

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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, LLC **OGRID Number:** 371682
Well Name: DOG BAR BATTERY - see attached **API:** _____
Pool: BRONCO; SAN ANDRES, SOUTH **Pool 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 holders
 B. ☒ Royalty, overriding royalty owners, revenue owners
 C. ☒ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☒ Surface owner
 G. ☐ 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.

11/11/2022

Date

214-297-0533

Phone Number

Vanessa.lopez@stewardenergy.com

e-mail Address

Vanessa Lopez

Print or Type Name

Vanessa Lopez

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

Form C-107-B
Revised August 1, 2011

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
Bronco; San Andres, South (7500)	attached				

(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. BRONCO; SAN ANDRES, SOUTH (7500)

(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: Vanessa Lopez

TITLE: Sr. Analyst Regulatory & Environmental DATE: 11/12/2022

TYPE OR PRINT NAME Vanessa Lopez

TELEPHONE NO.: 214-297-0533

E-MAIL ADDRESS: vanessa.lopez@stewardenergy.com

APPLICATION FOR SURFACE POOL LEASE COMMINGLING

Introduction

Steward Energy II, LLC requests approval for the surface commingling of oil and gas from all existing and future wells on the Broken Spoke 2 State lease. The current well, Broken Spoke 2 State 2H, and any future wells will be taken to an established tank facility at the Dog Bar Fee Battery, three-quarters of a mile south of the Broken Spoke 2 State 2H well location. The Dog Bar Fee Battery already has the infrastructure in place for oil, water and gas handling and sales so no new surface disturbance will be required for the proposed surface commingling agreement. The commingled site will serve as a central emissions point for any emergency flaring of the commingled leases thereby limiting the effects of an emergency flare event to one site rather than multiple locations.

Current wells that will be commingling production at the Combo Fee Tank Battery will include:

API	Well Name	Surface Hole Location
30-025-50369	Broken Spoke 2 State 2H	NENE, Sec 11, T14S, R38E
30-025-42873	Dog Bar 11 Fee 1H	SESE, Sec 11, T14S, R38E
30-025-42121	Dog Bar 11 Fee 2H	SESW, Sec 11, T14S, R38E
30-025-42622	Dog Bar 11 Fee 3H	SWSW, Sec 11, T14S, R38E

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

Royalty Revenue Statement

The approval of the proposed application for surface commingling of the Broken Spoke 2 State leases (Broken Spoke 2 State 2H: 210.50 acres, more or less, being Lots 1 (55.97 acres), 4 (52.22 acres), 5 (51.51 acres) and 6 (50.80 acres) of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico) will not negatively affect the royalty revenue of the New Mexico State Government. Current and future wells on the lease will each have their own dedicated 3-phase separator which will meter oil, water and gas. In addition, each well will also have a second vertical vessel (heater treater) specifically allowing the oil to go through a final separation removing any extraneous water and gas and acting as an ultimate metering point for the oil. The dedicated vessels allow for Steward Energy II, LLC to accurately meter each production stream individually prior to the actual commingling of produced fluids from the Broken Spoke 2 State lease at the Dog Bar Fee Battery. Each meter will be tested and proven on a monthly basis to ensure that the daily volumes being recorded are valid and accurate. The effectiveness of the meters to record the daily production off of the dedicated ensures that the State Government will not lose revenue from the approval of the commingling allocation request.

List of Leases Included

- a. Broken Spoke 2 State 2H: 210.50 acres, more or less, being Lots 1 (55.97 acres), 4 (52.22 acres), 5 (51.51 acres) and 6 (50.80 acres) of Section 2, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico.
- b. Dog Bar 11 Fee 1H: 196.28 acres, more or less, being all of Lot 1, Lot 2, Lot 3, and Lot 4 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico.
- c. Dog Bar 11 Fee 2H: 160.00 acres, more or less, being the E/2W/2 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico
- d. Dog Bar 11 Fee 3H: 160.00 acres, more or less, being the W/2W/2 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Proposed Allocation Agreement

The proposed allocation agreement for the commingled Dog Bar Fee Tank Battery is a ratioed allocation based off of each individual well test from the Broken Spoke 2 State Lease at the Dog Bar Fee Tank Battery. As previously mentioned, each Broken Spoke 2 State lease well will have an oil, gas and water test every day from a dedicated 3 phase separator and heater treater. Additionally, the existing Fee wells are tested each month with tank gauges to provide accurate test data. The production ratio for each well and each stream to the total tested volume is then applied to the total volume produced at the battery to calculate an allocated volume. This method of testing has already been in use by Steward Energy II, LLC in Texas with a high degree of accuracy.

Economic Statement

All of the leases in the proposed surface commingling agreement are capable of producing in commercial and paying quantities greater than of oil and is repeatable by current and historic well tests.

Future Additions

Steward Energy II, LLC requests authority to add additional wells contained within the spacing units identified and approved above by filing a C103Z and C102 with the NMOCD. Notice to owners shall not be required when amending the application to add wells contained within spacing units previously approved for commingling authority.

