

Revised March 23, 2017

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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Steward Energy II, LLCOGRID Number: 371682Well Name: Fring Federal #001HAPI: 30-025-50271Pool: Bronco; San Andres, SouthPool Code: 7500

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☐ CTB☐ PLC☐ PC☒ OLS☒ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

A. ☐ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☒ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required

FOR OCD ONLY

☐ Notice Complete☐ Application
Content
Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cory Walk

Print or Type Name

09/16/2022

Date

(505) 466-8120

Phone Number

cory@permitswest.com

e-mail Address

Signature

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Steward Energy II, LLC
OPERATOR ADDRESS: 2600 North Dallas Parkway, Suite 400, Frisco, TX 75034
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Cory Walk TITLE: Agent DATE: 9/16/2022
TYPE OR PRINT NAME Cory Walk TELEPHONE NO.: 505-466-8120
E-MAIL ADDRESS: cory@permitswest.com

Steward Energy II, LLC would like to request off-lease measurement and storage of oil and gas at the Fring Federal Battery which is adjacent to the existing Combo Fee Battery pad located in SESE, section 15, T-13-S, R-38-E under 43 CFR 3173.23.

Wells involved in off-lease measurement/storage:

Fring Federal 001H

- API: 30-025-50271
- SHL: NENE, Sec 23, T-13-S, R-38-E
- Producing: E2, Sec 14, T-13-S, R-38-E
- Communitization Agreement Pending: NMNM-105775288
- Leases Involved: NMLC-0064605A, Fring Fee Lease

Fring Federal 002H

- API: 30-025-50202
- SHL: NENE, Sec 23, T-13-S, R-38-E
- Producing: E2, Sec 14, T-13-S, R-38-E
- Communitization Agreement Pending: NMNM-105775288
- Leases Involved: NMLC-0064605A, Fring Fee Lease

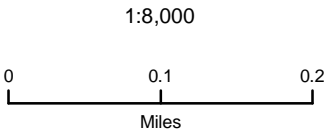
All wells will be producing from the same pool and formation (Bronco; San Andres, South - 7500).

