

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING FEBRUARY 6, 2020**

CASE No. 21024

*LAKEWOOD FED COM #9H
LAKEWOOD FED COM #10H
LAKEWOOD FED COM #14H*

EDDY COUNTY, NEW MEXICO



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

**APPLICATION OF SEP PERMIAN,
LLC TO AMEND ORDER NO. R-20412
TO ADD ADDITIONAL WELLS TO
THE APPROVED HORIZONTAL
WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21024
ORDER NO. R-20412**

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COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

21024	APPLICANT'S RESPONSE
Date: February 6, 2020	
Applicant	SEP PERMIAN, LLC
Designated Operator & OGRID (affiliation if applicable)	SEP PERMIAN, LLC (OGRID 338479)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF SEP PERMIAN, LLC TO AMEND ORDER NO. R-20412 TO ADD ADDITIONAL WELLS TO THE APPROVED HORIZONTAL WELL SPACING UNIT, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	None
Well Family	Lakewood Fed Com wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Glorieta-Yeso formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Glorieta-Yeso formation
Pool Name and Pool Code:	N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565)
Well Location Setback Rules:	Statewide oil
Spacing Unit Size:	160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres, more or less
Building Blocks:	40-acre
Orientation:	Standup
Description: TRS/County	E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, depth severance at 3095' TVD in the SE/4 SE/4 of Section 34. See Exhibit C, ¶ 13; Case No. 20188, Exhibit 1, ¶ 16. Spur owns 100% of the working interest ownership below the depth severance line. Spur is the only affected owner and has agreed to pay all the mineral owners in the Unit as if there was no depth severance
Proximity Tracts: If yes, description	None
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Yes
Well(s)	

BEFORE THE OIL CONSERVATION DIVISOIN

Santa Fe, New Mexico

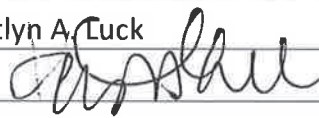
Exhibit No. A

Submitted by: SEP Permian, LLC

Hearing Date: February 6, 2020

Case No. 21024

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	<p>Lakewood Fed Com Well No. 9H, API No. 30-015-45677 SHL:573 feet from the South line and 2336 feet from the East line, (Unit O) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:20 feet from the South line and 2629 feet from the West line, (Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 3025 feet TVD. Well Orientation: North to South Completion Location expected to be:non-standard</p>
Well #2	<p>Lakewood Fed Com Well No. 10H, API No. 30-015-45678 SHL:566 feet from the South line and 2355 feet from the East line, (Unit N) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:20 feet from the North line and 2273 feet from the West line, (Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2725 feet TVD. Well Orientation: North to South Completion Location expected to be:standard</p>
Well #3	<p>Lakewood Fed Com Well No. 14H, API No. 30-015-46122 SHL:430 feet from the North line and 1290 feet from the West line, (Lot 4) of Section 3, Township 20 South, Range 25 East, NMPM. BHL:20 feet from the North line and 1561 feet from the West line, (Unit C) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2780 feet TVD. Well Orientation: North to South Completion Location expected to be:non-standard</p>
Horizontal Well First and Last Take Points	See Exhibit C-2, C-3 for the C-102s
Completion Target (Formation, TVD and MD)	See Exhibit C-5 for the well proposals of the wells. This data is also listed above with each well.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	See Order No. R-20412
Production Supervision/Month \$	See Order No. R-20412
Justification for Supervision Costs	See Order No. R-20412
Requested Risk Charge	See Order No. R-20412
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit D-1
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit D-2
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-4
Tract List (including lease numbers and owners)	Exhibit C-4
Pooled Parties (including ownership type)	Exhibit C-4, D-1
Unlocatable Parties to be Pooled	N/A

Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-4, D-1
Chronology of Contact with Non-Joined Working Interests	
Overhead Rates In Proposal Letter	See Order No. R-20412, Exhibit C-5
Cost Estimate to Drill and Complete	Exhibit C-5
Cost Estimate to Equip Well	Exhibit C-5
Cost Estimate for Production Facilities	Exhibit C-5
Geology	
Summary (including special considerations)	See Case No. 20188, Exhibit 2
Spacing Unit Schematic	See Case No. 20188, Exhibit 2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	See Case No. 20188, Exhibit 2
Target Formation	See Case No. 20188, Exhibit 2
HSU Cross Section	See Case No. 20188, Exhibit 2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2, C-3
Tracts	Exhibit C-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-4
General Location Map (including basin)	See Case No. 20188, Exhibit 2
Well Bore Location Map	See Case No. 20188, Exhibit 2
Structure Contour Map - Subsea Depth	See Case No. 20188, Exhibit 2
Cross Section Location Map (including wells)	See Case No. 20188, Exhibit 2
Cross Section (including Landing Zone)	See Case No. 20188, Exhibit 2
Additional Information	
<p>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</p>	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	6-Feb-20

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

**APPLICATION OF SEP PERMIAN,
LLC TO AMEND ORDER NO. R-20412
TO ADD ADDITIONAL WELLS TO
THE APPROVED HORIZONTAL
WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. _____
ORDER NO. R-20412**

APPLICATION

SEP Permian, LLC ("Spur") (OGRID No. 338479), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend Order No. R-20412 to add additional wells to the approved horizontal spacing unit. In support of its application, Spur states:

1. Division Order No. R-20412, entered February 28, 2019, in Case No. 20188, created a 160-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

2. The Order dedicated the above-described spacing unit to the proposed initial **Lakewood Fed Com #9H Well** (API No. 30-015-45677), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 34.

3. Since entry of Order No. R-20412, Spur, as successor operator to Percussion Petroleum, LLC, has determined that prior to the commencement of drilling it is prudent to add the following additional wells to the approved spacing unit:

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: SEP Permian, LLC
Hearing Date: February 06, 2020
Case No. 21024**

(1) **Lakewood Fed Com #10H Well** (API No. 30-015-45678), to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 34; and

(2) **Lakewood Fed Com #14H Well** (API No. 30-015-46122), to be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 3, Township 20 South, Range 25 East, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 34.

4. Spur has submitted a revised well proposal letter to the mineral owners pooled under Division Order No. R-20412 and will further notify them of this hearing.

WHEREFORE, Spur requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and, after notice and hearing as required by law, the Division amend Division Order No. R-20412 to add the wells identified herein to the approved horizontal well spacing unit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, NM 87504
505-998-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR SEP PERMIAN LLC

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

**APPLICATION OF SEP PERMIAN,
LLC TO AMEND ORDER NO. R-20412
TO ADD ADDITIONAL WELLS TO
THE APPROVED HORIZONTAL
WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21024
ORDER NO. R-20412**

**AFFIDAVIT OF STAN MITCHELL
IN SUPPORT OF CASE NO. 21024 (ORDER NO. R-20412)**

Stan Mitchell, of lawful age and being first duly sworn, declares as follows:

1. My name is Stan Mitchell. I work for Spur Energy Partners, LLC, an affiliate of SEP Permian, LLC, ("Spur") as a Contract Senior Landman.
2. I am familiar with the application filed by Spur in this case and familiar with the status of the lands in the subject area.
3. I do not anticipate any opposition to Spur's requested amendment of Order No. R-20412 in this case and presenting it by affidavit.
4. This case was initially presented to the Division on January 10, 2019.
5. Division Order No. R-20412, entered February 28, 2019, in Case No. 20188, created a 160-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. The Order dedicated the above-described spacing unit to the proposed initial **Lakewood Fed Com #9H Well** (API No. 30-015-45677), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 34.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: **SEP Permian, LLC**

Hearing Date: February 6, 2020

Case No. 21024

6. Division Order No. R-20412 is attached as **Spur Exhibit C-1**.
7. Spur seeks an order to amend Order No. R-20412 to add additional wells to the approved horizontal spacing unit.
8. Since entry of Order No. R-20412, Spur, as successor operator to Percussion Petroleum, LLC, has determined that prior to the commencement of drilling it is prudent to add the following additional wells to the approved spacing unit:
 - (1) **Lakewood Fed Com #10H Well** (API No. 30-015-45678), to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 34; and
 - (2) **Lakewood Fed Com #14H Well** (API No. 30-015-46122), to be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 3, Township 20 South, Range 25 East, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 34.
9. **Spur Exhibit C-2 and Exhibit C-3** are an in-house plat and spreadsheet reflecting the footage locations and the completed intervals for the **Lakewood Fed Com #10H and #14H wells**. The wells are located in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565).
10. Spur intends to apply for administrative approval of any unorthodox locations of these wells.
11. Other than the addition of the initial wells, all other provisions of Order No. R-20412 remain unchanged.
12. **Spur Exhibit C-4** contains a plat outlining the pooled unit, identifies the tracts of land comprising the pooled unit, and identifies the mineral interest owners pooled under Order No. R-20412.

