

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 2, 2023**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23368:

**Skylark 34-3 Fed Com 1BS 4H Well
Skylark 34-3 Fed Com 2BS 8H Well**

Case No. 23369:

**Skylark 34-3 Fed Com 1BS 2H Well
Skylark 34-3 Fed Com 2BS 6H Well**

Case No. 23370:

**Skylark 34-3 Fed Com 1BS 3H Well
Skylark 34-3 Fed Com 2BS 7H Well**

Case No. 23371:

**Skylark 34-3 Fed Com 1BS 1H Well
Skylark 34-3 Fed Com 2BS 5H Well**

Earthstone Operating, LLC

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TAB 1

Reference for Case No. 23368

Application Case No. 23368:

NMOCD Checklist Case No. 23368

Skylark 34-3 Fed Com 1BS 4H Well

Skylark 34-3 Fed Com 2BS 8H Well

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23368

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 323.63-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Section 3 is an irregular section and contains correction lots.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 4H Well** and the **Skylark 34-3 Fed Com 2BS 8H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **Skylark 34-3 Fed Com 1BS 4H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E,

NMPM, Lea County, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E, NMPM, Lea County.

4. Earthstone proposes the **Skylark 34-3 Fed Com 2BS 8H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E, NMPM, Lea County.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units; should an overlapping unit be inadvertently discovered, Earthstone would address the matter at the permitting phase.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 323.63-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Skylark 34-3 Fed Com 1BS 4H Well** and the **Skylark 34-3 Fed Com 2BS 8H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street

Santa Fe, New Mexico 87501
Telephone: 970.385.4401
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Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 323.63-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Section 3 is irregular and contains correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Skylark 34-3 Fed Com 1BS 4H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E, NMPM, Lea County; and the **Skylark 34-3 Fed Com 2BS 8H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E, NMPM, Lea County. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.

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

Case: 23368	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Skylark
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 5&6; 4H Well: TVD apprx. 9059'; 8H Well: TVD apprx. 9800'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	323.63
Building Blocks:	quarter-quarter sections
Orientation:	North to South
Description: TRS/County	E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	Skylark 34-3 Fed Com 1BS 4H (API Pending) SHL: Unit P: 230' FSL & 1275' FEL of Section 27-18S-R33E BHL: Unit P: 50' FSL & 660' FEL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 1BS 4H FTP: 100' FNL, 660' FEL, 34-18S-R33E LTP: 100' FSL, 660' FEL, 3-19S-R33E

Completion Target (Formation, TVD and MD)	Bone Spring formation; Skylark 34-3 Fed Com 1BS 4H : TVD: 9059'; TMD: 19,500'.
Well #2	Skylark 34-3 Fed Com 2BS 8H (API Pending) SHL: Unit P: 230' FSL & 1305' FEL of Section 27-18S-R33E BHL: Unit P: 50' FSL & 660' FEL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 2BS 8H FTP: 100' FNL, 660' FEL, 34-18S-R33E LTP: 100' FSL, 660' FEL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring formation; Skylark 34-3 Fed Com 2BS 8H : TVD: 9800'; TMD: 20,600'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	7500, Exhibit A
Production Supervision/Month \$	750, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	None, N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit-B
Spacing Unit Schematic	Exhibits B-1, B-2, B-5, B-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7

Well Orientation (with rationale)	Exhibit B, B-1, B-2, A-1
Target Formation	Exhibits B-3, B-4, B-7
HSU Cross Section	Exhibit B-7, B-3, B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1, B-2, B-5, B-6
Structure Contour Map - Subsea Depth	Exhibits B-1
Cross Section Location Map (including wells)	Exhibit B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	2.28.2023

TAB 2

Case No. 23368

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23368

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Springs formation Mescalero Escarpe; Bone Spring [45793), underlying a standard 323.63-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico.

**EXHIBIT
A**

4. Under Case No. 23368, Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 4H Well** and the **Skylark 34-3 Fed Com 2BS 8H Well**, as initial wells.

5. The **Skylark 34-3 Fed Com 1BS 4H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SWSE (Unit O) of Section 27 to a bottom hole location in the SESE (Unit P) of Section 3; approximate TVD of 9,059'; approximate TMD of 19,500'; FTP in Section 34: 100' FNL, 660' FEL; LTP in Section 3: 100' FSL, 660' FEL.

6. The **Skylark 34-3 Fed Com 2BS 8H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SESE (Unit P) of Section 27 to a bottom hole location in the SESE (Unit P) of Section 3; approximate TVD of 9,800'; approximate TMD of 20,600'; FTP in Section 34: 100' FNL, 660' FEL; LTP in Section 3: 100' FSL, 660' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owner.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for

parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico.

Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

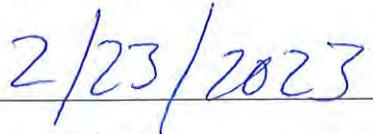
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23368 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM 1BS			⁶ Well Number 4H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,801.4'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	27	18 S	33 E		230	SOUTH	1,275	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	19 S	33 E		50	SOUTH	660	EAST	LEA

¹² Dedicated Acres 323.63	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE HOLE LOCATION
230' FSL & 1,275' FEL
NEW MEXICO EAST - NAD 83
NORTH: 623,434.93'
EAST: 752,595.34'
LAT: 32.71198227
LONG: -103.64643454

FIRST TAKE POINT
100' FNL & 660' FEL
NEW MEXICO EAST - NAD 83
NORTH: 623,104.74'
EAST: 753,209.93'
LAT: 32.71106154
LONG: -103.64451551

LAST TAKE POINT
100' FSL & 660' FEL
NEW MEXICO EAST - NAD 83
NORTH: 612,636.19'
EAST: 753,282.81'
LAT: 32.68227681
LONG: -103.64449020

BOTTOM OF HOLE
50' FSL & 660' FEL
NEW MEXICO EAST - NAD 83
NORTH: 612,586.19'
EAST: 753,283.17'
LAT: 32.68219952
LONG: -103.64449138

SURFACE HOLE LOCATION
230' FSL & 1,275' FEL
NEW MEXICO EAST - NAD 27
NORTH: 623,371.16'
EAST: 711,416.72'
LAT: 32.71186412
LONG: -103.64693214

FIRST TAKE POINT
100' FNL & 660' FEL
NEW MEXICO EAST - NAD 27
NORTH: 623,040.94'
EAST: 712,030.68'
LAT: 32.71093954
LONG: -103.64401673

LAST TAKE POINT
100' FSL & 660' FEL
NEW MEXICO EAST - NAD 27
NORTH: 612,572.39'
EAST: 712,103.56'
LAT: 32.68215481
LONG: -103.64399142

BOTTOM OF HOLE
50' FSL & 660' FEL
NEW MEXICO EAST - NAD 27
NORTH: 612,522.39'
EAST: 712,103.92'
LAT: 32.68207752
LONG: -103.64399260

CORNER COORDINATES TABLE
NAD 83 NMSP EAST

A	N. = 623,158.99'	E. = 748,606.45'
B	N. = 623,185.30'	E. = 751,244.93'
C	N. = 623,212.60'	E. = 753,882.26'
D	N. = 620,571.98'	E. = 753,902.64'
E	N. = 617,932.27'	E. = 753,924.23'
F	N. = 617,905.63'	E. = 751,284.51'
G	N. = 617,877.58'	E. = 748,644.85'
H	N. = 620,518.29'	E. = 748,625.65'
I	N. = 615,171.04'	E. = 753,941.05'
J	N. = 612,531.12'	E. = 753,965.58'
K	N. = 612,521.06'	E. = 751,326.47'
L	N. = 612,511.46'	E. = 748,685.26'
M	N. = 615,149.57'	E. = 748,665.23'

¹⁷ OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____

EXHIBIT A-1

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM 2BS			⁶ Well Number 8H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,801.4'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	27	18 S	33 E		230	SOUTH	1,305	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	19 S	33 E		50	SOUTH	660	EAST	LEA

