

TVA
J.B.

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 FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF BTA OIL PRODUCERS, LLC
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 20914

APPLICATION OF BTA OIL PRODUCERS, LLC
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 20915

VERIFIED STATEMENT OF REX BARKER

Rex Barker, being duly sworn upon his oath, deposes and states:

1. I am a landman for BTA Oil Producers, LLC ("BTA"), and have personal knowledge of the matters stated herein. My education and employment background is as follows: I received an Associate of Arts degree from Midland College in 1978. I have been a petroleum landman for over 37 years, and have worked as an independent landman and for O'Ryan Oil and Gas over the years. I have been employed by BTA since July, 2018. My area of responsibility includes Lea County, and I am familiar with land matters involved in these applications.

2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling applications:

(a) The purpose of the applications is to force pool working interest owners into the horizontal spacing units described below, and in wells to be drilled in the units.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have simply failed or refused to voluntarily commit their interests to the wells.

(c) A plat outlining the S/2 of Section 2 and all of Section 11, Township 23 South, Range 34 East, N.M.P.M., is marked as Attachment A. BTA seeks orders pooling all mineral interests in the Bone Spring formation underlying the following horizontal spacing units:

(i) A horizontal spacing unit comprised of the W/2SW/4 of Section 2 and the W/2W/2 of Section 11, Township 23 South, Range 34 East, N.M.P.M. The unit will be dedicated to the South Ridge 8030 State Com. Well No. 1H, with a first

EXHIBIT /

take point in the NW/4SW/4 of Section 2 and a last take point in the SW/4SW/4 of Section 11; and

(ii) A horizontal spacing unit comprised of the E/2SW/4 of Section 2 and the E/2W/2 of Section 11, Township 23 South, Range 34 East, N.M.P.M. The unit will be dedicated to the South Ridge 8030 State Com. Well No. 2H, with a first take point in the NE/4SW/4 of Section 2 and a last take point in the SE/4SW/4 of Section 11.

Form C-102s for the wells are submitted as Attachment B. The wells are in the Ojo Chiso; Bone Spring Pool, whose pool code is 97293.

(d) There is no depth severance in the Bone Spring formation in the subject acreage.

(e) The parties being pooled and their interests are set forth in Attachment C. Their current and correct addresses are also set forth.

(f) Attachment D contains copies of the proposal letters. Since the letters were sent BTA has also had telephone and e-mail contact with the interest owners.

(g) BTA has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed wells.

(h) BTA has the right to pool the overriding royalty owners in the well unit.

(i) Attachment E contains the Authorizations for Expenditure for the proposed wells. The estimated costs of the wells set forth therein are fair and reasonable, and are comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.

(j) BTA requests overhead and administrative rates of \$8,000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Lea County. They are also the rates set forth in the proposed Joint Operating Agreement. BTA requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

(k) BTA requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

(l) BTA requests that it be designated operator of the wells.

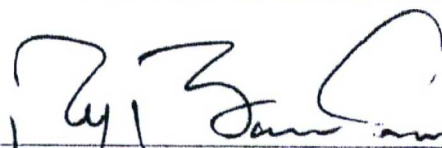
(m) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.

(n) The granting of the applications is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

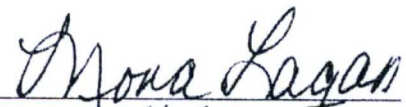
Rex Barker, being duly sworn upon his oath, deposes and states that: He is a landman for BTA Oil Producers, LLC; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