13. There is a depth severance at 3,095' in the SE/4 SE/4 of Section 34. Spur owns 100% of the working interest ownership below the depth severance line. Spur is the only affected owner and has agreed to pay all the mineral owners in the Unit as if there was no depth severance.

14. Spur sent a well proposal letter to the working interest owners for each of these proposed initial wells. An AFE for each well was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Spur Exhibit No. C-5**.

15. I provided the law firm of Holland & Hart LLP a list of names and addresses for the parties that were forced pooled under Order No. R-20412. All pooled parties were locatable.

16. **Spur Exhibit Nos. C-1 through C-5** were either prepared by me or compiled under my direction and supervision.


STAN MITCHELL

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 3rd day of February 2020, by
Stan Mitchell.


NOTARY PUBLIC

My Commission Expires:
03-11-2022



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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**CASE NO. 20188
ORDER NO. R-20412**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 10, 2019, at Santa Fe, New Mexico, before Examiner William V. Jones. This case was again heard on January 24, 2019 and at that date taken under advisement.

NOW, on this 28th day of February, 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Cases No. 20187, 20188, and 20189 were consolidated at the hearing for testimony; however, a separate order will be issued for each case.

(3) The Applicant, Percussion Petroleum Operating, LLC, seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit comprising 160 acres (more or less) within the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565) and all other pools hereafter defined within the Glorieta-Yeso formation in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(4) The Unit will be dedicated to the following well(s):

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C1
Submitted by: SEP Permian, LLC
Hearing Date: February 06, 2020
Case No. 21024**

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

SHL: 566 feet from the South line and 2355 feet from the East line,
(Unit O) of Section 27, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 2629 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

(5) The N. Seven Rivers; Glorieta-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [vertical wells], each comprising a governmental quarter-quarter section.

(6) The allowed setback footage distance for the proposed horizontal Oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 from the outer boundary of the horizontal spacing unit.

(7) Applicant seeks approval to complete the following well or wells at an unorthodox well location:

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

First Take: 100 feet from the North line and 2609 feet from the West line,
(Unit C) of Section 34, Township 19 South, Range 25 East, NMPM.

Last Take: 100 feet from the South line and 2609 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

This well will encroach on offsetting lands to the east, specifically the W/2 E/2 of Section 34. Said lands are the subject of companion Case No. 20187.

(8) Challenger Crude Limited appeared at the hearing but did not oppose the application. No other party entered an appearance in this case or otherwise opposed this application.

(9) Applicant appeared at the hearing through counsel and presented evidence to the effect that:

- (a) The Glorieta-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The orientation of the horizontal well(s) and the Unit is appropriate for optimum recovery of oil and gas.
- (c) The target drilling depth will be within the Yeso member of the Glorieta-Yeso formation.

- (d) Notice was provided to affected parties in encroached tracts for approval of the proposed non-standard well location.
- (e) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.
- (f) Notice to affected parties who may have not been noticed otherwise was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

- (10) The proposed non-standard well location should be approved.
- (11) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.
- (12) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.
- (13) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).
- (14) There are interest owners in the Unit that have not agreed to pool their interests.
- (15) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the depths to be pooled within the Unit.
- (16) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(17) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(18) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(19) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 160 acres (more or less) within the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565) and all other pools hereafter defined within the Glorieta-Yeso formation in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) The Unit shall be dedicated to the following "Well(s)":

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

SHL: 566 feet from the South line and 2355 feet from the East line,
(Unit O) of Section 27, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 2629 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

(3) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the Well(s) and of the Unit.

(4) The proposed non-standard location as detailed in Finding Paragraph No. (7) is hereby approved.

(5) The operator of the Unit shall commence drilling the Well(s) on or before February 29, 2020 and shall thereafter continue drilling the Well(s) with due diligence to test the target formation at or about the proposed true vertical and measured depths.

(6) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from

the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(8) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(9) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(10) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(12) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed

well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(17) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(18) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the

actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(19) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A-31, as amended).

(20) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

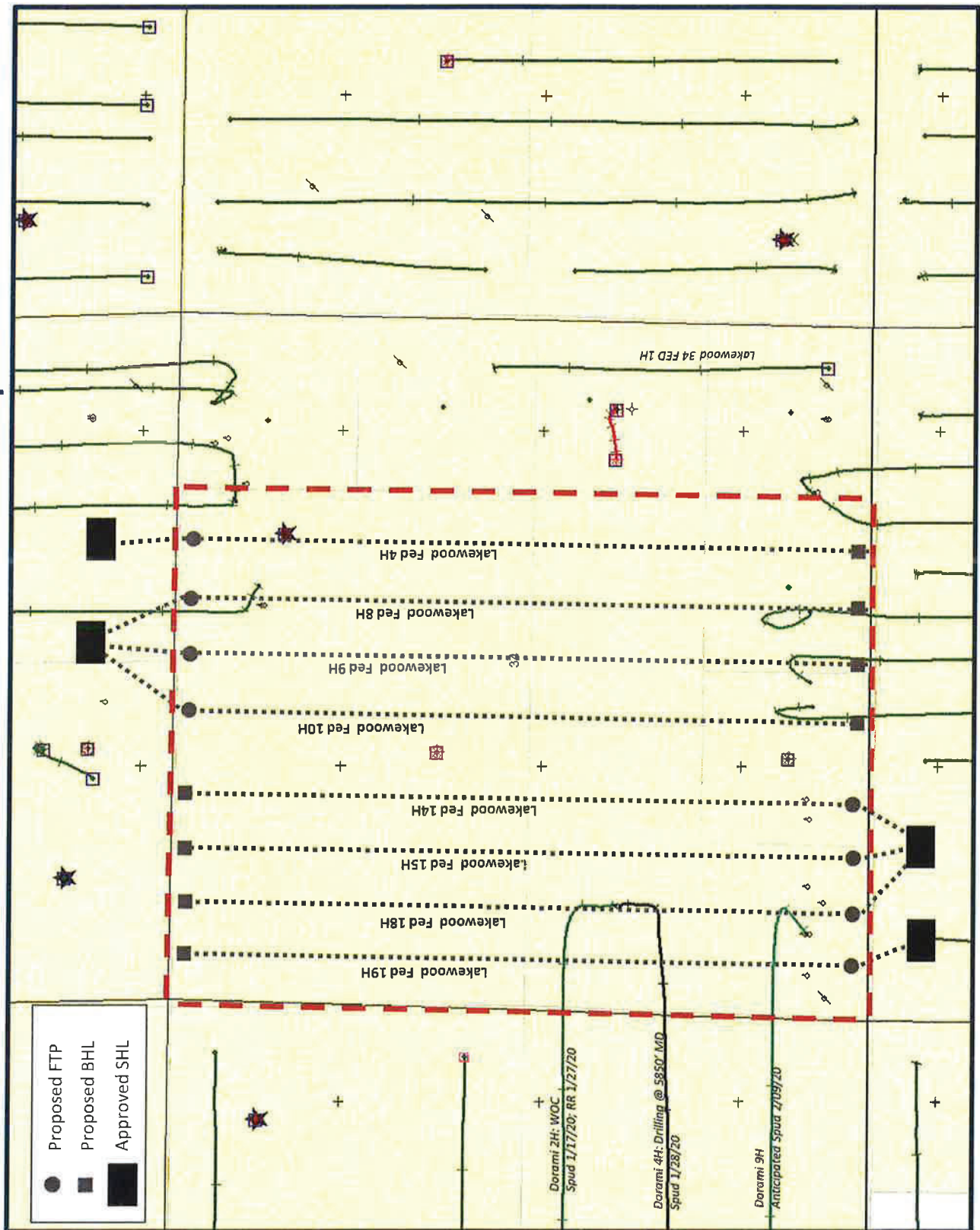
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