Steward Energy II, LLC

Fring Off-Lease Measurement Overview Map

Township 13S, Range 38E
Lea County, New Mexico

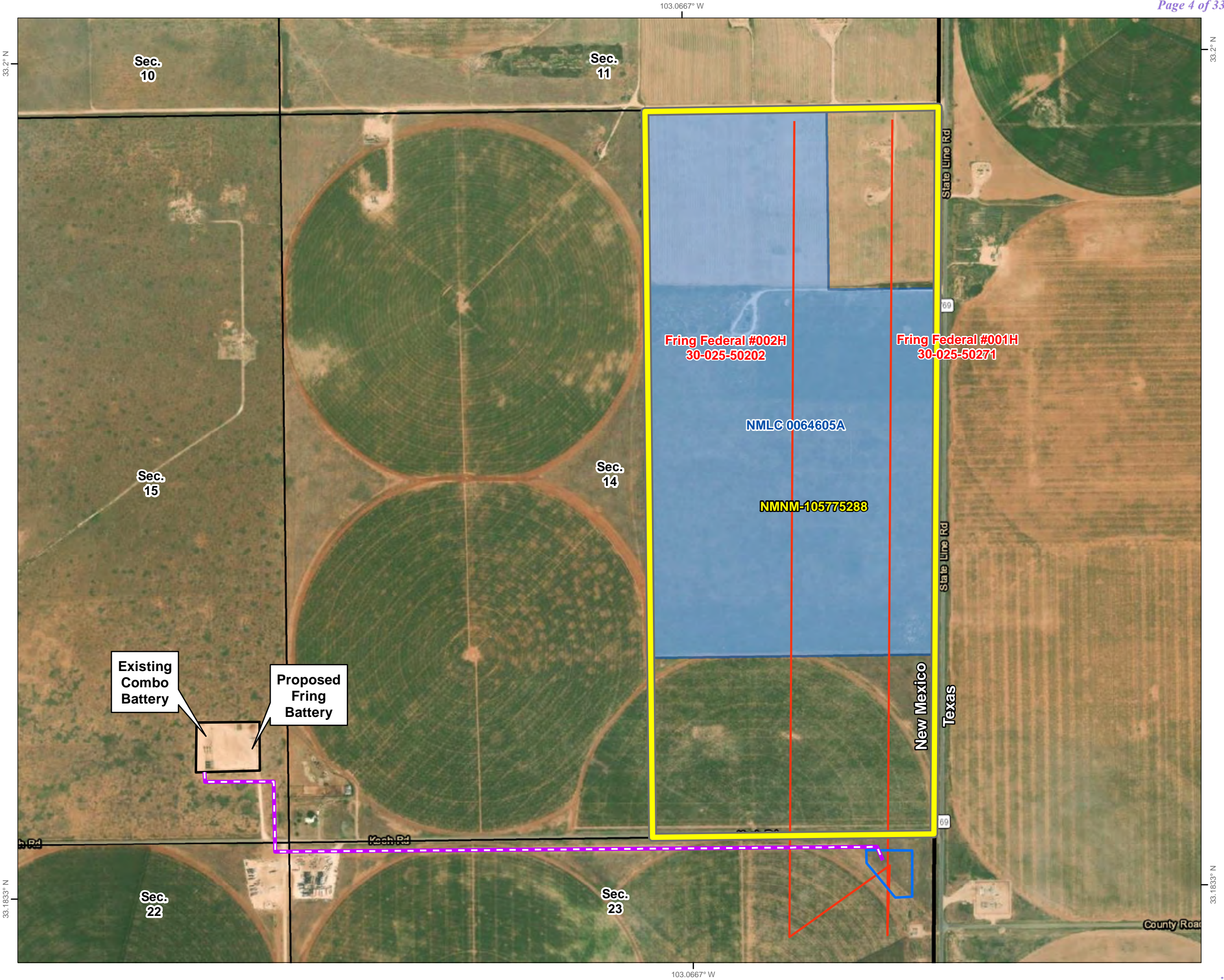
- Wellbore
- Flowline
- Well Pad
- Communitization Agreement
- Federal Leases



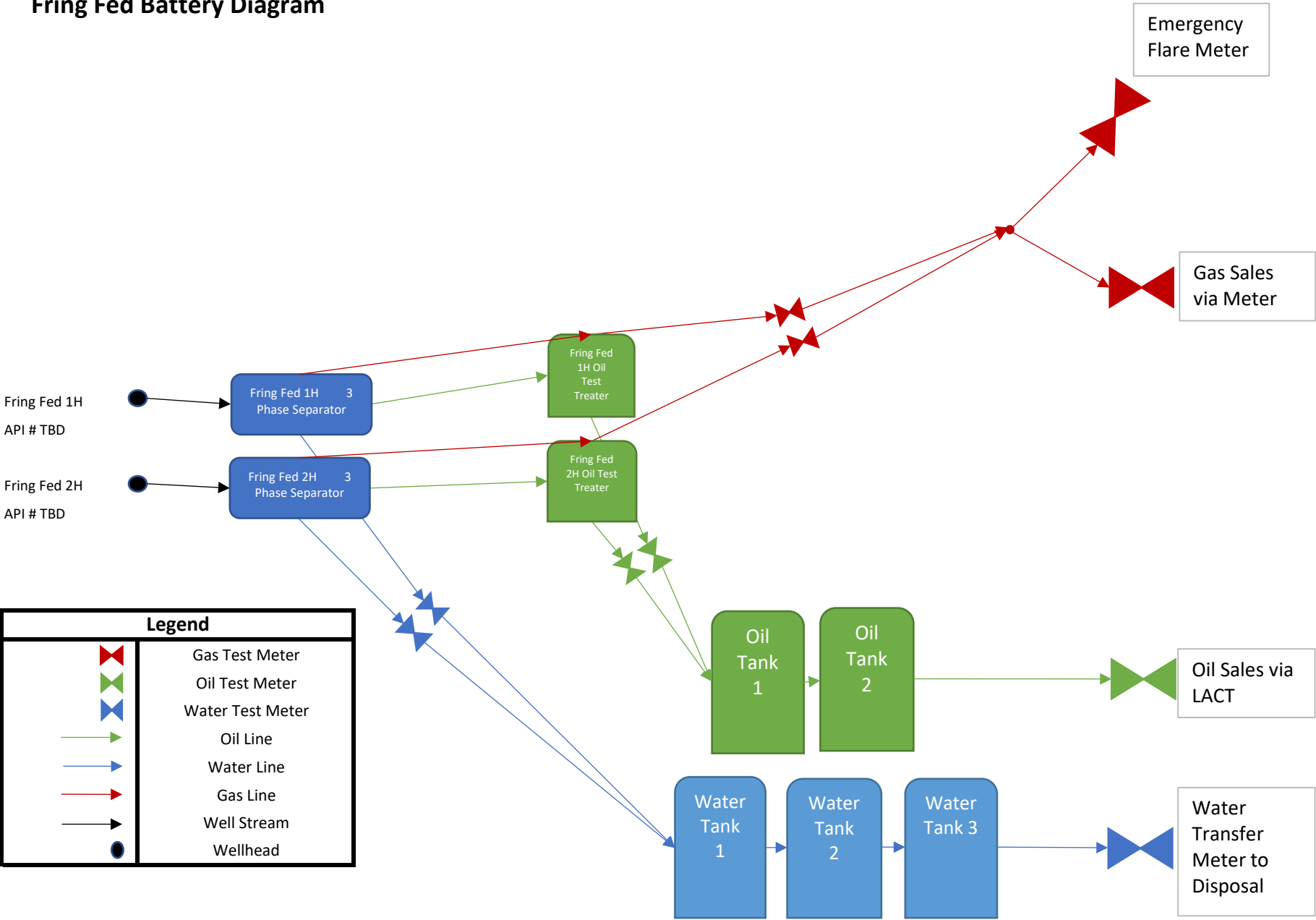
NAD 1983 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., September 29, 2022
for Steward Energy II, LLC