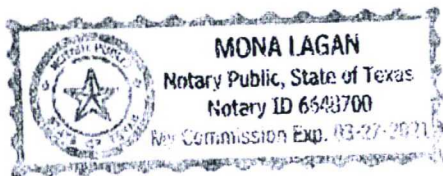
Rex Barker

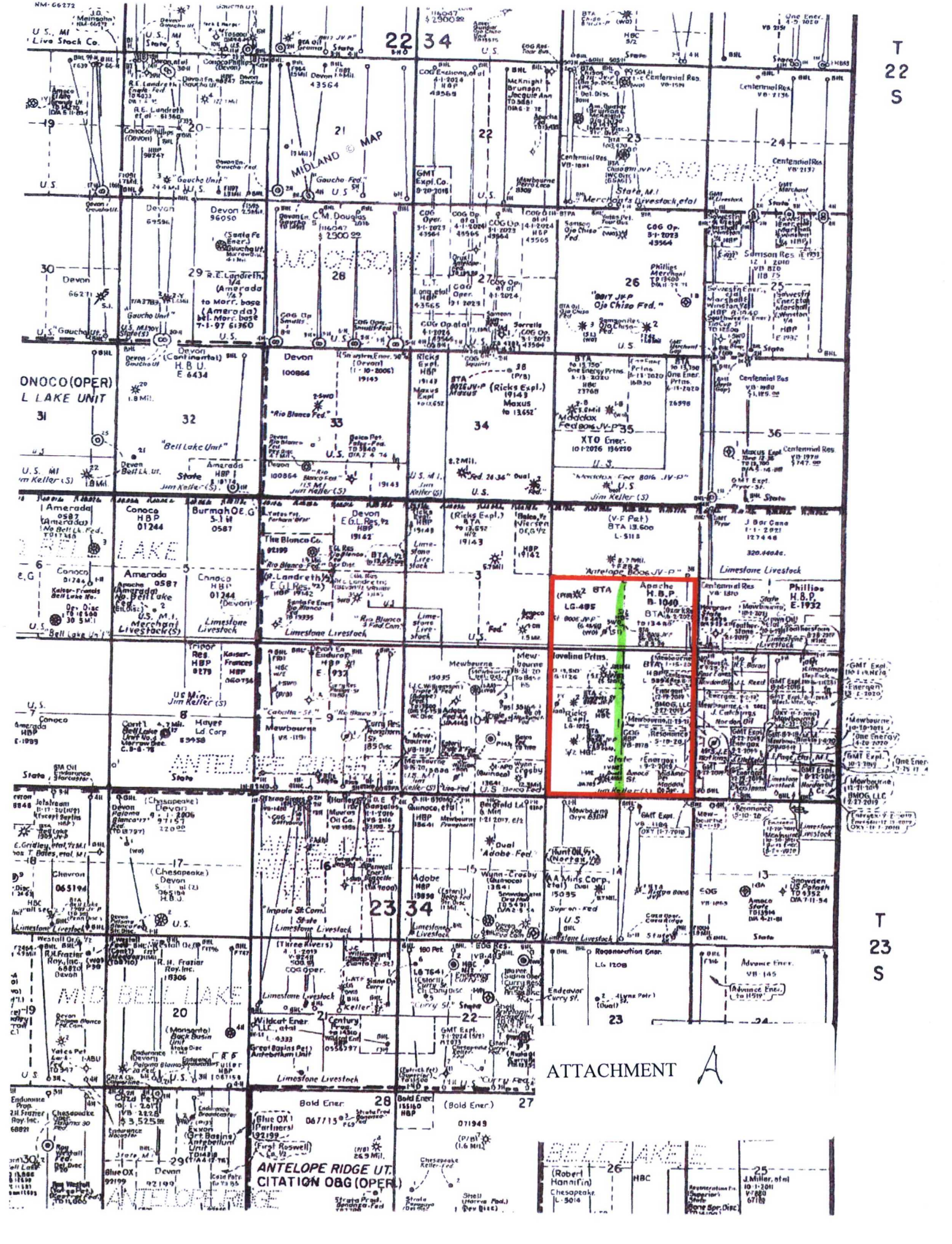
SUBSCRIBED AND SWORN TO before me this 13th day of November, 2019 by Rex Barker.