GABRIEL WADE
Acting Director

LAKEWOOD Unit BaseMap



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C2

Submitted by: SEP Permian, LLC

Hearing Date: February 06, 2020

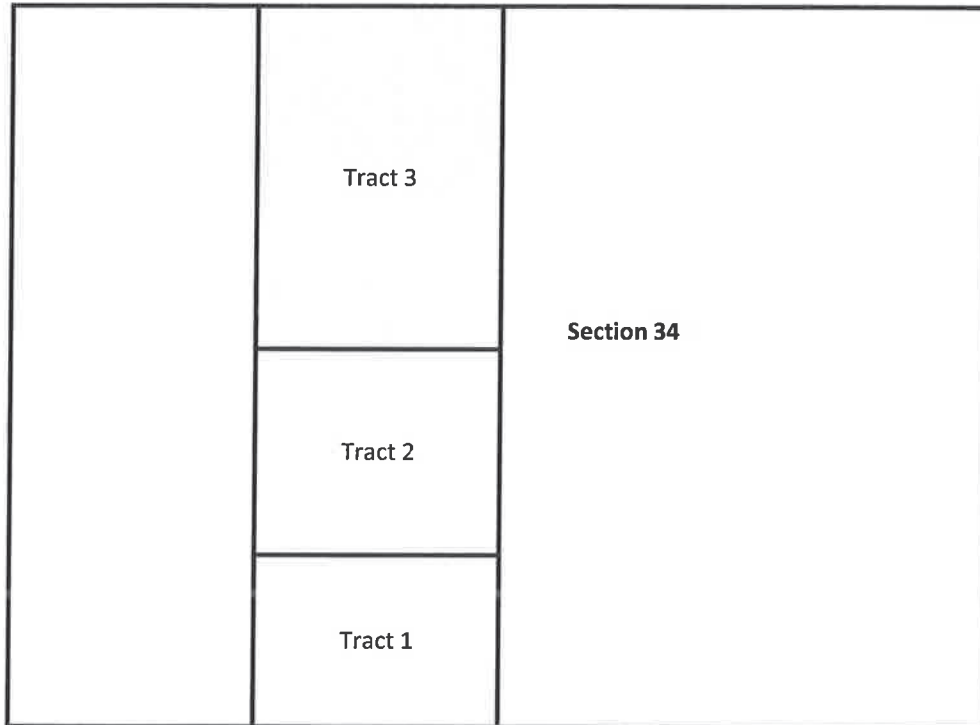
Case No. 21024

Well Name	Target	Plan OR Optional	TVD	SURFACE Location										Bottom Hole Location									
				Footages					Coordinates (NAD 83)					Footages					Coordinates (NAD 83)				
				Section	Township	Range	Feet From the North/South Line	Feet from the East /West Line	X	Y	Section	Township	Range	Feet From the North/South Line	Feet from the East /West Line	X	Y						
LAKESWOOD FED 19H	Lower Paddock 1	Plan	2750	3	20S	25E	555	NORTH	605	WEST			34	19S	25E	20	North	375	WEST				
LAKESWOOD FED 18H	Lower Paddock 3	Plan	3000	3	20S	25E	555	NORTH	625	WEST			34	19S	25E	20	North	790	WEST				
LAKESWOOD FED 15H	Upper Paddock	Plan	2575	3	20S	25E	430	NORTH	1270	WEST			34	19S	25E	20	North	1205	WEST				
LAKESWOOD FED 14H	Lower Paddock 2	Plan	2780	3	20S	25E	430	NORTH	1290	WEST			34	19S	25E	20	North	1561	WEST				
LAKESWOOD FED 10H	Lower Paddock 1	Plan	2725	27	19S	25E	566	SOUTH	2355	EAST			34	19S	25E	20	South	2273	WEST				
LAKESWOOD FED 9H	Lower Paddock 3	Plan	3025	27	19S	25E	573	SOUTH	2336	EAST			34	19S	25E	20	South	2629	WEST				
LAKESWOOD FED 8H	Upper Paddock	Plan	2610	27	19S	25E	580	SOUTH	2318	EAST			34	19S	25E	20	South	3110	WEST				
LAKESWOOD FED 4H	Lower Paddock 2	Plan	2880	27	19S	25E	500	SOUTH	1690	EAST			34	19S	25E	20	South	1686	EAST				

**Lakewood E/2 W/2 Unit
E/2 W/2 Sec. 34, T19S-R25E
SEP Permian LLC**

Plat of Subject Land

160.00 acres of land, more or less



Unit Interest	W.I.	
SEP Permian LLC	22.952631%	Tract 1
Fred M. Allison, III	0.018363%	Participating
Challenger Crude, Ltd	0.014688%	Force Pooled
In-House, Ltd	0.061688%	Force Pooled
Lamar B. Roemer	1.053565%	Participating
Alliance Income Fund, Ltd	0.149066%	Force Pooled
KE2, LP	0.416667%	Force Pooled
Stringer Family Interest, LP	0.208333%	Participating
Gary L. Richards	0.125000%	Force Pooled
SEP Permian LLC	25.000000%	Tract 2
SEP Permian LLC	49.370125%	Tract 3
Heirs or Devisees of Ernie Belo	0.046658%	Force Pooled
Gendron Revocable Living	0.069986%	Force Pooled
E.G. Holden Testamentary	0.023329%	Force Pooled
Heirs or Devisees of Dr. Isaac	0.046658%	Force Pooled
Betsy H. Keller	0.023329%	Force Pooled
EOG Y	0.116644%	Force Pooled
Nearburg Exploration	0.093315%	Participating
Adolph P. Schuman Marital	0.046658%	Force Pooled
Space Building Corporation	0.116644%	Participating
J. Frederick Van Vranken, Jr	0.000466575	Force Pooled



Sent Certified Mail, Return Receipt Requested

December 6, 2019

Alliance Income Fund Ltd. Partnership
P.O. Box 670249
Dallas, TX 75367-0249

RE: Notice of Intent to Amend Compulsory Pooling Order R-20412
Lakewood Federal Unit Update
E/2 W/2 Section 34, T19S, R25E
Eddy County, New Mexico

Dear Pooled Working Interest owner;

SEP Permian LLC ("SEP") is the successor operator to Percussion Petroleum, LLC ("Percussion") by an Assignment, Bill of Sale, Deed and Conveyance, effective March 1, 2019, filed June 24, 2019 in Eddy County, NM County Clerk's Office in Book 1124, Page 918.

Prior to SEP's acquisition of Percussion's assets, Percussion sought and received approval from the New Mexico Oil Conservation Division ("OCD") to compulsory pool the above referenced lands. Enclosed for your reference is Compulsory Pooling Order R-20412 ("R-20412") which provides details of the pooled lands, the approved initial well, and the terms and conditions to which the operator and pooled working interest owners are obligated.

SEP's subsurface and engineering teams have evaluated the original Lakewood Unit development plans and believe it is prudent to amend the pooling order to authorize additional wells as part of the initial drilling program. Currently Order R-20412 limits the initial drilling program to a single well, the Lakewood Fed Com Well No. 9H. SEP intends to file an application with the OCD to amend Order R-20412 to allow three initial wells at the locations and depths noted on the enclosure. An AFE is also enclosed for each of these wells.

Since the authorized Lakewood Fed Com Well No. 9H has not yet been drilled, you will be afforded a new election period for all three wells upon receipt of the amended pooling order. If you have any questions, would like to participate in these wells under the terms of a Joint Operating Agreement or would like to explore some other voluntary agreement, please contact me at 832-930-8627 or y-smitchell@spurepllc.com.

Regards,

Stan Mitchell, CPL
Contract Senior Landman

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**CASE NO. 20188
ORDER NO. R-20412**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 10, 2019, at Santa Fe, New Mexico, before Examiner William V. Jones. This case was again heard on January 24, 2019 and at that date taken under advisement.

