78701-1495

Re: Steward Energy II, LLC New Mexico Oil Conservation Division Application

Dear Sir/Madam:

Enclosed is a copy of an application that Steward Energy II, LLC ("Steward") has filed with the New Mexico Oil Conservation Division ("the Division"). The application requests an order (i) pooling all uncommitted mineral interests in the San Andres formation in a 358.05-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, New Mexico, and (ii) approving an unorthodox well location for Steward's Slippin Jimmy Fee #1H horizontal well.

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Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:jwl Enclosure FOEOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332

PO BOX 1720 ARTESIA, NEW MEXICO 88211 575-622-6510 (FAX) 575-746-6316 PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE • SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

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Littleton, CO 80160		
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so that we can return the card to you.	B. Received by	(Printed Name)	C. Date of Deliv
Attach this card to the back of the mailpiece, or on the front if space permits.			11/25/1
. Article Addressed to:	D. Is delivery as	Idress different from delivery address t	n item 1? Yes
M.W. Oil Investment Company	120, ente	donitory and	
5454 Washington St.			
Denver, CO 80216			
	3. Service Type		☐ Priority Mail Express
	☐ Adult Signature ☐ Adult Signature	estricted Delivery	☐ Registered Mail™ ☐ Registered Mail Res
	Cartified Mail®		Delivery Return Receipt for
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PS Form 3811, July 2015 PSN 7530-02-000-9053	3 '		
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or on the front if space permits.	Lizebe	h lovela	100
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501 W. Main St.			
Yukon, OK 73099			
rakon, ore 15055			
	3. Service Type ☐ Adult Signature		☐ Priority Mall Expre ☐ Registered Mail™
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9090 9402 4562 6276 5946 99	☐ Certified Mail F	ery	☐ Return Receipt for Merchandise
2. At 7018 3090 0001, 4741.		ery Restricted Deliver	☐ Signature Confirm
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PS Form 3811, July 2015 PSN 7530-02-000-9053	57		Domestic Return Re
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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. Lowe Minerals & Land Family Ptship Ltd. 2313 Broadway	A. Signatur B. Receive D. Is delive If YES, of	by (Printed Name) and a value of the second	C. Date of // 2 5- from item 1? Yess below: No
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Print your name and address on the reverse	X January Bagent
so that we can return the card to you.	B. Received by (Printed Name) C. Date of Deliver
Attach this card to the back of the mailpiece, or on the front if space permits.	DEFF ALLEN 11/27/19
Article Addressed to:	D. Is delivery address different from item 1? Yes
Cathie McCown Cone	If YES, enter delivery address below: No
Post Office Box 658	
Dripping Springs, TX 78620	
	3. Service Type ☐ Priority Mall Express®
	☐ Adult Signature ☐ Registered Mail™ ☐ Registered Mail Restrict
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so that we can return the card to you.	B. Bassived by (Printed Name) C. Daté of Deliv
Attach this card to the back of the mailpiece or on the front if space permits.	PAUL 11/26/1
1 Ar distribution	D. Is delivery address different from item 1? \(\square \) Yes
1. A Chatfield Company 308 West 104th Avenue	If YES, enter delivery address below: No
Suite 2A	
New York City, NY 10025	
Now York City, 111 10025	
* * TINING AND THE STREET AND THE ST	3. Service Type ☐ Priority Mall Express ☐ Adult Signature ☐ Registered Mall [™]
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30 1 1, July 2013 PSN 7550-02-000-905	
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so that we can return the card to ou.	R. Passivo, by (rinted Name) C. Date of Deliv
Attach this card to the back of the nailpiece or on the front if space permits.	DOMMEREHAM 11-25-C
	D. la deliveny address different from item 1? Yes
Edward and Ressie U Iveal	If VES enter delivery address below: 100
c/o Bonald Marshall Markham, Tri	
P.O. Box 241	
Center Point, TX 78010	
new mental amore can a serie to me to a bit male it was ned	3. Service Type
	☐ Adult Signature ☐ Registered Mail™ ☐ Registered Mail Res
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	Doublet on Delivery Destricted Delivery Li Signature Committee
2 Article Number (Transfer from service label)	☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation
2 Article Number (Transfer from service label) 7018 3090 0001 4738	☐ Collect on Delivery Restricted Delivery ☐ Signature Confirms