Pursuant to Statewide rule 19.15.12.10 (C)(4)(g) Steward Energy II, LLC requests the option to include additional pools or leases within the following parameters:

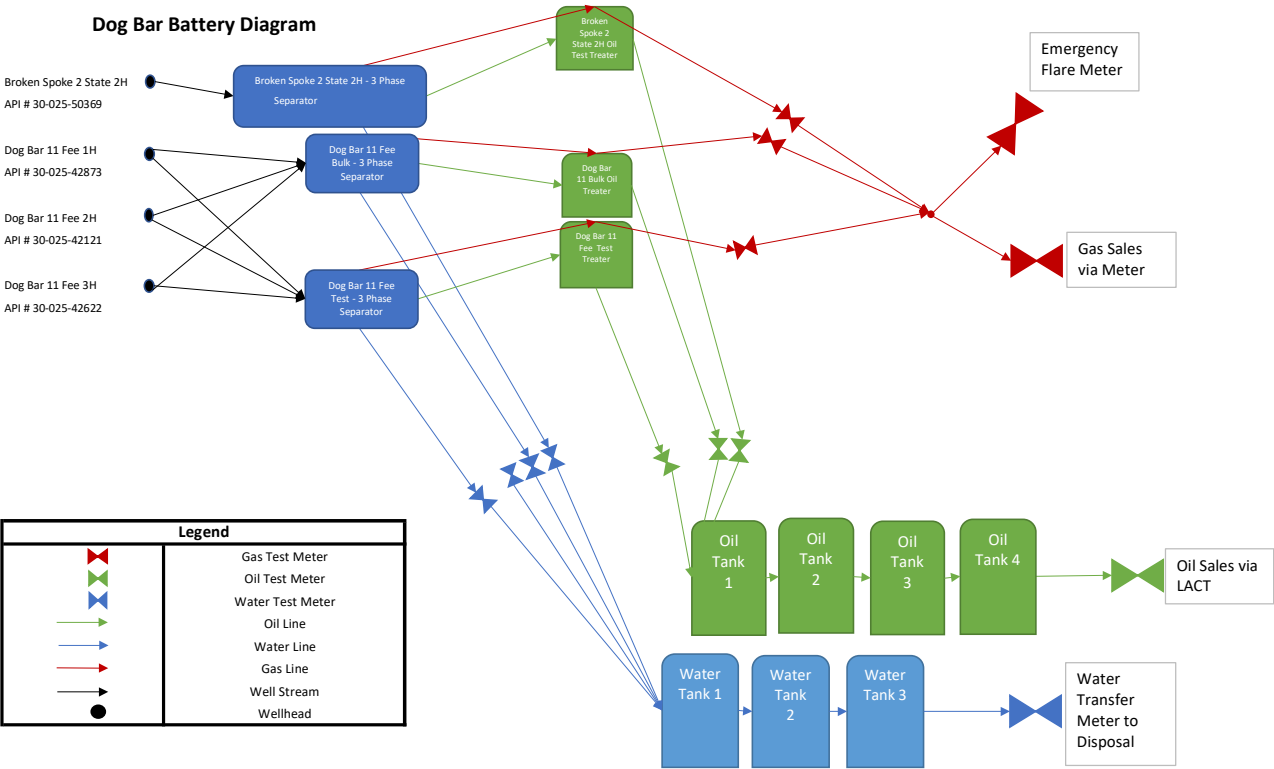
Steward Energy II, LLC may add additional production from the Bronco; San Andres, South pool from Leases