NOW, on this 28th day of February, 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Cases No. 20187, 20188, and 20189 were consolidated at the hearing for testimony; however, a separate order will be issued for each case.

(3) The Applicant, Percussion Petroleum Operating, LLC, seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit comprising 160 acres (more or less) within the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565) and all other pools hereafter defined within the Glorieta-Yeso formation in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(4) The Unit will be dedicated to the following well(s):

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

SHL: 566 feet from the South line and 2355 feet from the East line,
(Unit O) of Section 27, Township 19 South, Range 25 East, NMPM.
BHL: 20 feet from the South line and 2629 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

(5) The N. Seven Rivers; Glorieta-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [vertical wells], each comprising a governmental quarter-quarter section.

(6) The allowed setback footage distance for the proposed horizontal Oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 from the outer boundary of the horizontal spacing unit.

(7) Applicant seeks approval to complete the following well or wells at an unorthodox well location:

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

First Take: 100 feet from the North line and 2609 feet from the West line,
(Unit C) of Section 34, Township 19 South, Range 25 East, NMPM.

Last Take: 100 feet from the South line and 2609 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

This well will encroach on offsetting lands to the east, specifically the W/2 E/2 of Section 34. Said lands are the subject of companion Case No. 20187.

(8) Challenger Crude Limited appeared at the hearing but did not oppose the application. No other party entered an appearance in this case or otherwise opposed this application.

(9) Applicant appeared at the hearing through counsel and presented evidence to the effect that:

- (a) The Glorieta-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The orientation of the horizontal well(s) and the Unit is appropriate for optimum recovery of oil and gas.
- (c) The target drilling depth will be within the Yeso member of the Glorieta-Yeso formation.

- (d) Notice was provided to affected parties in encroached tracts for approval of the proposed non-standard well location.
- (e) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.
- (f) Notice to affected parties who may have not been noticed otherwise was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

- (10) The proposed non-standard well location should be approved.
- (11) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.
- (12) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.
- (13) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).
- (14) There are interest owners in the Unit that have not agreed to pool their interests.
- (15) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the depths to be pooled within the Unit.
- (16) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(17) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(18) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(19) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 160 acres (more or less) within the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565) and all other pools hereafter defined within the Glorieta-Yeso formation in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) The Unit shall be dedicated to the following "Well(s)":

Lakewood Federal Com Well No. 9H, API No. 30-015-45677

SHL: 566 feet from the South line and 2355 feet from the East line,
(Unit O) of Section 27, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 2629 feet from the West line,
(Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.

(3) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the Well(s) and of the Unit.

(4) The proposed non-standard location as detailed in Finding Paragraph No. (7) is hereby approved.

(5) The operator of the Unit shall commence drilling the Well(s) on or before February 29, 2020 and shall thereafter continue drilling the Well(s) with due diligence to test the target formation at or about the proposed true vertical and measured depths.

(6) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from

the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(8) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(9) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(10) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(12) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed

well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(17) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(18) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the

actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(19) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(20) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


GABRIEL WADE
Acting Director

LAKEWOOD UNIT**E/2 W/2 Section 34-19S-25E**

		SURFACE Location							Bottom Hole Location						
		Footages							Footages						
Well Name	TVD	Section	Township	Range	Feet From the	North/South Line	Feet from the	East /West Line	Section	Township	Range	Feet From the	North/South Line	Feet from the	East /West Line
LAKEWOOD FED 14H	2780	3	20s	25E	430	NORTH	1290	WEST	34	19S	25E	20	North	1561	WEST
LAKEWOOD FED 10H	2725	27	19S	25E	566	SOUTH	2395	EAST	34	19S	25E	20	South	2273	WEST
LAKEWOOD FED 9H	3025	27	19S	25E	573	SOUTH	2336	EAST	34	19S	25E	20	South	2629	WEST

