

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 05, 2020**

CASE No. 21098

NIRVANA 1H, 2H, & 3H

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-20642 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT, EDDY
COUNTY, NEW MEXICO.**

**CASE NO. 21098 (Re-Open)
ORDER NO. R-20642**

TABLE OF CONTENTS

1. **Spur Exhibit A** – Compulsory Pooling Application Checklist
2. **Spur Exhibit B** – Application of SEP Permian, LLC to Amend Order No. R-20642 to Add Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico (Case No. 21098)
3. **Spur Exhibit C** – Affidavit of Stan Mitchell, Landman
4. **Spur Exhibit C-1** – Division Order No. 20642
5. **Spur Exhibits C-2** – C-102
6. **Spur Exhibit C-3** – Land/Unit Recap
7. **Spur Exhibit C-4** – Well Proposals/AFE
8. **Spur Exhibit D-1** – Notice Affidavit
9. **Spur Exhibit D-2** – Notice of Publication

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|---|
| Case No. 21098 | APPLICANT'S RESPONSE |
| Date: March 5, 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-20642 TO ADD ADDITIONAL WELLS TO THE APPROVED HORIZONTAL WELL SPACING UNIT, EDDY COUNTY, NEW MEXICO. |
| Entries of Appearance/Intervenors: | None |
| Well Family | Nirvana wells |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | San Andres-Yeso formation |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | San Andres-Yeso formation, from a stratigraphic equivalent of 3201 feet measured depth to the base of the Yeso formation |
| Pool Name and Pool Code: | Penasco Draw; San Andres-Yeso Pool (Pool Code 50270) |
| Well Location Setback Rules: | Statewide oil |
| Spacing Unit Size: | 200 acres |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 200 acres, more or less |
| Building Blocks: | 40-acre |
| Orientation: | Standup |
| Description: TRS/County | S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 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, in the Yeso formation at 3200 feet |
| 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 DIVISION

Santa Fe, New Mexico

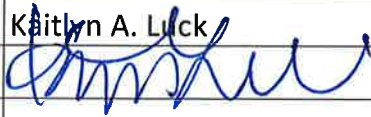
Exhibit No. A

Submitted by: SEP Permian, LLC

Hearing Date: March 05, 2020

Case No. 21098

| | |
|--|--|
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | <p>Nirvana Well No. 1H, API No. 30-015-pending SHL:520 feet from the South line and 665 feet from the West line, (Unit M) of Section 27, Township 18 South, Range 26 East, NMPM. BHL:360 feet from the South line and 1306 feet from the East line, (Unit P) of Section 29, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: San Andres-Yeso at approx 2395 feet TVD. Well Orientation:West to East Completion Location expected to be:standard</p> |
| Well #2 | <p>Nirvana Well No. 2H, API No. 30-015-pending SHL:560 feet from the South line and 665 feet from the West line, (Unit M) of Section 27, Township 18 South, Range 26 East, NMPM. BHL:913 feet from the South line and 1306 feet from the East line, (Unit P) of Section 29, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: San Andres-Yeso at approx 2650 feet TVD. Well Orientation:West to East Completion Location expected to be:standard</p> |
| Well #3 | <p>Nirvana Well No. 3H, API No. 30-015-pending SHL:540 feet from the South line and 665 feet from the West line, (Unit M) of Section 27, Township 18 South, Range 26 East, NMPM. BHL:410 feet from the South line and 1307 feet from the East line, (Unit P) of Section 29, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: San Andres-Yeso at approx 3585 feet TVD. Well Orientation:West to East Completion Location expected to be:standard</p> |
| Horizontal Well First and Last Take Points | See Exhibit C-2 for the available well information. |
| Completion Target (Formation, TVD and MD) | See Exhibit C-4 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-20642 |
| Production Supervision/Month \$ | See Order No. R-20642 |
| Justification for Supervision Costs | See Order No. R-20642 |
| Requested Risk Charge | See Order No. R-20642 |
| 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-3 |
| Tract List (including lease numbers and owners) | Exhibit C-3 |
| Pooled Parties (including ownership type) | Exhibit C-3, 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-4 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit C-3, D-1 |

| | |
|--|--|
| Chronology of Contact with Non-Joined Working Interests | N/A (spacing unit already pooled under Order No. R-20642) |
| Overhead Rates In Proposal Letter | See Order No. R-20642 |
| Cost Estimate to Drill and Complete | Exhibit C-4 |
| Cost Estimate to Equip Well | Exhibit C-4 |
| Cost Estimate for Production Facilities | Exhibit C-4 |
| Geology | |
| Summary (including special considerations) | N/A (acreage already pooled under Order No. R-20642) |
| Spacing Unit Schematic | N/A (acreage already pooled under Order No. R-20642) |
| Gunbarrel/Lateral Trajectory Schematic | N/A (acreage already pooled under Order No. R-20642) |
| Well Orientation (with rationale) | N/A (acreage already pooled under Order No. R-20642) |
| Target Formation | N/A (acreage already pooled under Order No. R-20642) |
| HSU Cross Section | N/A (acreage already pooled under Order No. R-20642) |
| Depth Severance Discussion | N/A (acreage already pooled under Order No. R-20642) |
| Forms, Figures and Tables | |
| C-102 | Exhibit C-2 |
| Tracts | Exhibit C-3 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit C-3 |
| General Location Map (including basin) | N/A (acreage already pooled under Order No. R-20642) |
| Well Bore Location Map | N/A (acreage already pooled under Order No. R-20642) |
| Structure Contour Map - Subsea Depth | N/A (acreage already pooled under Order No. R-20642) |
| Cross Section Location Map (including wells) | N/A (acreage already pooled under Order No. R-20642) |
| Cross Section (including Landing Zone) | N/A (acreage already pooled under Order No. R-20642) |
| Additional Information | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Kaitlyn A. Luck |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 4-Mar-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-20642 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT, EDDY
COUNTY, NEW MEXICO.**

Case No. 21098
**CASE NO. 20263 (Re-Open)
ORDER NO. R-20642**

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-20642 to add an additional well to the approved horizontal spacing unit. In support of its application, Spur states:

1. Division Order No. R-20642, entered February 7, 2019, in Case No. 20263, created a 200-acre, more or less, standard horizontal oil spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The Order limited the pooled vertical depths from a depth of 3,201 feet to the base of the Yeso formation at a stratigraphic equivalent of a measured depth of 4,460 feet as defined in the Gamma Ray-Neutron Log from the Len Mayer 1 Well (API No. 30-015-05926).

2. The Order dedicated the above-described spacing unit, subject to the pooled vertical limits, to the following initial proposed well: **Nirvana No. 3H Well**, which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: **SEP Permian, LLC**
Hearing Date: March 05, 2020
Case No. 21098

the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

3. Since entry of Order No. R-20642, 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: The **Nirvana No. 1H Well** and the **Nirvana 2H Well**, both of which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

4. Spur has submitted a revised well proposal letter to the mineral owners pooled under Division Order No. R-20642 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 March 5, 2020, and, after notice and hearing as required by law, the Division amend Division Order No. R-20642 to add the wells identified herein to the approved horizontal well spacing unit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

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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-20642 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT, EDDY
COUNTY, NEW MEXICO.**

**CASE NO. 21098 (Re-Open)
ORDER NO. R-20642**

**AFFIDAVIT OF STAN MITCHELL
IN SUPPORT OF CASE NO. 21098 (ORDER NO. R-20642)**

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-20642 in this case and presenting it by affidavit.
4. This case was initially presented to the Division on February 7, 2019.
5. Division Order No. R-20642, entered June 24, 2019, in Case No. 20231, created a 200-acre, more or less, standard horizontal oil spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The Order limited the pooled vertical depths from a depth of 3,201 feet to the base of the Yeso formation at a stratigraphic equivalent of a measured depth of 4,460 feet as defined in the Gamma Ray-Neutron Log from the

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **SEP Permian, LLC**
Hearing Date: March 05, 2020
Case No. 21098

Len Mayer 1 Well (API No. 30-015-05926). Division Order No. R-20642 is attached as **Spur Exhibit C-1**.