- Broken Spoke 2 State
- Dog Bar 11 Fee

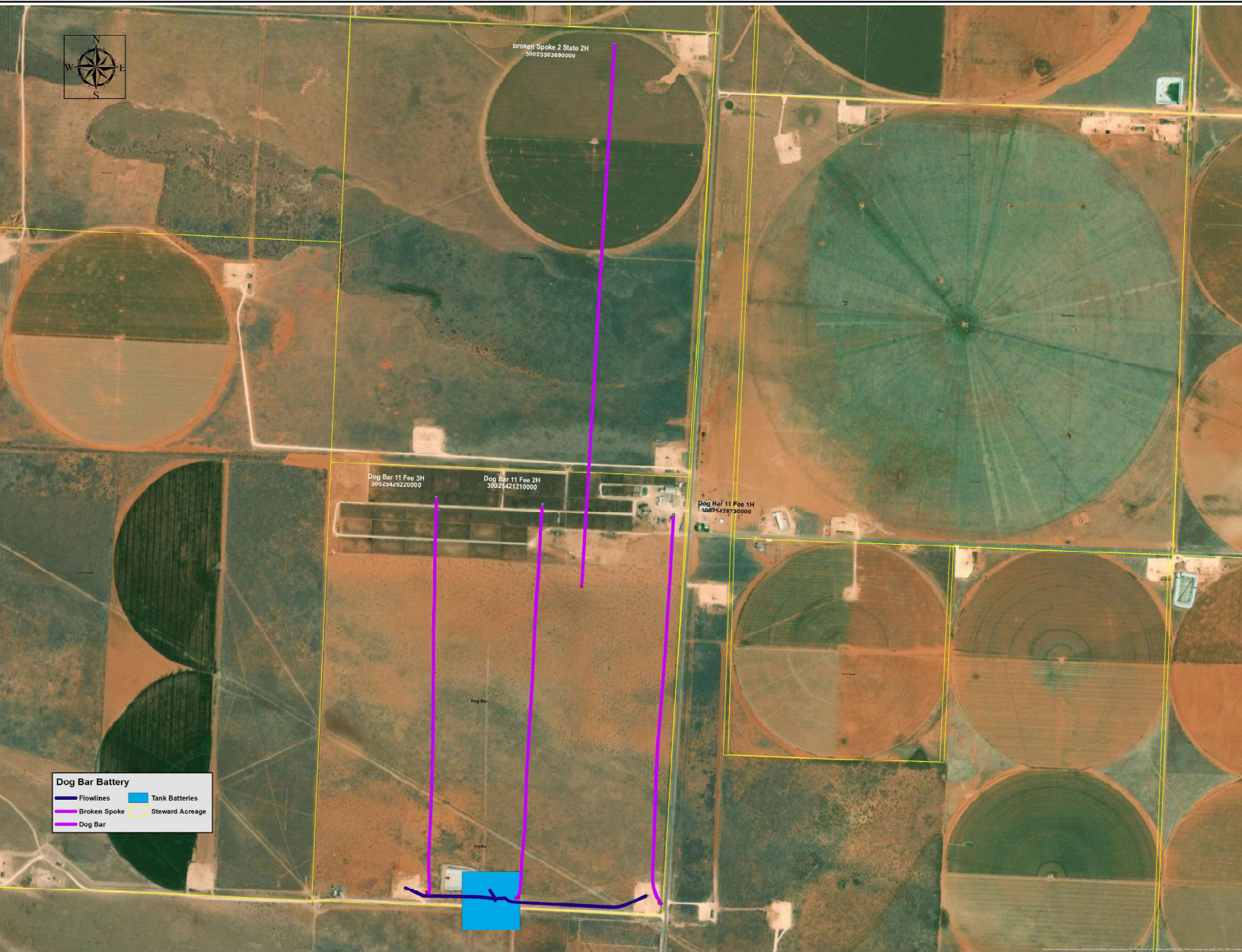
DOG BAR BATTERY SURFACE COMING APPLICATION WITH NMOCD

WELL	LOCATION	API	POOL	OIL	GAS	GRAVITY	Date online
BROKEN SPOKE 2 STATE 2H	G-11-14S-38E	30-025-50369	(7500)-BRONCO, SAN ANDRES, SOUTH	669.19	439.61	29.7	9/23/2022
DOG BAR 11 FEE 1H	G-11-14S-38E	30-025-42873	(7500)-BRONCO, SAN ANDRES, SOUTH	45.36	108.72	29.7	1/18/2016
DOG BAR 11 FEE 2H	N-11-14S-38E	30-025-42121	(7500)-BRONCO, SAN ANDRES, SOUTH	22.04	62.01	29.7	12/9/2014
DOG BAR 11 FEE 3H	M-11-14S-38E	30-025-42622	(7500)-BRONCO, SAN ANDRES, SOUTH	37.10	80.94	29.7	8/28/2015

ALL WELLS ARE PRODUCING FROM SAME POOL AND FORMATION (BRONCO; SAN ANDRES, SOUTH-7500)



API	Well Name	Surface Hole Location
30-025-50369	Broken Spoke 2 State 2H	NENE, Sec 11, T14S, R38E
30-025-42873	Dog Bar 11 Fee 1H	SESE, Sec 11, T14S, R38E
30-025-42121	Dog Bar 11 Fee 2H	SESW, Sec 11, T14S, R38E
30-025-42622	Dog Bar 11 Fee 3H	SWSW, Sec 11, T14S, R38E







November 10, 2022

CERTIFIED MAIL RETURN
RECEIPT REQUESTED

Re: Request for Lease & Pool Commingling at Dog Bar Tank Battery
Sec. 11, T-13S, R38E
Bronco Lake San Andres, South (Pool Name)
Lea County, New Mexico

Dear Interest Owner:

This letter is to advise you that Steward Energy II LLC is filing an application with the New Mexico Oil Conservation Division (NMOCD) seeking approval for oil & gas lease and Pool commingling for the wells mentioned below.

Well Name	SHL Location	API
Broken Spoke 2 State 2H	G-11-14S-38E	30-025-50369
Dog Bar 11 Fee #1H	G-11-14S-38E	30-025-42873
Dog Bar 11 Fee #2H	N-11-14S-38E	30-025-42121
Dog Bar 11 Fee #3H	M-11-14S-38E	30-025-42622

A copy of our submitted application is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the NMOCD within 20 days from the date of this letter.

Please contact the undersigned at (214) 297-0500 or land@stewardenergy.net should you have any questions or need any additional information.

Sincerely,

Vanessa Lopez
Senior Analyst-Regulatory & Environmental

Battery	Owner Name	Address1	Address2	City	State	Zip	USPS Tracking #
Dog Bar Battery	Ouida Spears	220 Spears Road		Lovington	NM	88260	7021 0950 0000 0550 2507
Dog Bar Battery	JOEL GLENN DAVIS	2308 VANCOUVER CIRCLE		COLUMBIA	MO	65203-8492	7021 0950 0000 0550 2514
Dog Bar Battery	BERRY ALVIN FISHER	2595 WEST HOUGHTON LAKE RD		LAKE CITY	MI	49651	7021 0950 0000 0550 2521
Dog Bar Battery	Virginia C. Spears	307 North 7th Street		Lovington	NM	88260	7021 0950 0000 0550 2538
Dog Bar Battery	New Mexico State Land Office	310 Old Santa Fe Trail		Santa Fe	NM	87501	7021 0950 0000 0550 2545
Dog Bar Battery	CHARLES KENNETH FISHER	4254 CR 4119		CAMPBELL	TX	75422	7021 0950 0000 0550 2552
Dog Bar Battery	Sugarberry Oil & Gas Corp.	5950 Cedar Springs Road	Suite 230	Dallas	TX	75235-5803	7021 0950 0000 0550 2569
Dog Bar Battery	ANN E DAVIS	6216 THICKET STREET NW		ALBUQUERQUE	NM	87120	7021 0950 0000 0550 2576
Dog Bar Battery	FRANK T. FLEET, INC.	P.O. BOX 729		ADA	OK	74821-0729	7021 0950 0000 0550 2583
Dog Bar Battery	MARGARET HELEN KALMAR TRUST	P.O. BOX 729		ADA	OK	74821-0729	7021 0950 0000 0550 2590
Dog Bar Battery	P.A.W.N. ENTERPRISES	P.O. BOX 729		ADA	OK	74821-0729	7021 0950 0000 0550 2606
Dog Bar Battery	CHARLOTTE SPEARS TOMLINSON	P.O. BOX 774		HATCH	NM	87937	7021 0950 0000 0550 2613
Dog Bar Battery	PRISCILLA SPEARS	P.O. BOX 829		CORVALLIS	OR	97339	7021 0950 0000 0550 2613
Dog Bar Battery	Jimmy Lester Spears	PO Box 1017		Carlsbad	NM	88221	7021 0950 0000 0550 2620
Dog Bar Battery	Field Minerals, LLC	PO Box 1105		Lovington	NM	88260	7021 0950 0000 0550 2637
Dog Bar Battery	Estate of David J. Sorenson	PO Box 1453		Roswell	NM	88202	7021 0950 0000 0550 2644
Dog Bar Battery	Shain Bowman	PO Box 3582		Missoula	MT	59806	7021 0950 0000 0550 2651
Dog Bar Battery	James Sherrin	PO Box 445		Bryson	TX	76427	7021 0950 0000 0550 2675
Dog Bar Battery	MARSHALL & WINSTON, INC	PO BOX 50880		MIDLAND	TX	79710	7021 0950 0000 0550 2668
Dog Bar Battery	William C. Bahlburg	PO Box 560430		The Colony	TX	75056-0430	7021 0950 0000 0550 2682
Dog Bar Battery	Susan Pilcher	PO Box 756		Eunice	NM	88231	7021 0950 0000 0550 2699
Dog Bar Battery	PetroVen, Inc.	5501 LBJ Freeway	Suite 900	Dallas	TX	75240-6220	7021 0950 0000 0550 2705