¹² Dedicated Acres 323.63	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>SURFACE HOLE LOCATION 230' FSL & 1,305' FEL NEW MEXICO EAST - NAD 83 NORTH: 623,434.94' EAST: 752,565.33' LAT: 32.71198205 LONG: -103.64651046</p> <p>FIRST TAKE POINT 100' FNL & 660' FEL NEW MEXICO EAST - NAD 83 NORTH: 623,104.74' EAST: 753,209.93' LAT: 32.71106154 LONG: -103.64451551</p> <p>LAST TAKE POINT 100' FSL & 660' FEL NEW MEXICO EAST - NAD 83 NORTH: 612,636.19' EAST: 753,282.81' LAT: 32.68227681 LONG: -103.64449020</p> <p>BOTTOM OF HOLE 50' FSL & 660' FEL NEW MEXICO EAST - NAD 83 NORTH: 612,586.19' EAST: 753,283.17' LAT: 32.68219952 LONG: -103.64449138</p>	<p>SURFACE HOLE LOCATION 230' FSL & 1,305' FEL NEW MEXICO EAST - NAD 27 NORTH: 623,371.17' EAST: 711,386.71' LAT: 32.71186335 LONG: -103.64610981</p> <p>FIRST TAKE POINT 100' FNL & 660' FEL NEW MEXICO EAST - NAD 27 NORTH: 623,040.94' EAST: 712,030.68' LAT: 32.71093954 LONG: -103.64401673</p> <p>LAST TAKE POINT 100' FSL & 660' FEL NEW MEXICO EAST - NAD 27 NORTH: 612,572.39' EAST: 712,103.56' LAT: 32.68215481 LONG: -103.64399142</p> <p>BOTTOM OF HOLE 50' FSL & 660' FEL NEW MEXICO EAST - NAD 27 NORTH: 612,522.39' EAST: 712,103.92' LAT: 32.68207752 LONG: -103.64399260</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>																																						
	<p>CORNER COORDINATES TABLE NAD 83 NMSP EAST</p> <table border="1"> <tr><td>A</td><td>N. = 623,158.99'</td><td>E. = 748,606.45'</td></tr> <tr><td>B</td><td>N. = 623,185.30'</td><td>E. = 751,244.93'</td></tr> <tr><td>C</td><td>N. = 623,212.60'</td><td>E. = 753,882.26'</td></tr> <tr><td>D</td><td>N. = 620,571.98'</td><td>E. = 753,902.64'</td></tr> <tr><td>E</td><td>N. = 617,932.27'</td><td>E. = 753,924.23'</td></tr> <tr><td>F</td><td>N. = 617,905.63'</td><td>E. = 751,284.51'</td></tr> <tr><td>G</td><td>N. = 617,877.58'</td><td>E. = 748,644.85'</td></tr> <tr><td>H</td><td>N. = 620,518.29'</td><td>E. = 748,625.65'</td></tr> <tr><td>I</td><td>N. = 615,171.04'</td><td>E. = 753,941.05'</td></tr> <tr><td>J</td><td>N. = 612,531.12'</td><td>E. = 753,965.58'</td></tr> <tr><td>K</td><td>N. = 612,521.06'</td><td>E. = 751,326.47'</td></tr> <tr><td>L</td><td>N. = 612,511.46'</td><td>E. = 748,685.26'</td></tr> <tr><td>M</td><td>N. = 615,149.57'</td><td>E. = 748,665.23'</td></tr> </table>		A	N. = 623,158.99'	E. = 748,606.45'	B	N. = 623,185.30'	E. = 751,244.93'	C	N. = 623,212.60'	E. = 753,882.26'	D	N. = 620,571.98'	E. = 753,902.64'	E	N. = 617,932.27'	E. = 753,924.23'	F	N. = 617,905.63'	E. = 751,284.51'	G	N. = 617,877.58'	E. = 748,644.85'	H	N. = 620,518.29'	E. = 748,625.65'	I	N. = 615,171.04'	E. = 753,941.05'	J	N. = 612,531.12'	E. = 753,965.58'	K	N. = 612,521.06'	E. = 751,326.47'	L	N. = 612,511.46'	E. = 748,685.26'	M	N. = 615,149.57'	E. = 748,665.23'
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SKYLARK 34-3 FED COM 1BS 4H
SKYLARK 34-3 FED COM 2BS 8H
E2E2 of Section 34, Township 18 South, Range 33 East
Lot 1, SENE, E2SE of Section 3, Township 19 South, Range 33 East
Lea County, New Mexico

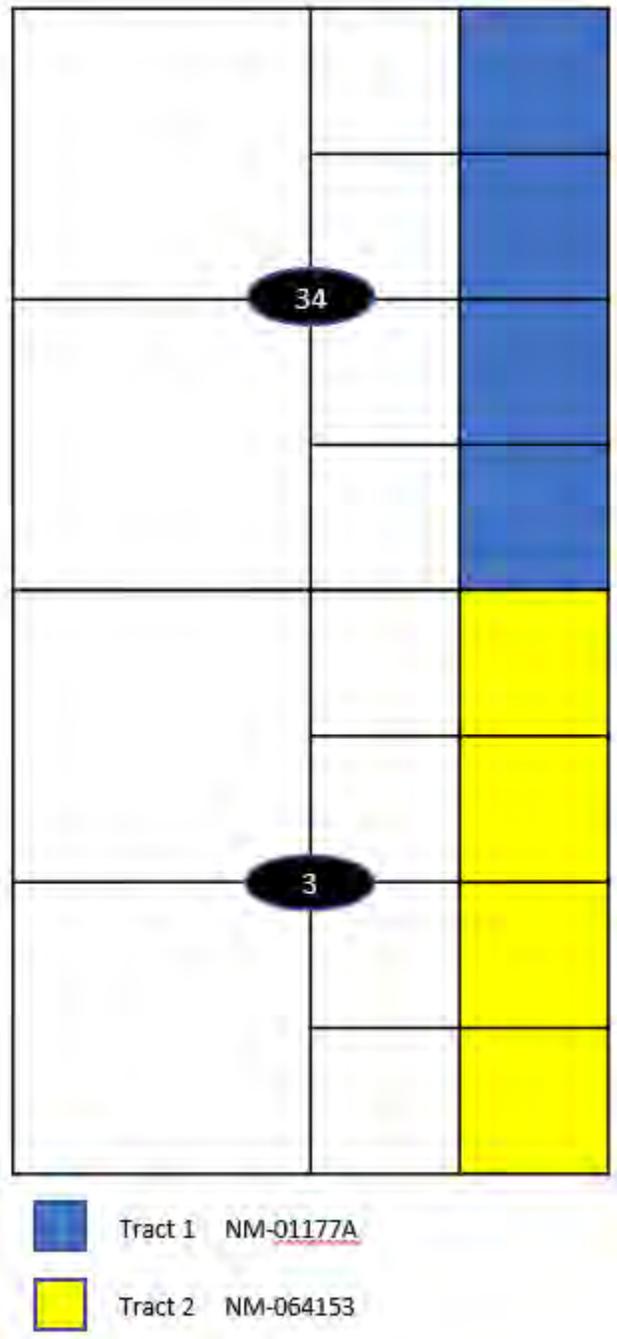


EXHIBIT
A-2

TRACT 1 OWNERSHIP (NM-01177A)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-064153)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

WI Parties To Force Pool

ConocoPhillips Company



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

December 1, 2022

VIA FED-X

ConocoPhillips Company
600 W. Illinois Avenue
Midland, TX 79701

**Re: Skylark 34-3 Fed Com 1BS 2H,
Skylark 34-3 Fed Com 1BS 3H
Skylark 34-3 Fed Com 1BS 4H
Skylark 34-3 Fed Com 2BS 6H
Skylark 34-3 Fed Com 2BS 7H
Skylark 34-3 Fed Com 2BS 8H**

**E2W2, W2E2, E2E2 of Section 34, T18S-R33E
Lot 1-3, SENW, E2SW, S2NE, SE of Section 3, T19S-R33E
Lea County, New Mexico**

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed are Authorities for Expenditure ("AFE") reflecting estimated costs to drill, test, complete, and equip the wells.

In connection with the above:

- **Skylark 34-3 Fed Com 1BS 2H:** to be drilled from a proposed surface hole location of 565' FSL & 1630' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 6H:** to be drilled from a proposed surface hole location of 565' FSL & 1690' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 20,600'.
- **Skylark 34-3 Fed Com 1BS 3H:** to be drilled from a proposed surface hole location of 230' FSL & 1365' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 7H:** to be drilled from a proposed surface hole location of 230' FSL & 1335' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

**EXHIBIT
A-3**

- **Skylark 34-3 Fed Com 1BS 4H:** to be drilled from a proposed surface hole location of 230' FSL & 1275' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 8H:** to be drilled from a proposed surface hole location of 230' FSL & 1305' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

For the 2H and 6H, Earthstone hereby proposes the creation of a 323.09 acre working interest unit consisting of the E2W2 of Section 34, T18S-R33E and Lot 3, SENW, E2SW of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 3H and 7H, Earthstone hereby proposes the creation of a 323.35 acre working interest unit consisting of the W2E2 of Section 34, T18S-R33E and Lot 2, SWNE, W2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 4H and 8H, Earthstone hereby proposes the creation of a 323.63 acre working interest unit consisting of the E2E2 of Section 34, T18S-R33E and Lot 1, SENE, E2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

All three Operating Agreements will have the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign and return one copy of each AFE, along with executed copies of the Operating Agreement.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstoneenergy.com

ConocoPhillips Company hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 2H**.

_____ Non-consent/farmout/assign its interest in **Skylark 34-3 Fed Com 1BS 2H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 3H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 3H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 4H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 4H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 6H**

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 6H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 7H**

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 7H** subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 8H**

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 8H** subject to acceptable terms.

ConocoPhillips Company

By: _____

Name: _____

Title: _____

Date: _____

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 1BS 4H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ 175,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 680,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,712,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,400,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 2BS 8H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,600 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 147,800
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 567,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,145,000	COMPLETION TANGIBLE TOTAL		\$ 656,800
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1450/ 20	LOCATION AND ROADS	\$ 13,500
			1450/ 90	FUEL, POWER & WATER	\$ 1,000
			1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
			1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
			1450/195	CONTRACT LABOR	\$ 70,000
			1450/260	SUPERVISION/ENGINEERING	\$ 25,000
			1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 505,000
DRILLING TANGIBLE TOTAL		\$ 1,145,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,743,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,515,048
			TOTAL ESTIMATED WELL COST		\$ 10,258,048
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23368

Company	Contact	Date
ConocoPhillips	Mail	12/1/2022
	Email	12/8/2022
		12/20/2022
		2/20/2023
Phone calls	2/20/2023	

EXHIBIT
A-4

TAB 3

Case No. 23368

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23368

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the Skylark 34-3 Fed Com 1BS 4H, and the Skylark 34-3 Fed Com 2BS 8H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23369, 23370 and 23371.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

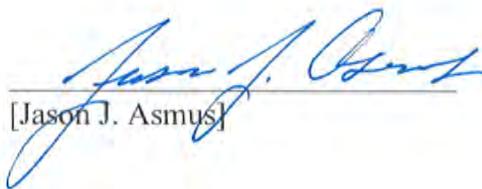
12. The foregoing is correct and complete to the best of my knowledge and belief.

13. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23368 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]

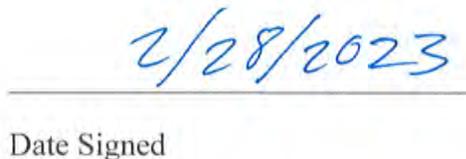

Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

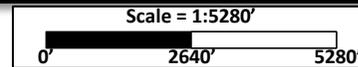
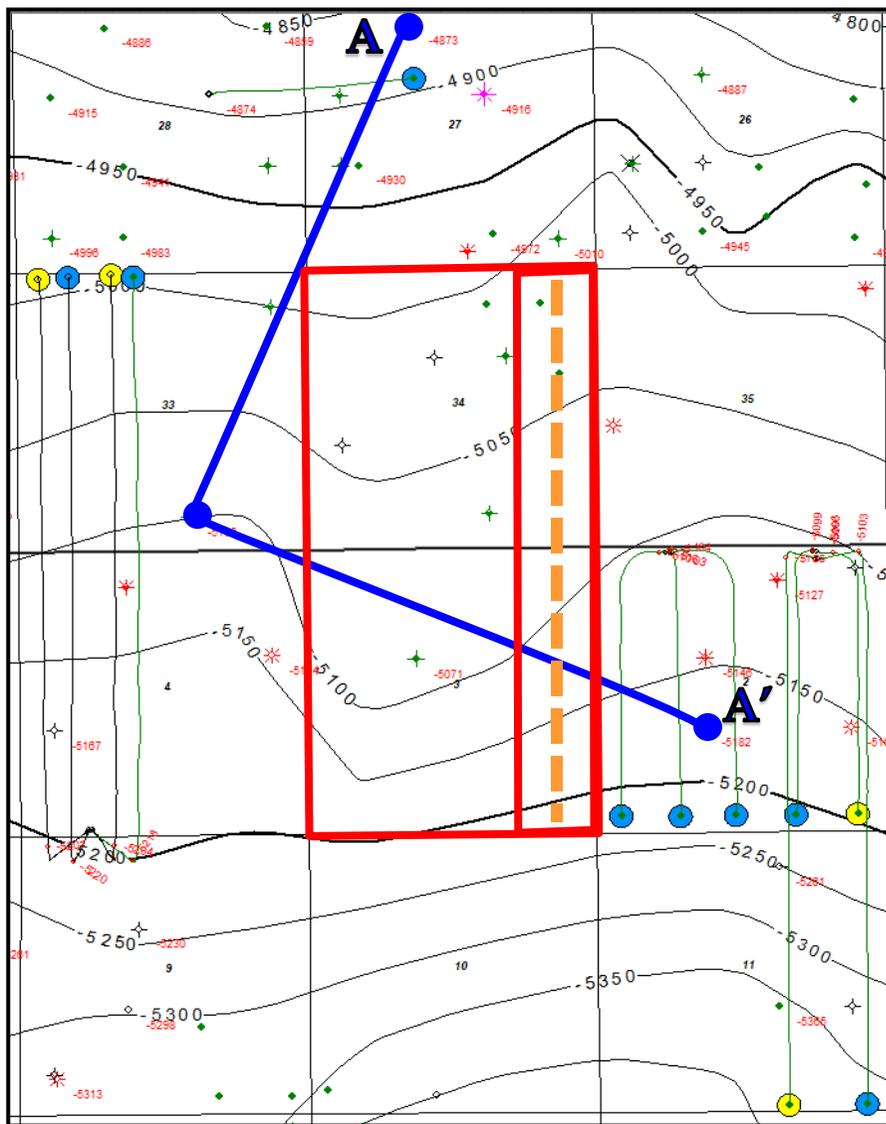
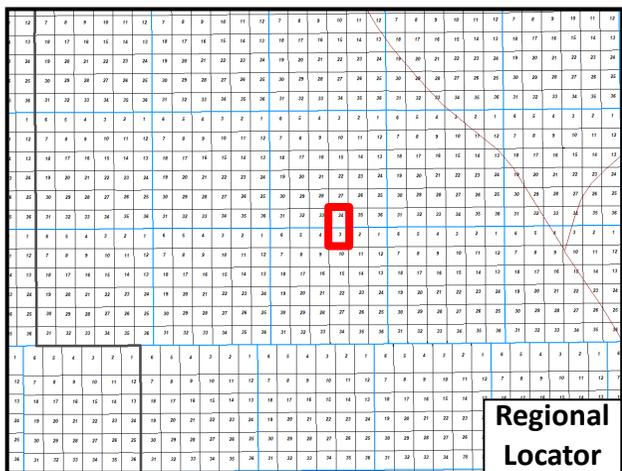


EXHIBIT B-1

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

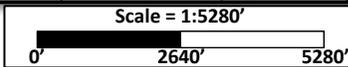
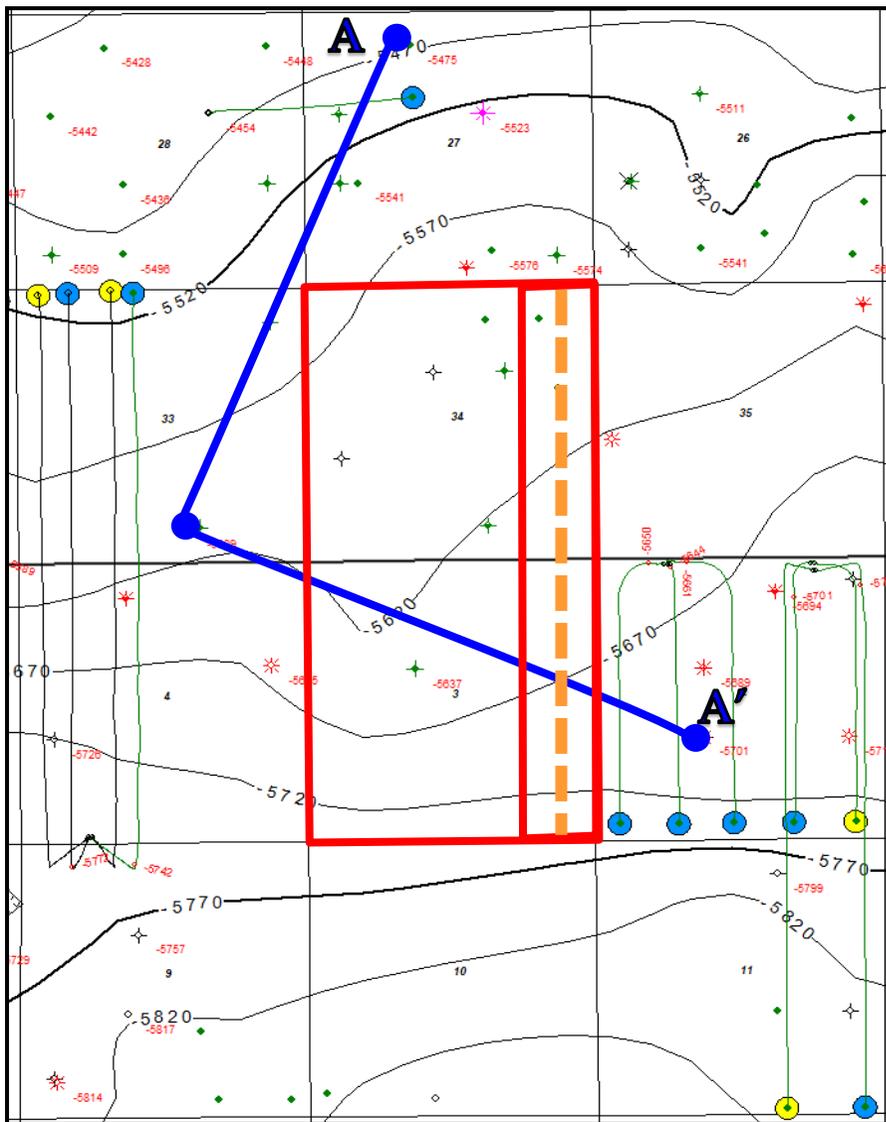
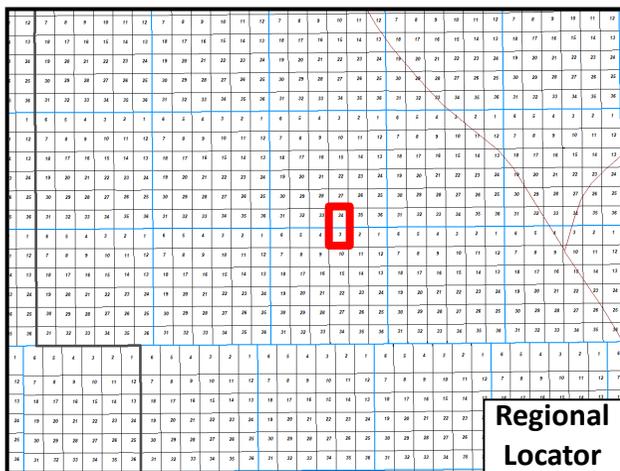