My Commission Expires: 3-27-2021



Notary Public, *State of Texas*





ATTACHMENT A



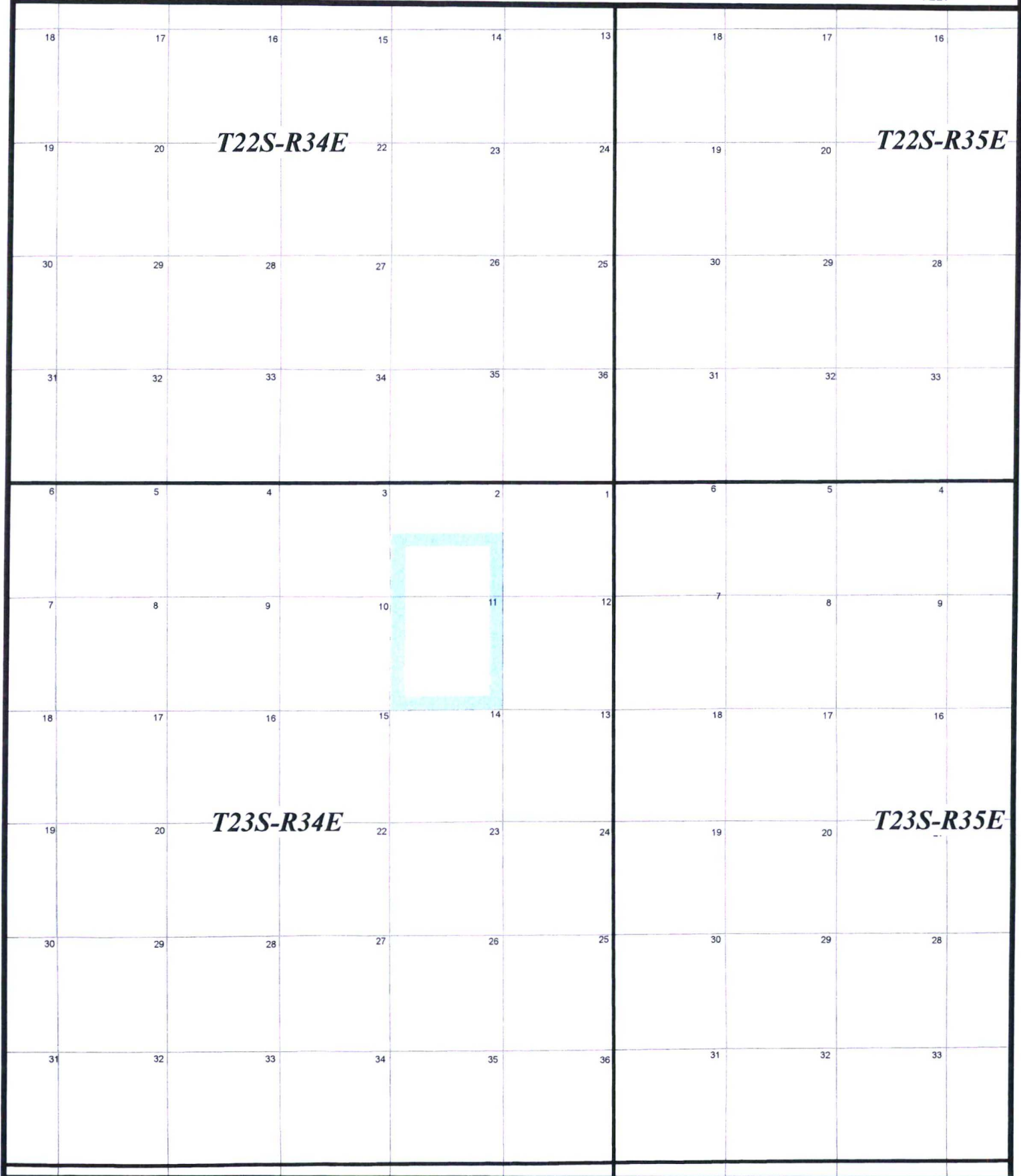
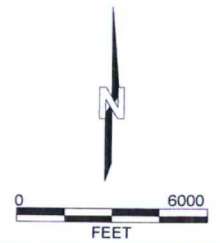
BTA Oil Producers, LLC

SOUTH RIDGE 8030 STATE VENTURE

N/2 Sec. 2 & All Sec. 11, T23S-R34E

Lea County, New Mexico

By: RB November, 2019 Dwg: JHB



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, New Mexico 87505

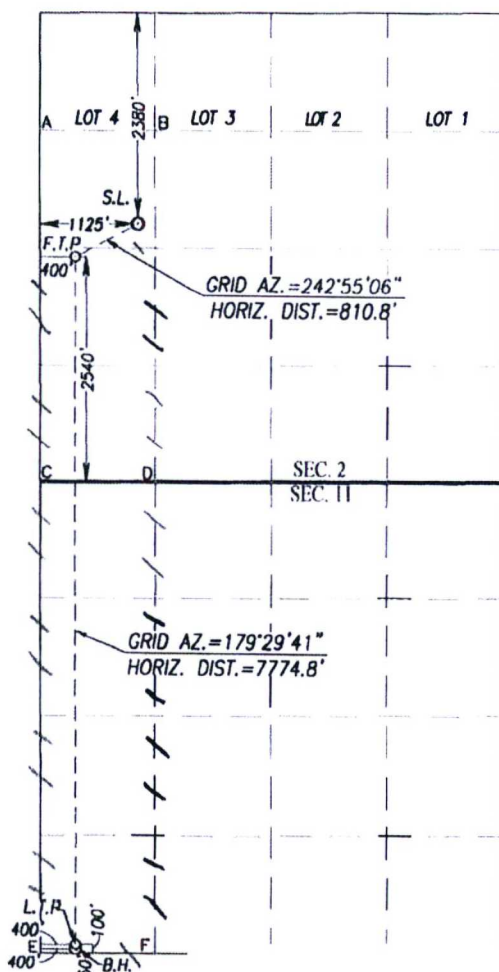
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name Antelope Ridge ; Bone Spring					
Property Code		Property Name SOUTH RIDGE 8030 STATE						Well Number 1H	
OGRID No. 260297		Operator Name BTA OIL PRODUCERS, LLC						Elevation 3388'	
Surface Location									
UL. or lot No. E	Section 2	Township 23-S	Range 34-E	Lot Idn	Feet from the 2380	North/South line NORTH	Feet from the 1125	East/West line WEST	County LEA
Bottom Hole Location If Different From Surface									
UL. or lot No. M	Section 11	Township 23-S	Range 34-E	Lot Idn	Feet from the 50	North/South line SOUTH	Feet from the 400	East/West line WEST	County LEA
Dedicated Acres 240		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SCALE: 1"=2000'