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).

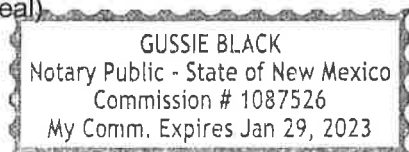
Beginning with the issue dated
December 02, 2022
and ending with the issue dated
December 02, 2022.


Publisher

Sworn and subscribed to before me this
2nd day of December 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 December 2, 2022

STEWARD Energy II LLC located at 2600 Dallas Parkway, Suite 400, Frisco, Texas 75034 is applying to the NMOCD for a surface commingle permit for oil and gas production for facilities in the Northwest Shelf within Permian Basin. The facilities are located in Lea County in Sections 11; T14S; R38E. This is for the Dog Bar Battery.

Wells going to these batteries are in Lea County in Section 11; 14S; 38E. Production is from the Bronco, San Andres South formation/pool. The wells going to this battery are the Broken Spoke 2 State 2H, and the Dog Bar 11 Fee 1H, 2H and 3H wells.

Pursuant to statewide Rule 19.15.12.10, any objections to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505, if no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact Vanessa Lopez, Steward Energy II, LLC at 214.297.0533 or vanessa.lopez@stewardenergy.net #00273524

67117552

00273524

VANESSA LOPEZ
STEWARD ENERGY, LLC
2600 Dallas Parkway, Suite 400
FRISCO, TX 75034

DESIGNATION OF POOLED UNIT

Released to Imaging: 1/30/2023 8:09:44 AM

<u>Lessor</u>	<u>Original Lessee</u>	<u>Legal Description</u>	<u>Recording Info</u>	<u>Lease Date</u>
James Walton Spears, and Quida Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, more or less. Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, more or less. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, more or less.	Bk 1784, pg 819	6/8/2012
Jimmy Lester Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 and Lots 1 & 2 Lea County, New Mexico	Bk 1834, pg 451	7/19/2012
Susan Spears Pilcher, a/k/a Susan Renee Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 938	7/3/2012
Virginia C. Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, m/l Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, m/l. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, m/l.	Bk 1784, pg 815	6/4/2012
Joel Glen Davis	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 944	6/27/2012

BOOK 1960 PAGE 660

Ann Davis	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 932	6/27/2012
Beverly Ann Bowman	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 and Lots 1 & 2 Lea County, New Mexico	Bk 1796, pg 103	6/27/2012
Charlotte Spears Tomlinson	O'Brien Oil & Gas, Inc.	A tract of land in Lot 1 of Section 11, T14S-R38E, N.M.P.M., Lea County, NM described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Lot 1 (150.10 acres), less and except the above described tract (10.00 acres), Being 40.10 acres more or less. Lot 2 (49.41 acres), N/2NW/4 (80.00 acres) of Section 11, T14S-R38E, N.M.P.M., Lea County, NM. Lots 3 (48.73), Lot 4 (48.04 acres), SW/4 (160.00), S/2NW/4 (80.00 acres) Section 11, T14S-R38E, N.M.P.M., Lea County, NM.	Bk 1781, pg 904	5/7/2012
Priscilla Spears f/k/a Priscilla Spears Bean	O'Brien Oil & Gas, Inc.	A tract of land in Lot 1 of Section 11, T14S-R38E, N.M.P.M., Lea County, NM described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Lot 1 (150.10 acres), less and except the above described tract (10.00 acres), Being 40.10 acres more or less. Lot 2 (49.41 acres), N/2NW/4 (80.00 acres) of Section 11, T14S-R38E, N.M.P.M., Lea County, NM. Lots 3 (48.73), Lot 4 (48.04 acres), SW/4 (160.00), S/2NW/4 (80.00 acres) Section 11, T14S-R38E, N.M.P.M., Lea County, NM.	Bk 1781, pg 906	5/7/2012
Dan Field & Fielded Co., LLC	Petroven, Inc.	<u>Block D, John H. Gibson Survey</u> Section 520: W/2 & SE/4, Save and Except that portion of said W/2 & SE/4 which is covered by that certain 160 acre pooled unit located in Sections 520 and 521 of Block D, John H. Gibson Survey, which 160 acre pooled unit is reflected on the Plat in that certain	Bk 2012, pg 2133 Bk 1910, pg 547	4/24/2012

BOOK 1960 PAGE 661

Designation of Pooled Unit executed by Harvard Petroleum Corporation on February 8, 1995 and recorded in Volume 137, Page 436 of the Official Public Records of Yoakum County, Texas, and Save and Except that portion of said W/2 & SE/4 which is covered by that certain 160 acre pooled unit located in Section 520 of Block D, John H. Gibson Survey, which 160 acre pooled unit is described by metes and bounds in that certain Designation of Pooled Unit executed by Harvard Petroleum on January 31, 1997 and recorded in Volume 167, Page 515 of the official Public Records of Yoakum County, Texas (as amended in Volume 171, page 724 and in Volume 175, Page 762).