6. The Order dedicated the above-described spacing unit, subject to the pooled vertical limits, to the following initial proposed well: **Nirvana No. 3H Well**, which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

7. Spur seeks an order to amend Order No. R-20642 to add an additional well to the approved horizontal spacing unit.

8. Since entry of Order No. R-20642, 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) The **Nirvana No. 1H Well**, and (2) the **Nirvana 2H Well**, both of which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

9. **Spur Exhibit C-2** are draft Form C-102s reflecting the footage locations and the completed interval for each well.

10. These wells are located in the Penasco Draw; San Andres-Yeso Pool (Pool Code 50270).

11. The completed intervals of the wells will comply with the Statewide setback requirements for oil wells.

12. Other than the addition of the **Nirvana No. 1H Well** and the **Nirvana No. 2H Well** as the initial wells, all other provisions of Order No. R-20642 remain unchanged.

13. **Spur Exhibit C-3** contains a plat outlining the pooled unit, identifies the tracts of land comprising the pooled unit, and identifies the mineral interests pooled under Order No. R-20642.

14. There is a depth severance in this Unit, as defined in Order No. R-20642 that limited the pooled vertical depth of 3,201 feet to the base of the Yeso formation at a stratigraphic equivalent of a measured depth of 4,460. Spur provided proper notice of this hearing to the only vertical offset party, Vladin, LLC. As presented at hearing in Case No. 20263 and reflected in Order No. R-20642, the proposed horizontal development in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval above the 3200-foot depth severance.

15. Spur sent a well proposal letter to the working interest owners for each of these proposed initial wells advising that Spur intended to seek amendment to Order No. R-20642. An AFE for each of the wells 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-4**.

16. As provided in Spur Exhibit No. C-4, Spur will provide each pooled working interest owner a new election period following the issuance of an amended pooling order due to the need to add additional well for purposes of batch drilling.

17. Because Division Order No. R-20642 requires drilling be commenced on or before June 30, 2020, Spur simultaneously requests that the timeframe for election, drilling, and completion be extended by the Division in any Order entered in this case. There is no additional

notice requirement related to this extension request because none of the pooled working interest owners have made an election under Order No. R-20642.

18. 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-20642. All pooled parties were locatable.

19. **Spur Exhibit Nos. C-1 through C-4** were either prepared by me or compiled under my direction and supervision.


STAN MITCHELL

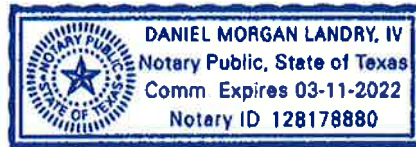
STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 25th 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. 20263
ORDER NO. R-20643**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 7, 2019, at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 24th day of June 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) Case Nos. 20191 and 20263 were consolidated at the hearing for the purpose of testimony and a single order is being issued for each case.
- (3) The Applicant, Percussion Petroleum Operating, LLC seeks in this case to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit (the "Unit") comprising 200 acres (more or less) in the San Andres-Yeso (Assoc) formation, Penasco Draw; San Andres-Yeso Pool (Pool code 50270), comprising the S/2 S/2 of Section 28 and SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled vertical depths are limited from a depth of 3201 feet to the base of the Yeso formation at a stratigraphic equivalent of a measured depth of 4460 feet as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926).

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C1
Submitted by: **SEP Permian, LLC**
Hearing Date: March 05, 2020
Case No. 21098

(4) The Unit will be dedicated to the following "proposed well". The completed interval for the proposed well within the Unit will be orthodox:

Nirvana No. 3H, API No. 30-015-Pending

SHL: 690 feet from the South line and 635 feet from the West line,
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.
BHL: 410 feet from the South line and 1306 feet from the East line,
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(5) The Penasco Draw; San Andres-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [for 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) No other party entered an appearance in this case or otherwise opposed this application.

(8) Applicant appeared through counsel and presented the following land and technical evidence:

- (a) The San Andres-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The proposed orientation of the horizontal well from east to west is appropriate for optimum recovery of oil and gas.
- (c) A depth severance exists in the Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool two subsets of the Pool:

(Case No. 20191) from the top of the pool [at a stratigraphic equivalent of 2279 feet measured depth], as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet, and

(Case No. 20263) from 3201 feet to the base of the Yeso at a stratigraphic equivalent of 4460 feet measured depth as defined in the same log.

- (d) The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance due to

a pugh clause for an old well, the Mallard HM #2 well. And the document creating the depth severance does define the depth as 3200 feet, as measured in the Mallard HM No. 2 Well (API No. 30-015-22052).

- (e) All owners of the mineral estate above and below the depth severance were notified of the proposed pooling. One overriding interest owner, Helen Holt, had mail returned to sender.
- (f) In addition to parties the Applicant seeks to compulsory pool, the Applicant provided notice of these applications to the vertical offsets who were excluded from the spacing unit that the Applicant seeks to pool. All parties received notice and did not object to the Applicant's plan to pool only a portion of the pool in each case.
- (g) The cross-section submitted at the hearing depicts the Nirvana 3H target interval to be at 3620 feet true vertical feet which is approximately 420 feet below the depth severance at 3200 feet; therefore, the well will not impair correlative rights at 3200 feet or above the 3200-foot depth severance.
- (h) In addition, Applicant provided geologic testimony and exhibits indicating there are silts that act as frac barriers in each of the two wells and the applicant opines in their affidavit that the silts will act as a frac barrier, preventing drainage from the other side of the depth severance line.
- (i) The proposed well(s) will not drain pressure from, produce oil or gas from, or otherwise affect, or be affected by, production from each other or the respective depth severance at 3200 feet.
- (j) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet off of the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.
- (k) All quarter-quarter sections to be included in the Unit are expected to be substantially productive in the San Andres-Yeso formation, so that the Unit as requested will not impair correlative rights.
- (l) 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.

- (m) Those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(9) The application in this case was filed, and the Well(s) were permitted, on or after the June 26, 2018 date on which amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689). Hence the Well(s) must be spaced, permitted and drilled pursuant 19.15.16.15 NMAC, as amended effective June 26, 2018.

(10) Provided that the Unit constitutes a standard horizontal spacing unit for each of the Well(s) under now effective rules, no non-standard spacing unit approval is needed. If, however, the Unit is not a standard horizontal spacing unit for any of the Well(s), the operator must obtain approval of a non-standard horizontal spacing unit pursuant to 19.15.16.15.B(5) prior to producing such well(s). The Unit shall not be considered non-standard due to the depth limitations approved in this Order.

(11) The depth severance and lower limit of the interval to be pooled was described as follows in applicant's exhibits presented February 7, 2019:

A depth severance exists in the San Andres-Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool from 3201 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 4460 feet.

(12) Applicant has presented evidence that the proposed horizontal well if drilled in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval in Penasco Draw; San Andres-Yeso (Assoc) Pool located above the 3200-foot depth severance.

(13) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet off of the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.

(14) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.

(15) 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.

(16) 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).

(17) There are interest owners in the Unit that have not agreed to pool their interests.

(18) 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 San Andres-Yeso formation within the Unit.

(19) 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.

(20) 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.

(21) 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).