EXHIBIT B-2

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

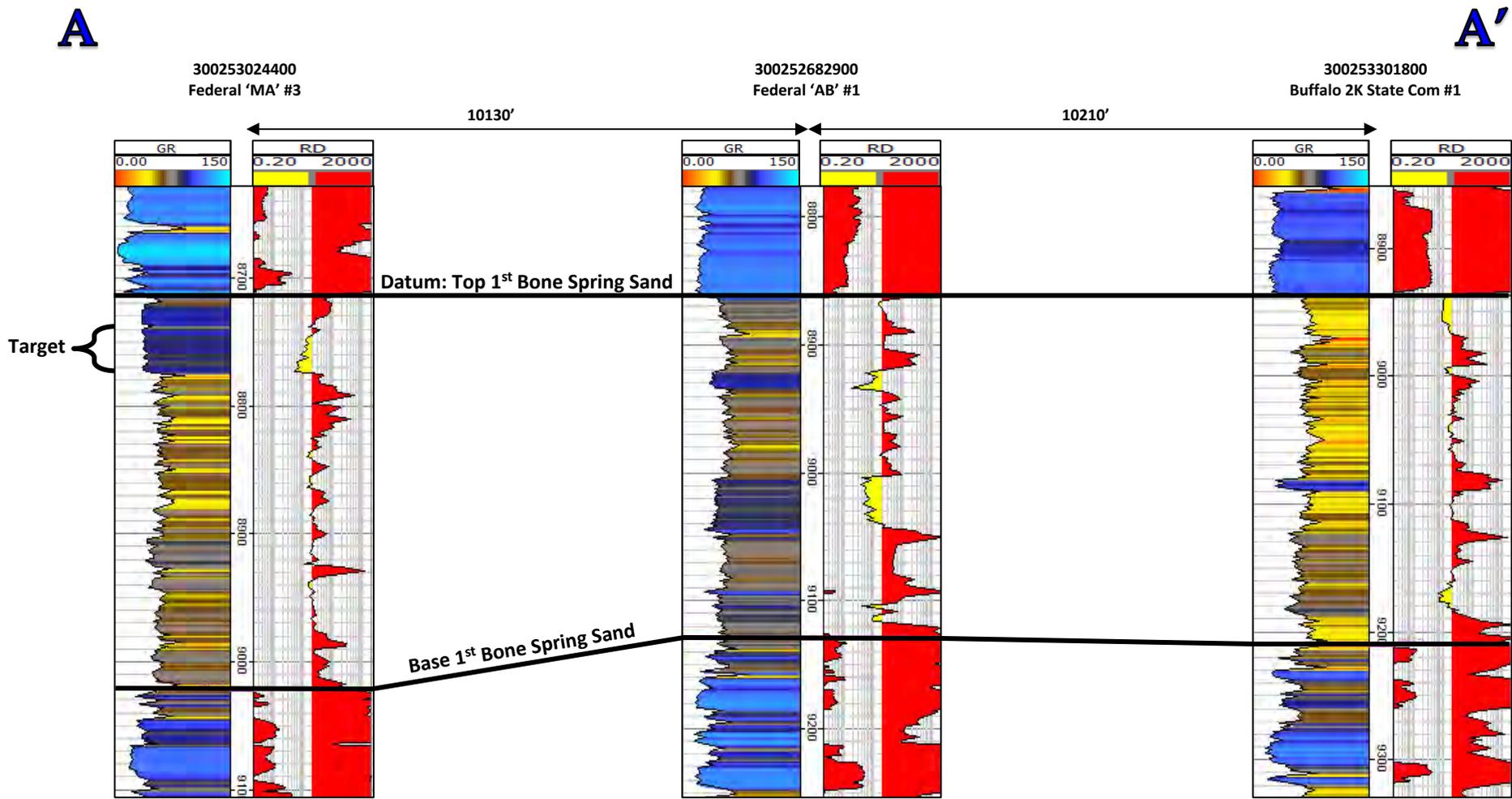


EXHIBIT B-3

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

A

A'

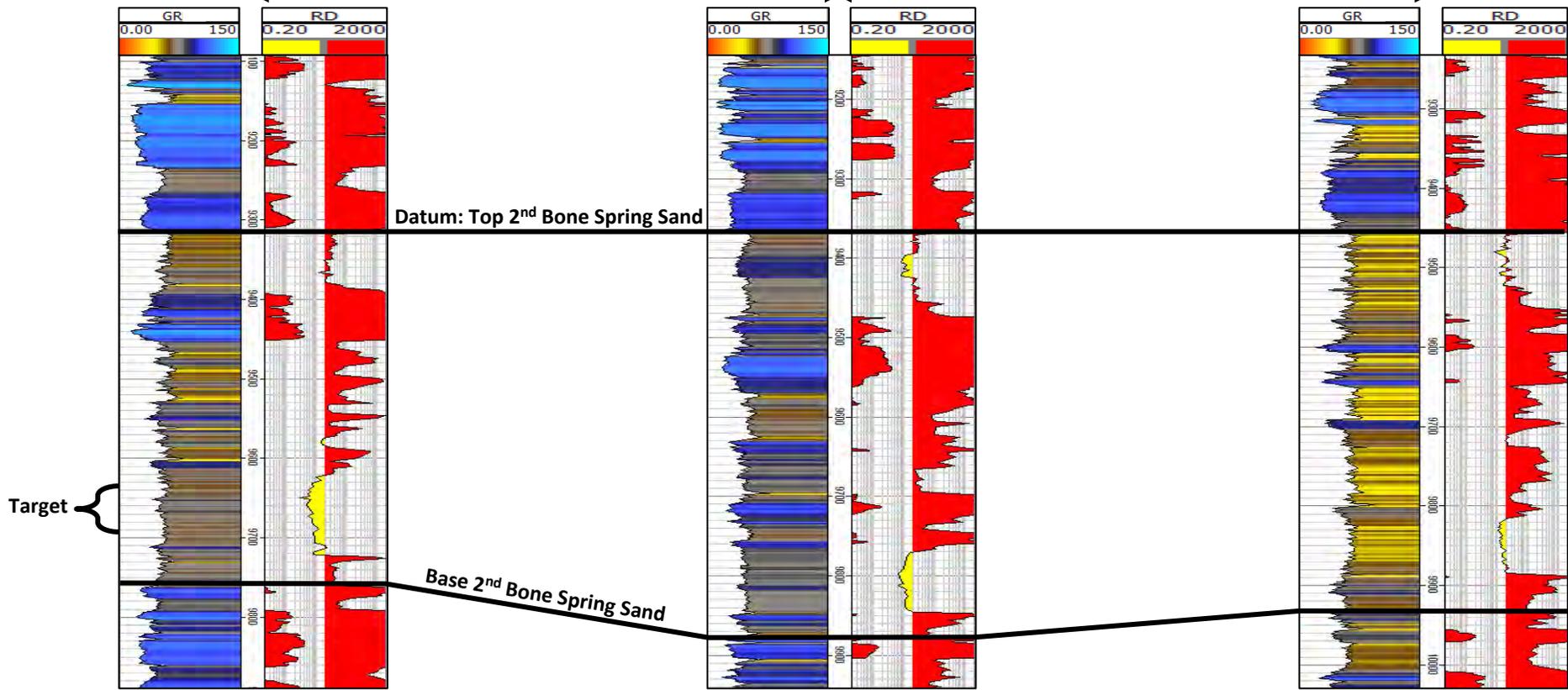
300253024400
Federal 'MA' #3

300252682900
Federal 'AB' #1

300253301800
Buffalo 2K State Com #1

10130'

10210'



Target

Datum: Top 2nd Bone Spring Sand

Base 2nd Bone Spring Sand

**EXHIBIT
B-4**

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

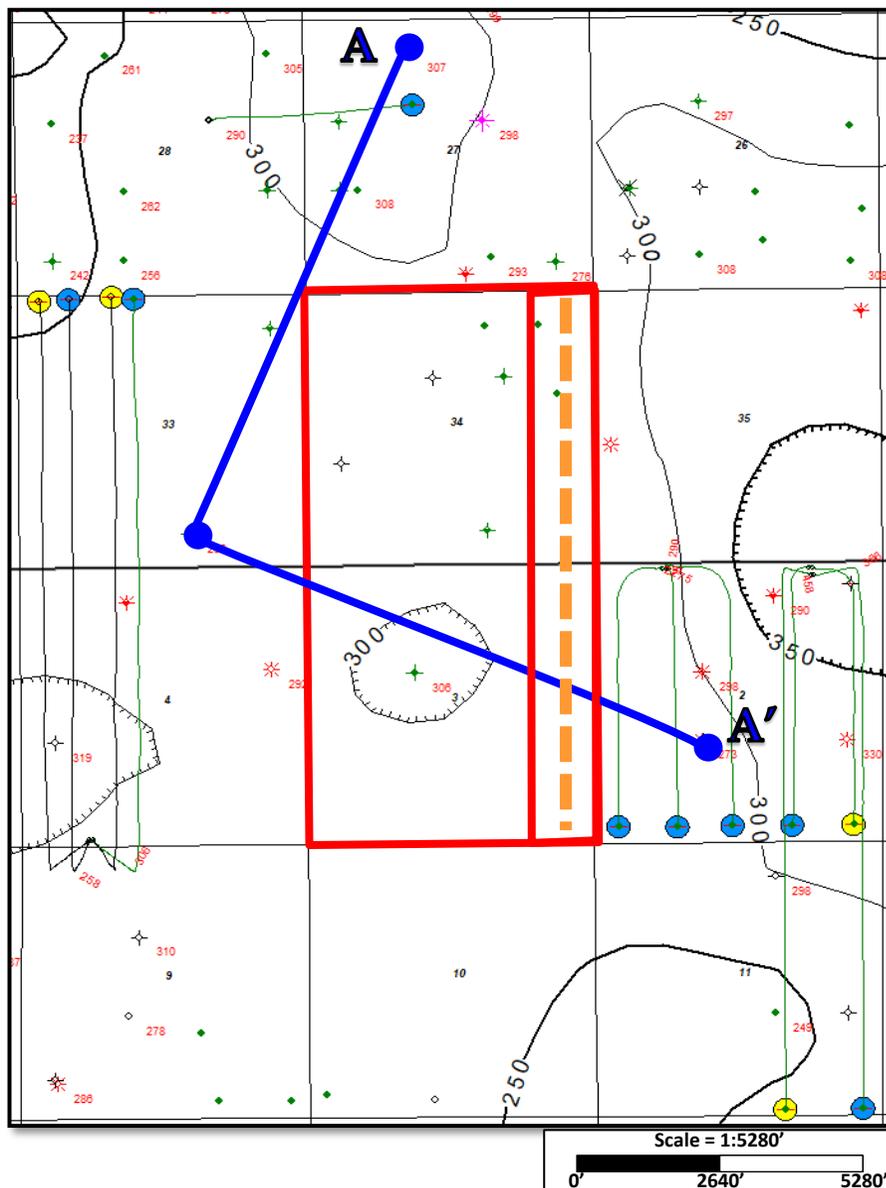
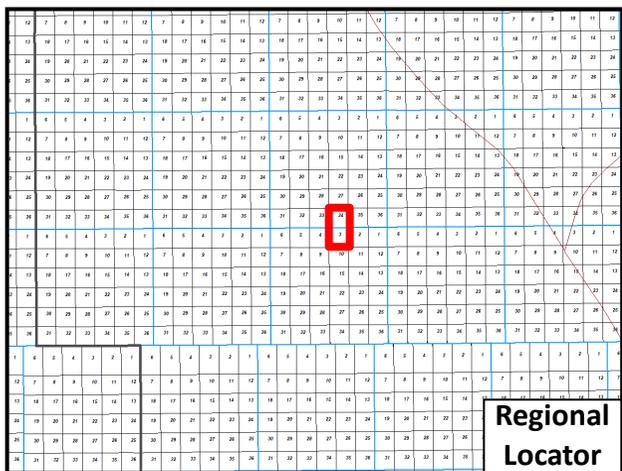