Section 521: All, Save and Except that portion of said Section 521, which is covered by that certain 160 acre pooled unit located in Sections 520 and 521 of Block D, John H. Gibson Survey, which 160 acre pooled unit is reflected on the Plat in that certain Designation of Pooled Unit executed by Harvard Petroleum Corporation on February 8, 1995 and recorded in Volume 137, Page 436 of the Official Public Records of Yoakum County, Texas.

Section 522: All

Section 534: All

Section 535: All

Yoakum County, Texas

Berry Fisher, a/k/a Berry Alvin Fisher	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Section 14: NW/4, NE/4SW/4 and Lots 1, 2, 3, Surface to 8,000' Lea County, New Mexico	Bk 1783, pg 587	5/8/2012
Charles Fisher, a/k/a Charles Kenneth Fisher	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Section 14: NW/4, NE/4SW/4 and Lots 1, 2, 3, Surface to 8,000'	Bk 1783, pg 593	5/8/2012
David J. Sorenson	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Lea County, New Mexico	Bk 1779, pg 591	4/12/2012
Marshall & Winston, Inc.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73), 4 (48.04), S/2NW/4, SW/4 Lea County, New Mexico	Bk 1778, pg 645	5/2/2012

BOOK 1960 PAGE 662

Sugarberry Oil & Gas Corporation and Katy Pipeline Production Corporation	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3, 4, SW/4 and S/2NW/4 Lea County, New Mexico	Bk 1784, pg 810	5/24/2012
Frank T. Fleet, Inc.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 893	5/15/2012
P.A.W.N. Enterprises, Ltd.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section: 11: Lots 3 (48.73 acres), Lot 4 (48.04 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 901	5/15/2012
Daniel Fleet Freeman, Trustee of Trust "A" created u/w/o Margaret Helen Kalmar, deceased	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 898	5/15/2012

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

MAY 26 2015
at 10:35 A M
and recorded in Book 1960
Page 663
By Pat Chappelle, Lea County Clerk
Bv Deputy



DESIGNATION OF POOLED UNIT

Released to Imaging: 1/30/2023 8:09:44 AM

<u>Lessor</u>	<u>Original Lessee</u>	<u>Legal Description</u>	<u>Recording Info</u>	<u>Lease Date</u>
James Walton Spears, and Quida Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, more or less. Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, more or less. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, more or less.	Bk 1784, pg 819	6/8/2012
Jimmy Lester Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 and Lots 1 & 2 Lea County, New Mexico	Bk 1834, pg 451	7/19/2012
Susan Spears Pilcher, a/k/a Susan Renee Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 938	7/3/2012
Virginia C. Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, m/l Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, m/l. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, m/l.	Bk 1784, pg 815	6/4/2012
Joel Glen Davis	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 944	6/27/2012

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Ann Davis	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 932	6/27/2012
Beverly Ann Bowman	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 and Lots 1 & 2 Lea County, New Mexico	Bk 1796, pg 103	6/27/2012
Charlotte Spears Tomlinson	O'Brien Oil & Gas, Inc.	A tract of land in Lot 1 of Section 11, T14S-R38E, N.M.P.M., Lea County, NM described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Lot 1 (150.10 acres), less and except the above described tract (10.00 acres), Being 40.10 acres more or less. Lot 2 (49.41 acres), N/2NW/4 (80.00 acres) of Section 11, T14S-R38E, N.M.P.M., Lea County, NM. Lots 3 (48.73), Lot 4 (48.04 acres), SW/4 (160.00), S/2NW/4 (80.00 acres) Section 11, T14S-R38E, N.M.P.M., Lea County, NM.	Bk 1781, pg 904	5/7/2012
Priscilla Spears f/k/a Priscilla Spears Bean	O'Brien Oil & Gas, Inc.	A tract of land in Lot 1 of Section 11, T14S-R38E, N.M.P.M., Lea County, NM described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Lot 1 (150.10 acres), less and except the above described tract (10.00 acres), Being 40.10 acres more or less. Lot 2 (49.41 acres), N/2NW/4 (80.00 acres) of Section 11, T14S-R38E, N.M.P.M., Lea County, NM. Lots 3 (48.73), Lot 4 (48.04 acres), SW/4 (160.00), S/2NW/4 (80.00 acres) Section 11, T14S-R38E, N.M.P.M., Lea County, NM.	Bk 1781, pg 906	5/7/2012
Dan Field & Fielded Co., LLC	Petroven, Inc.	<u>Block D, John H. Gibson Survey</u> Section 520: W/2 & SE/4, Save and Except that portion of said W/2 & SE/4 which is covered by that certain 160 acre pooled unit located in Sections 520 and 521 of Block D, John H. Gibson Survey, which 160 acre pooled unit is reflected on the Plat in that certain Designation of Pooled Unit executed by Harvard Petroleum Corporation on February 8, 1995 and recorded in Volume 137, Page 436 of the Official Public Records of Yoakum County, Texas, and Save and Except that portion of said W/2 & SE/4 which is covered by	Bk 2012, pg 2133 Bk 1910, pg 547	4/24/2012

BOOK 2040 PAGE 422

that certain 160 acre pooled unit located in Section 520 of Block D, John H. Gibson Survey, which 160 acre pooled unit is described by metes and bounds in that certain Designation of Pooled Unit executed by Harvard Petroleum on January 31, 1997 and recorded in Volume 167, Page 515 of the official Public Records of Yoakum County, Texas (as amended in Volume 171, page 724 and in Volume 175, Page 762).
Section 521: All, Save and Except that portion of said Section 521, which is covered by that certain 160 acre pooled unit located in Sections 520 and 521 of Block D, John H. Gibson Survey, which 160 acre pooled unit is reflected on the Plat in that certain Designation of Pooled Unit executed by Harvard Petroleum Corporation on February 8, 1995 and recorded in Volume 137, Page 436 of the Official Public Records of Yoakum County, Texas.
Section 522: All
Section 534: All
Section 535: All
Yoakum County, Texas