GEODEIC COORDINATES NAD 83 NME SURFACE LOCATION Y= 486511.4 N X= 815469.6 E LAT.=32.334369° N LONG.=103.445781° W FIRST TAKE POINT NAD 83 NME Y= 486142.3 N X= 814747.8 E LAT.=32.333371° N LONG.=103.448128° W	GEODEIC COORDINATES NAD 27 NME SURFACE LOCATION Y= 486451.3 N X= 774285.9 E LAT.=32.334245° N LONG.=103.445304° W FIRST TAKE POINT NAD 27 NME Y= 486082.2 N X= 773564.1 E LAT.=32.333247° N LONG.=103.447650° W
--	--

CORNER COORDINATES TABLE
NAD 27 NME

A - Y= 487494.5 N, X= 773152.7 E
B - Y= 487503.7 N, X= 774473.8 E
C - Y= 483539.8 N, X= 773186.4 E
D - Y= 483549.8 N, X= 774508.0 E
E - Y= 478255.9 N, X= 773233.1 E
F - Y= 478267.0 N, X= 774553.5 E

CORNER COORDINATES TABLE
NAD 83 NME

A - Y= 487554.6 N, X= 814336.3 E
B - Y= 487563.8 N, X= 815657.4 E
C - Y= 483599.8 N, X= 814370.0 E
D - Y= 483609.8 N, X= 815691.7 E
E - Y= 478315.7 N, X= 814416.9 E
F - Y= 478326.8 N, X= 815737.3 E

LAST TAKE POINT NAD 83 NME Y= 478419.0 N X= 814815.9 E LAT.=32.312142° N LONG.=103.448114° W BOTTOM HOLE LOCATION NAD 83 NME Y= 478369.1 N X= 814816.3 E LAT.=32.312005° N LONG.=103.448114° W	LAST TAKE POINT NAD 27 NME Y= 478359.2 N X= 773632.1 E LAT.=32.312018° N LONG.=103.447637° W BOTTOM HOLE LOCATION NAD 27 NME Y= 478309.2 N X= 773632.5 E LAT.=32.311880° N LONG.=103.447637° W
---	---

OPERATOR CERTIFICATION

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

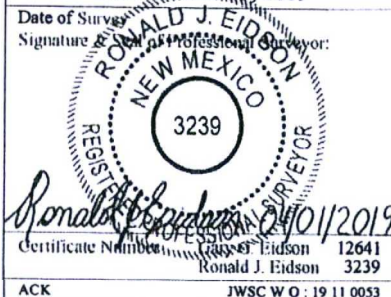
Signature: *Sammy Hajar* Date: 5/6/19
Printed Name: **Sammy Hajar**
SHAJAR@BTAOIL.COM
E-mail Address

SURVEYOR CERTIFICATION

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

FEBRUARY 19, 2019

Date of Survey: **2401/2019**
Signature: *Ronald J. Eidson* Professional Surveyor:



ACK JWSC W O : 19 11 0053

ATTACHMENT 73

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

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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, New Mexico 87505

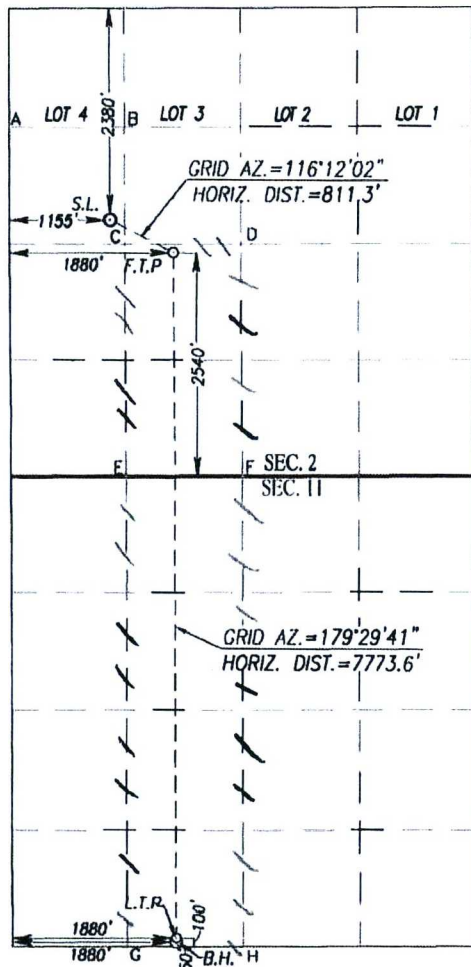
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name Antelope Ridge ; Bone Spring					
Property Code		Property Name SOUTH RIDGE 8030 STATE						Well Number 2H	
OGRID No. 260297		Operator Name BTA OIL PRODUCERS, LLC						Elevation 3388'	
Surface Location									
UL or lot No. E	Section 2	Township 23-S	Range 34-E	Lot Idn	Feet from the 2380	North/South line NORTH	Feet from the 1155	East/West line WEST	County LEA
Bottom Hole Location If Different From Surface									
UL or lot No. N	Section 11	Township 23-S	Range 34-E	Lot Idn	Feet from the 50	North/South line SOUTH	Feet from the 1880	East/West line WEST	County LEA
Dedicated Acres 240		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SCALE: 1"=2000'