EXHIBIT B-5

Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

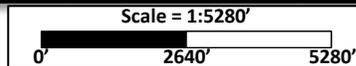
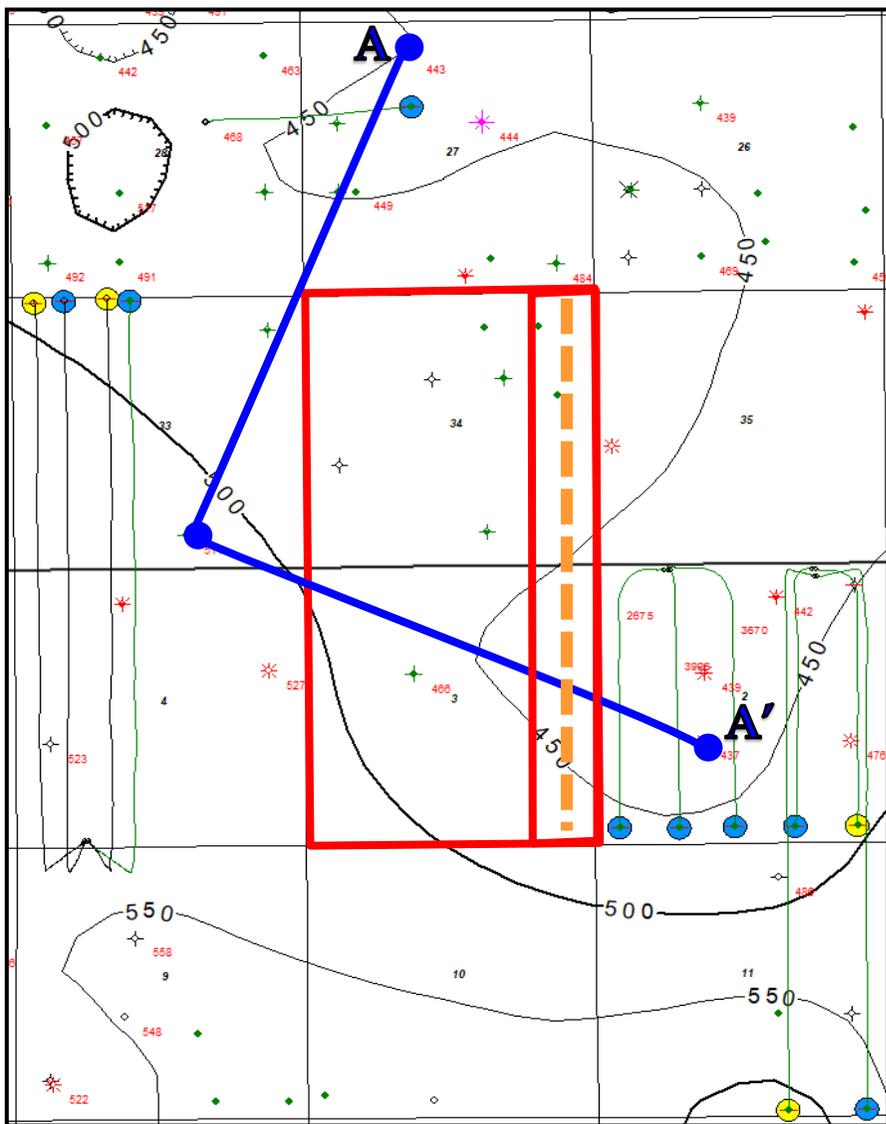
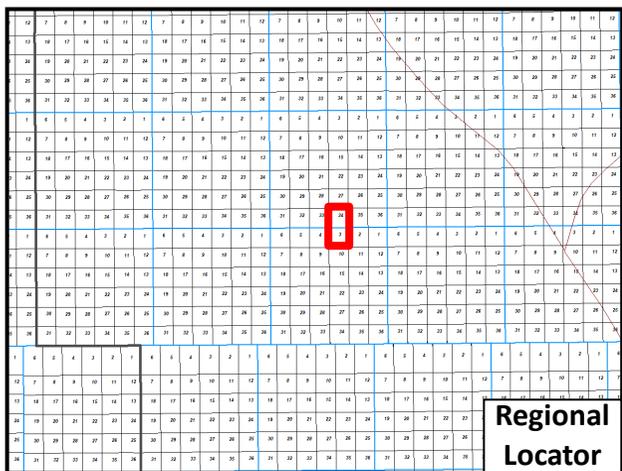


EXHIBIT B-6

Exhibit B-7 Gun Barrel

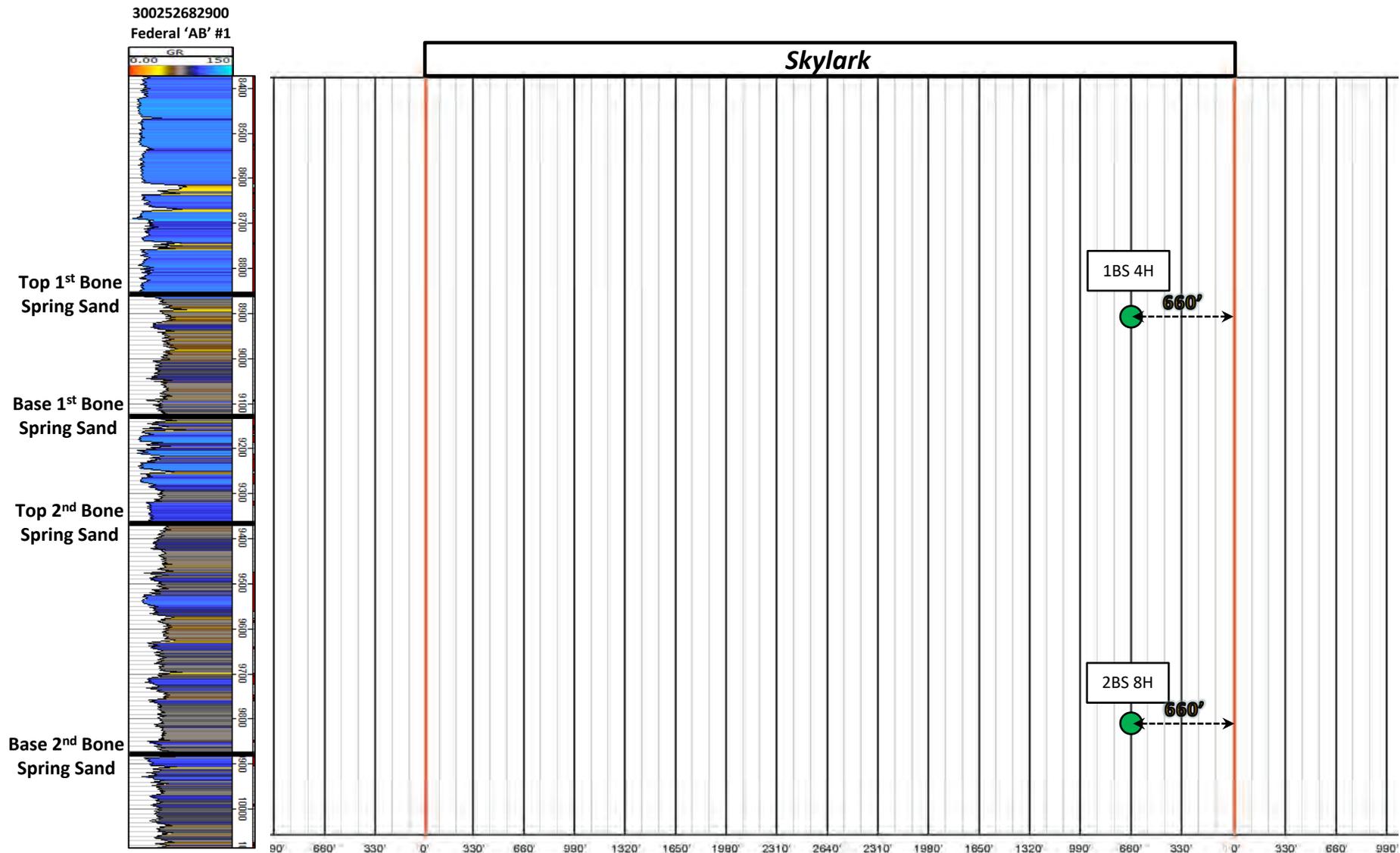


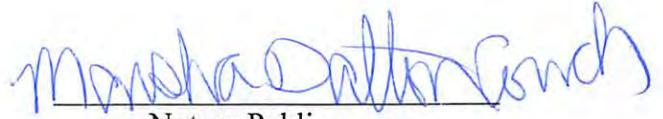
EXHIBIT B-7

TAB 4

Case No. 23368

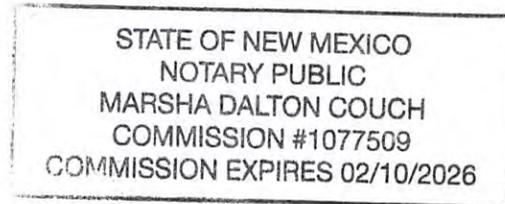
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023, by Darin C. Savage.


Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 9, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Skylark 34-3 Fed Com 1BS 4H Well (Case No. 23368)
Skylark 34-3 Fed Com 2BS 8H Well (Case No. 23368)

Case Nos. 23368:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23368, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23368, Earthstone seeks to pool the Bone Spring formation underlying the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 323.63 acres, more or less, dedicated to the above-referenced 4H and 8H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:07:59 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Address 1	Address 2	City	State	Zip	User ID	Mailing Status	Service Options
9314869904300104294675	4221.1	2/9/23	CONOCOPHILLIPS COMPANY	600 W ILLINOIS AVE		MIDLAND	TX	79701-4882	21902	Delivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 75**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: CONOCOPHILLIPS COMPANY

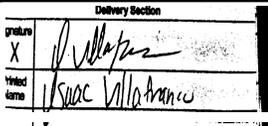
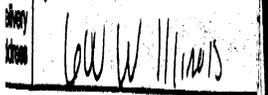
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1

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
February 09, 2023
and ending with the issue dated
February 09, 2023.



Publisher

Sworn and subscribed to before me this
9th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) **STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027**

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 February 9, 2023

CASE No. 23368: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearinginfo/> or call (505) 476-3441. Earthstone Operating, LLC, at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 323.63-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 2, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico; and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the Skylark 34-3 Fed Com 1BS 4H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E; and the Skylark 34-3 Fed Com 2BS 8H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27-T18S-R33E, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3-T19S-R33E. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico. #00275652

67115820

00275652

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

**EXHIBIT
C-3**

TAB 1

Reference for Case No. 23369

Application Case No. 23369:

Skylark 34-3 Fed Com 1BS 2H Well

Skylark 34-3 Fed Com 2BS 6H Well

NMOCD Checklist Case No. 23369

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23369

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 323.09-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Section 3 is an irregular section and contains correction lots.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 2H Well** and the **Skylark 34-3 Fed Com 2BS 6H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **Skylark 34-3 Fed Com 1BS 2H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E,

NMPM, Lea County, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19S-R33E, NMPM, Lea County.

4. Earthstone proposes the **Skylark 34-3 Fed Com 2BS 6H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19S-R33E, NMPM, Lea County.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units; should an overlapping unit be inadvertently discovered, Earthstone would address the matter at the permitting phase.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 323.09-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Skylark 34-3 Fed Com 1BS 2H Well** and the **Skylark 34-3 Fed Com 2BS 6H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street

Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 323.09-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Section 3 is irregular and contains correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Skylark 34-3 Fed Com 1BS 2H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19S-R33E, NMPM, Lea County; and the **Skylark 34-3 Fed Com 2BS 6H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19S-R33E, NMPM, Lea County. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.

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

Case: 23369	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Skylark
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 5&6; 2H Well: TVD apprx. 8855'; 6H Well: TVD apprx. 9800'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	323.09
Building Blocks:	quarter-quarter sections
Orientation:	North to South
Description: TRS/County	E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Exhibit A-2
Well(s)	
Well #1	Skylark 34-3 Fed Com 1BS 2H (API Pending) SHL: Unit N: 565' FSL & 1,720' FWL of Section 27-18S-R33E BHL: Unit N: 50' FSL & 1,980' FWL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 1BS 2H FTP: 100' FNL, 1,980' FEL, 34-18S-R33E LTP: 100' FSL, 1,980' FEL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring formation; TVD: apprx. 8855'; TMD apprx. 19,500'

Well #2	Skylark 34-3 Fed Com 2BS 6H SHL: 565' FSL & 1,690' FWL of Section 27-18S-R33E BHL: 50' FSL & 1,980' FWL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 2BS 6H FTP: 100' FNL, 1,980' FEL, 34-18S-R33E LTP: 100' FSL, 1,980' FEL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring formation; TVD: apprx. 9800'; TMD apprx. 20,600'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	None, N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit-B
Spacing Unit Schematic	Exhibits B-1, B-2, B-5, B-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B, B-1, B-2, A-1
Target Formation	Exhibits B-3, B-4, B-7
HSU Cross Section	Exhibit B-7, B-3, B-4

Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1, B-2, B-5, B-6
Structure Contour Map - Subsea Depth	Exhibits B-1
Cross Section Location Map (including wells)	Exhibit B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4
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):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23369

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23369

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation, Mescalero Escarpe; Bone Spring [45793], underlying a standard 323.09-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico.



4. Under Case No. 23369, Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 2H Well** and the **Skylark 34-3 Fed Com 2BS 6H Well**, as initial wells.

5. The **Skylark 34-3 Fed Com 1BS 2H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SESW (Unit N) of Section 27 to a bottom hole location in the SESW (Unit N) of Section 3; approximate TVD of 8,855'; approximate TMD of 19,500'; FTP in Section 34: 100' FNL, 1,980' FEL; LTP in Section 3: 100' FSL, 1980' FEL.

6. The **Skylark 34-3 Fed Com 2BS 6H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SESW (Unit N) of Section 27 to a bottom hole location in the SESW (Unit N) of Section 3; approximate TVD of 9,800'; approximate TMD of 20,600'; FTP in Section 34: 100' FNL, 1,980' FEL; LTP in Section 3: 100' FSL, 1980' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owner.

10. There are no depth severances in Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for

parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23369 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM IBS			⁶ Well Number 2H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,782.2'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18 S	33 E		565	SOUTH	1,720	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	19 S	33 E		50	SOUTH	1,980	WEST	LEA

¹² Dedicated Acres 323.09	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE HOLE LOCATION
565' FSL & 1,720' FWL
NEW MEXICO EAST - NAD 83
NORTH: 623,739.51'
EAST: 750,322.55'
LAT: 32.71273642
LONG: -103.654659235

FIRST TAKE POINT
100' FNL & 1980' FWL
NEW MEXICO EAST - NAD 83
NORTH: 623,078.73'
EAST: 750,587.09'
LAT: 32.71103897
LONG: -103.65301286

LAST TAKE POINT
100' FSL & 1980' FWL
NEW MEXICO EAST - NAD 83
NORTH: 612,618.65'
EAST: 750,664.50'
LAT: 32.68228801
LONG: -103.65297932

BOTTOM OF HOLE
50' FSL & 1980' FWL
NEW MEXICO EAST - NAD 83
NORTH: 612,568.65'
EAST: 750,664.88'
LAT: 32.68215058
LONG: -103.65297913

SURFACE HOLE LOCATION
565' FSL & 1,720' FWL
NEW MEXICO EAST - NAD 27
NORTH: 623,675.42'
EAST: 709,142.34'
LAT: 32.71261661
LONG: -103.65341266

FIRST TAKE POINT
100' FNL & 1980' FWL
NEW MEXICO EAST - NAD 27
NORTH: 623,014.93'
EAST: 709,407.84'
LAT: 32.71091697
LONG: -103.65251408

LAST TAKE POINT
100' FSL & 1980' FWL
NEW MEXICO EAST - NAD 27
NORTH: 612,555.15'
EAST: 709,484.96'
LAT: 32.68216592
LONG: -103.65248166

BOTTOM OF HOLE
50' FSL & 1980' FWL
NEW MEXICO EAST - NAD 27
NORTH: 612,505.15'
EAST: 709,485.34'
LAT: 32.68202849
LONG: -103.65248147

CORNER COORDINATES TABLE
NAD 83 NMSP EAST

A	N. = 623,158.99'	E. = 748,606.45'
B	N. = 623,185.30'	E. = 751,244.93'
C	N. = 623,212.60'	E. = 753,882.26'
D	N. = 620,571.98'	E. = 753,902.64'
E	N. = 617,932.27'	E. = 753,924.23'
F	N. = 617,905.63'	E. = 751,284.51'
G	N. = 617,877.58'	E. = 748,644.85'
H	N. = 620,518.29'	E. = 748,625.65'
I	N. = 615,171.04'	E. = 753,941.05'
J	N. = 612,531.12'	E. = 753,965.58'
K	N. = 612,521.06'	E. = 751,326.47'
L	N. = 612,511.46'	E. = 748,685.26'
M	N. = 615,149.57'	E. = 748,665.23'