Berry Fisher, a/k/a Berry Alvin Fisher	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Section 14: NW/4, NE/4SW/4 and Lots 1, 2, 3, Surface to 8,000' Lea County, New Mexico	Bk 1783, pg 587	5/8/2012
Charles Fisher, a/k/a Charles Kenneth Fisher	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Section 14: NW/4, NE/4SW/4 and Lots 1, 2, 3, Surface to 8,000'	Bk 1783, pg 593	5/8/2012
David J. Sorenson	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Lea County, New Mexico	Bk 1779, pg 591	4/12/2012
Marshall & Winston, Inc.	Manzano, LLC	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: W/2SW/4 and SW/4NW/4 Lea County, New Mexico	Bk 1986, pg 574	6/1/2015
Sugarberry Oil & Gas Corporation and Katy Pipeline Production Corporation	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3, 4, SW/4 and S/2NW/4 Lea County, New Mexico	Bk 1784, pg 810	5/24/2012

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Frank T. Fleet, Inc.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 893	5/15/2012
P.A.W.N. Enterprises, Ltd.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section: 11: Lots 3 (48.73 acres), Lot 4 (48.04 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 901	5/15/2012
Daniel Fleet Freeman, Trustee of Trust "A" created u/w/o Margaret Helen Kalmar, deceased	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 898	5/15/2012

STATE OF NEW MEXICO
COUNTY OF LEA
FILED
At 8:41 o'clock A M
JUL 25 2016
Recorded in Book 2040 Page 424
Pat Chappelle, Lea County Clerk
By William Deputy

CLERK
SEAL
LEA COUNTY, NEW MEXICO

BOOK 2040 PAGE 424

52639

52640

DESIGNATION OF POOLED UNIT

STATE OF NEW MEXICO)
COUNTY OF LEA)

WHEREAS, the undersigned is the owner of the oil, gas, and mineral leases described in Exhibit "A" attached hereto;

WHEREAS, under the provisions of the leases described in Exhibit "A", the owner thereof has the right and power to pool and combine the lands covered thereby to create an operating unit;

WHEREAS, the leases provide that upon exercising said right and power, there shall be executed and filed for record a written designation of such unit with a description for the unit so created.

NOW, THEREFORE, the undersigned executes this instrument as a formal declaration that the leases described in Exhibit "A" hereto, insofar as they cover any portion of W/2W/2 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, are hereby combined and pooled to create a 160 acre unit, more or less, as to oil, gas or associated hydrocarbons, more particularly described as follows:

This instrument may be executed in multiple counterparts and will be binding upon each of the undersigned who executes such a counterpart, and their respective heirs, successors and assigns.

Executed this 21st day of July, 2016, but effective as of the 28th day of August, 2015.

MANZANO, LLC

By: 
Kenneth Barbe, Jr., Manager

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

This instrument was acknowledged before me this 21st day of July, 2016, by Kenneth Barbe, Jr., Manager of Manzano, LLC, a New Mexico limited liability company, on behalf of said limited liability company.




Notary Public

<u>Lessor</u>	<u>Original Lessee</u>	<u>Legal Description</u>	<u>Recording Info</u>	<u>Lease Date</u>
James Walton Spears, and Quida Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, more or less. Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, more or less. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, more or less.	Bk 1784, pg 819	6/8/2012
Jimmy Lester Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 and Lots 1 & 2 Lea County, New Mexico	Bk 1834, pg 451	7/19/2012
Susan Spears Pilcher, a/k/a Susan Renee Spears	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 938	7/3/2012
Virginia C. Spears	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Tract 1: A tract of Land in Lot 1 of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, described as beginning at the Northeast corner of said Lot 1, thence West 660.6 feet, thence South 660 feet, thence East 659.4 feet, thence North 1 degree 1 minute East 660.1 feet, along the Texas-New Mexico boundary line, to the point of beginning. Containing 10 acres, m/l Tract 2: Lot 1 (50.10 acres), Less and except the above described tract (10.00 acres). Containing 40.10 acres, m/l. Lot 2 (49.41 acres, N/2NW/4 (80.00 acres) of Section 11, Township 14 South, Range 38 East, N.M.P.M., Lea County, NM. Total acresge is 169.51 acres, m/l.	Bk 1784, pg 815	6/4/2012
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Ann Davis	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: N/2NW/4 & Lots 1 & 2 Lea County, New Mexico	Bk 1790, pg 932	6/27/2012
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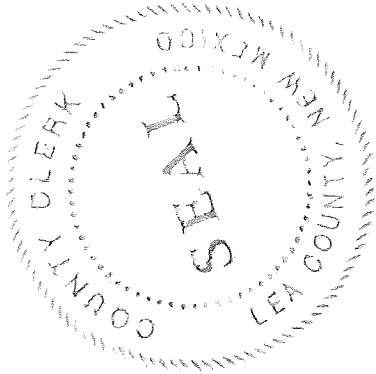
BOOK 2040 PAGE 427

that certain 160 acre pooled unit located in Section 520 of Block D, John H. Gibson Survey, which 160 acre pooled unit is described by metes and bounds in that certain Designation of Pooled Unit executed by Harvard Petroleum on January 31, 1997 and recorded in Volume 167, Page 515 of the official Public Records of Yoakum County, Texas (as amended in Volume 171, page 724 and in Volume 175, Page 762).
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Section 522: All
Section 534: All
Section 535: All
Yoakum County, Texas

