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

APPLICATIONS OF ASCENT ENERGY, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 21507 AND 21508

PHILIP WHITE'S DIRECT TESTIMONY AND EXHIBITS

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Table of Contents

Tab A: Philip White Direct Testimony

Exhibit 1: Ascent Proposal Letter

Exhibit 2: BLM Serial Register Page for Oil and Gas Lease NMNM 139848 Exhibit 3: BLM Decision accepting relinquishment of OKNM137103 Lease

Tab B: Certificate of Service

1	Q:	Please state your name.			
2	A:	My name is Philip White.			
3	Q:	On whose behalf are you testifying in this matter?			
4	A:	I am testifying on my own behalf. I own mineral interests at issue in Ascent Energy			
5		LLC's (Ascent) cases, case numbers 21507 and 21508.			
6	Q:	What sort of mineral interests do you own?			
7	A:	I have a lease from the Bureau of Land Management (BLM) for 40 acres. The lease			
8		covers NESW of Section 4, Township 20 South, Range 33 East, Lea County, New			
9		Mexico.			
10	Q:	What is your experience in the oil and gas industry?			
11	A:	I have been involved in the oil and gas industry since 1974. I have been on the mineral			
12		interest owner side and I have partnered with operators and I have been force pooled			
13		before. Although I don't have any formal training in oil and gas, my experience over the			
14		last 40 plus years has provided me with what I would call "on the ground" or practical			
15		knowledge.			
16	Q:	What is the purpose of your testimony?			
17	A:	The purpose of my testimony is to explain my concerns with Ascent's lack of good faith			
8		negotiations with me and to request the Oil Conservation Division issue pooling orders			
9		with certain conditions which I will discuss later that I think will protect my interests			
20		while at the same time not prejudice Ascent.			
21	Q:	Are you familiar with the applications that Ascent filed in these matters?			
22	A:	Yes. I have reviewed the applications that were filed. In Cases 21507 and 21508, Ascent			
23		seeks to pool mineral interests underlying Lot 3, SE/4NW/4, and E/2SW/4 (the E/2W/2)			

1		of Section 4 and the E/2W/2 of Section 9, Township 20 South, Range 33 East, NMPM,
2		which encompasses the mineral interests I own by virtue of the BLM lease. In both cases,
3		Ascent seeks a 200% penalty charge for the risk involved in drilling, completing, and
4		equipping the wells. The 200% risk charge really amounts to 300% because it is actual
5		costs plus 200%. In Case No. 21507, Ascent seeks to create a single Bone Spring spacing
6		unit, which will be dedicated to two Bone Spring wells, the Silver Fed. Com. Well No.
7		503H, which is a Second Bone Spring well, and the Silver Fed. Com. 602H, which is a
8		Third Bone Spring well. In Case No. 21508, Ascent seeks to create a Wolfcamp spacing
9		unit, which will be dedicated to a single well, the Silver Fed. Com. Well No. 702H.
10	Q:	When did you learn of Ascent's plans to drill the Silver Fed. Com. wells?
11	A:	Ascent sent me a single proposal letter, dated July 28, 2020. A copy of the proposal letter
12		is attached as Exhibit 1. The proposal letter states that if I was interested in selling my
13		interest, I should contact Mr. Zink at my earliest convenience. The proposal letter
14		confirms I have a working interest and that my working interest is approximately
15		12.48%. In my view, a 12.48% interest is not insignificant. The proposal letter also states
16		that my costs for the three wells would be \$2,943,754.00, or almost 3 million dollars.
17	Q:	Did you respond to Ascent's proposal letter?
18	A:	Yes. I made notes about my communications with Ascent on the proposal letter—the
19		handwriting you see on the letter is mine. On August 6, 2020, I called Mr. Zink and left
20		him a message. I offered to sell my 40 acre lease to Ascent for \$400,000.00 (\$10,000 an
21		acre) and a 12.5% overriding royalty interest. I didn't hear back from Mr. Zink about that
22		offer. I followed up on August 12, 2020 and left a message stating that if I was force
23		pooled, I would only join the 503H well, which is the Second Bone Spring well.