(22) 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 200 acres (more or less) within the San Andres-Yeso formation (as it is described below) and in the Penasco Draw; San Andres-Yeso (Assoc) (Pool code 50270) and all other pools hereafter defined within the San Andres-Yeso formation in the S/2 S/2 of Section 28 and the SE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled Interval: A stratigraphic equivalent from 3201 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 4460 feet.

(2) The Unit shall be dedicated to the following "proposed well". The completed interval of the proposed well will be orthodox:

Nirvana No. 3H, API No. 30-015-Pending

SHL: 690 feet from the South line and 635 feet from the West line,
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.
BHL: 410 feet from the South line and 1306 feet from the East line,
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

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

(4) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(5) The operator of the Unit shall commence drilling the proposed well on or before June 30, 2020 and shall thereafter continue drilling the proposed well with due diligence to test the San Andres-Yeso 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name NIRVANA | | | 6 Well Number 1H |
| 7 GRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3370' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 27 | 18S | 26E | | 520 | SOUTH | 665 | WEST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 29 | 18S | 26E | | 360 | SOUTH | 1306 | EAST | EDDY |

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

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

16

GEODETTIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 623121.3 - E: 528122.7
LAT: 32.7129939° N
LONG: 104.3762991° W

FIRST TAKE POINT
360' FSL 100' FEL (SEC.28)
N: 622963.5 - E: 527357.8
LAT: 32.7125594° N
LONG: 104.3787860° W

LAST TAKE POINT
360' FSL 1226' FEL (SEC.29)
N: 622990.1 - E: 520917.1
LAT: 32.7126231° N
LONG: 104.3997266° W

BOTTOM HOLE
N: 622990.4 - E: 520837.2
LAT: 32.7126238° N
LONG: 104.3999867° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND FENCE POST
N: 622614.8 - E: 516841.1

B: CALCULATED CORNER
N: 627902.6 - E: 516889.4

C: CALCULATED CORNER
N: 627898.4 - E: 522165.5

D: FOUND NAIL
N: 627894.1 - E: 527461.9

E: FOUND 5/8" REBAR
N: 627877.8 - E: 532755.3

F: FOUND 1.5"x0.6"x0.6" LIMESTONE ROCK
N: 625234.8 - E: 532747.8

G: FOUND REBAR
N: 622587.3 - E: 532746.3

H: FOUND COTTON SPINDLE
N: 622595.8 - E: 530101.6

I: FOUND REBAR
N: 622603.2 - E: 527457.4

J: CALCULATED CORNER
N: 622625.1 - E: 522141.2

K: FOUND 3/8" REBAR
N: 622636.0 - E: 519499.8

L: FOUND COTTON SPINDLE
N: 625243.8 - E: 527459.8

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

11-20-2019
Date of Survey

Signature and Seal of Professional Surveyor _____

19680
Certificate Number

JOE ROBERT M. HOWETT
PROFESSIONAL SURVEYOR
NEW MEXICO
19680

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: SEP Permian, LLC
Hearing Date: March 05, 2020
Case No. 21098

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
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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

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name NIRVANA | | | 6 Well Number 2H |
| 7 GRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3369' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 27 | 18S | 26E | | 560 | SOUTH | 665 | WEST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 29 | 18S | 26E | | 913 | SOUTH | 1306 | EAST | EDDY |

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

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

| | | | | | |
|--|--|---|--|---|--|
| <p>16</p> <p>GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 623161.2 - E: 528122.8 LAT: 32.7131038° N LONG: 104.3762990° W</p> <p>FIRST TAKE POINT 910' FSL 100' FEL (SEC.28) N: 623513.4 - E: 527358.3 LAT: 32.7140708° N LONG: 104.3787851° W</p> <p>LAST TAKE POINT 913' FSL 1227' FEL (SEC.29) N: 623542.9 - E: 520918.7 LAT: 32.7141427° N LONG: 104.3997227° W</p> <p>BOTTOM HOLE N: 623543.3 - E: 520838.7 LAT: 32.7141435° N LONG: 104.3999827° W</p> | | <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 516841.1</p> <p>B: CALCULATED CORNER N: 627902.6 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522165.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"X0.6"X0.6" LIMESTONE ROCK N: 625234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622625.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622636.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p> | | <p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>11-20-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p> | | <p>Job No.: LS19111093</p> | | | |

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OIL CONSERVATION DIVISION
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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

| | | |
|----------------------------|--|--|
| ¹ API Number | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name NIRVANA | ⁶ Well Number 3H |
| ⁷ GRID NO. | ⁸ Operator Name SPUR ENERGY PARTNERS LLC. | ⁹ Elevation 3369' |

¹⁰ Surface Location


| | | | | | | | | | |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
| M | 27 | 18S | 26E | | 540 | SOUTH | 665 | WEST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P | 29 | 18S | 26E | | 410 | SOUTH | 1307 | EAST | EDDY |

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

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

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| <p>¹⁶</p> <p><u>GEODETTIC DATA</u> NAD 83 GRID - NM EAST</p> <p><u>SURFACE LOCATION</u> N: 623141.3 - E: 528122.8 LAT: 32.7130489° N LONG: 104.3762990° W</p> <p><u>FIRST TAKE POINT</u> 410' FSL 100' FEL (SEC.28) N: 623013.5 - E: 527357.8 LAT: 32.7126968° N LONG: 104.3787859° W</p> <p><u>LAST TAKE POINT</u> 410' FSL 1226' FEL (SEC.29) N: 623040.1 - E: 520917.4 LAT: 32.7127605° N LONG: 104.3997260° W</p> <p><u>BOTTOM HOLE</u> N: 623040.4 - E: 520837.4 LAT: 32.7127612° N LONG: 104.3999860° W</p> <p><u>CORNER DATA</u> NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 516841.1</p> <p>B: CALCULATED CORNER N: 627902.6 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522165.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"x0.6"x0.6" LIMESTONE ROCK N: 625234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622625.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622636.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>11-20-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor </p> <p>19680 Certificate Number</p> |
|--|---|

Job No.: LS19111094

Eddy County, NM

Vladin, LLC

1.25%

Section 28SEP Permian LLC
100%

SEP Permian LLC - 25%
EOG A Resources - 18.75%
EOG M Resources - 25%
EOG Y Resources - 25%
EOG Resources Assets, LLC - 2.195%
Vladin, LLC - 5.122%

SEP Permian LLC
100%

SEP Pontian LLC - 25%
EOG A Resources - 75%
EOG N Resources - 25%
EOG Y Resources - 25%

NIRVANA #3H

200 ACRES

Township 18S-Range 26E

Section 28: S/2 S/2

Section 29: SE/4 SE/4

Eddy County, NM

WI Owner

SEP Permian LLC

EOG A Resources

EOG M Resources

EOG Y Resources

Unit WI %

70.00%

10.00%

10.00%

10.00%

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| Section 29 | | Section 28 | |
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Sent Certified Mail, Return Receipt Requested

December 6, 2019

EOG A Resources, Inc.
Attn: Janet Richardson
104 South 4th Street
Artesia, NM 88210

RE: Notice of Intent to Amend Compulsory Pooling Order R-20642
Nirvana Unit Update
S/2 S/2 Section 28, T18S, R26E and
SE/4 SE/4 Section 29, T18S, R26E
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. Percussion obtained the operating rights to the Nirvana Unit with a Term Assignment with OXY Y-1 Company ("OXY") effective November 1, 2018, filed January 30, 2019, Book 1119, Page 12 in which OXY assigned their working interest from the top of the Glorieta foundation to the base of the Yeso formation.

