

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING FEBRUARY 3, 2022**

CASE NO. 22506

STEEL GUITAR 35-26-29 FED COM #451H WELL

EDDY COUNTY, NEW MEXICO



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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 22506

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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 22506	APPLICANT'S RESPONSE
Date	February 3, 2022
Applicant	WPX Energy Permian, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 246289
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF WPX ENERGY PERMIAN, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Steel Guitar 35-26 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Purple Sage Wolfcamp Gas Pool (246289)
Well Location Setback Rules:	Purple Sage Wolfcamp
Spacing Unit Size:	862.40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	862.4
Building Blocks:	320 acres
Orientation:	North-South
Description: TRS/County	Sections 26 and N/2 of irregular 35, T26S, 29E, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. A

Submitted by: Devon Energy Production Co. L.P.

Hearing Date: February 3, 2022

Case No. 22506

Well #1	Steel Guitar 35-26 Fed Com 451H Well SHL: NE/4 NW/4 (Unit C) of Section 26, T26S, R29E BHL:SW/4 NW/4 (Lot 9) of Section 35,T26S, R29E Target: Wolfcamp Orientation: North-South Completion: Standard Location
Well #2	
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-1
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	Exhibit D

Spacing Unit Schematic	Exhibit D
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-3
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	3-Feb-22

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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 22506

APPLICATION

WPX Energy Permian, LLC (“WPX” or “Applicant”) (OGRID No. 246289), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)), underlying a 862.40-acre, more or less, standard horizontal spacing unit comprised of all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of this application, WPX states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Steel Guitar 35-26-29 Fed Com #451H well**, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35.
3. The S/2 N/2 of irregular Section 35 borders the Texas state line.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506**

5. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed horizontal spacing unit;
- B. Approving the initial well in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
Email: mfeldewert@hollandhart.com
Email: agrarkin@hollandhart.com
Email: jbroggi@hollandhart.com
Email: kaluck@hollandhart.com

ATTORNEYS FOR WPX ENERGY PERMIAN, LLC

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

APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

CASE NO. 22506

AFFIDAVIT OF ANDREW WENZEL

Andrew Wenzel, of lawful age and being first duly sworn, declares as follows:

1. My name is Andrew Wenzel, and I am a Senior Landman with Devon Energy Production Company, L.P., an affiliated entity of the applicant in this case, WPX Energy Permian, LLC (“WPX”).

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters, and my credentials have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by WPX in this case and the lands involved.

4. None of the mineral owners to be pooled have expressed opposition to this case proceeding by affidavit, so I do not expect any opposition at the hearing.

5. WPX seeks an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)), underlying a 862.40-acre, more or less, standard horizontal spacing unit comprised of all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

6. WPX intends to dedicate this standard horizontal spacing unit to the following the **Steel Guitar 35-26 Fed Com #451H well**, to be horizontally drilled from a surface hole location

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C

Submitted by: Devon Energy Production Co. L.P.

Hearing Date: February 3, 2022

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in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35.

7. The S/2 N/2 of irregular Section 35 borders the Texas state line.

8. **WPX Exhibit C-1** contains the C-102 for the proposed well that will be located in the Purple Sage; Wolfcamp (Gas) Pool (Pool code 98220).

9. **WPX Exhibit C-2** contains a plat outlining the unit being pooled, identifies the tracts of land comprising the proposed spacing unit, and identifies the working interests in each tract, and their interest in the horizontal spacing unit. WPX has highlighted the “uncommitted” working interest owners that remain to be pooled in this case.

10. WPX is also seeking to pool the overriding royalty interest owners identified on Exhibit C-3. The acreage in the unit includes only federal lands.

11. There are no ownership depth severances in the Wolfcamp formation underlying the subject acreage.

12. **WPX Exhibit C-3** contains a sample of the well proposal letters and AFEs sent to the working interest owners for the proposed wells. The estimated costs reflected on the AFE are consistent with what WPX and other operators have incurred for drilling similar horizontal wells in the Wolfcamp formation in this area.

13. In addition to sending these well proposal letters, the uncommitted parties have been contacted multiple times regarding the proposed wells but have yet to voluntarily commit their interests to the proposed spacing unit. **WPX Exhibit C-4** contains a chronology of the contacts with the working interest owners that WPX seeks to pool. WPX has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.

14. WPX requests overhead and administrative rates of \$8,000 per month for drilling and \$800 per month for a producing well. These rates are consistent with the rates charged by WPX and other operators for wells of this type in this area of southeastern New Mexico.

15. I have provided the law firm of Holland and Hart, LLP, with the names and addresses of the mineral owners that WPX seeks to pool. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, phone directories and conducted computer searches to locate contact information for these parties.

16. **WPX Exhibits C-1 through C-4** were prepared by me or compiled under my direction from WPX's company business records.

FURTHER AFFIANT SAYETH NAUGHT.

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) 476-3460 Fax: (505) 476-3462

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

Submitted by: Devon Energy Production Co. L.P.
 Hearing Date: February 3, 2022 Form C-102
 Case No. 22506 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 98220	³ Pool Name PURPLE SAGE WOLFCAMP GAS POOL
⁴ Property Code	⁵ Property Name STEEL GUITAR 35-26 FED COM	
⁷ OGRID No. 246289	⁸ Operator Name WPX ENERGY PERMIAN, LLC	⁶ Well Number 451H
		⁹ Elevation 2887.5'