Fring Fed Battery Diagram



Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

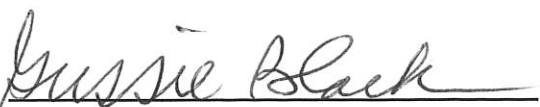
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 02, 2022
and ending with the issue dated
October 02, 2022.



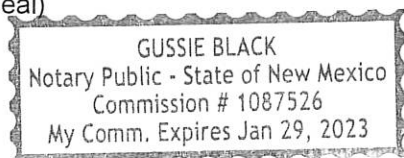
Publisher

Sworn and subscribed to before me this
2nd day of October 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE October 2, 2022

To McCarthy Oil & Gas LLC; Graham Family Investments LLC; Danglade/Speight Family Oil & Gas I, LP; Elyse Saunders Patterson Trusts; Willis Royalty Inc; Robert E Payne Trust; Terra Nova Energy LP; G&M Oil LLC; Kirby & Rita Schenck Revocable Trust; GO Basic Energy I LLC; Kennedy Minerals Ltd; First Roswell Company; DRB Hard Rock Investments LLC; Mary Lee S Reese LLC; Cathy D. Blotter; Rubie Crosby Bell Family LLC; Wright Shelley Elizabeth; Beulah & James Simmons Trust; The Toles Company LLC; I & J Enterprises LLC; Steward Energy II, LLC located at 2600 North Dallas Parkway, Suite 400, Frisco TX 75034 is applying to the NMOCD for off-lease measurement and storage of production at their Fring Facility located in Lea County, Section 15, T13S-R38E. Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505, within 20 days after publication, or the NMOCD may approve the application. For questions pertaining to the application, please contact Cory Walk at 505-466-8120.
#38079

02108485

00271646

BRIAN WOOD
PERMITS WEST
37 VERANO LOOP
SANTA FE, NM 87508

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
FRING FEDERAL	1H	3002550271	NMLC064605A	NMLC064605A	STEWARD
FRING FEDERAL	2H	3002550202	NMLC064605A	NMLC064605A	STEWARD