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David J. Sorenson	Shaw Interests, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: All Lea County, New Mexico	Bk 1779, pg 591	4/12/2012
Marshall & Winston, Inc.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73), 4 (48.04), S/2NW/4, SW/4 Lea County, New Mexico	Bk 1778, pg 645	5/2/2012
Sugarberry Oil & Gas Corporation and Katy Pipeline Production Corporation	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3, 4, SW/4 and S/2NW/4 Lea County, New Mexico	Bk 1784, pg 810	5/24/2012

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Frank T. Fleet, Inc.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 893	5/15/2012
P.A.W.N. Enterprises, Ltd.	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section: 11: Lots 3 (48.73 acres), Lot 4 (48.04 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 901	5/15/2012
Daniel Fleet Freeman, Trustee of Trust "A" created u/w/o Margaret Helen Kalmar, deceased	O'Brien Oil & Gas, Inc.	<u>Township 14 South, Range 38 East, N.M.P.M.</u> Section 11: Lots 3 (48.73 acres), Lot 4 (4804 acres) SW/4 (160.00 acres), S/2NW/4 (80.00 acres)	Bk 1781, pg 898	5/15/2012



STATE OF NEW MEXICO
COUNTY OF LEA
FILED
At 8:41 o'clock A M
JUL 25 2016
Recorded in Book 2040 Page 425
Pat Chappelle, Lea County Clerk
By *Pat Chappelle* Deputy

BOOK 2040 PAGE 429

52640

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Vanessa Lopez](#); [Kris Lee](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1067
Date: Monday, January 30, 2023 8:06:03 AM
Attachments: [CTB1067 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1067 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
30-025-50369	Broken Spoke 2 State #2H	L1 L4 L5 L6 (E/2)	2-14S-38E	7500
30-025-42873	Dog Bar 11 Fee #1H	L1 L2 L3 L4 (E/2)	11-14S-38E	7500
30-025-42121	Dog Bar 11 Fee #2H	E/2 W/2	11-14S-38E	7500
30-025-42622	Dog Bar 11 Fee #3H	W/2 W/2	11-14S-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

From: [Vanessa Lopez](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Kris Lee](#)
Subject: [EXTERNAL] RE: surface commingling application CTB-1067
Date: Tuesday, November 15, 2022 10:19:27 AM
Attachments: [image001.png](#)
[2040-420 DPU - Dog Bar Fee #1H.pdf](#)
[2040-425 DPU - Dog Bar Fee #3H.pdf](#)
[1960-659 DPU - Dog Bar Fee #2H.pdf](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good morning Dean,

The State lease will have a dedicated 3 phase separator and heater treater with individual meters measuring oil, water and gas volumes. The oil meter will be proven at least once a month utilizing a dedicated oil tank and tank gauges and the gas meter will be proved monthly utilizing a third party meter prover.

The fee leases have two dedicated equipment trains:

- 1.) a bulk 3 phase separator and heater treater
- 2.) a test 3 phase separator and heater treater. Both equipment trains will have meters measuring oil, water and gas volumes. Each of the 3 fee lease wells will be put into test at least once a month to ensure the most accurate allocations. The oil meters will be proven at least once a month utilizing a dedicated oil tank and tank gauges and the gas meters will be proved monthly utilizing a third party meter prover.

The legal description for each well is as follows:

Dog Bar 3H: W/2 of W/2 of Section 11, T14S-R38E, N.M.P.M.

Dog Bar 2H: E/2 of W/2 of Section 11, T14S-R38E, N.M.P.M.

Dog Bar 1H: Lot 1, Lot 2, Lot 3, and Lot 4 of Section 11, T14S-R38E, N.M.P.M.

Our surveyor is currently working on a lease map as requested to include the CA boundaries attached. Also can you please email the both of us Kris and I on all correspondence. She is helping me with this project as we have 5 more applications coming soon.

We will send a copy of proof of publication as soon as we have it.

Thanks for your help. Please let me know if you have any further questions.



Vanessa Lopez
Sr. Operations Regulatory & Environmental Analyst

vanessa.lopez@stewardenergy.net

214.297.0500 main | 214.297.0499 fax
214.297.0533 direct | 281-709-8780 cellular

| 2600 Dallas Parkway, Suite 400 | Frisco, TX 75034

From: Kris Lee <krislee@skybeam.com>
Sent: Monday, November 14, 2022 12:08 PM
To: 'McClure, Dean, EMNRD' <Dean.McClure@emnrd.nm.gov>; 'Vanessa Lopez' <vanessa.lopez@stewardenergy.net>
Subject: RE: surface commingling application CTB-1067

Dean, this way works well. Vanessa and I are tag teaming these applications. We are getting you answers from the team.

Thank you

~Kris
303.659.9581 - Office
303.884.4229 - Cell

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, November 14, 2022 10:16 AM
To: Vanessa Lopez <vanessa.lopez@stewardenergy.net>; Kris Lee <krislee@skybeam.com>
Subject: surface commingling application CTB-1067

Ms. Lopez,

I am reviewing surface commingling application CTB-1067 which involves a commingling project that includes the Dog Bar Fee Battery and is operated by Steward Energy II, LLC (371682).

Please confirm the quarter quarter location of both the tank battery and sales meters. Additionally please provide a lease map for this application. This should be a map which depicts the wells, their laterals, the batteries, and the borders of each lease involved. I'm not necessarily needing to see the border of each individual fee lease, but if there is more than 1 fee lease within section 11, I will need written confirmation that a pooling agreement is in place and a description of the tracts and any limitations to formations included. Please note that the leases included on this map should not be confused with the spacing units assigned to each well. However, if a CA or pooling agreement is in place, then it is useful to include the boundaries of that on the map.