1	Q:	Did Ascent contact you about your offer?
2	A:	Mr. Zink called me back on August 12. I explained to him that I would not sign the joint
3		operating agreement (JOA).
4	Q:	Did Ascent discuss with you your offer to sell your leased acreage?
5	A:	No. Not that I recall. I had the single call with Mr. Zink and then the next communication
6		I received was the letter from Ascent's lawyer informing me that the pooling applications
7		had been filed.
8	Q:	When did you receive Ascent's letters regarding the pooling applications?
9	A:	The letter is dated October 15, 2020, and I think I received it around October 23.
10	Q:	What did you do when you received them?
11	A:	I contacted my lawyer, who reached out to Ascent's counsel to ask Ascent to negotiate
12		with me.
13	Q:	Did you, through your lawyer, propose any terms to Ascent?
14	A:	Yes. On October 27, 2020 Ms. Bennett, my lawyer, sent an email to Mr. Bruce, Ascent's
15		lawyer, proposing two alternative approaches. One approach would be for Ascent to ask
16		the Division for two orders for the Bone Spring wells, in other words each Bone Spring
17		well would be dedicated to a separate unit. The second approach was to lower the risk
18		penalty from 200% to 100% or, if I elected to participate in the wells, that I be allowed to
19		pay on a going forward basis, not on a cash call basis.
20	Q:	What happened then?
21	A:	Ascent asked that I put my offer in a letter agreement, which I did with Ms. Bennett's
22		assistance. In that letter, we outlined two alternatives. The first alternative (Alternative 1)
23		was that Ascent would agree that I would have the right to elect into one, some, or all of

1		the wells, and that I would not be subject to a cash call if I did so, but would be billed on				
2		an as-accrued bases. The second alternative (Alternative 2) was if I elected to not join any				
3		wells, i.e., be force pooled, Ascent would only charge me a 100% risk penalty (i.e., actual				
4		costs plus 100%). She emailed the letter agreement to Mr. Bruce on October 28, 2020.				
5	Q:	What happened next?				
6	A:	On October 29, 2020, Mr. Bruce emailed Ms. Bennett stating that Ascent would not agree				
7		to Alternative 2 but would maybe consider Alternative 1, if it could be fleshed out more.				
8		That same day, Ms. Bennett emailed Mr. Bruce asking Ascent to provide language				
9		Ascent would be comfortable with, rather than us having to guess at what Ascent wanted.				
10		Mr. Bruce emailed back that Ascent was "considering language."				
11	Q:	Did Ascent ever propose any alternative language for you to consider?				
12	A:	No. Ms. Bennett followed up with Mr. Bruce on November 9 and again on November 11,				
13		2020. On November 12, 2020, two weeks after saying that Ascent was "considering				
14		language", Ascent's counsel sent an email stating that Ascent's landman had not been				
15		able to put together any proposed language, and instead just referred me to the JOA.				
16	Q:	Did you feel that was a good faith response to your proposals, especially given you				
17		were expecting Ascent to provide language for you to consider?				
18	A:	No. I didn't think that was a good faith response. I was waiting two weeks for Ascent to				
19		propose language that they would find acceptable so we could begin having real				
20		discussions. Instead, Ascent basically just said no and pointed me to the JOA, which I				
21		had already informed Ascent I wasn't going to sign.				
22	Q:	What happened next?				