¹⁰Surface Location

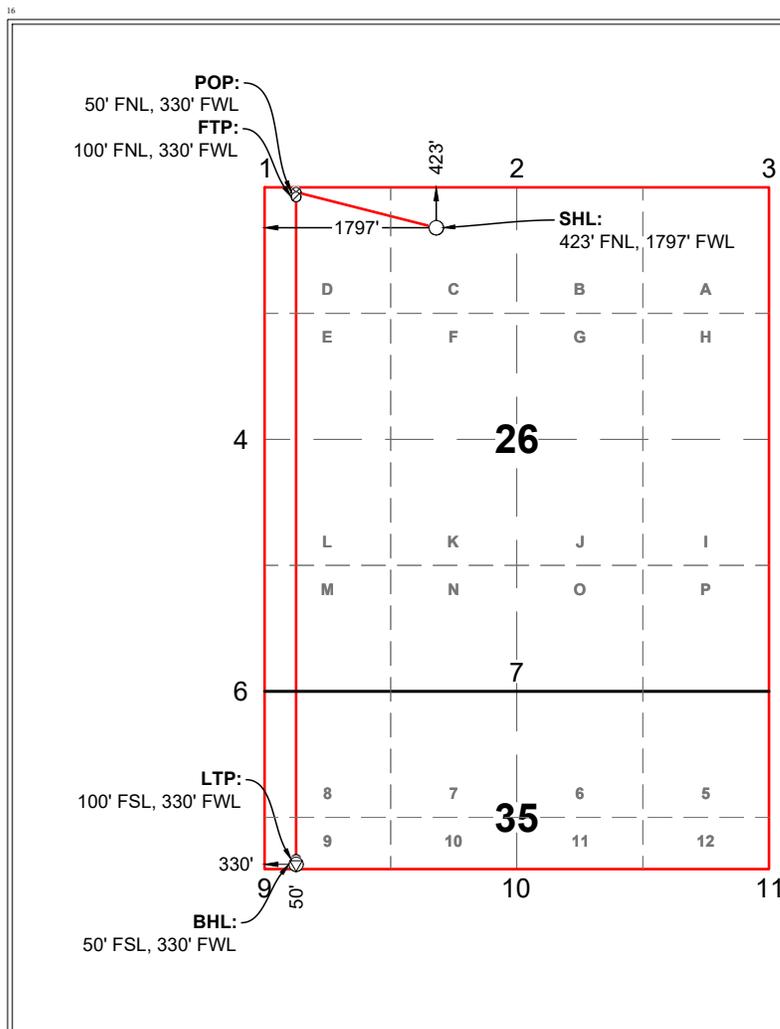
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26-S	29-E		423	NORTH	1797	WEST	EDDY

¹¹Bottom 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
L9	35	26-S	29-E		50	SOUTH	330	WEST	EDDY

¹² Dedicated Acres 862.40	¹³ Joint or Infill	¹⁴ Consolidated 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.



SHL:
 NMSP-E (NAD 83)
 N.(Y): = 370729.6'
 E.(X): = 657858.9'
 LAT.: = 32.0186584° N
 LON.: = 103.9573684° W
 NMSP-E (NAD 27)
 N.(Y): = 370672.2'
 E.(X): = 616673.0'
 LAT.: = 32.0185332° N
 LON.: = 103.9568879° W

POP:
 NMSP-E (NAD 83)
 N.(Y): = 371114.3'
 E.(X): = 656408.1'
 LAT.: = 32.0197299° N
 LON.: = 103.9620452° W
 NMSP-E (NAD 27)
 N.(Y): = 371056.9'
 E.(X): = 615222.2'
 LAT.: = 32.0196047° N
 LON.: = 103.9615644° W

FTP:
 NMSP-E (NAD 83)
 N.(Y): = 371064.3'
 E.(X): = 656405.8'
 LAT.: = 32.0195925° N
 LON.: = 103.9620532° W
 NMSP-E (NAD 27)
 N.(Y): = 371006.9'
 E.(X): = 615219.9'
 LAT.: = 32.0194673° N
 LON.: = 103.9615724° W

LTP:
 NMSP-E (NAD 83)
 N.(Y): = 364073.8'
 E.(X): = 656170.6'
 LAT.: = 32.0003782° N
 LON.: = 103.9628893° W
 NMSP-E (NAD 27)
 N.(Y): = 364016.6'
 E.(X): = 614984.6'
 LAT.: = 32.0002528° N
 LON.: = 103.9624092° W

BHL:
 NMSP-E (NAD 83)
 N.(Y): = 364023.8'
 E.(X): = 656170.8'
 LAT.: = 32.0002407° N
 LON.: = 103.9628894° W
 NMSP-E (NAD 27)
 N.(Y): = 363966.6'
 E.(X): = 614984.7'
 LAT.: = 32.0001153° N
 LON.: = 103.9624093° W

¹⁶ 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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Heather Lacy 1/4/2022
 Signature Date

Heather Lacy
 Print Name

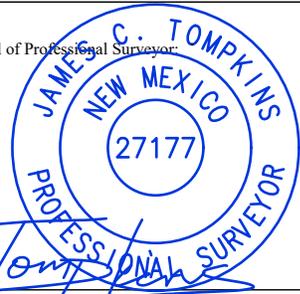
heather.lacy@dvn.com
 E-mail Address

¹⁷ SURVEYORS 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.

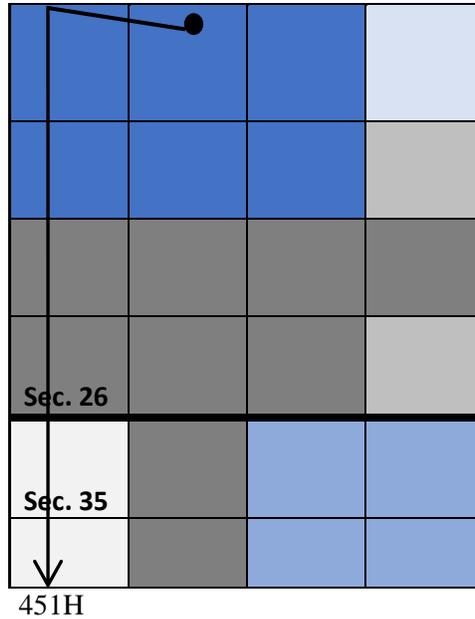
OCTOBER 7, 2021
 Date of Survey

Signature and Seal of Professional Surveyor



Job No.: WTC55089 Draft: FH!
 JAMES C. TOMPKINS 27117 DATE: 01/04/2022
 Certificate Number