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-20642 ("R-20642") 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 Nirvana 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-20642 limits the initial drilling program to a single well, the Nirvana Com Well No. 3H. SEP intends to file an application with the OCD to amend Order R-20642 to allow additional wells at the location and depth noted on the enclosure. An AFE is also enclosed for each of these wells.

Since the authorized Nirvana Com Well No. 3H has not yet been drilled, you will be afforded a new election period for both 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 v-smitchell@spurepllc.com.

Regards,

Stan Mitchell, CPL
Contract Senior Landman

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: SEP Permian, LLC
Hearing Date: March 05, 2020
Case No. 21098

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|----------------------|---|---------------------|----------------------------------|------------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name NIRVANA | | | |
| 6 Well Number 1H | | 7 Elevation 3370' | | | |
| 8 GRID NO. | | 9 Operator Name SPUR ENERGY PARTNERS LLC. | | | |
| 10 Surface Location | | | | | |
| UL or lot no. M | Section 27 | Township 18S | Range 26E | Lot Idn | Feet from the 520 |
| | | | | North/South line SOUTH | Feet from the 665 |
| | | | | East/West line WEST | County EDDY |
| 11 Bottom Hole Location If Different From Surface | | | | | |
| UL or lot no. P | Section 29 | Township 18S | Range 26E | Lot Idn | Feet from the 360 |
| | | | | North/South line SOUTH | Feet from the 1306 |
| | | | | East/West line EAST | County EDDY |
| 12 Dedicated Acres | | 13 Joint or Infill | | 14 Consolidation Code | |
| | | | | 15 Order No. | |

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

| | | | |
|---|--|--|--|
| <p>16 GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 623121.3 - E: 528122.7 LAT: 32.7129939° N LONG: 104.3762991° W</p> <p>FIRST TAKE POINT 360' FSL 100' FEL (SEC.28) N: 622963.5 - E: 527357.8 LAT: 32.7125594° N LONG: 104.3787860° W</p> <p>LAST TAKE POINT 360' FSL 1226' FEL (SEC.29) N: 622990.1 - E: 520917.1 LAT: 32.7126231° N LONG: 104.3997266° W</p> <p>BOTTOM HOLE N: 622990.4 - E: 520837.2 LAT: 32.7126238° N LONG: 104.3998867° W</p> | | <p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p> | |
| <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>11-20-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p> | | <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>26</p> <p>27</p> <p>28</p> <p>29</p> <p>30</p> <p>31</p> <p>32</p> <p>33</p> <p>34</p> <p>35</p> <p>36</p> <p>37</p> <p>38</p> <p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p> <p>45</p> <p>46</p> <p>47</p> <p>48</p> <p>49</p> <p>50</p> <p>51</p> <p>52</p> <p>53</p> <p>54</p> <p>55</p> <p>56</p> <p>57</p> <p>58</p> <p>59</p> <p>60</p> <p>61</p> <p>62</p> <p>63</p> <p>64</p> <p>65</p> <p>66</p> <p>67</p> <p>68</p> <p>69</p> <p>70</p> <p>71</p> <p>72</p> <p>73</p> <p>74</p> <p>75</p> <p>76</p> <p>77</p> <p>78</p> <p>79</p> <p>80</p> <p>81</p> <p>82</p> <p>83</p> <p>84</p> <p>85</p> <p>86</p> <p>87</p> <p>88</p> <p>89</p> <p>90</p> <p>91</p> <p>92</p> <p>93</p> <p>94</p> <p>95</p> <p>96</p> <p>97</p> <p>98</p> <p>99</p> <p>100</p> | |

Job No.: LS19111092

District I
1625 N. French Dr., Hobbs, NM 88240
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District IV
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Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | | | |
|---|----------------------|---|---------------------|-----------------------|-----------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | | | | | |
| 4 Property Code | | 5 Property Name NIRVANA | | | | | | 6 Well Number 2H | |
| 7 GRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | | | | 9 Elevation 3369' | |
| 10 Surface Location | | | | | | | | | |
| UL or lot no. M | Section 27 | Township 18S | Range 26E | Lot Idn | Feet from the 560 | North/South line SOUTH | Feet From the 665 | East/West line WEST | County EDDY |
| 11 Bottom Hole Location If Different From Surface | | | | | | | | | |
| UL or lot no. P | Section 29 | Township 18S | Range 26E | Lot Idn | Feet from the 913 | North/South line SOUTH | Feet From the 1306 | East/West line EAST | County EDDY |
| 12 Dedicated Acres | | 13 Joint or Infill | | 14 Consolidation Code | | 15 Order No. | | | |

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

| | | | | | |
|---|--|---|--|---|--|
| <p>16</p> <p>GEODETTIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 623161.2 - E: 528122.8 LAT: 32.7131038° N LONG: 104.3782990° W</p> <p>FIRST TAKE POINT 910' FSL 100' FEL (SEC.28) N: 623513.4 - E: 527358.3 LAT: 32.7140708° N LONG: 104.3787851° W</p> <p>LAST TAKE POINT 913' FSL 1227' FEL (SEC.29) N: 623542.9 - E: 520918.7 LAT: 32.7141427° N LONG: 104.3997227° W</p> <p>BOTTOM HOLE N: 623543.3 - E: 520838.7 LAT: 32.7141435° N LONG: 104.3998827° W</p> | | <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 516841.1</p> <p>B: CALCULATED CORNER N: 627902.6 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522165.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"x0.6"x0.6" LIMESTONE ROCK N: 625234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622825.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622636.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p> | | <p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>11-20-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p> | | <p>Job No.: LS19111093</p> | | | |

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OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name NIRVANA | | | 6 Well Number 3H |
| 7 OGRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3369' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 27 | 18S | 26E | | 540 | SOUTH | 665 | WEST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 29 | 18S | 26E | | 410 | SOUTH | 1307 | EAST | EDDY |

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

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

| | | | |
|---|--|---|--|
| <p>16</p> <p>GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 623141.3 - E: 528122.8 LAT: 32.7130489° N LONG: 104.3762990° W</p> <p>FIRST TAKE POINT 410' FSL 100' FEL (SEC.28) N: 623013.5 - E: 527357.8 LAT: 32.7126968° N LONG: 104.3787859° W</p> <p>LAST TAKE POINT 410' FSL 1226' FEL (SEC.29) N: 623040.1 - E: 520917.4 LAT: 32.7127605° N LONG: 104.3997260° W</p> <p>BOTTOM HOLE N: 623040.4 - E: 520837.4 LAT: 32.7127612° N LONG: 104.3999860° W</p> | | <p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 516841.1</p> <p>B: CALCULATED CORNER N: 627902.6 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522165.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"x0.6"x0.6" LIMESTONE ROCK N: 625234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622625.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622638.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p> | | <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>11-20-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p> | |