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D19063	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 14H	DIVISION	
DATE	12/05/2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS/NET	GROSS	LLC	
TITLE WORK/OPINIONS - LAND	78,000.00	0.00	78,000.00
TOTAL:	78,000.00	0.00	78,000.00
DAMAGES/ROW - LAND	102,000.00	0.00	102,000.00
TOTAL:	102,000.00	0.00	102,000.00
DRILLING RENTALS: SURFACE	91,000.00	0.00	91,000.00
TOTAL:	91,000.00	0.00	91,000.00
DRILLING RENTALS: SUBSURFACE	31,000.00	0.00	31,000.00
TOTAL:	31,000.00	0.00	31,000.00
DRILL MUD & COMPL FLUID	29,000.00	0.00	29,000.00
TOTAL:	29,000.00	0.00	29,000.00
WELLSITE SUPERVISION	45,000.00	0.00	45,000.00
TOTAL:	45,000.00	0.00	45,000.00
GROUND TRANSPORT	13,000.00	0.00	13,000.00
TOTAL:	13,000.00	0.00	13,000.00
CONTRACT DRILLING (DAY RATE/TUF)	188,000.00	0.00	188,000.00
TOTAL:	188,000.00	0.00	188,000.00
DIRECTIONAL TOOLS AND SERVICES	98,000.00	0.00	98,000.00
TOTAL:	98,000.00	0.00	98,000.00
FLUID & CUTTINGS DISPOSAL	75,000.00	0.00	75,000.00
TOTAL:	75,000.00	0.00	75,000.00
BITS	35,000.00	0.00	35,000.00
TOTAL:	35,000.00	0.00	35,000.00
FUEL WATER & LUBE	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00
CEMENT	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
PROD CSG CREW AND LAYDOWN SE	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
MUD LOGGER	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
MOB/DEMOB RIG	52,000.00	0.00	52,000.00
TOTAL:	52,000.00	0.00	52,000.00
DRILLPIPE INSPECTION	74,000.00	0.00	74,000.00
TOTAL:	74,000.00	0.00	74,000.00
CONTRACT LABOR/SERVICES	37,000.00	0.00	37,000.00
TOTAL:	37,000.00	0.00	37,000.00
MISC IDC/CONTINGENCY	4,000.00	0.00	4,000.00
TOTAL:	4,000.00	0.00	4,000.00
SURFACE CASING	30,000.00	0.00	30,000.00
TOTAL:	30,000.00	0.00	30,000.00
PRODUCTION/LINER CASING	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
CONDUCTOR PIPE	3,000.00	0.00	3,000.00
TOTAL:	3,000.00	0.00	3,000.00
WELLHEAD	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
LINER HANGER/CASING ACCESSORY	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
LOCATION	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
DRILLING RENTALS: SURFACE	255,000.00	0.00	255,000.00
TOTAL:	255,000.00	0.00	255,000.00
DRILLING RENTALS: SUBSURFACE	15,000.00	0.00	15,000.00
TOTAL:	15,000.00	0.00	15,000.00
DRILL MUD & COMPL FLUID	34,000.00	0.00	34,000.00
TOTAL:	34,000.00	0.00	34,000.00
WELLSITE SUPERVISION	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D19063	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 14H	DIVISION	
DATE	12-05-2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS/NET	GROSS	LLC	
GROUND TRANSPORT		12,000.00	0.00
TOTAL:		12,000.00	0.00
CASED HOLE WIRELINE		180,000.00	0.00
TOTAL:		180,000.00	0.00
ACID & FRAC STIMULATION		700,000.00	0.00
TOTAL:		700,000.00	0.00
FRAC/FLUID SW DISPOSAL		51,000.00	0.00
TOTAL:		51,000.00	0.00
FLOWBACK		35,000.00	0.00
TOTAL:		35,000.00	0.00
FUEL, WATER & LUBE		410,000.00	0.00
TOTAL:		410,000.00	0.00
COMPLETION/WORKOVER (RIG)		65,000.00	0.00
TOTAL:		65,000.00	0.00
CONTRACT LABOR/SERVICES		23,000.00	0.00
TOTAL:		23,000.00	0.00
SITE PREPARATION		10,000.00	0.00
TOTAL:		10,000.00	0.00
INSTALLATION & LABOR EXPENSES (90,000.00	0.00
TOTAL:		90,000.00	0.00
BATTERY CONSTRUCTION LABOR		70,000.00	0.00
TOTAL:		70,000.00	0.00
TUBING		26,000.00	0.00
TOTAL:		26,000.00	0.00
TUBING HEAD/XMAS TREE		10,000.00	0.00
TOTAL:		10,000.00	0.00
SUBSURFACE EQUIP		1,500.00	0.00
TOTAL:		1,500.00	0.00
SEP, DEHY, TREATERS, HEAT EXCHA		57,000.00	0.00
TOTAL:		57,000.00	0.00
MEASUREMENT EQUIP		23,000.00	0.00
TOTAL:		23,000.00	0.00
LEASE AND FLOW LINES		11,000.00	0.00
TOTAL:		11,000.00	0.00
MISC FITTINGS & SUPPLIES		135,000.00	0.00
TOTAL:		135,000.00	0.00
TANKS (OIL & WATER)		53,000.00	0.00
TOTAL:		53,000.00	0.00
TOTAL THIS AFE:		3,610,500.00	0.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D19065	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 9H	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS NET	GROSS	LLC	
TITLE WORK/OPINIONS - LAND	78,000.00	0.00	78,000.00
TOTAL:	78,000.00	0.00	78,000.00
DAMAGES/ROW - LAND	102,000.00	0.00	102,000.00
TOTAL:	102,000.00	0.00	102,000.00
DRILLING RENTALS SURFACE	91,000.00	0.00	91,000.00
TOTAL:	91,000.00	0.00	91,000.00
DRILLING RENTALS SUBSURFACE	31,000.00	0.00	31,000.00
TOTAL:	31,000.00	0.00	31,000.00
DRILL MUD & COMPL FLUID	29,000.00	0.00	29,000.00
TOTAL:	29,000.00	0.00	29,000.00
WELLSITE SUPERVISION	45,000.00	0.00	45,000.00
TOTAL:	45,000.00	0.00	45,000.00
GROUND TRANSPORT	13,000.00	0.00	13,000.00
TOTAL:	13,000.00	0.00	13,000.00
CONTRACT DRILLING (DAY RATE/TUF	186,000.00	0.00	186,000.00
TOTAL:	186,000.00	0.00	186,000.00
DIRECTIONAL TOOLS AND SERVICES	98,000.00	0.00	98,000.00
TOTAL:	98,000.00	0.00	98,000.00
FLUID & CUTTINGS DISPOSAL	75,000.00	0.00	75,000.00
TOTAL:	75,000.00	0.00	75,000.00
BITS	35,000.00	0.00	35,000.00
TOTAL:	35,000.00	0.00	35,000.00
FUEL WATER & LUBE	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00
CEMENT	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
PROD CSG CREW AND LAYDOWN SE	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
MUD LOGGER	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
MOB/DEMOB RIG	52,000.00	0.00	52,000.00
TOTAL:	52,000.00	0.00	52,000.00
DRILLPIPE INSPECTION	74,000.00	0.00	74,000.00
TOTAL:	74,000.00	0.00	74,000.00
CONTRACT LABOR/SERVICES	37,000.00	0.00	37,000.00
TOTAL:	37,000.00	0.00	37,000.00
MISC IDC/CONTINGENCY	4,000.00	0.00	4,000.00
TOTAL:	4,000.00	0.00	4,000.00
SURFACE CASING	30,000.00	0.00	30,000.00
TOTAL:	30,000.00	0.00	30,000.00
PRODUCTION/LINER CASING	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
CONDUCTOR PIPE	3,000.00	0.00	3,000.00
TOTAL:	3,000.00	0.00	3,000.00
WELLHEAD	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
LINER HANGER/CASING ACCESSORY	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
LOCATION	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
DRILLING RENTALS SURFACE	255,000.00	0.00	255,000.00
TOTAL:	255,000.00	0.00	255,000.00
DRILLING RENTALS SUBSURFACE	15,000.00	0.00	15,000.00
TOTAL:	15,000.00	0.00	15,000.00
DRILL MUD & COMPL FLUID	34,000.00	0.00	34,000.00
TOTAL:	34,000.00	0.00	34,000.00
WELLSITE SUPERVISION	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D19065	COMPANY	
AFE DESC	LAKEWOOD FEDERAL #H	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS NET	GROSS	LLC	
GROUND TRANSPORT		12,000.00	0.00
TOTAL:		12,000.00	0.00
CASED HOLE WIRELINE		160,000.00	0.00
TOTAL:		160,000.00	0.00
ACID & FRAC STIMULATION		700,000.00	0.00
TOTAL:		700,000.00	0.00
FRAC/FLUID SW DISPOSAL		51,000.00	0.00
TOTAL:		51,000.00	0.00
FLOWBACK		35,000.00	0.00
TOTAL:		35,000.00	0.00
FUEL, WATER & LUBE		410,000.00	0.00
TOTAL:		410,000.00	0.00
COMPLETION/WORKOVER (RIG)		65,000.00	0.00
TOTAL:		65,000.00	0.00
CONTRACT LABOR/SERVICES		23,000.00	0.00
TOTAL:		23,000.00	0.00
SITE PREPARATION		10,000.00	0.00
TOTAL:		10,000.00	0.00
INSTALLATION & LABOR EXPENSES (90,000.00	0.00
TOTAL:		90,000.00	0.00
BATTERY CONSTRUCTION LABOR		70,000.00	0.00
TOTAL:		70,000.00	0.00
TUBING		26,000.00	0.00
TOTAL:		26,000.00	0.00
TUBING HEAD/XMAS TREE		10,000.00	0.00
TOTAL:		10,000.00	0.00
SUBSURFACE EQUIP		1,500.00	0.00
TOTAL:		1,500.00	0.00
SEP, DEHY, TREATERS, HEAT EXCHA		57,000.00	0.00
TOTAL:		57,000.00	0.00
MEASUREMENT EQUIP		23,000.00	0.00
TOTAL:		23,000.00	0.00
LEASE AND FLOW LINES		11,000.00	0.00
TOTAL:		11,000.00	0.00
MISC FITTINGS & SUPPLIES		135,000.00	0.00
TOTAL:		135,000.00	0.00
TANKS (OIL & WATER)		53,000.00	0.00
TOTAL:		53,000.00	0.00
TOTAL THIS AFE:		3,610,500.00	0.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.	D19064	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 10H	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET	GROSS	LLC	
TITLE WORK/OPINIONS - LAND	78,000.00	0.00	78,000.00
TOTAL:	78,000.00	0.00	78,000.00
DAMAGES/ROW - LAND	102,000.00	0.00	102,000.00
TOTAL:	102,000.00	0.00	102,000.00
DRILLING RENTALS SURFACE	91,000.00	0.00	91,000.00
TOTAL:	91,000.00	0.00	91,000.00
DRILLING RENTALS SUBSURFACE	31,000.00	0.00	31,000.00
TOTAL:	31,000.00	0.00	31,000.00
DRILL MUD & COMPL FLUID	29,000.00	0.00	29,000.00
TOTAL:	29,000.00	0.00	29,000.00
WELLSITE SUPERVISION	45,000.00	0.00	45,000.00
TOTAL:	45,000.00	0.00	45,000.00
GROUND TRANSPORT	13,000.00	0.00	13,000.00
TOTAL:	13,000.00	0.00	13,000.00
CONTRACT DRILLING (DAY RATE/TUF	186,000.00	0.00	186,000.00
TOTAL:	186,000.00	0.00	186,000.00
DIRECTIONAL TOOLS AND SERVICES	96,000.00	0.00	96,000.00
TOTAL:	96,000.00	0.00	96,000.00
FLUID & CUTTINGS DISPOSAL	75,000.00	0.00	75,000.00
TOTAL:	75,000.00	0.00	75,000.00
BITS	35,000.00	0.00	35,000.00
TOTAL:	35,000.00	0.00	35,000.00
FUEL, WATER & LUBE	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00
CEMENT	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
PROD CSG CREW AND LAYDOWN SE	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
MUD LOGGER	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
MOB/DEMOB RIG	52,000.00	0.00	52,000.00
TOTAL:	52,000.00	0.00	52,000.00
DRILLPIPE INSPECTION	74,000.00	0.00	74,000.00
TOTAL:	74,000.00	0.00	74,000.00
CONTRACT LABOR/SERVICES	37,000.00	0.00	37,000.00
TOTAL:	37,000.00	0.00	37,000.00
MISC IDC/CONTINGENCY	4,000.00	0.00	4,000.00
TOTAL:	4,000.00	0.00	4,000.00
SURFACE CASING	30,000.00	0.00	30,000.00
TOTAL:	30,000.00	0.00	30,000.00
PRODUCTION/LINER CASING	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
CONDUCTOR PIPE	3,000.00	0.00	3,000.00
TOTAL:	3,000.00	0.00	3,000.00
WELLHEAD	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
LINER HANGER/CASING ACCESSORY	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
LOCATION	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
DRILLING RENTALS SURFACE	255,000.00	0.00	255,000.00
TOTAL:	255,000.00	0.00	255,000.00
DRILLING RENTALS SUBSURFACE	15,000.00	0.00	15,000.00
TOTAL:	15,000.00	0.00	15,000.00
DRILL MUD & COMPL FLUID	34,000.00	0.00	34,000.00
TOTAL:	34,000.00	0.00	34,000.00
WELLSITE SUPERVISION	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D1906J	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 10H	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS-NET	GROSS	LLC	
GROUND TRANSPORT	12,000.00	0.00	12,000.00
TOTAL:	12,000.00	0.00	12,000.00
CASED HOLE WIRELINE	180,000.00	0.00	180,000.00
TOTAL:	180,000.00	0.00	180,000.00
ACID & FRAC STIMULATION	700,000.00	0.00	700,000.00
TOTAL:	700,000.00	0.00	700,000.00
FRAC/FLUID SW DISPOSAL	51,000.00	0.00	51,000.00
TOTAL:	51,000.00	0.00	51,000.00
FLOWBACK	35,000.00	0.00	35,000.00
TOTAL:	35,000.00	0.00	35,000.00
FUEL, WATER & LUBE	410,000.00	0.00	410,000.00
TOTAL:	410,000.00	0.00	410,000.00
COMPLETION/WORKOVER (RIG)	65,000.00	0.00	65,000.00
TOTAL:	65,000.00	0.00	65,000.00
CONTRACT LABOR/SERVICES	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
SITE PREPARATION	10,000.00	0.00	10,000.00
TOTAL:	10,000.00	0.00	10,000.00
INSTALLATION & LABOR EXPENSES (90,000.00	0.00	90,000.00
TOTAL:	90,000.00	0.00	90,000.00
BATTERY CONSTRUCTION LABOR	70,000.00	0.00	70,000.00
TOTAL:	70,000.00	0.00	70,000.00
TUBING	26,000.00	0.00	26,000.00
TOTAL:	26,000.00	0.00	26,000.00
TUBING HEAD/XMAS TREE	10,000.00	0.00	10,000.00
TOTAL:	10,000.00	0.00	10,000.00
SUBSURFACE EQUIP	1,500.00	0.00	1,500.00
TOTAL:	1,500.00	0.00	1,500.00
SEP, DEHY, TREATERS, HEAT EXCHA	57,000.00	0.00	57,000.00
TOTAL:	57,000.00	0.00	57,000.00
MEASUREMENT EQUIP	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
LEASE AND FLOW LINES	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
MISC FITTINGS & SUPPLIES	135,000.00	0.00	135,000.00
TOTAL:	135,000.00	0.00	135,000.00
TANKS (OIL & WATER)	53,000.00	0.00	53,000.00
TOTAL:	53,000.00	0.00	53,000.00
TOTAL THIS AFE:	3,610,500.00	0.00	3,610,500.00