Ownership Breakdown
Steel Guitar 35-26 Fed Com 451H
 Section 26 & Section 35, T-26-S, R-29-E, Eddy County, New Mexico,
 Purple Sage; Wolfcamp Gas Pool (98220) Wolfcamp Formation



Tract 1:
 NMNM 19609
 (240 acres)



Tract 2:
 NMNM 41646
 (40 acres)



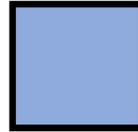
Tract 3:
 NMNM 21502
 (80 Acres)



Tract 4:
 NMNM 13997
 (335.80 acres)



Tract 5:
 NMNM 20367
 (110.41 acres)



Tract 6:
 NMNM 54998
 (56.19 acres)



TRACT 1 OWNERSHIP (NW/4 and W/2 NE/4 of Section 26-T26S-R29E, being 240 acres):

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	240.00	1.000000	Committed
Total:	240.00	1.000000	

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C2
 Submitted by: Devon Energy Production Co. L.P.
 Hearing Date: February 3, 2022
 Case No. 22506

TRACT 2 OWNERSHIP (NE/4NE/4 of Section 26-T26S-R29E, being 40 acres):

Owner	Net Acres	Tract WI	Status
Chevron U.S.A. Inc. 1111 Bagby St. Houston, TX 77002	20.00	.500000	Uncommitted
COG Operating LLC 600 W. Illinois Avenue Midland, TX 79701	20.00	.500000	Uncommitted
Total:	40.00	1.000000	

TRACT 3 OWNERSHIP (SE/4NE/4 and SE/4SE/4 of Section 26-T26S-R29E, being 80 acres):

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	80.00	1.000000	Committed
Total:	80.00	1.000000	

TRACT 4 OWNERSHIP (SW/4, N/2SE/4 and SW/4SE/4 of Section 26-T26S-R29E, and Lot 7 and Lot 10 of Section 35-T26S-R29E, being 335.80 acres):

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	335.80	1.000000	Committed
Total:	335.80	1.000000	

TRACT 5 OWNERSHIP (Lot 5, Lot 6, Lot 11 and Lot 12 of Section 35-T26S-R29E, being 110.41 acres):

Owner	Net Acres	Tract WI	Status
Northern Oil and Gas, Inc. (f/k/a Veritas Permian Resources, LLC) P.O. Box 10850 Fort Worth, TX 76114	61.34	.555556	Uncommitted
Martin Living Trust c/o Karen V. Martin and William H Martin Energy, Ltd. 400 W. Illinois, Suite 1120 Midland, TX 79701	36.80	.333333	Uncommitted
QP Exploration LLC 708 North Buckhorn Way Mustang, OK 73064	12.27	.111111	Committed
Total:	110.41	1.000000	

TRACT 6 OWNERSHIP (Lot 8 and Lot 9 of Section 35-T26S-R29E, being 56.19 acres):

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	18.73	.333334	Committed
Southwest Royalties, Inc. 200 N Loraine Street, Ste. 400 Midland, TX 79701	37.46	.666666	Uncommitted
Total:	56.19	1.000000	

UNIT OWNERSHIP (Section 26 & Section 35-T26S-R29E, being 862.40 acres):

Owner	Net Acres	Unit WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	674.53	.782154	Committed
Chevron U.S.A. Inc. 1111 Bagby St. Houston, TX 77002	20.00	.023191	Uncommitted
COG Operating LLC 600 W. Illinois Avenue Midland, TX 79701	20.00	.023191	Uncommitted
Northern Oil and Gas, Inc. (f/k/a Veritas Permian Resources, LLC) P.O. Box 10850 Fort Worth, TX 76114	61.34	.071127	Uncommitted
Martin Living Trust c/o Karen V. Martin and William H Martin Energy, Ltd. 400 W. Illinois, Suite 1120 Midland, TX 79701	36.80	.042672	Uncommitted
QP Exploration LLC 708 North Buckhorn Way Mustang, OK 73064	12.27	.014228	Committed
Southwest Royalties, Inc. 200 N Loraine Street, Ste. 400 Midland, TX 79701	37.46	.043437	Uncommitted
Total:	862.40	1.000000	

Overriding Royalty Interest seeking to Compulsory Pool:

ORRI Owners (Tract 1)

John O. Norman
P.O. Box 89
Springdale, AR 72764

Gates Properties, LTD
P.O. Box 81119
Midland, TX 79708-1119

Neil Christopher Norman
911 Bentwater Pkwy
Cedar Hill, TX 75104

Patrick Michael Norman Trust u/t/d/10/15/2007
John E. Norman, Trustee
1107 Forrest Park Way
Greenwood, AR 72936

Patrick Michael Norman Trust u/t/d/10/15/2007
John E. Norman, Trustee
911 Bentwater Pkwy
Cedar Hill, TX 75104

ORRI Owners (Tract 3)

Gates Properties, LTD
P.O. Box 81119
Midland, Texas 79708-1119

TD Minerals, LLC
8111 Westchester, STE 900
Dallas, TX 75225

Margaret E. Kurtz, Trustee of the Kurtz Family Trust
5006 E. Crestview Drive
Paradise Valley, Arizona 85253-3058

ORRI Owners (Tract 5)

Charles R. Wiggins
P.O. Box 10862
Midland, TX 79702

Jaco Production Company
P.O. Box 82515
Bakersfield, CA 93380

Patrick T. Panos
11820 S. Maple Ridge Circle
Sandy, UT 84094

Gregory P. Panos
2266 E. Cottonwood Circle
Salt Lake City, UT 84117

Windom Royalties LLC, a wholly owned subsidiary of Noble Royalties, Inc.
15303 Dallas Parkway, Ste. 1350
Addison, TX 75001