Job No.: LS19111094

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------|--------------------------|--------------------|--|
| AFE NO.: | D19073 | COMPANY | |
| AFE DESC: | NIRVANA 1H | DIVISION | |
| DATE: | 12/10/2019 | OPERATOR: | |
| AFE TYPE: | DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: | GROSS | LLC | |

| DETAIL OF EXPENDITURES | DRYHOLE | COMPLETION | EQUIP-TIE | SUPPLEMENT | TOTAL | ACTUAL |
|---------------------------------|---------|------------|-----------|------------|------------|--------|
| LOCATION/DAMAGES-LAND | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| TITLE WORK/OPINIONS - LAND | | 133,000.00 | 0.00 | | 133,000.00 | |
| TOTAL: | | 133,000.00 | 0.00 | | 133,000.00 | |
| DAMAGES/ROW - LAND | | 83,667.00 | 0.00 | | 83,667.00 | |
| TOTAL: | | 83,667.00 | 0.00 | | 83,667.00 | |
| DRILLING RENTALS: SURFACE | | 65,000.00 | 0.00 | | 65,000.00 | |
| TOTAL: | | 65,000.00 | 0.00 | | 65,000.00 | |
| DRILLING RENTALS: SUBSURFACE | | 36,000.00 | 0.00 | | 36,000.00 | |
| TOTAL: | | 36,000.00 | 0.00 | | 36,000.00 | |
| DRILL MUD & COMPL FLUID | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| WELLSITE SUPERVISION | | 39,000.00 | 0.00 | | 39,000.00 | |
| TOTAL: | | 39,000.00 | 0.00 | | 39,000.00 | |
| GROUND TRANSPORT | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| CONTRACT DRILLING (DAY RATE/TUF | | 195,000.00 | 0.00 | | 195,000.00 | |
| TOTAL: | | 195,000.00 | 0.00 | | 195,000.00 | |
| DIRECTIONAL TOOLS AND SERVICES | | 110,500.00 | 0.00 | | 110,500.00 | |
| TOTAL: | | 110,500.00 | 0.00 | | 110,500.00 | |
| FLUID & CUTTINGS DISPOSAL | | 85,000.00 | 0.00 | | 85,000.00 | |
| TOTAL: | | 85,000.00 | 0.00 | | 85,000.00 | |
| FRAC TANK RENTALS | | 1,300.00 | 0.00 | | 1,300.00 | |
| TOTAL: | | 1,300.00 | 0.00 | | 1,300.00 | |
| BITS | | 35,000.00 | 0.00 | | 35,000.00 | |
| TOTAL: | | 35,000.00 | 0.00 | | 35,000.00 | |
| CONTINGENCIES | | 96,180.00 | 0.00 | | 96,180.00 | |
| TOTAL: | | 96,180.00 | 0.00 | | 96,180.00 | |
| FUEL, WATER & LUBE | | 39,000.00 | 0.00 | | 39,000.00 | |
| TOTAL: | | 39,000.00 | 0.00 | | 39,000.00 | |
| CEMENT | | 105,000.00 | 0.00 | | 105,000.00 | |
| TOTAL: | | 105,000.00 | 0.00 | | 105,000.00 | |
| CASING CREWS AND LAYDOWN SER | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| MUD LOGGER | | 13,000.00 | 0.00 | | 13,000.00 | |
| TOTAL: | | 13,000.00 | 0.00 | | 13,000.00 | |
| MOB/DEMOB RIG | | 50,000.00 | 0.00 | | 50,000.00 | |
| TOTAL: | | 50,000.00 | 0.00 | | 50,000.00 | |
| VACUUM TRUCKING | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| DRILLPIPE INSPECTION | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| CONTRACT LABOR/SERVICES | | 35,000.00 | 0.00 | | 35,000.00 | |
| TOTAL: | | 35,000.00 | 0.00 | | 35,000.00 | |
| SURFACE CASING | | 22,815.00 | 0.00 | | 22,815.00 | |
| TOTAL: | | 22,815.00 | 0.00 | | 22,815.00 | |
| PRODUCTION/LINER CASING | | 137,620.00 | 0.00 | | 137,620.00 | |
| TOTAL: | | 137,620.00 | 0.00 | | 137,620.00 | |
| CONDUCTOR PIPE | | 25,000.00 | 0.00 | | 25,000.00 | |
| TOTAL: | | 25,000.00 | 0.00 | | 25,000.00 | |
| WELLHEAD | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| LINER HANGER/CASING ACCESSORY | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| EQUIP RENT | | 175,000.00 | 0.00 | | 175,000.00 | |
| TOTAL: | | 175,000.00 | 0.00 | | 175,000.00 | |
| DRILL MUD & COMPL FLUID | | 350,000.00 | 0.00 | | 350,000.00 | |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | | |
|------------------------------------|--|--------------------|------|--------------|
| AFE NO.: D19073 | | COMPANY | | |
| AFE DESC: NIRVANA 1H | | DIVISION | | |
| DATE: 12/10/2019 | | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | | LLC | | |
| TOTAL: | | 350,000.00 | 0.00 | 350,000.00 |
| WELLSITE SUPERVISION | | 44,000.00 | 0.00 | 44,000.00 |
| TOTAL: | | 44,000.00 | 0.00 | 44,000.00 |
| GROUND TRANSPORT | | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | | 10,000.00 | 0.00 | 10,000.00 |
| CASED HOLE WIRELINE | | 160,000.00 | 0.00 | 160,000.00 |
| TOTAL: | | 160,000.00 | 0.00 | 160,000.00 |
| FRAC/FLUID SW DISPOSAL | | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | | 10,000.00 | 0.00 | 10,000.00 |
| FRAC TANK RENTALS | | 9,000.00 | 0.00 | 9,000.00 |
| TOTAL: | | 9,000.00 | 0.00 | 9,000.00 |
| FLOWBACK | | 8,000.00 | 0.00 | 8,000.00 |
| TOTAL: | | 8,000.00 | 0.00 | 8,000.00 |
| BITS | | 1,000.00 | 0.00 | 1,000.00 |
| TOTAL: | | 1,000.00 | 0.00 | 1,000.00 |
| CONTINGENCIES | | 151,000.00 | 0.00 | 151,000.00 |
| TOTAL: | | 151,000.00 | 0.00 | 151,000.00 |
| SPECIALIZED SERVICE | | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | | 30,000.00 | 0.00 | 30,000.00 |
| STIMULATION AND PUMPING SERVIC | | 990,000.00 | 0.00 | 990,000.00 |
| TOTAL: | | 990,000.00 | 0.00 | 990,000.00 |
| FUEL, WATER & LUBE | | 260,000.00 | 0.00 | 260,000.00 |
| TOTAL: | | 260,000.00 | 0.00 | 260,000.00 |
| COMPLETION/WORKOVER (RIG) | | 48,000.00 | 0.00 | 48,000.00 |
| TOTAL: | | 48,000.00 | 0.00 | 48,000.00 |
| CONTRACT LABOR/SERVICES | | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | | 30,000.00 | 0.00 | 30,000.00 |
| 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 | | 60,000.00 | 0.00 | 60,000.00 |
| TOTAL: | | 60,000.00 | 0.00 | 60,000.00 |
| TUBING HEAD/XMAS TREE | | 15,000.00 | 0.00 | 15,000.00 |
| TOTAL: | | 15,000.00 | 0.00 | 15,000.00 |
| PUMPING & LIFTING EQUIP | | 50,000.00 | 0.00 | 50,000.00 |
| TOTAL: | | 50,000.00 | 0.00 | 50,000.00 |
| 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: | | 4,292,082.00 | 0.00 | 4,292,082.00 |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | | |
|------------------------------------|--|--------------------|------|--------------|
| AFE NO.: D19074 | | COMPANY | | |
| AFE DESC: NIRVANA 2H | | DIVISION | | |
| DATE: 12/10/2019 | | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | | LLC | | |
| TOTAL: | | 350,000.00 | 0.00 | 350,000.00 |
| WELLSITE SUPERVISION | | 44,000.00 | 0.00 | 44,000.00 |
| TOTAL: | | 44,000.00 | 0.00 | 44,000.00 |
| GROUND TRANSPORT | | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | | 10,000.00 | 0.00 | 10,000.00 |
| CASED HOLE WIRELINE | | 160,000.00 | 0.00 | 160,000.00 |
| TOTAL: | | 160,000.00 | 0.00 | 160,000.00 |
| FRAC/FLUID SW DISPOSAL | | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | | 10,000.00 | 0.00 | 10,000.00 |
| FRAC TANK RENTALS | | 9,000.00 | 0.00 | 9,000.00 |
| TOTAL: | | 9,000.00 | 0.00 | 9,000.00 |
| FLOWBACK | | 8,000.00 | 0.00 | 8,000.00 |
| TOTAL: | | 8,000.00 | 0.00 | 8,000.00 |
| BITS | | 1,000.00 | 0.00 | 1,000.00 |
| TOTAL: | | 1,000.00 | 0.00 | 1,000.00 |
| CONTINGENCIES | | 151,000.00 | 0.00 | 151,000.00 |
| TOTAL: | | 151,000.00 | 0.00 | 151,000.00 |
| SPECIALIZED SERVICE | | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | | 30,000.00 | 0.00 | 30,000.00 |
| STIMULATION AND PUMPING SERVIC | | 990,000.00 | 0.00 | 990,000.00 |
| TOTAL: | | 990,000.00 | 0.00 | 990,000.00 |
| FUEL, WATER & LUBE | | 260,000.00 | 0.00 | 260,000.00 |
| TOTAL: | | 260,000.00 | 0.00 | 260,000.00 |
| COMPLETION/WORKOVER (RIG) | | 48,000.00 | 0.00 | 48,000.00 |
| TOTAL: | | 48,000.00 | 0.00 | 48,000.00 |
| CONTRACT LABOR/SERVICES | | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | | 30,000.00 | 0.00 | 30,000.00 |
| 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 | | 60,000.00 | 0.00 | 60,000.00 |
| TOTAL: | | 60,000.00 | 0.00 | 60,000.00 |
| TUBING HEAD/XMAS TREE | | 15,000.00 | 0.00 | 15,000.00 |
| TOTAL: | | 15,000.00 | 0.00 | 15,000.00 |
| PUMPING & LIFTING EQUIP | | 50,000.00 | 0.00 | 50,000.00 |
| TOTAL: | | 50,000.00 | 0.00 | 50,000.00 |
| 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: | | 4,292,082.00 | 0.00 | 4,292,082.00 |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------|--------------------------|--------------------|--|
| AFE NO.: | D19074 | COMPANY | |
| AFE DESC | NIRVANA 2H | DIVISION | |
| DATE: | 12/10/2019 | OPERATOR: | |
| AFE TYPE: | DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: | GROSS | LLC | |