Notice of Intent

Sundry ID: 2695664

Type of Submission: Notice of Intent

Date Sundry Submitted: 09/30/2022

Date proposed operation will begin: 10/10/2022

Type of Action: Off-lease Measurement/Storage

Time Sundry Submitted: 08:48

Procedure Description: Steward Energy II, LLC would like to request off-lease measurement and storage of oil and gas at the Fring Federal Battery which is adjacent to the existing Combo Fee Battery pad located in SESE, section 15, T-13-S, R-38-E under 43 CFR 3173.23. Please see the attached document for additional information.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Fring_OLM_Sundry_Attachment_20220929161832.pdf

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: BRIAN WOOD

Signed on: SEP 30, 2022 08:47 AM

Name: STEWARD ENERGY II LLC

Title: President

Street Address: 37 VERANO LOOP

City: SANTA FE

State: NM

Phone: (505) 466-8120

Email address: AFMSS@PERMITSWEST.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: Jonathon W Shepard

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5752345972

BLM POC Email Address: jshepard@blm.gov

Disposition: Approved

Disposition Date: 10/18/2022

Signature: Jonathon Shepard

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McCarthy Oil & Gas, LLC
 25807 Westheimer Pkwy, Ste 349
 Katy, TX 77494

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Graham Family Investments, LLC
 PO Box 1835
 Roswell, NM 88202-1835

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Danglade/Speight Family Oil & Gas I, LP
 c/o Sproles Woodard LLP
 777 Main Street, Suite 3250
 Midland, TX 79710

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Elyse Saunders Patterson Trusts
 c/o Commerce Bank, N.A., Agent
 PO Box 419248
 Kansas City, MO 64141-6248

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Wills Royalty, Inc.
 PO Box 1359
 Carlsbad, NM 88221

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2016 Robert E. Payne Trust
 c/o Kristina Cook, Co-Trustee
 665 Hidden Oaks Drive
 Flintstone, GA 30725

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Terra Nova Energy, LP
 242 Spring Park Drive, Suite C
 Midland, TX 79705

City, State, ZIP+4®

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Kirby & Rita Schenck Revocable Trust
 c/o Western Commerce Bank
 18 West Adams
 Lovington, NM 88260

City, State, ZIP+4®

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Kennedy Minerals Ltd.
 500 West Texas Ave, Ste 655
 Midland, TX 79701

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G&M Oil, LLC
 5801 Highland Blvd.
 Midland, TX 79707-5032

City, State

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G.O. Basic Energy I LLC
 P.O. Box 51451
 Midland, TX 79710

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First Roswell Company
 PO Box 1797
 Roswell, NM 88202

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DRB Hard Rock Investments, LLC
4535 Holly St.
Bellaire, TX 77401

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Mary Lee S. Reese, LLC
PO Box 338
Bozeman, MT 59771

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Cathy D. Blotter
PO Box 3546
Lake Jackson, TX 77566

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Rubie Crosby Bell Family LLC
% Frank R. Janusa
PO Box 24591
New Orleans, LA 70184-4591

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Wright, Shelley Elizabeth
411 South M. Street
Midland, TX 79701

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Beulah & James Simmons Trust
c/o BOA, N.A., Succ. Trustee
PO Box 2546
Fort Worth, TX 76113

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The Toles Company, LLC
 c/o Perry Toles
 PO Box 1300
 Roswell, NM 88202-1300

 Postage
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 Total
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Street and apt. no., or care of

City, State, ZIP+4®

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City,

I & J Enterprises, LLC
 PO Box 5216
 Hobbs, NM 88241

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7022 0410 0003 4658 7634

4

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **August, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Lots 1, 2, 3, 4, NW/4NE/4, SW/4NE/4, NW/4SE/4 and the SW/4SE/4 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

This can also be described as the E/2 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Containing **253.52** acres, and this agreement shall include only the **Bronco San Andres, South Formation** underlying said lands and the **oil and gas** hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Steward Energy II, LLC, whose address is 2600 North Dallas Parkway, Suite 400, Frisco, TX 75034**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the lessees of record and operating rights owners in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.
If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 1/2 percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

- area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
 10. The date of this agreement is **August 1st, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

STEWARD ENERGY II, LLC

Operator

6.10.2022

Date

By:



M. Taylor Warren, II, Vice President of Land

ACKNOWLEDGEMENT

STATE OF Texas)
) ss.
COUNTY OF Collin)