ORRI Owners (Tract 6)

Rosemary Ahern
P.O. Box 15
Copake Falls, NY 12517

Brian Ahern
6221 SE 17th Ave.
Portland, OR 97202

Claire Ahern Massimo
185 Hershey St.
Hingham, MA 02043

Colleen H. Richmond Family Trust UAD 5/29/2008
Zachery L. Richmond, Trustee
3160 South 5000 West
Roosevelt, UT 84066

The Stonestreet Family Trust
4930 Regency Street
Salt Lake City, UT 84117



Devon Energy Center
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015

September 30th, 2021

Working Interest Owners
Listed on Attached Exhibit "A"

RE: Steel Guitar 35-26 Fed Com 451H
Sections 26 and 35,
Township 26 South, Range 29 East
Eddy County, New Mexico

Dear Sir or Madam,

WPX Energy Permian, LLC ("WPX"), a wholly owned subsidiary of Devon Energy Corporation, hereby proposes the drilling of the following horizontal well in the Purple Sage; Wolfcamp field with a horizontal spacing unit consisting of all of Sections 26 and 35, Township 26 South, Range 29 East being 862.40 acres, more or less.

- Steel Guitar 35-26 Fed Com 451H, to be drilled to a depth to test the Wolfcamp formation, at a total vertical depth of approximately 11,091', and total measured depth of approximately 17,891', with a SHL at 417' FNL and 1,737' FWL of Section 26, or at a legal location in Unit C, and a BHL at 330' FWL and 50' FSL of Section 35, or at a legal location in Lot 9. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$8,306,854.45 being the total estimated cost to drill and complete said well.

The proposed locations and target depth is subject to change depending on any surface or subsurface concerns encountered.

WPX is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement, covering All of Sections 26 and 35, Township 26 South, Range 29 East, Eddy County, New Mexico (the "JOA"). It has the following general terms:

- 100%/300% Non-consenting penalty
- \$8,000/\$800 Drilling and Producing Rate
- WPX named as Operator

If you wish to participate in the operation, please indicate in the space provided below, along with a signed AFE, and deliver to my attention at the letterhead address or by email at andrew.wenzel@dnv.com, and WPX will provide the completed JOA for your review.

If you do not wish to participate in the proposed operation, WPX would like to negotiate a voluntary agreement that includes your interest.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506

Well Proposal
Steel Guitar 35-26 Fed Com 451H

page 2 of 3

If an agreement is not reached within 30 days of the date of this letter, WPX will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells.

Should you have any questions, please do not hesitate to contact me at (405) 228-4218 or by email at andrew.wenzel@dvn.com.

Sincerely,

WPX Energy Permian, LLC
Devon Energy Production Company, LP



Andrew J. Wenzel
Senior Landman

Enclosures

Steel Guitar 35-26 Fed Com 451H

_____ I/We hereby elect to participate in the Steel Guitar 35-26 Fed Com 451H

_____ I/We hereby elect **not** to participate in the Steel Guitar 35-26 Fed Com 451H

Company / Individual: _____

By: _____

Name: _____

Title: _____

Date: _____

Well Proposal
Steel Guitar 35-26 Fed Com 451H

page 3 of 3

Exhibit "A"
Working Interest Owners

Chevron U.S.A. Inc.

1111 Bagby St. 6301 Deauville Blvd.
Houston, TX 77002 Midland, TX 79706

COG Operating LLC

600 W. Illinois Ave.
Midland, TX 79701

Veritas Permian Resources, LLC

P.O. Box 10850
Fort Worth, TX 76114

Magic Dog Oil & Gas, Ltd.

P.O. Box 10708
Midland, TX 79702

Karen V Martin & William H Martin Energy Ltd.

400 W. Illinois, Suite 1120 400 N. Marienfield, Suite 100
Midland, TX 79701 Midland, TX 79701

Southwest Royalties, Inc.

P.O. Box 53570
Midland, TX 79710

Southwest Royalties Inc. Income/Drilling Program 1987-1, L.P.

P.O. Box 53570
Midland, TX 79710

Judson Exploration, LP

3736 Bee Cave, Rd, Suite #1, PMB-181
Austin, Texas 78746

QP Exploration, LLC

708 North Buckhorn Way
Mustang, OK 73064



Authorization for Expenditure

AFE # XX-146879.02

Well Name: STEEL GUITAR 35-26 FED COM 451H

AFE Date: 9/30/2021

Cost Center Number: 1094619001

State: NM

Legal Description: Sec. 26 & 35, Township 26S, Range 29E

County/Parish: Eddy

Revision:

Explanation and Justification: Horizontal well to be drilled to a depth to test the Wolfcamp formation, at a total vertical depth of approximately 11,091', and total measured depth of approximately 17,891', with a SHL at 417' FNL and 1,737' FWL of Section 26, or at a legal location in Unit C, and a BHL at 330' FWL and 50' FSL of Section 35, or at a legal location in Lot X.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	195,104.80	0.00	195,104.80
6060100	DYED LIQUID FUELS	132,480.89	303,363.89	0.00	435,844.78
6080100	DISPOSAL - SOLIDS	105,984.71	3,072.60	0.00	109,057.31
6080110	DISP-SALTWATER & OTH	0.00	194,572.60	0.00	194,572.60
6090100	FLUIDS - WATER	17,664.12	0.00	0.00	17,664.12
6090120	RECYC TREAT&PROC-H2O	0.00	347,825.72	0.00	347,825.72
6100100	PERMIT SURVEY&TITLE	10,000.00	0.00	0.00	10,000.00
6100110	RIGHT OF WAY	4,500.00	0.00	0.00	4,500.00
6110120	ROAD&SITE PREP M&S	22,833.33	0.00	0.00	22,833.33
6110130	ROAD&SITE PREP SVC	45,666.67	1,536.30	0.00	47,202.97
6130170	COMM SVCS - WAN	15,897.71	0.00	0.00	15,897.71
6130360	RTOC - ENGINEERING	0.00	17,053.56	0.00	17,053.56
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	253,020.34	0.00	253,020.34
6160100	MATERIALS & SUPPLIES	14,131.29	0.00	0.00	14,131.29
6170110	SNUBBG&COIL TUBG SVC	0.00	139,402.82	0.00	139,402.82
6190100	TRCKG&HL-SOLID&FLUID	79,488.53	0.00	0.00	79,488.53
6190110	TRUCKING&HAUL OF EQP	86,554.18	20,723.00	0.00	107,277.18
6200130	CONSLT & PROJECT SVC	132,480.89	82,716.14	0.00	215,197.03
6230120	SAFETY SERVICES	22,963.35	0.00	0.00	22,963.35
6300270	SOLIDS CONTROL SRVCS	118,349.59	0.00	0.00	118,349.59
6310120	STIMULATION SERVICES	0.00	659,700.71	0.00	659,700.71
6310190	PROPPANT PURCHASE	0.00	571,695.64	0.00	571,695.64
6310200	CASING & TUBULAR SVC	79,488.53	0.00	0.00	79,488.53
6310250	CEMENTING SERVICES	90,000.00	0.00	0.00	90,000.00
6310280	DAYWORK COSTS	520,560.00	0.00	0.00	520,560.00
6310300	DIRECTIONAL SERVICES	213,735.83	0.00	0.00	213,735.83
6310310	DRILL BITS	95,386.24	0.00	0.00	95,386.24
6310330	DRILL&COMP FLUID&SVC	167,809.12	7,419.29	0.00	175,228.41
6310370	MOB & DEMOBILIZATION	158,977.06	0.00	0.00	158,977.06
6310380	OPEN HOLE EVALUATION	26,496.18	0.00	0.00	26,496.18
6310480	TSTNG-WELL, PL & OTH	0.00	158,143.05	0.00	158,143.05
6310600	MISC PUMPING SERVICE	0.00	23,666.59	0.00	23,666.59
6320100	EQPMNT SVC-SRF RNTL	264,961.77	137,765.12	0.00	402,726.89
6320110	EQUIP SVC - DOWNHOLE	88,320.59	38,064.32	0.00	126,384.91
6320190	WATER TRANSFER	0.00	60,273.93	0.00	60,273.93
6350100	CONSTRUCTION SVC	0.00	1,500,000.00	0.00	1,500,000.00
6520100	LEGAL FEES	1,000.00	0.00	0.00	1,000.00
6550110	MISCELLANEOUS SVC	52,992.35	0.00	0.00	52,992.35
6630110	CAPITAL OVERHEAD	0.00	9,900.00	0.00	9,900.00
6740340	TAXES OTHER	0.00	3,516.00	0.00	3,516.00
	Total Intangibles	2,569,722.93	4,728,536.42	0.00	7,298,259.35

	Tangible	Drilling	Completion	Dry Hole	Total
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Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # Well Name: Cost Center Number: Legal Description: Revision: <input type="checkbox"/>	AFE Date: State: County/Parish:
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Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
Code	Description	Costs	Costs	Costs	Costs
6310150	CASG-COND&DRIVE PIPE	25,000.00	0.00	0.00	25,000.00
6310420	TUBING & COMPONENTS	0.00	55,000.00	0.00	55,000.00
6310460	WELLHEAD EQUIPMENT	28,000.00	97,318.04	0.00	125,318.04
6310530	SURFACE CASING	23,100.00	0.00	0.00	23,100.00
6310540	INTERMEDIATE CASING	472,800.00	0.00	0.00	472,800.00
6310560	PROD LINERS&TIEBACKS	128,400.00	0.00	0.00	128,400.00
6310580	CASING COMPONENTS	158,977.06	0.00	0.00	158,977.06
6330100	PIPE, FIT, FLANG, CPLNG	0.00	20,000.00	0.00	20,000.00
	Total Tangibles	836,277.06	172,318.04	0.00	1,008,595.10

TOTAL ESTIMATED COST	3,405,999.99	4,900,854.46	0.00	8,306,854.45
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature: _____ **Print Name:** _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

Summary of Communications

Uncommitted Working Interest Owner:

1. Chevron U.S.A. Inc.

In addition to sending a well proposal, WPX has reached out multiple times to representatives at Chevron but is still waiting on a response to the proposal.

2. COG Operating LLC

In addition to sending a well proposal, WPX has had discussions with representatives at COG Operating LLC regarding voluntary joinder among other options.

3. Northern Oil and Gas, Inc. (f/k/a Veritas Permian Resources, LLC)

In addition to sending a well proposal, WPX has had discussions with Michael Stevenson (representative of Veritas Permian Resources, LLC) as well as Katie Jackson and Stefanie Ottmar (representatives at Northern Oil and Gas Inc.) regarding voluntary joinder. They have signed and returned the AFE attached to the proposal but negotiations continue on a mutually agreeable form of JOA.

4. Martin Living Trust c/o Karen V. Martin & William H. Martin Energy, Ltd.

In addition to sending a well proposal, WPX has had discussions with Janessa Brewster (representative of Martin Living Trust c/o Karen V. Martin & William H. Martin Energy, Ltd.) regarding voluntary joinder. They have signed and returned the AFE attached to the proposal but negotiations continue on a mutually agreeable form of JOA.

5. Southwest Royalties, Inc.

In addition to sending well proposals, WPX has had discussions with Tanner Culp (Petroleum Engineer at Southwest Royalties, Inc.) regarding voluntary joinder. They have signed and returned the AFE attached to the proposal but negotiations continue on a mutually agreeable form of JOA.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506

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

APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

CASE NO. 22506

AFFIDAVIT OF KEEGAN DePRIEST

Keegan DePriest, of lawful age and being first duly sworn, declares as follows:

1. My name is Keegan DePriest, and I work for Devon Energy Production Company, L.P. as a geologist, an affiliated entity of the applicant in this case, WPX Energy Permian, LLC (“WPX”).