| DETAIL OF EXPENDITURES | DRYHOLE | COMPLETION | EQUIP-TIE | SUPPLEMENT | TOTAL | ACTUAL |
|---------------------------------|---------|------------|-----------|------------|------------|--------|
| LOCATION/DAMAGES-LAND | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| TITLE WORK/OPINIONS - LAND | | 133,000.00 | 0.00 | | 133,000.00 | |
| TOTAL: | | 133,000.00 | 0.00 | | 133,000.00 | |
| DAMAGES/ROW - LAND | | 83,667.00 | 0.00 | | 83,667.00 | |
| TOTAL: | | 83,667.00 | 0.00 | | 83,667.00 | |
| DRILLING RENTALS: SURFACE | | 65,000.00 | 0.00 | | 65,000.00 | |
| TOTAL: | | 65,000.00 | 0.00 | | 65,000.00 | |
| DRILLING RENTALS: SUBSURFACE | | 36,000.00 | 0.00 | | 36,000.00 | |
| TOTAL: | | 36,000.00 | 0.00 | | 36,000.00 | |
| DRILL MUD & COMPL FLUID | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| WELLSITE SUPERVISION | | 39,000.00 | 0.00 | | 39,000.00 | |
| TOTAL: | | 39,000.00 | 0.00 | | 39,000.00 | |
| GROUND TRANSPORT | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| CONTRACT DRILLING (DAY RATE/TUF | | 195,000.00 | 0.00 | | 195,000.00 | |
| TOTAL: | | 195,000.00 | 0.00 | | 195,000.00 | |
| DIRECTIONAL TOOLS AND SERVICES | | 110,500.00 | 0.00 | | 110,500.00 | |
| TOTAL: | | 110,500.00 | 0.00 | | 110,500.00 | |
| FLUID & CUTTINGS DISPOSAL | | 85,000.00 | 0.00 | | 85,000.00 | |
| TOTAL: | | 85,000.00 | 0.00 | | 85,000.00 | |
| FRAC TANK RENTALS | | 1,300.00 | 0.00 | | 1,300.00 | |
| TOTAL: | | 1,300.00 | 0.00 | | 1,300.00 | |
| BITS | | 35,000.00 | 0.00 | | 35,000.00 | |
| TOTAL: | | 35,000.00 | 0.00 | | 35,000.00 | |
| CONTINGENCIES | | 96,180.00 | 0.00 | | 96,180.00 | |
| TOTAL: | | 96,180.00 | 0.00 | | 96,180.00 | |
| FUEL, WATER & LUBE | | 39,000.00 | 0.00 | | 39,000.00 | |
| TOTAL: | | 39,000.00 | 0.00 | | 39,000.00 | |
| CEMENT | | 105,000.00 | 0.00 | | 105,000.00 | |
| TOTAL: | | 105,000.00 | 0.00 | | 105,000.00 | |
| CASING CREWS AND LAYDOWN SER | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| MUD LOGGER | | 13,000.00 | 0.00 | | 13,000.00 | |
| TOTAL: | | 13,000.00 | 0.00 | | 13,000.00 | |
| MOB/DEMOB RIG | | 50,000.00 | 0.00 | | 50,000.00 | |
| TOTAL: | | 50,000.00 | 0.00 | | 50,000.00 | |
| VACUUM TRUCKING | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| DRILLPIPE INSPECTION | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| CONTRACT LABOR/SERVICES | | 35,000.00 | 0.00 | | 35,000.00 | |
| TOTAL: | | 35,000.00 | 0.00 | | 35,000.00 | |
| SURFACE CASING | | 22,815.00 | 0.00 | | 22,815.00 | |
| TOTAL: | | 22,815.00 | 0.00 | | 22,815.00 | |
| PRODUCTION/LINER CASING | | 137,620.00 | 0.00 | | 137,620.00 | |
| TOTAL: | | 137,620.00 | 0.00 | | 137,620.00 | |
| CONDUCTOR PIPE | | 25,000.00 | 0.00 | | 25,000.00 | |
| TOTAL: | | 25,000.00 | 0.00 | | 25,000.00 | |
| WELLHEAD | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| LINER HANGER/CASING ACCESSORY | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| EQUIP RENT | | 175,000.00 | 0.00 | | 175,000.00 | |
| TOTAL: | | 175,000.00 | 0.00 | | 175,000.00 | |
| DRILL MUD & COMPL FLUID | | 350,000.00 | 0.00 | | 350,000.00 | |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------|--------------------------|--------------------|--|
| AFE NO.: | D19075 | COMPANY | |
| AFE DESC: | NIRVANA 3H | DIVISION | |
| DATE: | 12/10/2019 | OPERATOR: | |
| AFE TYPE: | DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: | GROSS | LLC | |