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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. 	A. Signature * Agent
Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to: Christa L. Leavell	n. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Post Office Box 470 Robinson, IL 62454	
Roomson, IL 02434	
	3. Service Type □ Priority Mail Express® □ Registered Mail™ □ Registered Mail™ □ Registered Mail Restricted □ Registered Mail Restricted
9590 9402 4582 8278 5946 84	☐ Certified Mail® Delivery ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Merchandise
2. Ar 7018 3090 0001 4738 (☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation™ ☐ Signature Confirmation ☐ Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3.	A. Signature ☐ Agent
Print your name and address on the reverse so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery
Attach this card to the back of the mailpiece, or on the front if space permits.	Flireath Ovelace 11/25/19
Frannifin, LLC,	D. Is delivery address different from item 1? Yes If YES, enter delivery address below:
501 W. Main Street Yukon, OK 73099	
Tukon, Ort vest	
	3. Service Type ☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail™ ☐ Registered Mail™ ☐ Registered Mail Restricted
9590 9402 4582 8278 5948 68	Certified Mail® Delivery Certified Mail Restricted Delivery Resum Receipt for
2. A	☐ Signature Confirmation
	(over \$500)
PS Form 3811, July 2015 PSN 7530-02-000-9053	S Domestic Fieturn Receipt
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Complete items 1, 2, and 3.	A. Signature
Print your name and address on the reverse so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery
Attach this card to the back of the mailpiece, or on the front if space permits.	DEFF ALLEN 11/27/19
1. Ar Kenneth G. Cone	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
c/o Cathie Cone McGowan, AJF P.O. Box 507	
Dripping Springs, TX 78620	
	3. Service Type
9590 9402 4582 8278 5948 20	Certified Mail® Delivery Certified Mail Restricted Delivery Return Receipt for Marchandise
2. Article Transfer from contino labell	☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation ☐ Signature Confirmation
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a maleta items 1 2 and 3.	A. Signature	☐ Agent☐ Addressee☐
and address on the levelse	Winter (Reinted Name)	C. Date of Delivery
so that we can return the card to you. Attach this card to the back of the mallpiece,	B. Received by (Printed Name)	11-26-19
or on the front it space permits	D. Is delivery address different from	n item 1? Yes
1. Article Addressed to: Michelle Leavell	If YES, enter delivery address	Delow.
p.O. Box 470		
Robinson, IL 62454		
Rooms		
		☐ Priority Mail Express®
	3. Service Type ☐ Adult Signature	☐ Registered Mail™ ☐ Registered Mail Restricted
	☐ Adult Signature Restricted Delivery ☐ Certified Mail®	Delivery Deturn Receipt for
9590 9402 4582 8278 5975 62	☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery	Merchandise ✓ Signature Confirmation™
2. Article Nimber Grander from senire labell	The second secon	Signature Confirmation Restricted Delivery
2. Article 7018 3090 0001 47	71 6 111 1	Domestic Return Receipt
PS Form 3811, July 2015 PSN 7530-02-000-9053	30	Dominous de la company de la c

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DE	WERY
	A. Signature	/ D Agent
Print votir name and address on the reverse	x /home //-	Agent Addressee
	B. Received by (Printed Name)	C. Date of Delivery
or on the front if space permits.	VARNOEY DILLE	1//30//9
1. Art Jan C. Ice	Is delivery address different from ite If YES, enter delivery address belo	ow: No
P.O. Box 7366		
Covington, WA 98042		
3	Adult Clanatura	Priority Mail Express® Registered Mail™
	Adult Signature Restricted Delivery	Registered Mail Restricted Delivery
	Certified Mail Restricted Delivery	Return Receipt for Merchandise
2 Article North and Transfer from coming John!		Signature Confirmation™ Signature Confirmation Restricted Delivery
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so that we can return the card to you.	B. Received by (Printed Name)	C. Date of Delivery
Attach this card to the back of the mailpiece, or on the front if space permits.		11.25.19
1 Article Addressed to:	D. Is delivery address different from If YES, enter delivery address	m item 1? Yes /
Howard H. Cone Trust "A" u/w/o Herbert E. Cone	II 125, enter delivery address	Delow. 140
117 Seaview Lane		
Corpus Christi, TX 78411		
oc. p		
Descriptions in collective that the contract in a section of the s	3. Service Type	☐ Priority Mail Express®
	☐ Adult Signature ☐ Adult Signature Restricted Delivery	☐ Registered Mail™ ☐ Registered Mail Restricted
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PS Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500)	Domestic Return Receipt
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U.S. Postal Service™ First-Class Mail **CERTIFIED MAIL® RECEIPT** Postage & Fees Paid USPS 0469 Domestic Mail Only Permit No. G-10 For delivery information, visit our website at www.usps.com®. 4741 Certified Mail Fee ss, and ZIP+4® in this box® Stra Services & Fees (check box, add fee as appropriate)
| Return Receipt (hardcopy)
| Return Receipt (electronic) 0001 Postmark RECEI Certified Mail Restricted Delivery \$
Adult Signature Required \$
Adult Signature Restricted Delivery \$ Here 3090 DEC - 2 2019 Total Postage and Fees HINKLE SH Kenneth G. Cone c/o Cathie Cone McGowan, AIF 7018 SAMIA E, MAN OI JU4 Street and At P.O. Box 507 Dripping Springs, TX 78620 City, State, 219-4* PS Form 3800, April 2015 PSN 7530-02-000-9047