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters and my credentials as an expert petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by WPX in this case, and I have conducted a geologic study of the Wolfcamp formation underlying the subject acreage.

4. In this case, WPX is targeting the Wolfcamp formation.

5. **WPX Exhibit D-1** is a structure map of the top of the Wolfcamp formation, which also reflects the surrounding area in Eddy County in relation to Sections 26 and 35 that comprise the spacing unit in this case. The **Steel Guitar 35-26 Fed Com #451H well** is depicted with a red line in Sections 26 and 35, and I have identified the first and last take point for the well. Existing producing wells in the Wolfcamp formation are also shown on this map.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506

6. **WPX Exhibit D-1** shows that the formation is gently dipping to the east in this area. I do not observe any other faulting, pinch outs, or geologic impediments to developing the targeted interval with horizontal wells.

7. **WPX Exhibit D-2** identifies the two wells penetrating the targeted intervals that I used to construct a cross-section from A to A'. I utilized these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology within the proposed spacing unit. At this depth, this area has limited well control. These two wells have detailed log coverage and are representative of the geologic formation.

8. **WPX Exhibit D-3** is a cross section using the representative wells depicted on Exhibit D-2. It contains a gamma ray, resistivity and porosity logs. The landing zones for the **Steel Guitar 35-26 Fed Com #451H well** is labeled on the left side of the exhibit. The cross-section demonstrates that the Steel Guitar 35-26 Fed com #451H well should be most geologically similar to the Ross Draw 25-1.

9. In my opinion, the standup orientation of the well is the preferred orientation for horizontal well development of the targeted interval in the Wolfcamp formation in this area. This standup orientation will efficiently and effectively develop the subject acreage.

10. Based on my geologic study, the targeted intervals within the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the tracts comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbore.

11. In my opinion, the granting of WPX's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

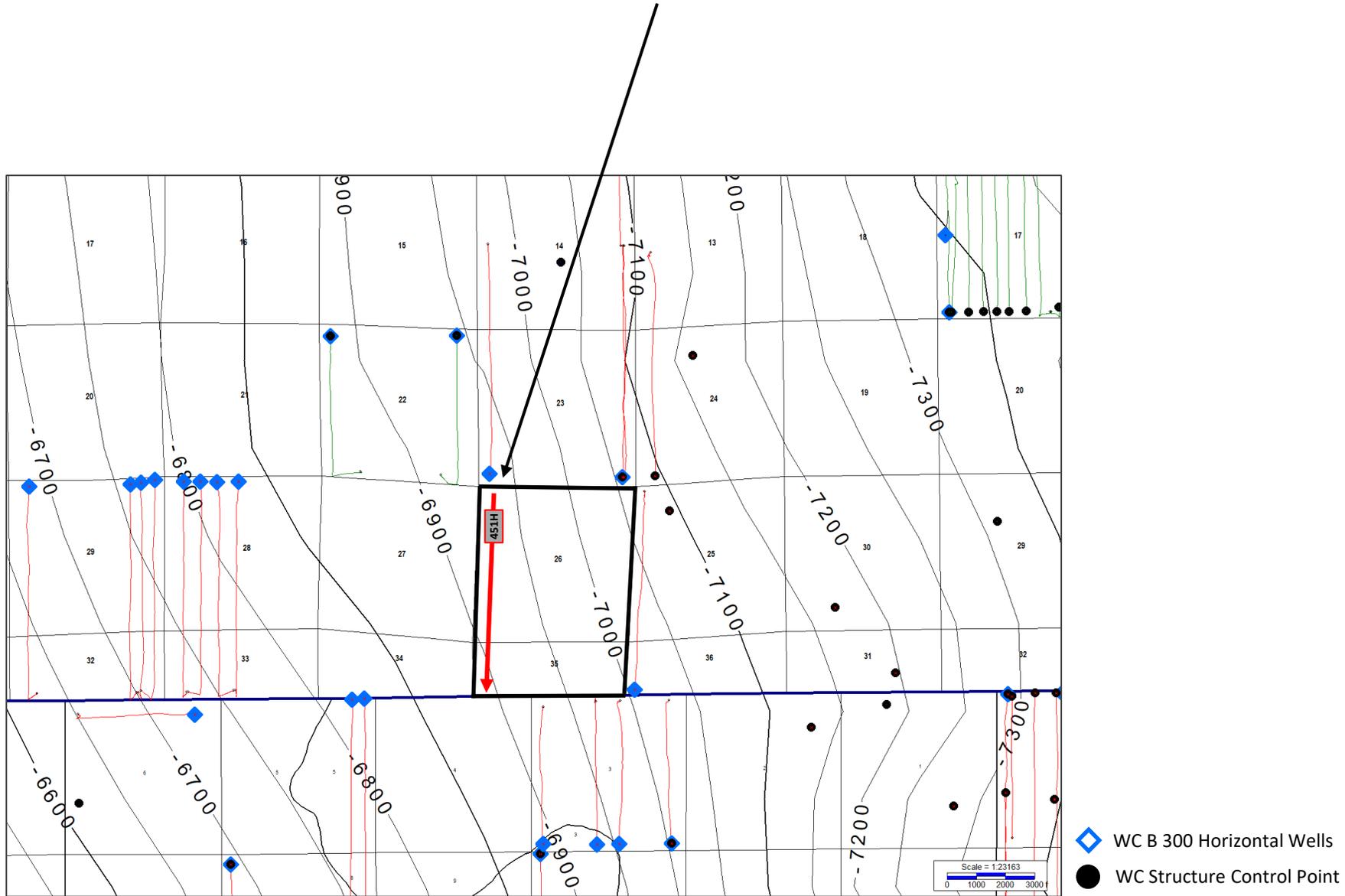
12. **WPX Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Structure Map: Wolfcamp Top