| | | | |
|---------------------------------|--------------|------|--------------|
| TOTAL: | 350,000.00 | 0.00 | 350,000.00 |
| WELLSITE SUPERVISION | 44,000.00 | 0.00 | 44,000.00 |
| TOTAL: | 44,000.00 | 0.00 | 44,000.00 |
| GROUND TRANSPORT | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | 10,000.00 | 0.00 | 10,000.00 |
| CASED HOLE WIRELINE | 160,000.00 | 0.00 | 160,000.00 |
| TOTAL: | 160,000.00 | 0.00 | 160,000.00 |
| FRAC/FLUID SW DISPOSAL | 10,000.00 | 0.00 | 10,000.00 |
| TOTAL: | 10,000.00 | 0.00 | 10,000.00 |
| FRAC TANK RENTALS | 9,000.00 | 0.00 | 9,000.00 |
| TOTAL: | 9,000.00 | 0.00 | 9,000.00 |
| FLOWBACK | 8,000.00 | 0.00 | 8,000.00 |
| TOTAL: | 8,000.00 | 0.00 | 8,000.00 |
| BITS | 1,000.00 | 0.00 | 1,000.00 |
| TOTAL: | 1,000.00 | 0.00 | 1,000.00 |
| CONTINGENCIES | 151,000.00 | 0.00 | 151,000.00 |
| TOTAL: | 151,000.00 | 0.00 | 151,000.00 |
| SPECIALIZED SERVICE | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | 30,000.00 | 0.00 | 30,000.00 |
| STIMULATION AND PUMPING SERVICE | 990,000.00 | 0.00 | 990,000.00 |
| TOTAL: | 990,000.00 | 0.00 | 990,000.00 |
| FUEL, WATER & LUBE | 260,000.00 | 0.00 | 260,000.00 |
| TOTAL: | 260,000.00 | 0.00 | 260,000.00 |
| COMPLETION/WORKOVER (RIG) | 48,000.00 | 0.00 | 48,000.00 |
| TOTAL: | 48,000.00 | 0.00 | 48,000.00 |
| CONTRACT LABOR/SERVICES | 30,000.00 | 0.00 | 30,000.00 |
| TOTAL: | 30,000.00 | 0.00 | 30,000.00 |
| 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 | 60,000.00 | 0.00 | 60,000.00 |
| TOTAL: | 60,000.00 | 0.00 | 60,000.00 |
| TUBING HEAD/XMAS TREE | 15,000.00 | 0.00 | 15,000.00 |
| TOTAL: | 15,000.00 | 0.00 | 15,000.00 |
| PUMPING & LIFTING EQUIP | 50,000.00 | 0.00 | 50,000.00 |
| TOTAL: | 50,000.00 | 0.00 | 50,000.00 |
| 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: | 4,673,052.00 | 0.00 | 4,673,052.00 |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | |
|------------------------------------|--------------------|
| AFE NO.: D19075 | COMPANY |
| AFE DESC: NIRVANA 3H | DIVISION |
| DATE: 12/10/2019 | OPERATOR: |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, |
| GROSS/NET: GROSS | LLC |

| DETAIL OF EXPENDITURES | DRYHOLE | COMPLETION | EQUIP-TIE | SUPPLEMENT | TOTAL | ACTUAL |
|---------------------------------|---------|------------|-----------|------------|------------|--------|
| LOCATION/DAMAGES-LAND | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| TITLE WORK/OPINIONS - LAND | | 133,000.00 | 0.00 | | 133,000.00 | |
| TOTAL: | | 133,000.00 | 0.00 | | 133,000.00 | |
| DAMAGES/ROW - LAND | | 83,667.00 | 0.00 | | 83,667.00 | |
| TOTAL: | | 83,667.00 | 0.00 | | 83,667.00 | |
| DRILLING RENTALS: SURFACE | | 105,000.00 | 0.00 | | 105,000.00 | |
| TOTAL: | | 105,000.00 | 0.00 | | 105,000.00 | |
| DRILLING RENTALS: SUBSURFACE | | 60,000.00 | 0.00 | | 60,000.00 | |
| TOTAL: | | 60,000.00 | 0.00 | | 60,000.00 | |
| DRILL MUD & COMPL FLUID | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| WELLSITE SUPERVISION | | 63,000.00 | 0.00 | | 63,000.00 | |
| TOTAL: | | 63,000.00 | 0.00 | | 63,000.00 | |
| GROUND TRANSPORT | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| CONTRACT DRILLING (DAY RATE/TUF | | 315,000.00 | 0.00 | | 315,000.00 | |
| TOTAL: | | 315,000.00 | 0.00 | | 315,000.00 | |
| DIRECTIONAL TOOLS AND SERVICES | | 178,500.00 | 0.00 | | 178,500.00 | |
| TOTAL: | | 178,500.00 | 0.00 | | 178,500.00 | |
| FLUID & CUTTINGS DISPOSAL | | 90,000.00 | 0.00 | | 90,000.00 | |
| TOTAL: | | 90,000.00 | 0.00 | | 90,000.00 | |
| FRAC TANK RENTALS | | 2,100.00 | 0.00 | | 2,100.00 | |
| TOTAL: | | 2,100.00 | 0.00 | | 2,100.00 | |
| BITS | | 60,000.00 | 0.00 | | 60,000.00 | |
| TOTAL: | | 60,000.00 | 0.00 | | 60,000.00 | |
| CONTINGENCIES | | 129,260.00 | 0.00 | | 129,260.00 | |
| TOTAL: | | 129,260.00 | 0.00 | | 129,260.00 | |
| FUEL WATER & LUBE | | 63,000.00 | 0.00 | | 63,000.00 | |
| TOTAL: | | 63,000.00 | 0.00 | | 63,000.00 | |
| CEMENT | | 100,000.00 | 0.00 | | 100,000.00 | |
| TOTAL: | | 100,000.00 | 0.00 | | 100,000.00 | |
| CASING CREWS AND LAYDOWN SER | | 30,000.00 | 0.00 | | 30,000.00 | |
| TOTAL: | | 30,000.00 | 0.00 | | 30,000.00 | |
| MUD LOGGER | | 21,000.00 | 0.00 | | 21,000.00 | |
| TOTAL: | | 21,000.00 | 0.00 | | 21,000.00 | |
| MOB/DEMOB RIG | | 50,000.00 | 0.00 | | 50,000.00 | |
| TOTAL: | | 50,000.00 | 0.00 | | 50,000.00 | |
| VACUUM TRUCKING | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| DRILLPIPE INSPECTION | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| CONTRACT LABOR/SERVICES | | 35,000.00 | 0.00 | | 35,000.00 | |
| TOTAL: | | 35,000.00 | 0.00 | | 35,000.00 | |
| SURFACE CASING | | 22,815.00 | 0.00 | | 22,815.00 | |
| TOTAL: | | 22,815.00 | 0.00 | | 22,815.00 | |
| PRODUCTION/LINER CASING | | 151,710.00 | 0.00 | | 151,710.00 | |
| TOTAL: | | 151,710.00 | 0.00 | | 151,710.00 | |
| CONDUCTOR PIPE | | 25,000.00 | 0.00 | | 25,000.00 | |
| TOTAL: | | 25,000.00 | 0.00 | | 25,000.00 | |
| WELLHEAD | | 10,000.00 | 0.00 | | 10,000.00 | |
| TOTAL: | | 10,000.00 | 0.00 | | 10,000.00 | |
| LINER HANGER/CASING ACCESSORY | | 15,000.00 | 0.00 | | 15,000.00 | |
| TOTAL: | | 15,000.00 | 0.00 | | 15,000.00 | |
| EQUIP RENT | | 175,000.00 | 0.00 | | 175,000.00 | |
| TOTAL: | | 175,000.00 | 0.00 | | 175,000.00 | |
| DRILL MUD & COMPL FLUID | | 350,000.00 | 0.00 | | 350,000.00 | |

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


**APPLICATION OF SEP PERMIAN, LLC TO
AMEND ORDER NO. R-20642 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT, EDDY
COUNTY, NEW MEXICO.**

**CASE NO. 21098
ORDER NO. R-20642**

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

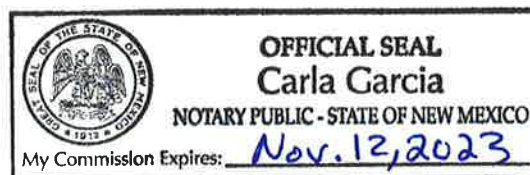
SUBSCRIBED AND SWORN to before me this 4th day of March, 2020 by Kaitlyn A. Luck.