1	A:	When I realized Ascent was not willing to really discuss my proposals, I decided to			
2		restart my discussions with Ascent for Ascent to buy my mineral interests.			
3	Q:	Did Ms. Bennett email that offer to Mr. Bruce?			
4	A:	Yes. On November 12, 2020, Ms. Bennett emailed Mr. Bruce an offer to Ascent to buy			
5		my interests. The offer she emailed him outlined my prior offer to Ascent to which			
6		Ascent had never responded, which was \$400,000.00 and a 12.5% override. I basically			
7		negotiated against myself and lowered my offer to \$300,000.00 and a 12% override.			
8	Q:	What do you mean by you "negotiated against yourself"?			
9	A:	Ascent never responded to my offer to buy my mineral interests so I had no idea what			
10		they would accept as an offer. In the hopes of moving the negotiations forward, I decided			
11		to lower my own offer and present that to Ascent.			
12	Q:	What happened after November 12, 2020?			
13	A:	I didn't hear back from Ascent until December 3, 2020.			
14	Q:	What happened on December 3, 2020?			
15	A:	Mr. Bruce and Ms. Bennett spoke. My understanding is that Mr. Bruce told Ms. Bennett			
16		that Ascent thought my offer was "too rich" and asked me to reach out to Ascent. Ms.			
17		Bennett asked that Ascent provide me a counteroffer because I had no information on			
18		what Ascent would accept and I did not want to keep negotiating against myself. Mr.			
19		Bruce said he would reach out to Ascent who would then reach out to me directly.			
20		Between December 2 and December 30, Ms. Bennett followed up with Ascent's counsel			
21		several times to see when Ascent would be contacting me.			
22	Q:	When did Ascent finally respond to your offer?			

On December 30, 2020, almost a month later. It is very frustrating to me that I made an 1 A: initial offer to Ascent to buy my mineral interests on August 6, 2020, and then made a 2 second offer for Ascent to buy my interests on November 12, 2020, but I only received a 3 4 counteroffer from Ascent on December 30, 2020. 5 Q: What was Ascent's counteroffer? 6 A: Ascent offered me \$100,000.00 and no overriding royalty interest. 7 Did you respond to the offer? Q: 8 A: Yes. The next day, December 31, 2020. 9 Did you propose a counteroffer? Q: 10 Yes. I countered with \$200,000.00 and a 12% override. A. 11 What happened next? Q: 12 A: On January 4, 2021, Ascent countered with \$112,000.00 and a 5% override. 13 Were you willing to consider this counter offer? Q: 14 A: No. In my opinion, it is too low and I had already come down so far. My offer on 15 December 31, 2020 was my final offer and I instructed Ms. Bennett to inform Ascent that 16 it was my final offer, which she did. Why do you think \$112,000.00 is too low? 17 Q: 18 BLM, in 2019, leased acreage contiguous to Ascent's proposed units for approximately A: 19 \$14,000.00 an acre. My initial offer of \$400,000.00 amounted to \$10,000 per acre, which 20 is below the BLM lease sale. My final offer of \$200,000.00 per acre equates to \$5,000.00 21 per acre, which is well below the BLM lease sale and is more than reasonable. Ascent's 22 offer of \$2,800.00 per acre is unreasonable as is their offer of only a 5% override. 23 Q: Did you do any research to confirm the BLM lease sale amount?

22	Q:	Do you know if OCD has authority to impose the conditions you are asking?
21		Ascent, but which Ascent never directly responded to other than referring me to the JOA.
20	A:	Yes. I proposed these to Ascent in the October 28, 2020 letter Ms. Bennett emailed to
19	Q:	Are these conditions you raised with Ascent?
18		an as-accrued basis.
17		proportionate share of the costs for each well in which I elect to participate on
16		3) I also would like to not be subject to a cash call, but rather be assessed my
15		2) In each order, set the risk penalty at 100%, not 200%, if I am force pooled.
14		protect my interests.
13		and one for the 602H well (Third Bone Spring), which would, in my opinion,
12		orders for the Bone Spring wells, one for the 503H well (Second Bone Spring)
11		unit will have its own order. I would ask that the Division issue two separate
10		1) Issue three orders, one for each target formation/well. I know the Wolfcamp
9		respectfully request the Division take the following steps protect my interests:
8		reasonable deal terms. But, Ascent apparently does not want to be reasonable. I would
7		me, although I think it is unfair especially since I was willing to negotiate with Ascent for
6	A:	I realize that I have very little bargaining power because Ascent can simply force pool
5	Q:	What would you like OCD to do?
4	A:	Yes. I did. It is attached as Exhibit 2.
3	Q:	Did you review the BLM serial page?
2		the tract I identified, which confirmed my recollection of the lease sale.
1	A:	I provided the information I had to Ms. Bennett and she pulled the BLM serial page for