CI = 50 Feet

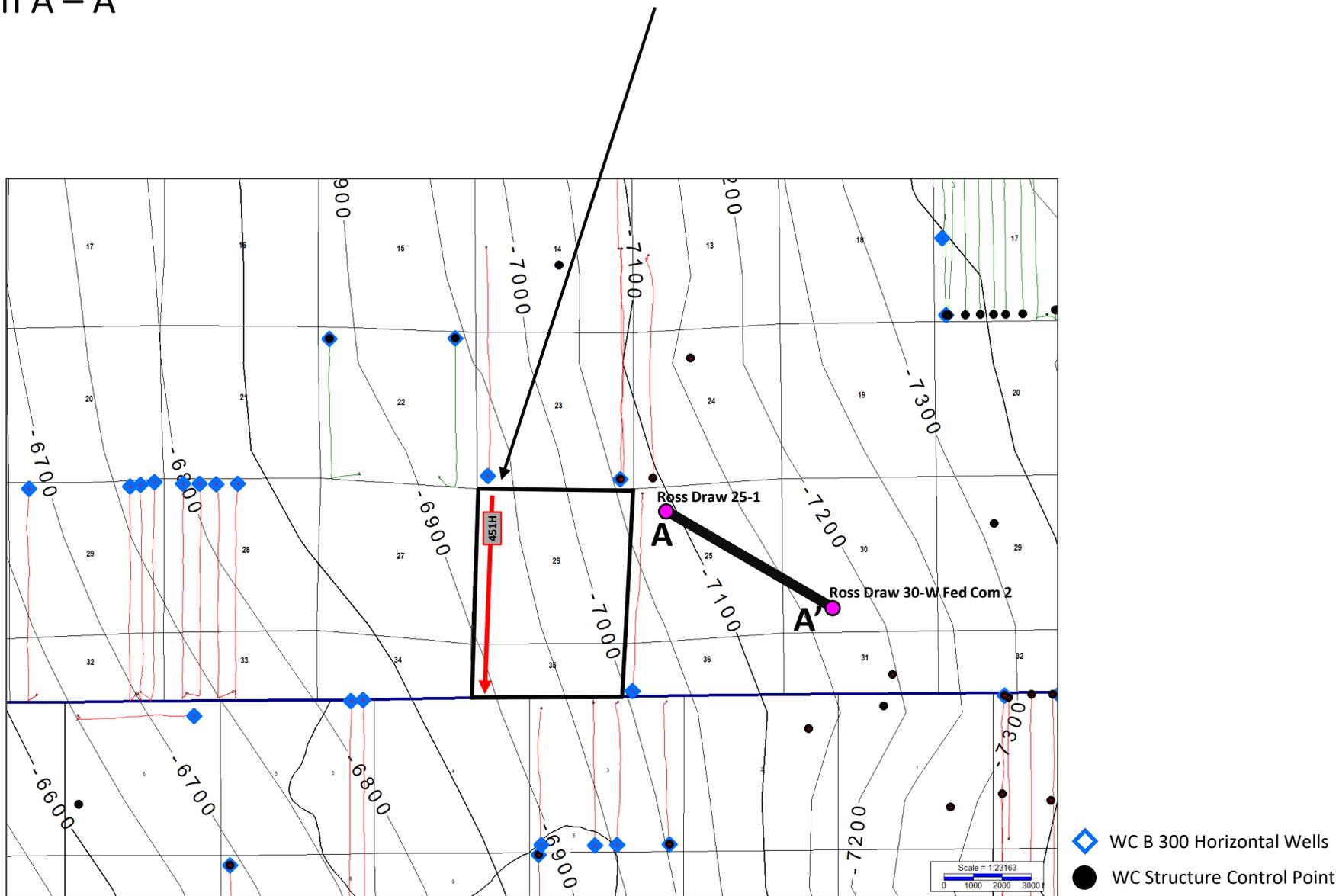
Devon Horizontal Locations:
STEEL GUITAR 35-26 FED COM 451H



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D1
 Submitted by: Devon Energy Production Co. L.P.
 Hearing Date: February 3, 2022
 Case No. 22506