GEODETTIC COORDINATES		GEODETTIC COORDINATES	
NAD 83 NME	SURFACE LOCATION	NAD 27 NME	SURFACE LOCATION
Y= 486511.7 N	X= 815499.6 E	Y= 486451.6 N	X= 774316.0 E
LAT.=32.334370° N	LONG.=103.445684° W	LAT.=32.334245° N	LONG.=103.445206° W
FIRST TAKE POINT		FIRST TAKE POINT	
NAD 83 NME	NAD 27 NME	NAD 83 NME	NAD 27 NME
Y= 486153.5 N	X= 816227.5 E	Y= 486093.5 N	X= 775043.8 E
LAT.=32.333369° N	LONG.=103.443337° W	LAT.=32.333244° N	LONG.=103.442860° W
CORNER COORDINATES TABLE			
NAD 27 NME			
A - Y= 487494.5 N, X= 773152.7 E	B - Y= 487503.7 N, X= 774473.8 E	C - Y= 486185.2 N, X= 774485.2 E	D - Y= 486194.4 N, X= 775806.2 E
E - Y= 483549.8 N, X= 774508.0 E	F - Y= 483559.8 N, X= 775829.6 E	G - Y= 478267.0 N, X= 774553.5 E	H - Y= 478278.1 N, X= 775873.9 E
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E - Y= 483609.8 N, X= 815691.7 E	F - Y= 483619.8 N, X= 817013.3 E	G - Y= 478326.8 N, X= 815737.3 E	H - Y= 478337.9 N, X= 817057.8 E
LAST TAKE POINT			
NAD 83 NME	NAD 27 NME	NAD 83 NME	NAD 27 NME
Y= 478431.5 N	X= 816295.6 E	Y= 478371.7 N	X= 775111.8 E
LAT.=32.312143° N	LONG.=103.443325° W	LAT.=32.312018° N	LONG.=103.442848° W
BOTTOM HOLE LOCATION			
NAD 83 NME	NAD 27 NME	NAD 83 NME	NAD 27 NME
Y= 478381.5 N	X= 816296.0 E	Y= 478321.7 N	X= 775112.2 E
LAT.=32.312005° N	LONG.=103.443325° W	LAT.=32.311881° N	LONG.=103.442847° W

OPERATOR CERTIFICATION

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

Signature: *Sammy Hajar* Date: 5/6/19
Printed Name: **Sammy Hajar**
SHAJAR@BTAOIL.COM
E-mail Address

SURVEYOR CERTIFICATION

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

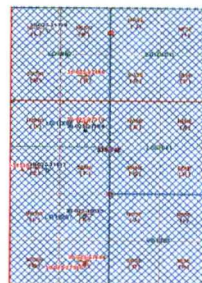
FEBRUARY 19, 2019

Date of Survey: **2/19/2019**
Signature: *Ronald J. Eidson*
Professional Surveyor: **RONALD J. EIDSON**
NEW MEXICO
3239
Certificate Number: **12641**
Ronald J. Eidson 3239
ACK JWSC W O : 19 11 0054

Owner - Before Payout	Tract 1 - S/2 Sec 2 (33.333334%)				Tract 2 - N/2 Sec 11 (33.333333%)				Tract 3 - S/2 Sec 11 (33.333333%)				Total	
	WI	NRI	Unit WI	Unit NRI	WI	NRI	Unit WI	Unit NRI	WI	NRI	Unit WI	Unit NRI	Unit WI	Unit NRI
BTA Oil Producers, LLC	1.00000000	0.87500000	0.33333334	0.29166667	0.62500000	0.54359375	0.20833333	0.18119791	0.87500000	0.63125000	0.29166666	0.21041666	0.83333334	0.68328125
Lindy's Living Trust					0.02734375	0.02320801	0.00911458	0.00773600					0.00911458	0.00773600
Delmar Hudson Lewis Living Trust					0.02734375	0.02320801	0.00911458	0.00773600					0.00911458	0.00773600
Javelina Partners					0.03385417	0.02873373	0.01128472	0.00957791					0.01128472	0.00957791
Zorro Partners, Ltd.					0.01822917	0.01547201	0.00607639	0.00515734					0.00607639	0.00515734
Ard Oil, LTD					0.01367187	0.01160400	0.00455729	0.00386800					0.00455729	0.00386800
Frost Bank, Trustee					0.00455729	0.00386800	0.00151910	0.00128933					0.00151910	0.00128933
Chevron U.S.A. Inc.					0.12500000	0.10937500	0.04166667	0.03645833					0.04166667	0.03645833
Centennial Resource Production, LLC					0.12500000	0.09750000	0.04166667	0.03250000	0.12500000	0.09750000	0.04166667	0.03250000	0.08333333	0.06500000
													1.00000000	0.82010417