On this 10 day of June, 2022 before me, a Notary Public for the State of Texas, personally appeared M. Taylor Warren, II, known to me to be the Vice President of Land of Steward Energy II, LLC, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

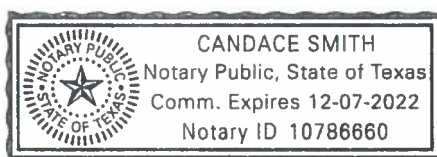
(SEAL)

12-7-2022

My Commission Expires



Notary Public



LESSEES OF RECORD AND OPERATING RIGHTS OWNERS

STEWARD ENERGY II, LLC

6-10-2022
Date

By: [Signature]
Title: Vice President of Land

ACKNOWLEDGEMENT

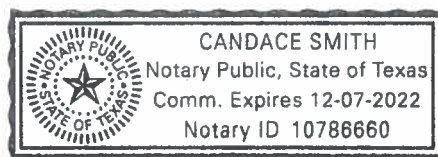
STATE OF Texas)
COUNTY OF Collin) ss.

On this 10 day of June, 2022, before me, a Notary Public for the State of Texas, personally appeared **M. Taylor Warren, II**, known to me to be the **Vice President of Land** of **Steward Energy II, LLC**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

12-7-2022
My Commission Expires

[Signature]
Notary Public



LESSEES OF RECORD AND OPERATING RIGHTS OWNERS

G.O. BASIC ENERGY I LLC

6/16/22
Date

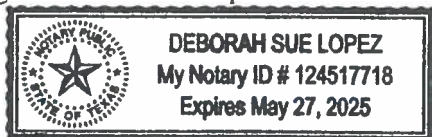
By: [Signature]
Title: President

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY OF Midland) ss.

On this 16 day of June, 2022 before me, a Notary Public for the State of Texas, personally appeared **Jack B. Holmes**, known to me to be the **President** of **G.O. Basic Energy I LLC**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



May 27, 2025
My Commission Expires

[Signature]
Notary Public

LESSEES OF RECORD AND OPERATING RIGHTS OWNERS

APACHE CORPORATION

June 22, 2022
Date

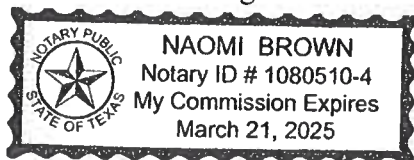
By: [Signature]
Title: Attorney in Fact

ACKNOWLEDGEMENT

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 22nd day of June, 20 22, before me, a Notary Public for the State of _____, personally appeared Justin E. Matthews, known to me to be the Attorney in Fact of **Apache Corporation**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



3-21-2025
My Commission Expires

[Signature]
Notary Public

EXHIBIT "A"

Plat of communitized area covering **253.52** acres in **Lots 1, 2, 3, 4, NW/4NE/4, SW/4NE/4, NW/4SE/4 and the SW/4SE/4** of **Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico.**

Fring Federal 2H

Section 14	<u>Tract 1 & 2</u> Federal Lease No. LC 064605-A	<u>Tract 3</u> Other Lease Net Acres: 24.46
	<u>Tract 2</u> Net Acres: 151.22	<u>Tract 1</u> Net Acres: 15.54
	<u>Tract 4</u> Other Leases Net Acres: 62.30	
		Section 23

EXHIBIT "B"

To Communitization Agreement, Dated **August 1st, 2022**, embracing the following described land in **Lots 1, 2, 3, 4, NW/4NE/4, SW/4NE/4, NW/4SE/4 and the SW/4SE/4 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico.**

Operator of Communitized Area: **Steward Energy II, LLC**

DESCRIPTION OF LEASES COMMITTED**Tract No. 1**

Lease Serial Number:	LC 064605-A
Recording Information:	Book 63, Page 109
Description of Land Committed:	The North 15.54 acres of Lot 2 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico
Number of Gross Acres:	15.54
Number of Net Acres:	15.54
Current Lessees of Record:	Apache Corporation
Name of Operating Rights Owner:	Steward Energy II, LLC
ORRI Owners:	Woodlan P. Saunders, Virginia Saunders, Mary E. Wills, Ruby S. Bell f/k/a Ruby S. Crosby, and Sally Saunders Toles