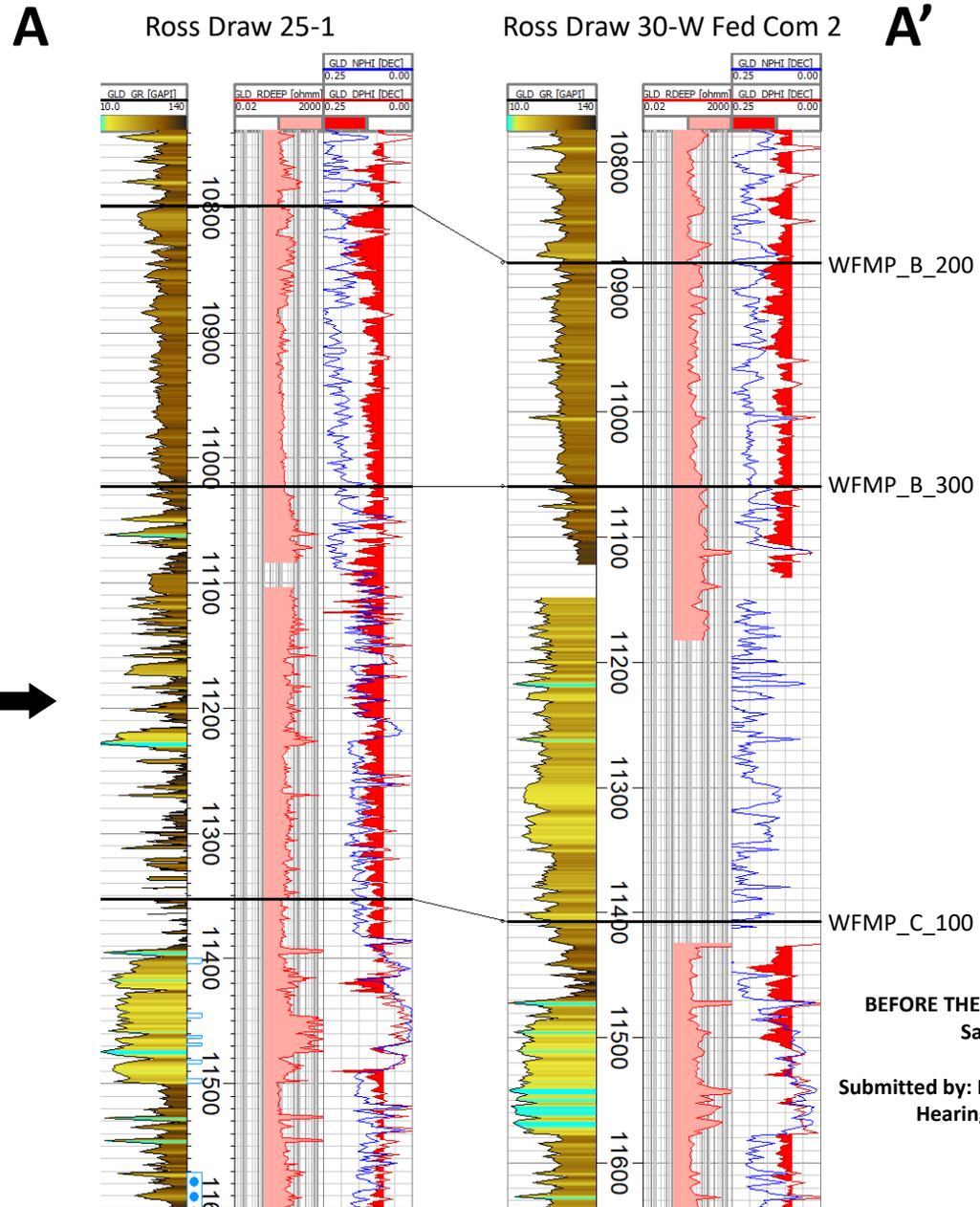
Base Map with Line of Section A – A'

Devon Horizontal Locations:
STEEL GUITAR 35-26 FED COM 451H



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D2

Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D3
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506



Michael H. Feldewert
Phone (505) 988-4421
Fax (505) 983-6043
mfeldewert@hollandhart.com

January 14, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of WPX Energy Permian, LLC for compulsory pooling, Eddy County, New Mexico.
Steel Guitar 35-26-29 Fed Com #451H well

Ladies & Gentlemen:

This letter is to advise you that WPX Energy Permian, LLC., has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on **February 3, 2022**, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the Oil Conservation Division “OCD Hearings” website at <http://www.emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed online or in person at the Division’s Santa Fe office and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Andrew Wenzel at (405) 228-4218, or at andrew.wenzel@dvn.com.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR WPX ENERGY PERMIAN, LLC

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Potat Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765849837828	Chevron U.S.A. Inc.	6301 Deauville	Midland	TX	79706-2964	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765849837804	COG Operating LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your item was delivered at 8:20 am on January 19, 2022 in MIDLAND, TX 79701.
9414811898765849837897	Veritas Permian Resources, LLC	PO Box 10850	Fort Worth	TX	76114-0850	Your item was delivered at 8:27 am on January 18, 2022 in FORT WORTH, TX 76114.
9414811898765849837842	Karen V Martin & William H Martin Energy, Ltd.	PO Box 2230	Midland	TX	79702-2230	Your item was picked up at a postal facility at 10:56 am on January 26, 2022 in MIDLAND, TX 79701.
9414811898765849837880	Southwest Royalties, Inc.	PO Box 53570	Midland	TX	79710-3570	Your item has been delivered and is available at a PO Box at 9:38 am on January 19, 2022 in MIDLAND, TX 79705.
9414811898765849837835	QP Exploration, LLC	708 N Buckhorn Way	Mustang	OK	73064-1043	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005094629

This is not an invoice

HOLLAND AND HART
POBOX 2208

SANTA FE, NM 87504

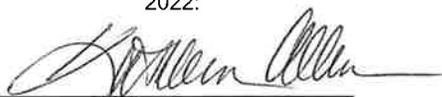
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

01/21/2022

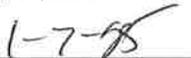


Legal Clerk

Subscribed and sworn before me this January 21, 2022:



State of WI, County of Brown
NOTARY PUBLIC



My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005094629
PO #: 5094629
of Affidavits 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Devon Energy Production Co. L.P.
Hearing Date: February 3, 2022
Case No. 22506

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on Thursday, February 3, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1773, no later than January 23, 2022.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e503cd7de1eed5f2bf5dd44359973b&dc>
Event number: 2482 221 6975
Event password: wgHNBWF8F44

Join by video: 24822216975@nmemnrd.webex.com
Numeric Password: 331156
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726
United States Toll Free
Access code: 2482 221 6975

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Chevron U.S.A. Inc.; COG Operating LLC; Veritas Permian Resources, LLC; Karen V Martin & William H Martin Energy, Ltd.; Southwest Royalties, Inc.; and QP Exploration, LLC.

Case No. 22506:
Application of WPX Energy Permian, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)), underlying a 852.40-acre, more or less, standard horizontal spacing unit comprised of all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial Steel Guitar 35-26-29 Fed Com #451H

well, to be horizontally drilled from a surface hole location in the NE¹/₄ NW¹/₄ (Unit C) of Section 26 to a bottom hole location in the SW¹/₄ NW¹/₄ (Lot 9) of Section 35. The S¹/₂ N¹/₂ of irregular Section 35 borders the Texas state line. Also to be considered will be the cost of drilling and completing the well, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles south of Malaga, New Mexico.
#5094629, Current Argus, Jan. 21, 2022