What is the proposed allocation method for this application? From reading the application, it looks like the intent is for each well producing from state lease V0 91890002 to have its own dedicated separator, but that each well producing from the fee lands will be allocated via well test. However, the statement seems to indicate that the intent is to perform the well tests via gauging the tanks, but the facility diagram seems to indicate the presence of a test separator with meter. Please confirm how Steward Energy is proposing to conduct well tests for these wells.

Additionally, I typically go off of the signatures on the admin checklist and the form C-107B to determine the contact, but I know Ms. Lee has been in communication with me regarding applications for Steward Energy. Does Steward Energy wish for me to use Ms. Lee as the main point of contact for their commingling applications?

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

From: [Vanessa Lopez](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Kris Lee](#)
Subject: [EXTERNAL] RE: surface commingling application CTB-1067
Date: Friday, December 16, 2022 1:34:24 PM
Attachments: [image001.png](#)
[STW_0003_DB_DOG BAR_LEASE BOUNDARY MAP_REV0.pdf](#)
[2040-420 DPU - Dog Bar Fee #1H.pdf](#)
[2040-425 DPU - Dog Bar Fee #3H.pdf](#)
[1960-659 DPU - Dog Bar Fee #2H.pdf](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

Attached is the lease boundary map for the subject application. Please let me know if you have questions, When can we expect an approval on this commingling application?

The State lease will have a dedicated 3 phase separator and heater treater with individual meters measuring oil, water and gas volumes. The oil meter will be proven at least once a month utilizing a dedicated oil tank and tank gauges and the gas meter will be proved monthly utilizing a third party meter prover.

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- 1.) a bulk 3 phase separator and heater treater
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The legal description for each well is as follows:

Dog Bar 3H: W/2 of W/2 of Section 11, T14S-R38E, N.M.P.M.

Dog Bar 2H: E/2 of W/2 of Section 11, T14S-R38E, N.M.P.M.

Dog Bar 1H: Lot 1, Lot 2, Lot 3, and Lot 4 of Section 11, T14S-R38E, N.M.P.M.



Vanessa Lopez
Sr. Operations Regulatory & Environmental Analyst

vanessa.lopez@stewardenergy.net

214.297.0500 main | 214.297.0499 fax
214.297.0533 direct | 281-709-8780 cellular
2600 Dallas Parkway, Suite 400 | Frisco, TX 75034

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>

Sent: Monday, November 14, 2022 11:16 AM

To: Vanessa Lopez <vanessa.lopez@stewardenergy.net>; Kris Lee <krislee@skybeam.com>

Subject: surface commingling application CTB-1067

Ms. Lopez,

I am reviewing surface commingling application CTB-1067 which involves a commingling project that includes the Dog Bar Fee Battery and is operated by Steward Energy II, LLC (371682).

Please confirm the quarter quarter location of both the tank battery and sales meters. Additionally please provide a lease map for this application. This should be a map which depicts the wells, their laterals, the batteries, and the borders of each lease involved. I'm not necessarily needing to see the border of each individual fee lease, but if there is more than 1 fee lease within section 11, I will need written confirmation that a pooling agreement is in place and a description of the tracts and any limitations to formations included. Please note that the leases included on this map should not be confused with the spacing units assigned to each well. However, if a CA or pooling agreement is in place, then it is useful to include the boundaries of that on the map.

What is the proposed allocation method for this application? From reading the application, it looks like the intent is for each well producing from state lease V0 91890002 to have its own dedicated separator, but that each well producing from the fee lands will be allocated via well test. However, the statement seems to indicate that the intent is to perform the well tests via gauging the tanks, but the facility diagram seems to indicate the presence of a test separator with meter. Please confirm how Steward Energy is proposing to conduct well tests for these wells.

Additionally, I typically go off of the signatures on the admin checklist and the form C-107B to determine the contact, but I know Ms. Lee has been in communication with me regarding applications for Steward Energy. Does Steward Energy wish for me to use Ms. Lee as the main point of contact for their commingling applications?

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 SURFACE COMMINGLING
SUBMITTED BY STEWARD ENERGY II, LLC**

ORDER NO. CTB-1067

ORDER

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

FINDINGS OF FACT

1. Steward Energy II, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

8. 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, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
12. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
13. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
14. 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 surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

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 or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
3. The oil and gas production for each well producing from a pooled area consisting of fee lands shall be allocated by conducting a minimum of one (1) well test per month.

Applicant shall conduct a well test by separating and measuring the oil and gas production from that well for a minimum of twenty-four (24) consecutive hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

4. The oil and gas production for each well producing from state lease V0 9189 0002 shall be separated and metered prior to commingling it with production from another well.
5. 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.
6. Applicant shall measure and market the commingled gas at a well pad, 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.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
9. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
10. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. 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**



DYLAN M. FUGE
DIRECTOR (ACTING)

DATE: 1/28/2023

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-1067**

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

Central Tank Battery: **Dog Bar Fee Battery**

Central Tank Battery Location: **UL N, Section 11, Township 14 South, Range 38 East**

Gas Title Transfer Meter Location: **UL N, Section 11, Township 14 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
V0 9189 0002	L1 L4 L5 L6 (E/2)	2-14S-38E
Pooled Fee	L1 L2 L3 L4 (E/2)	11-14S-38E
Pooled Fee	E/2 W/2	11-14S-38E
Pooled Fee	W/2 W/2	11-14S-38E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50369	Broken Spoke 2 State #2H	L1 L4 L5 L6 (E/2)	2-14S-38E	7500
30-025-42873	Dog Bar 11 Fee #1H	L1 L2 L3 L4 (E/2)	11-14S-38E	7500
30-025-42121	Dog Bar 11 Fee #2H	E/2 W/2	11-14S-38E	7500
30-025-42622	Dog Bar 11 Fee #3H	W/2 W/2	11-14S-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 157999

CONDITIONS

Operator: STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034	OGRID: 371682
	Action Number: 157999
	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.	1/30/2023