Tract No. 2

Lease Serial Number:	LC 064605-A
Recording Information:	Book 63, Page 109
Description of Land Committed:	South 8.20 acres of Lot 2, Lot 3, NW/4NE/4, SW/4NE/4, NW/4SE/4 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico
Number of Gross Acres:	151.22

Number of Net Acres: 151.22

Current Lessees of Record: Apache Corporation

Name of Operating Rights Owner: Steward Energy II, LLC

ORRI Owners: Woodlan P. Saunders, Virginia Saunders, Mary E. Wills, Ruby S. Bell f/k/a Ruby S. Crosby, and Sally Saunders Toles

Tract No. 3

Recording Information: Book 100, Page 469

Description of Land Committed: Lot 1, also being described as the NE/4NE/4, of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

Number of Gross Acres: 24.46

Number of Net Acres: 24.46

Authority for Pooling: Lease Clauses, State Pooling Order

Lease Owners: Steward Energy II, LLC (65%)
G. O. Basic Energy, LLC (35%)

Name of Operating Rights Owner: Steward Energy II, LLC

ORRI Owners: None

Tract No. 4

Recording Information: Book 2156, Page 516

Description of Land Committed: Lot 4 and the SW/4SE/4, also being described as the S/2SE/4, of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico

Number of Gross Acres: 62.30

Number of Net Acres: 31.15

Authority for Pooling:	Lease Clauses, State Pooling Order
Lease Owners:	Steward Energy II, LLC (65%) G. O. Basic Energy, LLC (35%)
Name of Operating Rights Owner:	Steward Energy II, LLC
ORRI Owners:	None

Tract No. 4

Recording Information:	Book 2191, Page 903
Description of Land Committed:	Lot 4 and the SW/4SE/4, also being described as the S/2SE/4, of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico
Number of Gross Acres:	62.30
Number of Net Acres:	31.15
Authority for Pooling:	Lease Clauses, State Pooling Order
Lease Owners:	Steward Energy II, LLC (65%) G. O. Basic Energy, LLC (35%)
Name of Operating Rights Owner:	Steward Energy II, LLC
ORRI Owners:	None

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	15.54	6.1297%
2	151.22	59.6482%
3	24.46	9.6481%
<u>4</u>	<u>62.30</u>	<u>24.5739%</u>
Total	253.52	100.0000%