¹⁷ OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____

EXHIBIT A-1

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,782.2'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18 S	33 E		565	SOUTH	1,690	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	19 S	33 E		50	SOUTH	1,980	WEST	LEA

¹² Dedicated Acres 323.09	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

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LONG: -103.65401131

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

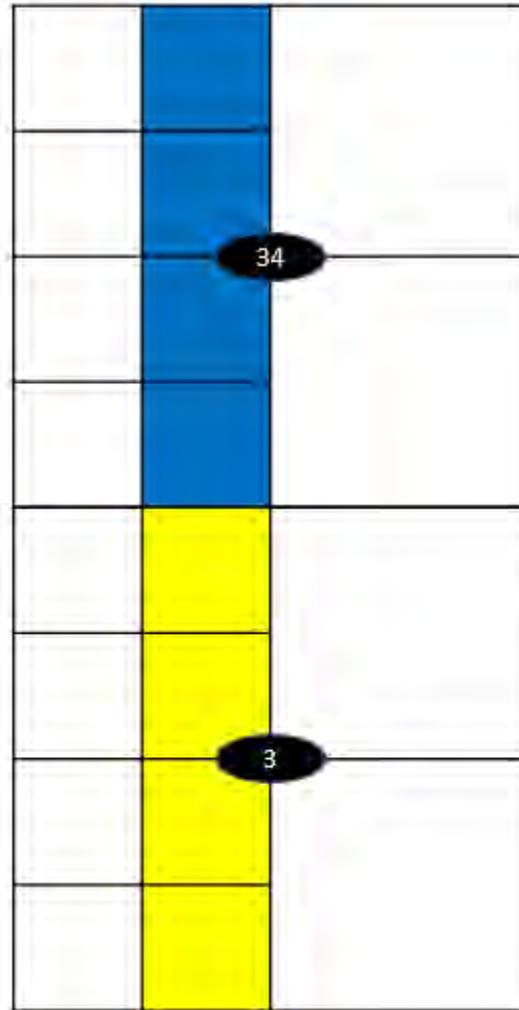
Signature and Seal of Professional Surveyor: _____

Certificate Number _____

SKYLARK 34-3 FED COM 1BS 2H

SKYLARK 34-3 FED COM 2BS 6H

E2W2 of Section 34, Township 18 South, Range 33 East
Lot 3, SENW, E2SW of Section 3, Township 19 South, Range 33 East
Lea County, New Mexico



 Tract 1 NM-01177A

 Tract 2 NM-064153

**EXHIBIT
A-2**

TRACT 1 OWNERSHIP (NM-01177A)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-064153)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

WI Parties To Force Pool

ConocoPhillips Company



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

December 1, 2022

VIA FED-X

ConocoPhillips Company
600 W. Illinois Avenue
Midland, TX 79701

**Re: Skylark 34-3 Fed Com 1BS 2H,
Skylark 34-3 Fed Com 1BS 3H
Skylark 34-3 Fed Com 1BS 4H
Skylark 34-3 Fed Com 2BS 6H
Skylark 34-3 Fed Com 2BS 7H
Skylark 34-3 Fed Com 2BS 8H**

**E2W2, W2E2, E2E2 of Section 34, T18S-R33E
Lot 1-3, SENW, E2SW, S2NE, SE of Section 3, T19S-R33E
Lea County, New Mexico**

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed are Authorities for Expenditure ("AFE") reflecting estimated costs to drill, test, complete, and equip the wells.

In connection with the above:

- **Skylark 34-3 Fed Com 1BS 2H:** to be drilled from a proposed surface hole location of 565' FSL & 1630' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 6H:** to be drilled from a proposed surface hole location of 565' FSL & 1690' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 20,600'.
- **Skylark 34-3 Fed Com 1BS 3H:** to be drilled from a proposed surface hole location of 230' FSL & 1365' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 7H:** to be drilled from a proposed surface hole location of 230' FSL & 1335' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

**EXHIBIT
A-3**

- **Skylark 34-3 Fed Com 1BS 4H:** to be drilled from a proposed surface hole location of 230' FSL & 1275' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 8H:** to be drilled from a proposed surface hole location of 230' FSL & 1305' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

For the 2H and 6H, Earthstone hereby proposes the creation of a 323.09 acre working interest unit consisting of the E2W2 of Section 34, T18S-R33E and Lot 3, SENW, E2SW of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 3H and 7H, Earthstone hereby proposes the creation of a 323.35 acre working interest unit consisting of the W2E2 of Section 34, T18S-R33E and Lot 2, SWNE, W2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 4H and 8H, Earthstone hereby proposes the creation of a 323.63 acre working interest unit consisting of the E2E2 of Section 34, T18S-R33E and Lot 1, SENE, E2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

All three Operating Agreements will have the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign and return one copy of each AFE, along with executed copies of the Operating Agreement.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstoneenergy.com

ConocoPhillips Company hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 2H**.

_____ Non-consent/farmout/assign its interest in **Skylark 34-3 Fed Com 1BS 2H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 3H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 3H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 4H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 4H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 6H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 6H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 7H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 7H** subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 8H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 8H** subject to acceptable terms.

ConocoPhillips Company

By: _____

Name: _____

Title: _____

Date: _____

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 1BS 2H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1450/ 20	LOCATION AND ROADS	\$ 13,500
			1450/ 90	FUEL, POWER & WATER	\$ 1,000
			1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
			1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
			1450/195	CONTRACT LABOR	\$ 70,000
			1450/260	SUPERVISION/ENGINEERING	\$ 25,000
			1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 680,000
DRILLING TANGIBLE TOTAL		\$ 1,114,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,712,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,400,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 2BS 6H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,600 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
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1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
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1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
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1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 147,800
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 567,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,145,000	COMPLETION TANGIBLE TOTAL		\$ 656,800
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ -
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 505,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,743,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,515,048
			TOTAL ESTIMATED WELL COST		\$ 10,258,048
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23369

Company	Contact	Date
ConocoPhillips	Mail	12/1/2022
	Email	12/8/2022
		12/20/2022
		2/20/2023
Phone calls	2/20/2023	

EXHIBIT
A-4

TAB 3

Case No. 23369

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

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

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23369

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This affidavit is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the Skylark 34-3 Fed Com 1BS 2H, and the Skylark 34-3 Fed Com 2BS 6H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23368, 23370 and 23371.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

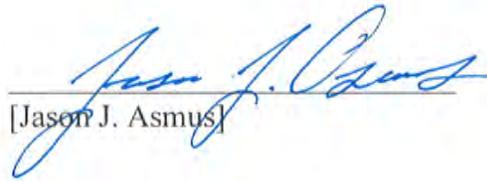
12. The foregoing is correct and complete to the best of my knowledge and belief.

13. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23369 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]

2/28/2023
Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

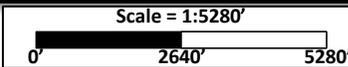
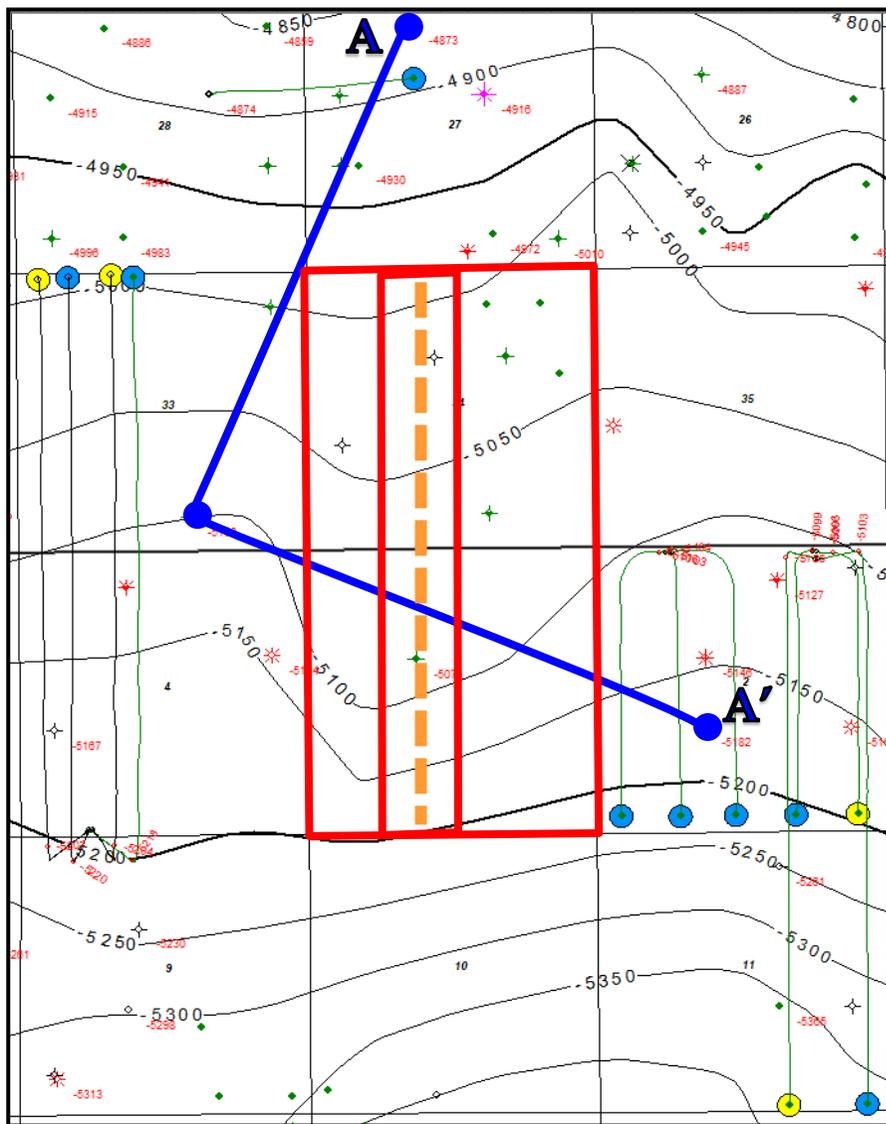
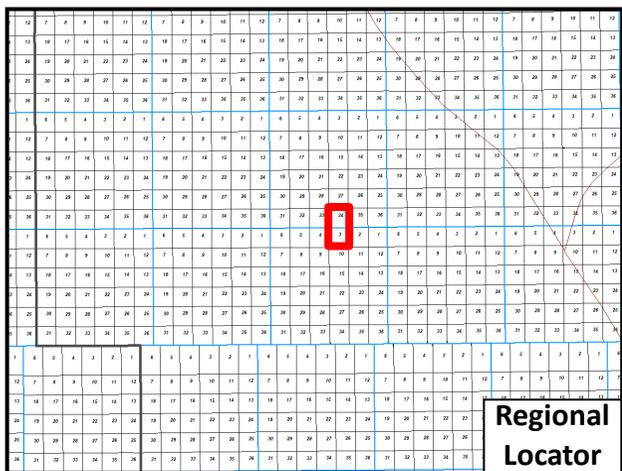