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 November 24, 2019 and ending with the issue dated November 24, 2019.

Publisher

Sworn and subscribed to before me this 24th day of November 2019.

Business Manager

the state of the s commission expires

OFFICIAL SEAL **GUSSIE BLACK** Notary Public State of New Mexico My Commission Expires (

A COLUMN TO A COLU 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 NOTICE **NOVEMBER 24, 2019**

This is to notify all interested parties, including the Texas General Land Office, Alma L. Tisher, Kelly B. Tisher, Baxsto, LLC, Billy Glen Spradlin, Bonnie L. McGurn, Brook Colby Gruszka, Buffy Energy, LLC, Cathle McCown Cone, Chatfield Company, Christa L. Leavell, the Colby Family Revocable Living Marital Deduction Trust dated 1/7/1999, Daniel Alden Hill, Jr., the Donald Marshall Markham Family Trust dated 4/12/1995, Douglas A. Denton, Edward O'Neal, Bessie O'Neal, FFF, Inc., Frannifin, LLC, Grady Humicutt Paul, Harle, Inc., the Howard Fl. Cone Trust "A", u/w/o Hubert E. Cone, Jan C. Ice, Jennifer Monynihan, John Raymond Hill, Jr. Justin Hunnloutt Travis, Kenneth G. Cone, the L.S. and M.E. Anderson Family Trust dated 5/28/2004, the Laverne W. Colby Revocable Trust dated 5/28/2000 and amended 7/13/2000, Louis A. Oswald, Ill, Lowe Minerals and Land Family Partnership, Ltd., M.W. Oil Investment Company, Margaret E. Moynihan, Michelle Leavell, Motowi, LLC, the Oswald Family Trust, Patrick B. Moynihan, Paula M. Schneider, Pumpkin Buttes, LLC, Robert Edward Eckels, Jr., LLC, the Roy G. Barton & Opal Barton Revocable Trust u/l/a 1/28/1982,†The Long Trusts, Wyotex Oil Company and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Steward Energy II, LLC at 8:15 a.m. on December 12, 2019 in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico. Steward Energy II, LLC seeks an order (i) pooling all uncommitted mineral interests in the San Andres formation in a 358.05 acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, and (ii) approving an unorthodox well location. The horizontally drilled from a surface location in Lot 1 in of Section 23, Township 13 South, Range 38 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Steward-Energy II; LLC as the ope completing the well and the allocation of the cost, the designation of Steward-Energy II-LLC as the operator of the well, and a 200% charge for the risk operator of the well, and a zook time the well. The proposed well location is approximately sixteen (16) miles southeast of Tatum, New Mexico. #34910

02107475

00236367

HINKLE, HENSLEY, SHANOR & MARTIN, LLP PO BOX 2068 SANTA FE, NM 87504



AUTHORIZATION FOR EXPENDITURE Well Name: Slippin Jimmy Fee #1H Operator: Steward Energy II, LLC AFE Mumber: 1804142DR AFE Type: Development Drlg/Comp AFE DHTE: 09/25/2019 Well Type: Oil Prop. Depth: 5500.00 TVD, 13500.00 MD Q/Q/Q-S/T/R: N/2SE/4 / Sec. 26 / 13S / 38E County, State: Lea Field: Platang (San Andres) Prep. By: Scott Stedman Long. -103.062468 Lat. 33.161053 788492 XLOC: 930258 Surface Location: Long. -103.062258 XLoc: 930220 796931 Lat. 33.118423 Bottom Hole Location:

Project Description: Drill & Complete 1.5 mile San Andres Horizontal

Justification:

Drill & Complete 1.5 mile San Andres Horizontal; New Tank Battery & SWD line to system

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8200.100	Land, Surveying & Legal	\$30,000	\$30,000			\$30,000
8200.101	Abstract, Title & Permit	\$30,000	\$30,000			\$30,000
8200.102	ROW & Surface Damages	\$40,000	\$40,000			\$40,000
8200.103	Road, Pad Location & Pit Building	\$40,000	\$40,000			\$40,000
8200.104	Environ, Reg & Safety	\$3,500	\$3,500			\$3,500
8200.113	Contract Labor	\$5,500	\$5,500			\$5,500
8200.114	Consulting Services & Contract Supervision	\$40,000	\$40,000			\$40,000
8200.122	Material Transportation	\$6,000	\$6,000			\$6,000
8200.126	Fuel	\$30,550	\$30,550			\$30,550
8200.131	Chemical-Downhole Treating	\$1,700	\$1,700			\$1,700
8200.132	Mud & Additives	\$65,000	\$65,000			\$65,000
8200.140	Mob/Demob	\$60,000	\$60,000			\$60,000
8200.141	Mud Disposal/Pit Closure	\$150,000	\$150,000			\$150,000
8200.142	Trailer Rental, Camp & Catering	\$20,000	\$20,000			\$20,000
8200.144	Drilling Rig - Daywork or Footage	\$180,000	\$180,000			\$180,000
8200.149	Bits, Mills & Reamers	\$35,000	\$35,000			\$35,000
8200.151	Directional Services	\$126,000	\$126,000			\$126,000
8200.160	Casing Crews & Services	\$30,000	\$30,000			\$30,000
8200.161	Cementing Services	\$100,000	\$100,000			\$100,000
8200.170	Water Purchase & Transfer	\$30,000	\$30,000			\$30,000
8200.175	Surface Equipment Rental & Services	\$67,500	\$67,500			\$67,500
8200.176	Downhole Equipment Rental & Services	\$32,500	\$32,500			\$32,500
8200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$6,200	\$6,200			\$6,200
8200.301	Overhead	\$7,500	\$7,500			\$7,500
	IDC Total:	\$1,136,950	\$1,136,950			\$1,136,950
8250.200	Conductor/Drive Pipe	\$15,000	\$15,000			\$15,000
8250.201	Surface Casing	\$51,504	\$51,504			\$51,504
8250.203	Production Casing	\$233,376	\$233,376			\$233,376
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$13,000	\$13,000			\$13,000
8250.214	Other Downhole Equipment	\$30,000	\$30,000			\$30,000
	TDC Total:	\$342,880	\$342,880			\$342,880
	Drilling Total:	\$1,479,830	\$1,479,830			\$1,479,830