SEP Permian LLC
AL THORITY FOR EXPENDITURE

AFE NO	D19063	COMPANY	
AFE DESC	LAKEWOOD FEDERAL HH	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	122 - SEP PERMIAN	
GROSS NET	GROSS	LLC	
TITLE WORK/OPINIONS - LAND	78,000.00	0.00	78,000.00
TOTAL:	78,000.00	0.00	78,000.00
DAMAGES/ROW - LAND	102,000.00	0.00	102,000.00
TOTAL:	102,000.00	0.00	102,000.00
DRILLING RENTALS SURFACE	91,000.00	0.00	91,000.00
TOTAL:	91,000.00	0.00	91,000.00
DRILLING RENTALS SUBSURFACE	31,000.00	0.00	31,000.00
TOTAL:	31,000.00	0.00	31,000.00
DRILL MUD & COMPL FLUID	29,000.00	0.00	29,000.00
TOTAL:	29,000.00	0.00	29,000.00
WELLSITE SUPERVISION	45,000.00	0.00	45,000.00
TOTAL:	45,000.00	0.00	45,000.00
GROUND TRANSPORT	13,000.00	0.00	13,000.00
TOTAL:	13,000.00	0.00	13,000.00
CONTRACT DRILLING (DAY RATE/TUF	186,000.00	0.00	186,000.00
TOTAL:	186,000.00	0.00	186,000.00
DIRECTIONAL TOOLS AND SERVICES	98,000.00	0.00	98,000.00
TOTAL:	98,000.00	0.00	98,000.00
FLUID & CUTTINGS DISPOSAL	75,000.00	0.00	75,000.00
TOTAL:	75,000.00	0.00	75,000.00
BITS	35,000.00	0.00	35,000.00
TOTAL:	35,000.00	0.00	35,000.00
FUEL WATER & LUBE	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00
CEMENT	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
PROD CSG CREW AND LAYDOWN SE	23,000.00	0.00	23,000.00
TOTAL:	23,000.00	0.00	23,000.00
MUD LOGGER	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
MOB/DEMOB RIG	52,000.00	0.00	52,000.00
TOTAL:	52,000.00	0.00	52,000.00
DRILLPIPE INSPECTION	74,000.00	0.00	74,000.00
TOTAL:	74,000.00	0.00	74,000.00
CONTRACT LABOR/SERVICES	37,000.00	0.00	37,000.00
TOTAL:	37,000.00	0.00	37,000.00
MISC IDC/CONTINGENCY	4,000.00	0.00	4,000.00
TOTAL:	4,000.00	0.00	4,000.00
SURFACE CASING	30,000.00	0.00	30,000.00
TOTAL:	30,000.00	0.00	30,000.00
PRODUCTION/LINER CASING	105,000.00	0.00	105,000.00
TOTAL:	105,000.00	0.00	105,000.00
CONDUCTOR PIPE	3,000.00	0.00	3,000.00
TOTAL:	3,000.00	0.00	3,000.00
WELLHEAD	21,000.00	0.00	21,000.00
TOTAL:	21,000.00	0.00	21,000.00
LINER HANGER/CASING ACCESSORY	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
LOCATION	11,000.00	0.00	11,000.00
TOTAL:	11,000.00	0.00	11,000.00
DRILLING RENTALS SURFACE	255,000.00	0.00	255,000.00
TOTAL:	255,000.00	0.00	255,000.00
DRILLING RENTALS SUBSURFACE	15,000.00	0.00	15,000.00
TOTAL:	15,000.00	0.00	15,000.00
DRILL MUD & COMPL FLUID	34,000.00	0.00	34,000.00
TOTAL:	34,000.00	0.00	34,000.00
WELLSITE SUPERVISION	43,000.00	0.00	43,000.00
TOTAL:	43,000.00	0.00	43,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO	D19063	COMPANY	
AFE DESC	LAKEWOOD FEDERAL 14H	DIVISION	
DATE	12 05 2019	OPERATOR	
AFE TYPE	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN	
GROSS NET	GROSS	LLC	
GROUND TRANSPORT		12,000.00	0.00
TOTAL:		12,000.00	0.00
CASED HOLE WIRELINE		160,000.00	0.00
TOTAL:		160,000.00	0.00
ACID & FRAC STIMULATION		700,000.00	0.00
TOTAL:		700,000.00	0.00
FRAC/FLUID SW DISPOSAL		51,000.00	0.00
TOTAL:		51,000.00	0.00
FLOWBACK		35,000.00	0.00
TOTAL:		35,000.00	0.00
FUEL WATER & LUBE		410,000.00	0.00
TOTAL:		410,000.00	0.00
COMPLETION/WORKOVER (RIG)		65,000.00	0.00
TOTAL:		65,000.00	0.00
CONTRACT LABOR/SERVICES		23,000.00	0.00
TOTAL:		23,000.00	0.00
SITE PREPARATION		10,000.00	0.00
TOTAL:		10,000.00	0.00
INSTALLATION & LABOR EXPENSES (90,000.00	0.00
TOTAL:		90,000.00	0.00
BATTERY CONSTRUCTION LABOR		70,000.00	0.00
TOTAL:		70,000.00	0.00
TUBING		26,000.00	0.00
TOTAL:		26,000.00	0.00
TUBING HEAD/XMAS TREE		10,000.00	0.00
TOTAL:		10,000.00	0.00
SUBSURFACE EQUIP		1,500.00	0.00
TOTAL:		1,500.00	0.00
SEP. DEHY. TREATERS, HEAT EXCHA		57,000.00	0.00
TOTAL:		57,000.00	0.00
MEASUREMENT EQUIP		23,000.00	0.00
TOTAL:		23,000.00	0.00
LEASE AND FLOW LINES		11,000.00	0.00
TOTAL:		11,000.00	0.00
MISC FITTINGS & SUPPLIES		135,000.00	0.00
TOTAL:		135,000.00	0.00
TANKS (OIL & WATER)		53,000.00	0.00
TOTAL:		53,000.00	0.00
TOTAL THIS AFE:		3,610,500.00	0.00