1 I am not a lawyer and I have not looked at OCD's authority so I can't say from a legal A: 2 perspective. But, from my perspective as a working interest owner, I view OCD as 3 having the authority to regulate pooling and to make sure it is fair for everyone, including 4 non-operator working interest owners like myself. I think the conditions I am requesting 5 are fair and would protect my interests. 6 Q: What is your worst case scenario? 7 A: My worst case scenario would be that I am force pooled without any of the protections I 8 have requested. If that happens, I will have no choice but to relinquish my lease, which I 9 have had to do in the past. I have included as Exhibit 3 a copy of the BLM Decision I 10 received as a result of relinquishing another lease. 11 Q: What would happen if you relinquish the lease, in your experience? 12 A: In my experience, the tract would have to be nominated for leasing, and then leased. 13 which could take a year or more. Ascent would be able to bid on the lease, but so would 14 other parties, and if another party acquired the lease, then Ascent would be back in the 15 same situation it is now. This is not my preferred outcome. I would prefer if Ascent 16 would either buy my interests outright at the reasonable terms I offered or that Ascent 17 accept the conditions I proposed to protect my interests. 18 Have you reviewed Exhibits 1, 2, and 3? Q: 19 A: Yes. Exhibit 1 is the copy of the proposal letter with my notes on it. Exhibit 2 appears to 20 be an accurate copy of the BLM serial page relating to the lease sale I recalled in 2019. 21 Exhibit 3 is the BLM Decision accepting my lease relinquishment for a different lease. 22 Q: Does that conclude your testimony? 23 A: Yes.

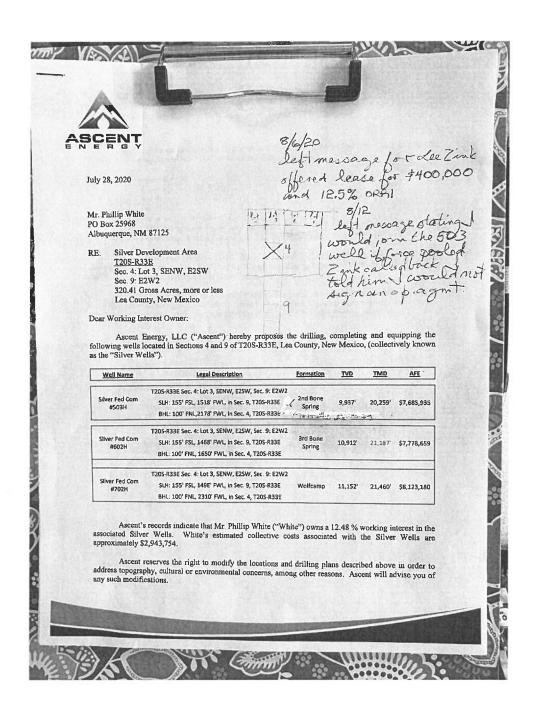


EXHIBIT Sign of the second sec

July 28, 2020 Page 2 of 3

In addition, Ascent proposes the Operation under the terms of a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following basic terms.

- Contract Area: Township 20 South, Range 33 East Sec. 4: Lot 3, SENW, E2SW Sec. 9: E2W2
- Ascent named as Operator
- 100%/300%/300% non-consent penalties
- \$8,000.00/\$800.00 drilling and producing overhead rates

Please indicate your election in the Operation and return a signed copy within thirty (30) days of receipt of this notice to Ascent. If White is interested in selling its interest in the Contract Area, please contact the undersigned at your earliest convenience.

Ascent looks forward to working with White on this matter and may file for compulsory pooling in the near future to pool any uncommitted working interest owners. If you have any questions or concerns, please do not hesitate to contact the undersigned at (720) 710-8923 or link@ascentenergy.us.