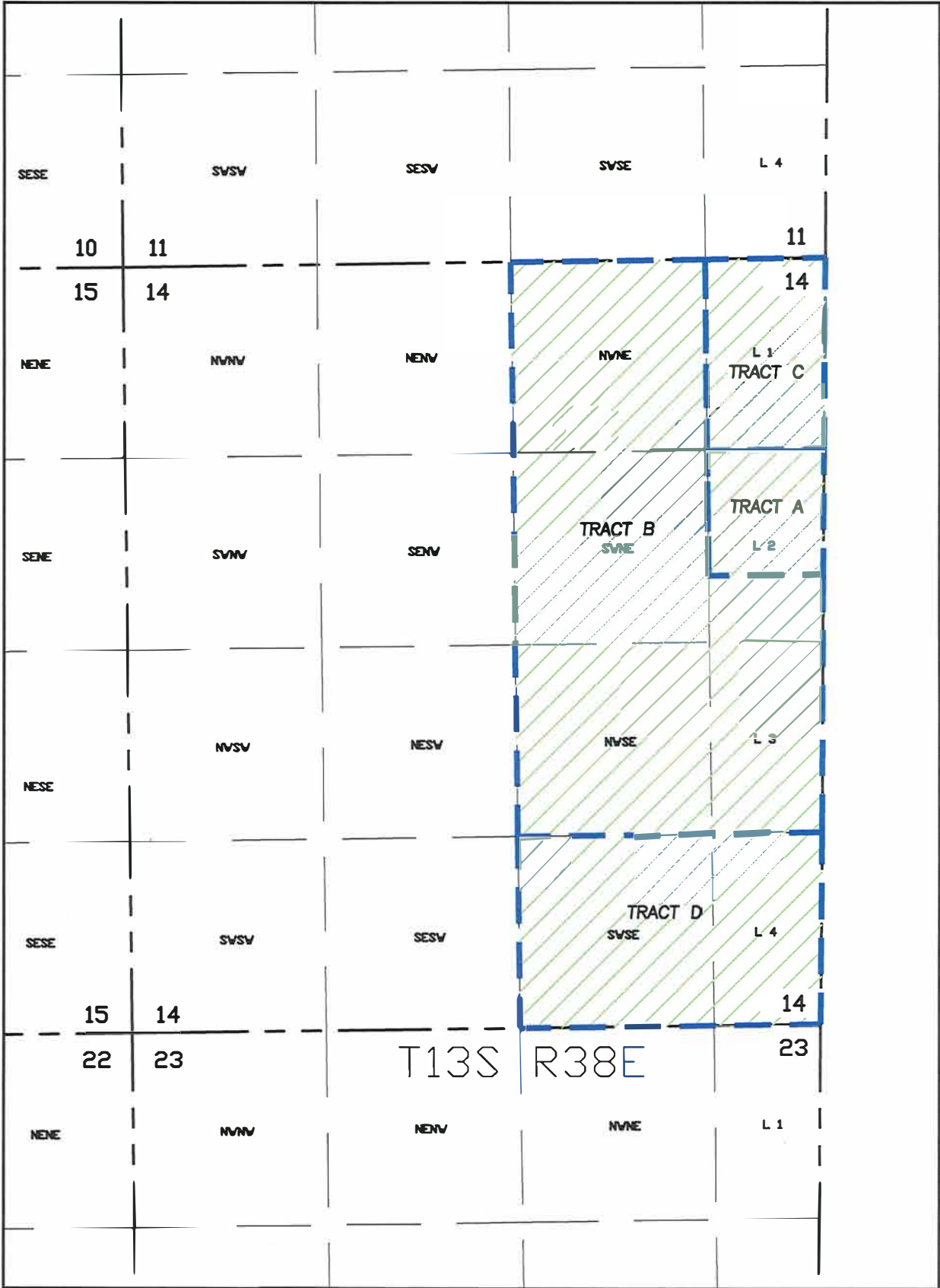
EXHIBIT "C"

To Communitization Agreement, Dated **August 1st, 2022**, embracing the following described land in **Lots 1, 2, 3, 4, NW/4NE/4, SW/4NE/4, NW/4SE/4 and the SW/4SE/4 of Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico.**

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

EXHIBIT "C"

FRINGED
SEC. 14 TWP. 13-S RGE. 38-E
LEA COUNTY, NEW MEXICO



SCALE: 1" = 1,000'



PROPOSED HORIZONTAL SPACING UNIT

OPERATOR:



STEWARD
ENERGY II

STEWARD
ENERGY II, LLC

SHEET 1 OF 1



PREPARED BY:
R-SQUARED GLOBAL, LLC
510 TRENTON ST., UNIT B,
WEST MONROE, LA 71291
318-323-6900 OFFICE
JOB No. R4097_004

EXHIBIT "C"

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 7500	³ Pool Name BRONCO; SAN ANDRES, SOUTH
⁴ Property Code	⁵ Property Name FRING FEDERAL	⁶ Well Number 2H
⁷ OGRID No. 371682	⁸ Operator Name STEWARD ENERGY II, LLC	⁹ Elevation 3797'

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
L 1	23	13S	38E		275	NORTH	345	EAST	LEA

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
B	14	13S	38E		100	NORTH	1050	EAST	LEA