Owner - After Payout *	Tract 1 - S/2 Sec 2 (33.333334%)				Tract 2 - N/2 Sec 11 (33.333333%)				Tract 3 - S/2 Sec 11 (33.333333%)				Total	
	WI	NRI	Unit WI	Unit NRI	WI	NRI	Unit WI	Unit NRI	WI	NRI	Unit WI	Unit NRI	Unit WI	Unit NRI
BTA Oil Producers, LLC *	0.80000000	0.70000000	0.26666667	0.23333334	0.62500000	0.54359375	0.20833333	0.18119791	0.87500000	0.63125000	0.29166666	0.21041666	0.76666667	0.62494792
Lindy's Living Trust					0.02734375	0.02320801	0.00911458	0.00773600					0.00911458	0.00773600
Delmar Hudson Lewis Living Trust					0.02734375	0.02320801	0.00911458	0.00773600					0.00911458	0.00773600
Javelina Partners					0.03385417	0.02873373	0.01128472	0.00957791					0.01128472	0.00957791
Zorro Partners, Ltd.					0.01822917	0.01547201	0.00607639	0.00515734					0.00607639	0.00515734
Ard Oil, LTD					0.01367187	0.01160400	0.00455729	0.00386800					0.00455729	0.00386800
Frost Bank, Trustee					0.00455729	0.00386800	0.00151910	0.00128933					0.00151910	0.00128933
Chevron U.S.A. Inc.					0.12500000	0.10937500	0.04166667	0.03645833					0.04166667	0.03645833
Centennial Resource Production, LLC					0.12500000	0.09750000	0.04166667	0.03250000	0.12500000	0.09750000	0.04166667	0.03250000	0.08333334	0.06500000
Apache Corporation *	0.20000000	0.17500000	0.06666667	0.05833333									0.06666666	0.05833333
													1.00000000	0.82010417

Tract 1 - 320.00
Tract 2 - 320.00
Tract 3 - 320.00
Total - 960.00 acres



ATTACHMENT

SOUTH RIDGE 8030 STATE COM VENTURE
Working Interest Ownership - Before Payout

BTA Oil Producers, LLC * 104 S. Pecos, Midland, Texas 79701	83.333334% WI
Centennial Resource Production, LLC 1001 17 th Street, Suite 1800, Denver, CO 80202	8.333333% WI
Chevron U.S.A. Inc. 6301 Deauville, Midland, TX 79706	4.166667% WI
Francis H. Hudson, Trustee of Lindy's Living Trust 4200 S. Hulen, Suite 302, Fort Worth, TX 76109	0.911458% WI
Bank of America, N. A., Trustee of the Delmar Hudson Lewis Living Trust 901 Main Street, Dallas, TX 75202-3714	0.911458% WI
Zorro Partners, Ltd. 616 Texas Street, Fort Worth, TX 76102	0.607639% WI
Javelina Partners 616 Texas Street, Fort Worth, TX 76102	1.128472% WI
Ard Oil, LTD P. O. Box 101027, Fort Worth, TX 76185	0.455729% WI
Frost Bank, Trustee of the Josephine T. Hudson Testamentary Trust f/b/o/ J. Terrell Ard 640 Taylor Street, Floor 17, Fort Worth, TX 76102	0.151910% WI
Apache Corporation * 303 Veterans Airpark Lane, Suite 1000, Midland, TX 79705	-0-
Total	1.000000% WI

SOUTH RIDGE 8030 STATE COM VENTURE
Working Interest Ownership - After Payout

BTA Oil Producers, LLC * 104 S. Pecos, Midland, Texas 79701	76.666667% WI
Centennial Resource Production, LLC 1001 17 th Street, Suite 1800, Denver, CO 80202	8.333334% WI
Chevron U.S.A. Inc. 6301 Deauville, Midland, TX 79706	4.166667% WI
Francis H. Hudson, Trustee of Lindy's Living Trust 4200 S. Hulen, Suite 302, Fort Worth, TX 76109	0.911458% WI
Bank of America, N. A., Trustee of the Delmar Hudson Lewis Living Trust 901 Main Street, Dallas, TX 75202-3714	0.911458% WI
Zorro Partners, Ltd. 616 Texas Street, Fort Worth, TX 76102	0.607639% WI
Javelina Partners 616 Texas Street, Fort Worth, TX 76102	1.128472% WI
Ard Oil, LTD P. O. Box 101027, Fort Worth, TX 76185	0.455729% WI
Frost Bank, Trustee of the Josephine T. Hudson Testamentary Trust f/b/o/ J. Terrell Ard 640 Taylor Street, Floor 17, Fort Worth, TX 76102	0.151910% WI
Apache Corporation * 303 Veterans Airpark Lane, Suite 1000, Midland, TX 79705	6.666666% WI
Total	1.000000% WI



BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

August 14, 2019

Certified Return Receipt
70180680000066849597

In re: Well Proposal - South Ridge 8030 State Com #1H
Township 23 South, Range 34 East, N.M.P.M.