Very Truly Yours,

Lee Zink

Vice President of Land Ascent Energy, LLC 1125 17th Street, Suite 410 Denver, CO 80202

Enclosure(s): Silver Fed Com #503H AFE

Silver Fed Com #602H AFE Silver Fed Com #702H AFE



Well Election(s)
White hereby elects to participate in the proposed Silver Fed Com #503H Operation by paying its proportionate share of the costs outlined on the associated AFE.
White hereby elects not to participate in the proposed Silver Fed Com #503H Operation.
White hereby elects to participate in the proposed Silver Fed Com #602H Operation by paying its proportionate share of the costs outlined on the associated AFE.
White hereby elects not to participate in the proposed Silver Fed Com #602H Operation.
White hereby elects to participate in the proposed Silver Fed Com #702H Operation by paying its proportionate share of the costs outlined on the associated AFE.
White hereby elects not to participate in the proposed Silver Fed Com #702H Operation.
Working Interest Owner:
Phillip White
By:
Title;
Date:

DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT CASE RECORDATION**

(MASS) Serial Register Page

Run Date/Time: 1/5/2021 13:34 PM 01 12-22-1987;101STAT1330;30USC181 ET SEQ

Case Type312021: O&G LSE COMP PD -1987

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris:

Total Acres: 160.000 **Serial Number**

Page 1 Of 2

NMNM 139848

Serial Number: NMNM-- 139848

Int Rel

% Interest

Name & Address CHISHOLM ENERGY OPERATING LLC

801 CHERRY ST STE 1200

FORT WORTH TX 761026825 LESSEE

100.000000000

Serial Number: NMNM-- 139848

Mer Twp Rng

Sec SType

Suff Subdivision

District/ Field Office

County

Mgmt Agency

23 0190S 0330E 033 ALIQ

SE:

CARLSBAD FIELD OFFICE

LEA

BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMNM-- 139848

Serial Number: NMNM-- 139848

Act Date	Act Co	de Action Txt	Action Remarks	Pending Off
02/11/2019	387	CASE ESTABLISHED	201903005;	
02/20/2019	299	PROTEST FILED	INDIV ET AL	
02/20/2019	299	PROTEST FILED	PUEBLO ACTION ALLIANC	
02/20/2019	299	PROTEST FILED	SAN JUAN CIT ALLIANC	
02/20/2019	299	PROTEST FILED	SIERRA CLUB	
02/20/2019	299	PROTEST FILED	TAOS UNITED COM	
02/20/2019	299	PROTEST FILED	TEWA WOMEN UNITED	
02/20/2019	299	PROTEST FILED	WILDEARTH GUARDIANS	
02/20/2019	299	PROTEST FILED	NM WILDERNESS ALLIANC	
02/20/2019	299	PROTEST FILED	THE WILDERNESS SOCIET	
03/28/2019	191	SALE HELD		
03/28/2019	267	BID RECEIVED	\$2251680.00;	
12/30/2019	237	LEASE ISSUED		
12/30/2019	298	PROTEST DISMISSED	INDIV ET AL	
12/30/2019	298	PROTEST DISMISSED	PUEBLO ACTION ALLIANC	
12/30/2019	298	PROTEST DISMISSED	SAN JUAN CIT ALLIANC	
12/30/2019	298	PROTEST DISMISSED	SIERRA CLUB	
12/30/2019	298	PROTEST DISMISSED	TAOS UNITED COM	
12/30/2019	298	PROTEST DISMISSED	TEWA WOMEN UNITED	
12/30/2019	298	PROTEST DISMISSED	WILDEARTH GUARDIANS	
12/30/2019	298	PROTEST DISMISSED	NM WILDERNESS ALLIANC	EXHIBIT