¹² Dedicated Acres 253.52	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

	<p>CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 930659.48' / Y: 802289.73' B - X: 930628.68' / Y: 797037.07' C - X: 928579.01' / Y: 797007.20' D - X: 928512.97' / Y: 802258.45'</p> <p>CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 889483.60' / Y: 802226.96' B - X: 889452.78' / Y: 796974.46' C - X: 887403.12' / Y: 796944.49' D - X: 887337.10' / Y: 802195.59'</p> <p>LAST TAKE POINT/BOTTOM HOLE LOCATION 100' FNL 1050' FEL, SECTION 14 NAD 83, SPCS NM EAST X: 929608.78' / Y: 802174.41' LAT: 33.19867115N / LON: 103.06404865W NAD 27, SPCS NM EAST X: 888432.91' / Y: 802111.60' LAT: 33.19856445N / LON: 103.06354985W</p> <p>FIRST TAKE POINT 100' FSL 1050' FEL, SECTION 14 NAD 83, SPCS NM EAST X: 929579.16' / Y: 797121.79' LAT: 33.18478852N / LON: 103.06434573W NAD 27, SPCS NM EAST X: 888403.26' / Y: 797059.12' LAT: 33.18468179N / LON: 103.06384706W</p> <p>KICK OFF POINT 771' FNL 1050' FEL, SECTION 23 NAD 83, SPCS NM EAST X: 929573.99' / Y: 796250.51' LAT: 33.18239459N / LON: 103.06439714W NAD 27, SPCS NM EAST X: 888398.09' / Y: 796187.87' LAT: 33.18228786N / LON: 103.06389848W</p> <p>SURFACE HOLE LOCATION 275' FNL 345' FEL, SECTION 23 NAD 83, SPCS NM EAST X: 930282.03' / Y: 796756.99' LAT: 33.18376269N / LON: 103.06206333W NAD 27, SPCS NM EAST X: 889106.13' / Y: 796694.37' LAT: 33.18365604N / LON: 103.06156472W</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><i>Vanessa Lopez</i> 3/3/2022 Signature Date Vanessa Lopez Printed Name Vanessa.Lopez@stewardenergy.net 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>March 19, 2021 Date of Survey Signature and Seal of Professional Surveyor: </p> <p>Certificate Number David W. Myers 11403</p>

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99990013 Convergence Angle: 00°41'16.54001"

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Cory Walk](#); [Vanessa Lopez](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Paradis, Kyle O](#); [Walls, Christopher](#)
Subject: Approved Administrative Order OLM-264
Date: Monday, October 31, 2022 5:33:25 PM
Attachments: [OLM264 Order.pdf](#)

NMOCD has issued Administrative Order OLM-264 which authorizes Steward Energy II, LLC (371682) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50271	Fring Federal #1H	E/2	14-13S-38E	7500
30-025-50202	Fring Federal #2H	E/2	14-13S-38E	7500

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

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

**APPLICATION FOR OFF-LEASE MEASUREMENT
SUBMITTED BY STEWARD ENERGY II, LLC**

ORDER NO. OLM-264

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Steward Energy II, LLC ("Applicant") submitted a complete application to off-lease measure the oil and gas production ("Application") from the wells, pool, and lease identified in Exhibit A.
2. Applicant provided notice of the Application to all persons owning a working interest in the oil and gas production to be off-lease measured in accordance with 19.15.23.9(A)(5) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
3. Applicant provided notice of the Application to the Bureau of Land Management or New Mexico State Land Office, as applicable.

CONCLUSIONS OF LAW

4. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, and 19.15.23 NMAC.
5. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC.
6. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.
2. The oil and gas production from the wells identified in Exhibit A shall be physically separated from the oil and gas production from other wells and no commingling of production from different leases shall occur in accordance with 19.15.23.9(A)(3) NMAC and 19.15.23.9(A)(4) NMAC, except as otherwise provided in order(s) issued by OCD.
3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.

4. Applicant shall measure and market the commingled gas at a central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL
DIRECTOR**

DATE: 10/31/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **OLM-264**

Operator: **Steward Energy II, LLC (371682)**

Central Tank Battery: **Fring Federal Battery**

Central Tank Battery Location: **UL P, Section 15, Township 13 South, Range 38 East**

Gas Title Transfer Meter Location: **UL P, Section 15, Township 13 South, Range 38 East**

Pools

Pool Name	Pool Code
BRONCO; SAN ANDRES, SOUTH	7500

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA San Andres NMNM 105775288	E/2	14-13S-38E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50271	Fring Federal #1H	E/2	14-13S-38E	7500
30-025-50202	Fring Federal #2H	E/2	14-13S-38E	7500

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 147706

CONDITIONS

Operator: STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034	OGRID: 371682
	Action Number: 147706
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	11/1/2022