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: March 05, 2020
Case No. 21098**

HOLLAND & HART LLP



Adam G. Rankin
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

February 14, 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-20642 to Add
Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy
County, New Mexico.
Nirvana 1H, 2H and 3H 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. This application will be set for hearing before a Division Examiner at 8:15 a.m. on March 5, 2019, 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.

Sincerely,

Adam G. Rankin

ATTORNEY FOR SEP PERMIAN, LLC

HOLLAND & HART



Adam G. Rankin
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

February 14, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

Vladin, LLC
Attn: Jim Ball
P.O. Box 100
Artesia, NM 88211-00100

**Re: Application of SEP Permian, LLC to Amend Order No. R-20543 to Add
Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy
County, New Mexico.**
Nirvana 1H, 2H and 3H 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. This application will be set for hearing before a Division Examiner at 8:15 a.m. on March 5, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. *Your interest is not being pooled by this application.* You are receiving this notice because you own an interest in the Penasco Draw; San Andres Yeso Pool (50270) that is not being included in the horizontal spacing unit. 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.

Sincerely,

Adam G. Rankin

ATTORNEY FOR SEP PERMIAN, LLC

Case No. 21098 Postal Delivery Report

| Tracking Number | Recipient | Status |
|------------------------|---|------------------------------|
| 9214890194038306499227 | Rosemary Hinkle PO BOX 2292 Roswell NM 88202-2292 | In-Transit |
| 9214890194038306499234 | William J McCaw PO BOX 127 Artesia NM 88211-0127 | Delivered Signature Received |
| 9214890194038306499241 | COG Operating LLC 550 W Texas Ave Ste 100 Midland TX 79701 | Delivered Signature Received |
| 9214890194038306499258 | Concho Oil & Gas LLC 550 W Texas Ave Ste 100 Midland TX 79701 | Delivered Signature Received |
| 9214890194038306499159 | EOG M Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | In-Transit |
| 9214890194038306499166 | EOG Y Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | In-Transit |
| 9214890194038306499173 | EOG A Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | In-Transit |
| 9214890194038306499180 | OXY Y-1 Company Attn: Lauren Guest 5 Greenway Plaza #110 Houston TX 77046 | In-Transit |
| 9214890194038306499197 | EOG Resources Assets LLC Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | In-Transit |
| 9214890194038306499203 | Vladin LLC Attn: Jim Ball PO BOX 100 Artesia NM 88211-0100 | Delivered Signature Received |
| 9214890194038306499210 | Rolla R Hinkle III PO BOX 2292 Roswell NM 88202-2292 | Delivered Signature Received |



A. Mailer Action

Shipment Confirmation Acceptance Notice

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.

SEP - Nirvana 1H-3H
Case No. 21098
CM# 106336.0001

Shipment Date: 02/13/2020

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 | 11 |
| Total | 11 |

*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

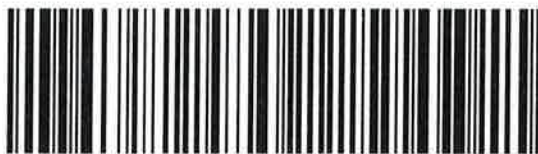
Note to RSS Clerk:

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 0020 2696 60



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. | | | | | | | | | | | | |
|---|--|--|---------------------|-----------------|----------------------------|---------------|-------------------|---------|----------|--------|--------|--------|----------|--------|
| USPS Tracking/Article Number | Address (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 |
| 1. 9214 8901 9403 8306 4991 59 | EOG M Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 2. 9214 8901 9403 8306 4991 66 | EOG Y Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 3. 9214 8901 9403 8306 4991 73 | EOG A Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 4. 9214 8901 9403 8306 4991 80 | OXY Y-1 Company Attn: Lauren Guest 5 Greenway Plaza #110 Houston TX 77046 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 5. 9214 8901 9403 8306 4991 97 | EOG Resources Assals LLC Attn: Janet Richardson 104 South 4th Street Artesia NM 88210 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 6. 9214 8901 9403 8306 4992 03 | Vladin LLC Attn: Jim Ball PO BOX 2100 Artesia NM 88211-0100 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 7. 9214 8901 9403 8306 4992 10 | Rolla R Hinkle PO BOX 2282 Roswell NM 86202-2282 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| 8. 9214 8901 9403 8306 4992 27 | Rosemary Hinkle PO BOX 2282 Roswell NM 86202-2282 | 0.65 | 3.55 | | | | | | | | 1.70 | | | |
| Total Number of Pieces Listed by Sender 11 | Total Number of Pieces Received at Post Office 11 | Postmaster, Per (Name of receiving employee) | | | | | | | | | | | | |





Name and Address of Sender

Holland & Hart LLP (1)
110 N Guadalupe St # 1
Santa Fe NM 87501

Affix Stamp Here
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certificate of mailing or for
additional copies of this receipt).*
Postmark with Date of Receipt.

| Name and Address of Sender | USPS Tracking/Article Number | Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> <input type="checkbox"/> Priority Mail |
|---|--|---|
| Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501 | 9. | Addresssee (Name, Street, City, State, & ZIP Code™) |
| | 9214 8901 9403 8306 4992 34 | William J McCaw PO BOX 127 Artesia NM 86211-0127 |
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| | 10. | COS Operating LLC 550 W Texas Ave Ste 100 Midland TX 79701 |
| | 9214 8901 9403 8306 4992 41 | |
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| | 11. | Goncho Oil & Gas LLC 550 W Texas Ave Ste 100 Midland TX 79701 |
| | 9214 8901 9403 8306 4992 58 | |
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| Total Number of Pieces Listed by Sender | Total Number of Pieces Received at Post Office | Postmaster, Per (Name of receiving employee) |
| 11 | | |

PS Form **3877**, April 2015
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Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004061060

This is not an invoice

HOLLAND & HART
POBOX 2208

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:

February 18, 2020


Legal Clerk

Subscribed and sworn before me this February 18, 2020:


State of WI, County of Brown
NOTARY PUBLIC


My commission expires

SHELLY HORA
Notary Public
State of Wisconsin

Ad # 0004061060
PO #: Nirvana 1H, 2H, 3H
of Affidavits 1

This is not an invoice

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 March 5, 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 February 24, 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: EOG M Resources, Inc., Attn: Janet Richardson; EOG Y Resources, Inc., Attn: Janet Richardson; EOG A Resources, Inc., Attn: Janet Richardson; OXY Y-1 Company, Attn: Lauren Guest; EOG Resources Assets LLC, Attn: Janet Richardson; Rolla R. Hinkle, III, his heirs and devisees; Rosemary Hinkle, her heirs and devisees; William J. McCaw, his heirs and devisees; COG Operating LLC; and Concho Oil & Gas LLC.

Case No. 21098: Application of SEP Permian, LLC to Amend Order No. R-20642 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-20642 to add two additional wells to the approved horizontal spacing unit to be dedicated to the 200-acre, more or less, standard horizontal oil spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The spacing unit will now be dedicated to the following three wells: Nirvana No. 1H Well, the Nirvana 2H Well and the Nirvana 3H Well, all of which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Said area is located approximately 8.5 miles southeast of Artesia, New Mexico. #4061060, Carlsbad Current Argus, February 18, 2020

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D2

Submitted by: SEP Permian, LLC

Hearing Date: March 05, 2020

Case No. 21098