Section 2:

Section 11:

Lea County, New Mexico

SHL: Section 2 - 2380' FNL & 1125' FWL

BHL: Section 11 - 50' FSL & 400' FWL

4 BTA 8030 JV-P South Ridge, Tr. IV, V, IX

Centennial Resource Production, LLC
1001 17th Street, Suite 1800
Denver, CO 80202

Attn: Mr. Gavin Smith

Dear Gavin:

BTA Oil Producers, LLC, as Operator, hereby proposes the drilling of the South Ridge 8040 State Com #1H Well (the "Well"), a horizontal 2nd Bone Spring communitized well with a TVD of 10,425' and a MD of 17,900' (the "Operation"), at the above referenced location. The anticipated spud date for the Well will be May 2, 2020. The Cumulative Well Costs of the Operation are estimated to be \$8,417,036 as detailed in our enclosed Authority for Expenditure.

Our proposed Operating Agreement dated June 1, 2019 was previously mailed to you by letter dated June 5, 2019. Exhibit "A" to the Operating Agreement indicates your preliminary working interest in the Well should be 8.333334% and your estimated share of the costs of the Operation is approximately \$701,420.00.

ATTACHMENT

D

Should you elect to participate in the drilling of the Well, please indicate so by returning a signed copy of this letter along with a signed copy of the AFE. Be advised that in the near term, BTA will file an application for compulsory pooling with the New Mexico Oil Conservation Division to pool any uncommitted working interest owners.

If you have any questions or require further information, please let me know.

Sincerely,

Rex D. Barker
Landman

_____ Elect to participate in the South Ridge 8030 State Com #1H Well
(Send Well Information Requirements to BTA Oil Producers, LLC)

_____ Elect to go non-consent in the South Ridge 8030 State Com #1H Well

Centennial Resource Production, LLC

By: _____

Title: _____

Date: _____

RB

Enclosure

C:\Users\mlagan\Documents\Land\Letters\Rex Barker\Well Proposal Ltr - Centennial - South Ridge 8030 State Com #1H.docx



BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

August 14, 2019

Certified Return Receipt

70180680000066849535

In re: Well Proposal - South Ridge 8030 State Com #2H
Township 23 South, Range 34 East, N.M.P.M.

Section 2:

Section 11:

Lea County, New Mexico

SHL: Section 2 - 2380' FNL & 1155' FWL

BHL: Section 11 - 50' FSL & 1880' FWL

4/12 BTA 8030 JV-P South Ridge, Tr. IV, V, IX

Javelina Partners
616 Texas Street
Fort Worth, TX 76102

Attn: Mr. Randall Hudson

Dear Randall:

BTA Oil Producers, LLC, as Operator, hereby proposes the drilling of the South Ridge 8040 State Com #2H Well (the "Well"), a horizontal 2nd Bone Spring communitized well with a TVD of 10,425' and a MD of 17,900' (the "Operation"), at the above referenced location. The anticipated spud date for the Well will be May 4, 2020. The Cumulative Well Costs of the Operation are estimated to be \$8,417,036 as detailed in our enclosed Authority for Expenditure.

Our proposed Operating Agreement dated June 1, 2019 was previously mailed to you by letter dated June 5, 2019. Exhibit "A" to the Operating Agreement indicates your preliminary working interest in the Well should be 1.128472% and your estimated share of the costs of the Operation is approximately \$94,984.00.

Should you elect to participate in the drilling of the Well, please indicate so by returning a signed copy of this letter along with a signed copy of the AFE. Be advised that in the near term,

BTA will file an application for compulsory pooling with the New Mexico Oil Conservation Division to pool any uncommitted working interest owners.

If you have any questions or require further information, please let me know.

Sincerely,

Rex D. Barker
Landman

_____ Elect to participate in the South Ridge 8030 State Com #2H Well
(Send Well Information Requirements to BTA Oil Producers, LLC)

_____ Elect to go non-consent in the South Ridge 8030 State Com #2H Well

Javelina Partners

By: _____

Title: _____

Date: _____

RB

Enclosures

C:\Users\mlagan\Documents\Land\Letters\Rex Barker\Well Proposal Ltr - Javelina - South Ridge 8030 State Com #2H.docx

BTA OIL PRODUCERS, LLC
WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: South Ridge 8030 State #1H (B2LM)
 Location: SHL: 2380 FNL 1125 FWL sec 2, 23S, 34E
 BHL: 50 FSL 400 FWL sec 11
 Lea County, NM