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

APPLICATION OF SEP PERMIAN,
LLC TO AMEND ORDER NO. R-20412
TO ADD ADDITIONAL WELLS TO
THE APPROVED HORIZONTAL WELL
SPACING UNIT, EDDY COUNTY, NEW MEXICO.

CASE NO. 21024

AFFIDAVIT

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

Kaitlyn A. Luck, attorney in fact and authorized representative of SEP Permian, LLC., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



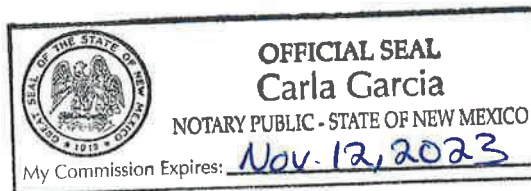
Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 5th day of February, 2020 by Kaitlyn A. Luck.


Notary Public

My Commission

Expires: Nov. 12, 2023



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D1
Submitted by: SEP Permian, LLC
Hearing Date: February 06, 2020
Case No. 21024

HOLLAND & HART



Michael H. Feldewert
Phone (505) 988-4421
Fax (505) 983-6043
mfeldewert@hollandhart.com

January 17, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of SEP Permian, LLC to Amend Order No. R-20412 to Add
Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy
County, New Mexico.**
Lakewood Fed Com #9H, #10H, #14H Wells

Ladies & Gentlemen:

This letter is to advise you that SEP Permian, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on February 6, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Stan Mitchell at (832) 930-8627 or [v-smitchell@spurepllc.com](mailto:smitchell@spurepllc.com).

Sincerely,

Michael H. Feldewert
ATTORNEY FOR SEP PERMIAN LLC

Tracking Number	Recipient	Status
9214890194038304241255	William H Bowen 5646 Milton St Ste 900 Dallas TX 75206	In-Transit
9214890194038304241262	Drilmor Inc 911 N Midkiff Road Midland TX 79701	In-Transit
9214890194038304241279	Charles R Wiggins PO BOX 10862 Midland TX 79702	Delivered
9214890194038304241286	Richard H Coats and his wife Sigrid M Coats PO BOX 2412 Midland TX 79702	Delivered Signature Received
9214890194038304241293	Rio Arriba Investments LLC 5129 Sunmore Circle Midland TX 79707-5126	Delivered Signature Received
9214890194038304241309	Feagan Energy Inc PO BOX 50307 Midland TX 79710-0307	Delivered Signature Received
9214890194038304241316	Rockhill Royalty Partners PO BOX 1981 Midland TX 79702	Delivered
9214890194038304241323	Teresa Rene Norman and Robert Clay Norman co-Trustees of the Elizabeth J Norman Living Trust 6637 S New Haven Tulsa OK 74136	Returned
9214890194038304241330	American National Petroleum Company PO BOX 27725 Houston TX 77227-7725	In-Transit
9214890194038304241347	ExxonMobil Corporation PO BOX 4697 Houston TX 77210-4697	Delivered Signature Received
9214890194038304241354	Nearburg Exploration Company LLC PO BOX 823085 Dallas TX 75382-3085	Delivered Signature Received
9214890194038304241361	Fred Omar Irami, c/o Chama Petroleum PO BOX 31405 Dallas TX 75231	In-Transit
9214890194038304241378	Black Stone Energy Company LLC 1001 Fannin Ste 2020 Houston TX 77002	Delivered Signature Received
9214890194038304241385	Tierra Oil Compny PO BOX 1354 Roswell NM 88201	In-Transit
9214890194038304241392	DEBCO LLC 106 Flowing Spring Trail Midland TX 78654	In-Transit
9214890194038304241408	The Neill Blackmar Limited Partnership 2809 Riverside Drive Roswell NM 88201	Delivered Signature Received
9214890194038304241415	Nearburg Producing Company Employee Fund PO BOX 823085 Dallas TX 75382-3085	Delivered Signature Received
9214890194038304241422	Unknown Heirs and Devises of Ernie Bello Dec'd c/o Lorraine Bellow & Erlaine Bello-Trombeta 1570 Alwea Drive Honolulu HI 96817	Return To Sender
9214890194038304241439	Heirs and/or Devises of Dr Isaac A Kawasaki 734 Kalanipuer Street Honolulu HI 96825	Delivered Signature Received
9214890194038304241446	Nearburg Exploration Company PO BOX 823085 Dallas TX 75382-3085	Delivered Signature Received
9214890194038304241453	Space Building Corporation PO BOX 283 East Taunton MA 02718	Delivered Signature Received
9214890194038304241460	EOG Y Attn: Janet Richardson 104 South Fourth Street Artesia NM 88210	In-Transit
9214890194038304241477	Gendron Rev Liv Trust 380 Abbey Road Indiana PA 15701	Delivered Signature Received
9214890194038304241484	E G Holden Testamentary Trust c/o James T Farrell 580 California St Ste 2200 San Francisco CA 94104	Delivered Signature Received
9214890194038304241491	Betsy H Keller c/o James T Farrell 580 California St Ste 2200 San Francisco CA 94104	Delivered Signature Received
9214890194038304241507	Adolph P Schuman Marital Trust c/o Paul Sax 405 Howard Street San Francisco CA 94105	In-Transit
9214890194038304241514	J Fredrick Van Vranken Jr 950 Regency Square Apt #202 Vero Beach FL 32967	Delivered Signature Received



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Shipment Confirmation
Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Spur - Lakewood 15H, 4H, -8H, 9H
Case Nos. 21022-21024
CM# 106336.0001

Shipment Date: 01/16/2020

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	27
Total	27

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

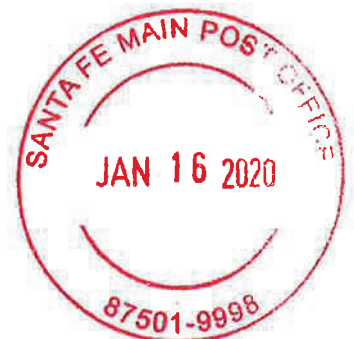
1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0019 6250 95





Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501	Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery
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Affix Stamp Here
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certificate of mailing or for
additional copies of this receipt).
Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge - If Registered and over \$50,000 in value	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8304 2412 55	William H Bowen 5646 Milton St. Ste 900 Dallas TX 75206	0.65	3.50								1.60			
2. 9214 8901 9403 8304 2412 62	Dittmor Inc 911 N Midkiff Road Midland TX 79701	0.65	3.50								1.60			
3. 9214 8901 9403 8304 2412 79	Charles R Wiggins PO BOX 10862 Midland TX 79702	0.65	3.50								1.60			
4. 9214 8901 9403 8304 2412 86	Richard H Coats and his wife Sigrid M Coats PO BOX 2412 Midland TX 79702	0.65	3.50								1.60			
5. 9214 8901 9403 8304 2412 93	Rio Arriba Investments LLC 5129 Sunmore Circle Midland TX 79707-5126	0.65	3.50								1.60			
6. 9214 8901 9403 8304 2413 09	Feagan Energy Inc PO BOX 50307 Midland TX 79710-0307	0.65	3.50								1.60			
7. 9214 8901 9403 8304 2413 16	Rockhill Royalty Partners PO BOX 1981 Midland TX 79702	0.65	3.50								1.60			
8. 9214 8901 9403 8304 2413 23	Teresa Rene Norman and Robert Clay Norman co-Trustees of the Elizabeth J Norman Living Trust 6637 S New Haven Tulsa OK 74136	0.65	3.50								1.60			
Total Number of Pieces Listed by Sender 27	Postmaster, Per (Name of receiving employee)													