Approved by:		let %: Signature	Net Total:		\$
		lot 9/ •	Drilling & Completion Total:		\$4,699,226
	Completion Total:		\$3,219,396	\$2,489,896	\$3,219,396
	TPC Trotal:		\$664,750	1	\$664,750
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings	\$125,000	\$125,000		\$125,000
8650.234	Surface Pump & LACTs	\$15,000	\$15,000		\$15,000
8650.233	Flowline & Gethering Lines	\$40,000	\$40,000		\$40,000
8650.232	Tanks, Walkways & Stairs	\$134,250	\$134,250		\$134,250
8650.231	Separator, Heater Treater, FWKO	\$68,000	\$68,000		\$68,000
8650.230	Compressor, Dehy, Line Heater	\$17,500	\$17,500		\$17,500
8650.229	Prod & SWD Facility Inst.	\$105,000	\$105,000		\$105,000
8650.224	Electrial Installation & Power Generation	\$85,000	\$85,000		\$85,000
8650.223	SCADA & Communications	\$40,000	\$40,000		\$40,000
8650.222	Equipment Instrumentation & Meters	\$25,000	\$25,000		\$25,000
8650.221	Surface VSD, Transformer, POC & Associated	\$10,000	\$10,000		\$10,000
0000.175	IFC Total:	\$40,000	\$64,750		\$64,750
8600.179	Elect & Generator R&M	\$48,000	\$48,000		\$48,000
8600.175	Surface Equipment Rental & Services	\$8,000	\$8,000		\$8,000
8600.120	NGC Notal: Vaccum & Pump Truck	\$8,750	\$320,956 \$8,750	\$320,956	\$320,956 \$8,750
and the state of t	Equipment				20 55 1
8350.221	Surface VSD, Transformer, POC & Associated	\$7,008	\$22,000	\$22,000	\$22,000
8350.214	Anchors Other Downhole Equipment	\$7,008	\$7,008	\$7,008	\$7,008
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing		\$52,500	\$52,500	\$52,500
8350.211	Electric Submersible Pumps		\$198,500	\$198,500	\$198,500
8350.206	Tubing	\$13,000	\$25,948	\$25,948	\$25,948
8350.205	Wellhead Equipment, Flow Tee & Meter Run	\$15,000	\$2,168,940 \$15,000	\$2,168,940 \$15,000	\$2,168,940
	& Rods	72,300	# 360		\$2,168,940
8300.176 8300.193	Downhole Equipment Rental & Services Downhole Inspection/Testing - Casing, Tubing	\$2,500	\$85,000 \$2,500	\$85,000 \$2,500	\$85,000 \$2,500
8300.175	Surface Equipment Rental & Services		\$35,000	\$35,000	\$35,000
8300.171	Stimulation - Frac, Acid, Gravel Pack		\$1,401,690	\$1,401,690	\$1,401,690
8300.170	Water Purchase & Transfer		\$174,100	\$174,100	\$174,100
8300.164	Wireline & Perforating		\$140,000	\$140,000	\$140,000
8300.163	Cased Hole Logs		\$4,500	\$4,500	\$4,500
8300.148	Reverse Unit		\$12,600	\$12,600	\$12,600
8300.146	Completion/Workover Rig		\$41,300	\$41,300	\$41,300
8300.143	Well Control - BOP, Isolation Assy		\$65,000	\$65,000	\$65,000
8300.126	Fuel		\$100,000	\$100,000	\$100,000
8300.122	Material Transportation		\$10,000	\$10,000	\$10,000
8300.120	Vacuum & Pump Truck		\$25,000	\$25,000	\$25,000
8300.114	Consulting Services & Contract Supervision		\$50,000	\$50,000	\$50,000
8300.113	Contract Labor		\$5,000	\$5,000	\$5,000
8300.111	Company Supervision		\$5,000	\$5,000	\$5,000
8300.102	ROW & Surface Damages		\$11,250	\$11,250	\$11,250
8300.100	Land, Surveying & Legal		\$1,000	\$1,000	\$1,000

APPLICATION OF STEWARD ENERGY II, LLC FOR COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case No. 20939

SELF-AFFIRMED STATEMENT OF SHANE SEALS

- 1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
- 2. I am a geologist at Steward Energy II, LLC ("Steward Energy"). I am familiar with the geological matters that pertain to Steward Energy's application.
- 3. Attached hereto as Exhibit A in a map showing the location of the proposed Slippin Jimmy Fee #1H well.
- 4. Attached hereto as Exhibit B is a structure map of the San Andres formation. The map shows that the structure generally dips to the south.
- 5. Attached hereto as Exhibit C is a west to east cross section that identifies the target interval for Slippin Jimmy #1H well. The interval is continuous across the HSU.
- 6. Based on the information contained in Exhibits A, B and C, I am able to conclude that:
 - a) The HSU is justified from a geologic standpoint;
- b) There is no faulting or other geologic impediment that could adversely affect the drilling of the proposed well;

Case No. 20939

Steward Energy II, LLC

Exhibit 2

c) The preferred orientation for horizontal wells in the area is south to north or north to south because there is a slightly dominant stress regime that makes the orientation optimal for completion purposes; and

d) The proposed well will produce from each quarter-quarter section in the HSU and each quarter-quarter section will contribute more or less equally to production.

7. In my opinion, the granting of Steward Energy's application will serve the interests of conservation and the prevention of waste.

8. Exhibits A through C were either prepared by me or compiled from company records.

9. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 8 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Shane Seals