Total Depth: 10,425' TVD
 17,900' MD

Date Prepared: 2/11/19

Formation: 2nd Bone

	DRILLING	CASED HOLE	COMPLETION	TOTAL COSTS
INTANGIBLE COSTS				
FORMATION EVALUATION	\$	\$	\$	\$
Logs	8,000		20,000	28,000
LOCATION & ACCESS				
Survey & Stake	5,000			5,000
Damages	20,000			20,000
Road & Location	65,000		12,000	77,000
Other Location	140,000			140,000
DRILLING RIG				
Mobilization	90,000			90,000
Daywork	517,000	94,000		611,000
DRILLING SUPPLIES				
Bits	72,000			72,000
BHA	45,000		65,000	110,000
Fuel	145,200	26,400		171,600
MUD RELATED				
Mud Purchase	75,000	5,000		80,000
Fresh Water	35,000	1,000	800,000	836,000
Brine	35,000			35,000
Solids Control (Closed Loop)	33,000	6,000		39,000
Mud Monitor	28,000			28,000
Mud Related Other	8,000			8,000
DRILLING SERVICES				
BOP Related	15,000	4,000		19,000
Casing Related	21,000	80,000		101,000
Welding	8,000	2,000		10,000
Trucking	22,500	10,000	54,000	86,500
Rental Equipment	70,000	8,000	330,000	408,000
Other Services (Direction/GR Services)	209,000			209,000
CEMENT				
Casing Cementing	90,000	135,000		225,000
Other Cementing			150,000	150,000
CONTRACT SERVICES				
Engineering	8,000			8,000
Geological	22,000			22,000
Roustabout	6,000		5,000	11,000
Wellsite Supervision	49,500	9,000	50,000	108,500
Other Contract Services	25,000			25,000
COMPLETION SERVICES				
Pulling Unit			60,000	60,000
Perforate			230,000	230,000
Stimulation			2,500,000	2,500,000
Other Compl. Services			200,000	200,000
OVERHEAD				
Drilling & Administrative	10,000		10,000	20,000
TOTAL INTANGIBLE COSTS	\$ 1,877,200	\$ 380,400	\$ 4,486,000	\$ 6,743,600
TANGIBLE COSTS				
TUBULARS				
Surface Casing (13 3/8" @ 1900')	81,000			81,000
Intermediate Casing (9 5/8" @ 5,000')	161,000			161,000
Production Casing (5-1/2" @ TD)		295,000		295,000
WELL EQUIPMENT				
Well Head	22,000	10,000	75,000	107,000
Flowline			10,000	10,000
Tubing			60,000	60,000
Subsurface Equipment			25,000	25,000
Other Well Equipment			3,000	3,000
LEASE EQUIPMENT				
Electrical System			5,000	5,000
Other Lease Equipment			450,000	450,000
SUBTOTAL - TANGIBLES	264,000	305,000	628,000	1,197,000
SYSTEMS				
Gas Line Tangibles				
Gas Line Intangibles				
Compressor				
Gas Plant Tangibles				
Gas Plant Intangibles				
Dehydrator				
SUBTOTAL - SYSTEMS				
TOTAL TANGIBLE COSTS	\$ 264,000	\$ 305,000	\$ 628,000	\$ 1,197,000
GENERAL CONTINGENCIES	128,472	41,124	306,840	476,436
TOTAL BY PHASE	\$ 2,269,672	\$ 726,524	\$ 5,420,840	\$ 8,417,036
CUMULATIVE WELL COSTS	\$ 2,269,672	\$ 726,524	\$ 5,420,840	\$ 8,417,036

APPROVED BY _____

COMPANY _____

DATE _____

ATTACHMENT **E**

BTA OIL PRODUCERS, LLC
WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: South Ridge 8030 State #2H (B2KN)
 Location: SHL: 2380 FNL 1155 FWL sec 2, 23S, 34E
 BHL: 50 FSL 1880 FWL sec 11

Total Depth: 10,425' TVD
 17,900' MD

Lea County, NM

Date Prepared: 2/11/19

Formation: 2nd Bone

INTANGIBLE COSTS:	DRILLING	CASED HOLE	COMPLETION	TOTAL COSTS
FORMATION EVALUATION	\$	\$	\$	\$
Logs	8,000			
LOCATION & ACCESS			20,000	28,000
Survey & Stake	5,000			5,000
Damages	20,000			20,000
Road & Location	65,000		12,000	77,000
Other Location	140,000			140,000
DRILLING RIG				
Mobilization	90,000			90,000
Daywork	517,000	94,000		611,000
DRILLING SUPPLIES				
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BHA	45,000		65,000	110,000
Fuel	145,200	26,400		171,600
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CUMULATIVE WELL COSTS	\$ 2,269,672	\$ 726,524	\$ 5,420,840	\$ 8,417,036

APPROVED BY: _____
 COMPANY: _____
 DATE: _____