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Page 2 Of 2

Run Date/Time: 1/5/2021 13:34 PM (MASS) Serial Register Page

				Serial Number: NMNM 139848
Act Date	Act Code Action Txt Action Remarks			Pending Off
12/30/2019	298	PROTEST DISMISSED	THE WILDERNESS SOCIET	
01/01/2020	496	FUND CODE	05;145003	
01/01/2020	530	RLTY RATE - 12 1/2%		
01/01/2020	868	EFFECTIVE DATE		
12/31/2029	763	EXPIRES		

Line Number	Remark Text	Serial Number:	NMNM	139848
0001	_			
0002	STIPULATIONS ATTACHED TO LEASE			
0003	SENM-S-19 PLAYAS AND ALKALI LAKES			
0004	SENM-S-22 PRAIRIE CHICKENS			
0005	SENM-LN-6 POTASH AREA			
0006	SENM-S-1 POTASH			
0007	WO-NHPA CULTURAL RESOURCES AND TRIBAL CONSULTATION			
0008	WO-ESA-7 ENDANGERED SPECIES			
0009	LEASE NOTATION:			
0010	NOTE: THIS LEASE IS LOCATED WITHIN THE SECRETARY OF			
0011	THE INTERIOR'S DESIGNATED POTASH AREA AND IS SUBJECT			
0012	TO SECRETARIAL ORDER NO 3324 SIGNED DECEMBER 3,2012			
0013	DRILLING AN OIL AND GAS WELL WITHIN THIS LEASE MAY			
0014	RESULT IN UNDUE WASTE OF POTASH DEPOSITS CONTINUE A			
0015	HAZARD TO OR UNDULY INTERFERE WITH MINING OPERATIONS			
0016	BEING CONDUCTED FOR THE EXTRACTION OF POTASH			
0017	DEPOSITS. THEREFORE DRILLING OF AN OIL AND GAS WELL			
0018	FROM A SURFACE LOCATION WITHIN THIS LEASE MAY NOT BE			
0019	ALLOWED AND MAY ONLY BE PERMITTED IF DRILLING OCCURS			
0020	FROM A DRILL ISLAND ALONG THE NORTHERN SECTION LINE			
0021	OF SECTION 33.			
0022	04/09/2020 OR WORKSHEET COMPLETED			



United States Department of the Interior



BUREAU OF LAND MANAGEMENT New Mexico State Office 301 Dinosaur Trail Santa Fe, New Mexico 87508 https://www.blm.gov/new-mexico

In Reply Refer To: 3108 (9220) OKNM137103

December 28, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED 7013 1710 0001 6582 5593

DECISION

Philip White PO Box 25968 Albuquerque, NM 87125

Oil and Gas

Oil and Gas Lease Relinquishment Accepted

Pursuant to section 30(b) of the Mineral Leasing Act of February 25, 1920, 30 U.S.C. 187(b), as amended, the relinquishment of oil and gas lease OKNM137103 in its entirety is accepted effective November 30, 2020.

In accordance with the regulations and the terms of the lease, the relinquishment is subject to the continued obligation of the lessee and surety to make payment of all accrued rentals or royalties and to place all wells on the lands relinquished in condition for suspension by authorized shut-in or abandonment, and to complete reclamation of the leased lands or surface waters adversely affected by lease operations in a timely manner after abandonment or cessation of oil and gas operations on the lease.

The lands embraced by the relinquished lease are:

T. 16 N., R. 23 W., Ellis, Roger Mills Counties OK Sec. 22. Accretion & Riperian Acreage to Lot 4; Sec. 26: Accretion & Riperian Acreage to Lots 3 & 5; Containing 24.86 acres.

If you have any questions, please contact Jordan Yawn at either (505) 954-2138 or email jyawn@blm.gov.

JulieAnn Serrano

Supervisory Land Law Examiner

Branch of Adjudication

EXHIBIT 3

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail and a courtesy copy was emailed to the Hearing Officer identified below on January 14, 2021:

James Bruce
P.O. Box 1056
Santa Fe, NM 87504-1056
jamesbruc@aol.com
Counsel for Ascent Energy, LLC

Felicia Orth
Felicia.l.orth@gmail.com
OCD Hearing Officer

By: Deona M. Bennett