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Name and Address of Sender Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.									
USPS Tracking/Article Number	Addresssee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
9. 9214 8901 9403 8304 2413 30	American National Petroleum Company PO BOX 27725 Houston TX 77227-7725	0.65	3.50								1.60				
10. 9214 8901 9403 8304 2413 47	ExxonMobil Corporation PO BOX 4697 Houston TX 77210-4697	0.65	3.50								1.60				
11. 9214 8901 9403 8304 2413 54	Nearburg Exploration Company LLC PO BOX 623065 Dallas TX 75382-3065	0.65	3.50								1.60				
12. 9214 8901 9403 8304 2413 61	Fred Omar Imani c/o Chama Petroleum PO BOX 31405 Dallas TX 75231	0.65	3.50								1.60				
13. 9214 8901 9403 8304 2413 78	Black Stone Energy Company LLC 10011401 300 2520 Houston TX 77002	0.65	3.50								1.60				
14. 9214 8901 9403 8304 2413 85	Terra Oil Company PO BOX 1354 Roswell NM 88201	0.65	3.50								1.60				
15. 9214 8901 9403 8304 2413 92	DESCO LLC 105 Flowing Spring Road Midland TX 79701	0.65	3.50								1.60				
16. 9214 8901 9403 8304 2414 08	The Nell Blacinar Limited Partnership 2809 Riverside Drive Roswell NM 88201	0.65	3.50								1.60				
Total Number of Pieces Listed by Sender 27		Total Number of Pieces Received at Post Office 27		Postmaster, Per (Name of receiving employee)											



Firm Mailing Book For Accountable Mail

Name and Address of Sender	Check type of mail or service	Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.
Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501	<input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail	
USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	
17. 9214 8901 9403 8304 2414 15	Nearburg Producing Company Employee Fund PO BOX 823085 Dallas TX 75382-3085	
18. 9214 8901 9403 8304 2414 22	Unknown: Heirs and Devises of Ernie Bello Dec'd c/o Lorraine Bellow & Erlaine Bello-Trombetta 1570 Alvea Drive Honolulu HI 96817	
19. 9214 8901 9403 8304 2414 39	Heirs and Devises of Dr. James Henry Bask 734 Kolaniquar Street Honolulu HI 96825	
20. 9214 8901 9403 8304 2414 46	Nearburg Exploration Company PO BOX 83085 Dallas TX 75382-3085	
21. 9214 8901 9403 8304 2414 53	Shirley's Building Corporation PO BOX 283 East Taunton MA 02718	
22. 9214 8901 9403 8304 2414 60	EOG Y Altnr.: Janet Richardson 104 South Fourth Street Artesia NM 88210	
23. 9214 8901 9403 8304 2414 77	Gardner Rev Liv Trust 360 Abbey Road Indiana PA 15701	
24. 9214 8901 9403 8304 2414 84	E G Holden Testamentary Trust c/o James T Farrell 580 California St Ste 2200 San Francisco CA 94104	
Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	
27	27	



Name and Address of Sender	Check type of mail or service
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☐ Adult Signature Restricted Delivery ☐ Registered Mail
☒ Certified Mail ☐ Return Receipt for Merchandise
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation
☐ Collect on Delivery (COD) ☐ Signature Confirmation Restricted Delivery
☐ Insured Mail ☐ Priority Mail

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge - if Registered and over \$50,000 in value	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
25. 9214 8901 9403 8304 2414 91	Betsy H Keller c/o James T Farrell 580 California St Ste 2200 San Francisco CA 94104	0.65	3.50								1.60			
26. 9214 8901 9403 8304 2415 07	Adolph P Schuman Marital Trust c/o Paul Sax 405 Howard Street San Francisco CA 94105	0.65	3.50								1.60			
27. 9214 8901 9403 8304 2415 14	J Fredrick Van Vranken Jr 950 Regency Square Apt #202 Vero Beach FL 32967	0.65	3.50								1.60			
								Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling

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Affidavit of Publication

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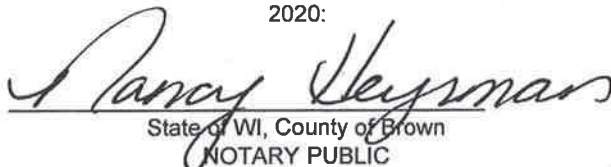
SANTA FE, NM 87504

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

January 22, 2020

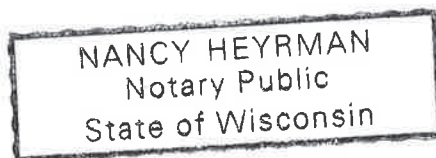

Legal Clerk

Subscribed and sworn before me this January 22, 2020:


State of WI, County of Brown
NOTARY PUBLIC
5.15.23
My commission expires

Ad # 0004013228
PO #: 21024
of Affidavits 1

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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D2

Submitted by: SEP Permian, LLC

Hearing Date: February 06, 2020

Case No. 21024

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold a public hearing before a hearing examiner on February 6, 2020, 8:15 a.m., in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico. The docket may be viewed electronically on the Division's website, <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Florene Davidson, OCD Clerk, at (505) 476-3458. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Florene Davidson, OCD Clerk, at (505) 476-3458, or at the New Mexico Relay Network, 1-800-659-1779, no later than January 27, 2020.

STATE OF NEW MEXICO TO:

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

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

To: All overriding royalty interest owners and pooled parties, including: William H. Bowen, his heirs and devisees; Drilmor, Inc.; Charles R. Wiggins, his heirs and devisees; Richard H. Coats and his wife, Sigrid M. Coats, their heirs and devisees; Rio Arriba Investments, LLC; Feagan Energy, Inc.; Rockhill Royalty Partners; Teresa Rene Norman and Robert Clay Norman, Co-Trustees of the Elizabeth J. Norman Living Trust; American National Petroleum Company; ExxonMobil Corporation; Nearburg Exploration Company, LLC; Fred Omar Irami, his heirs and devisees, c/o Chama Petroleum; Black Stone Energy Company, LLC; Tierra Oil Company; DEBCO, LLC; The Nell Blackmar Limited Partnership; Nearburg Producing Company Employee Fund; Unknown Heirs and Devisees of Ernie Bello, Dec'd, c/o Lorraine Bellow & Erlaine Bello-Trombetta; Heirs and/or Devisees of Dr. Isaac A. Kawasaki; Space Building Corporation; EOG Y, Attn: Janet Richardson; Gendron Rev. Liv. Trust; E.G. Holden Testamentary Trust, c/o James T. Farrell; Betsy H. Keller, her heirs and devisees, c/o James T. Farrell; Adolph P. Schuman Marital Trust, c/o Paul Sax; and J. Fredrick Van Vranken, Jr., his heirs and devisees.

Case No. 21024: Application of SEP Permian, LLC to Amend Order No. R-20412 to Add Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-20412 to add two additional wells to be dedicated to the 160-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. The spacing unit will now be dedicated to the following three wells: (1) Lakewood Fed Com #9H Well (API No. 30-015-45677), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 34; (2) Lakewood Fed Com #10H Well (API No. 30-015-45678), to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27, to a bottom hole location in the SE/4

SW/4 (Unit N) of Section 34; and (3) Lakewood Fed Com #14H Well (API No. 30-015-46122), to be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 3, Township 20 South, Range 25 East, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 34. Said area is located approximately 8 miles west of Lakewood, New Mexico.

January 22, 2020