EXHIBIT B-1

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

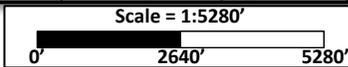
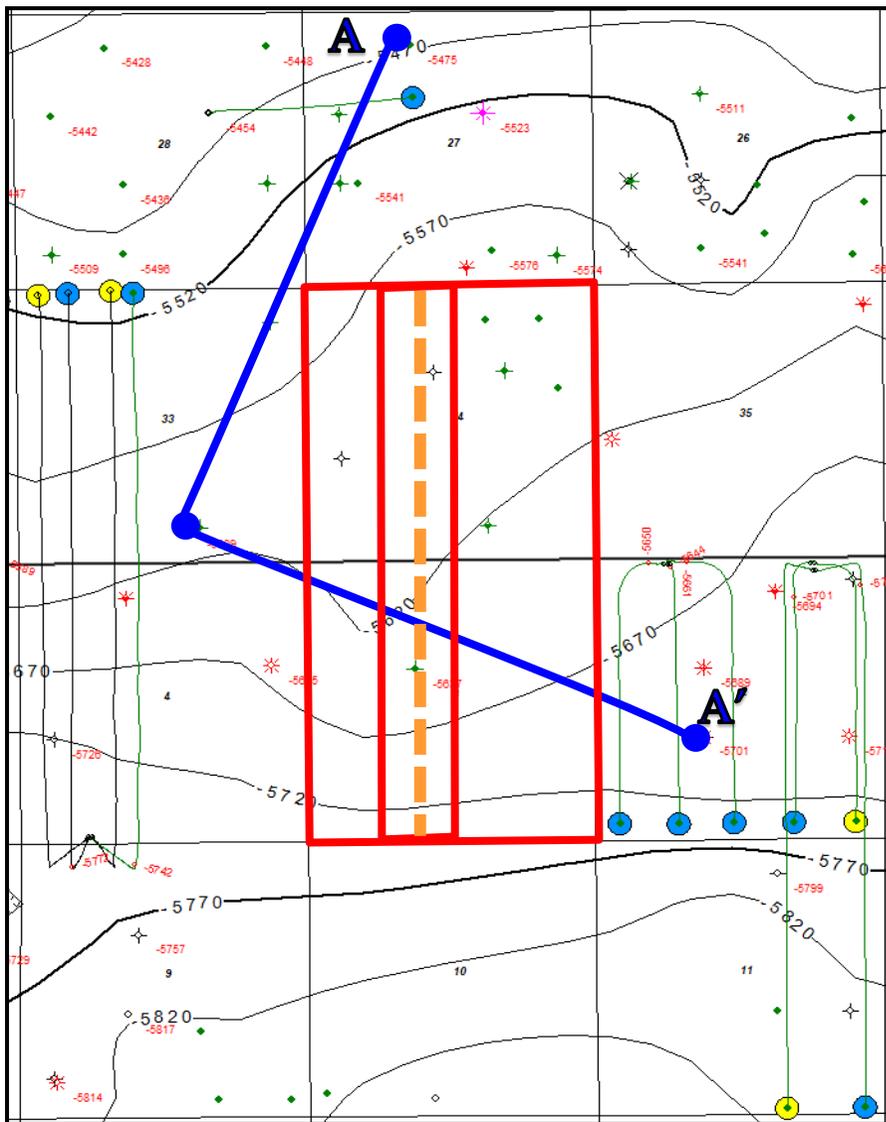
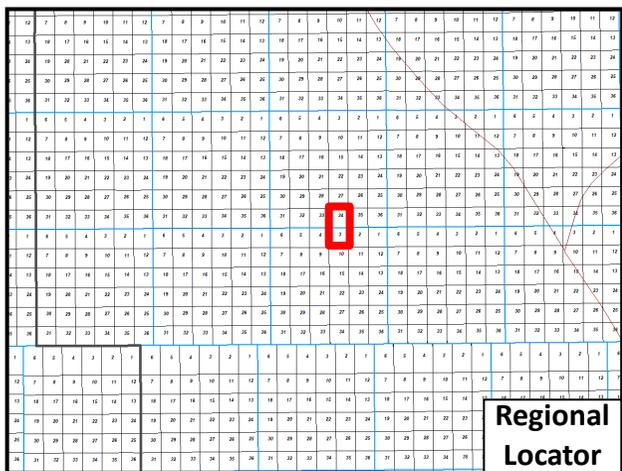
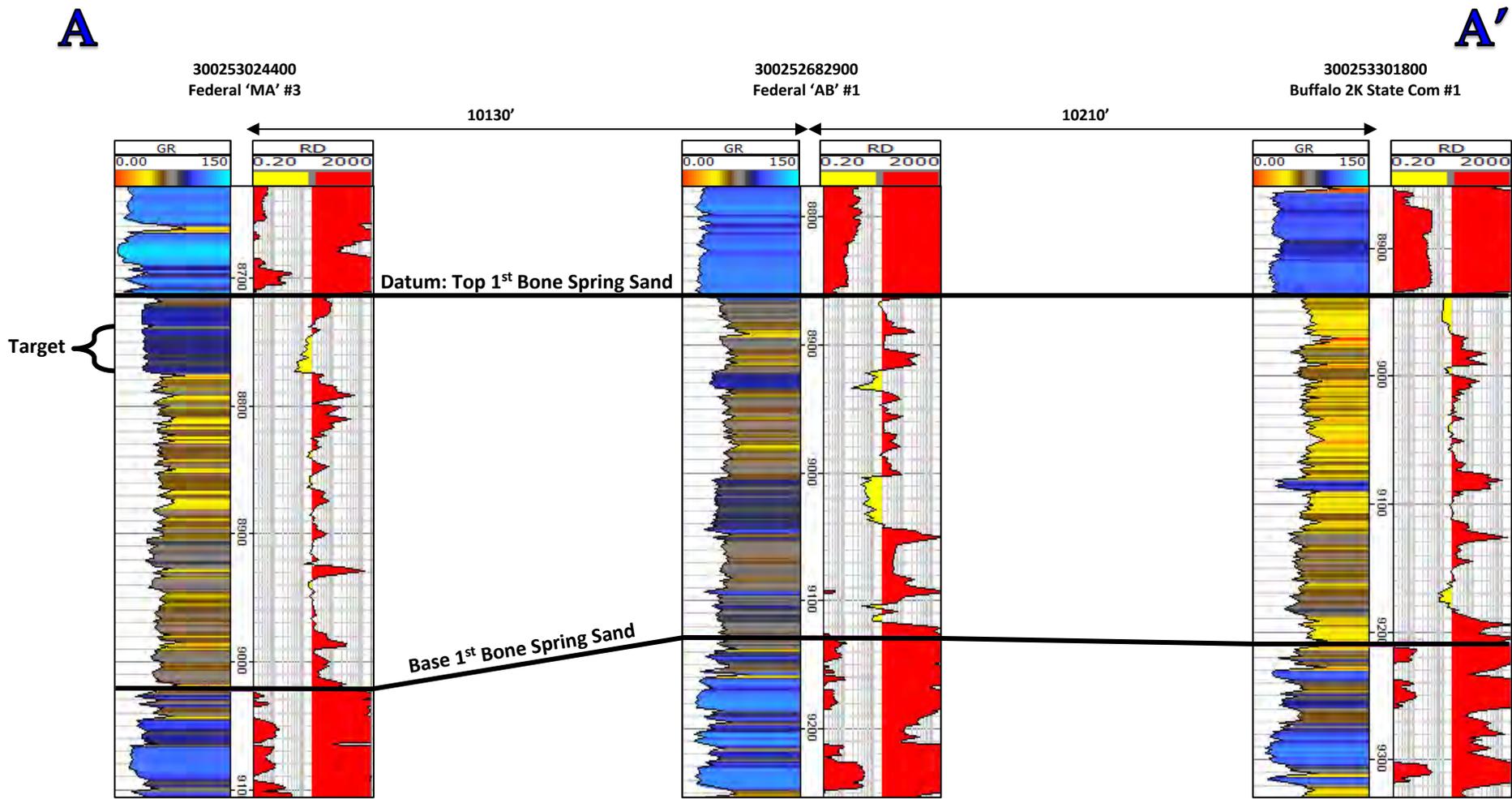


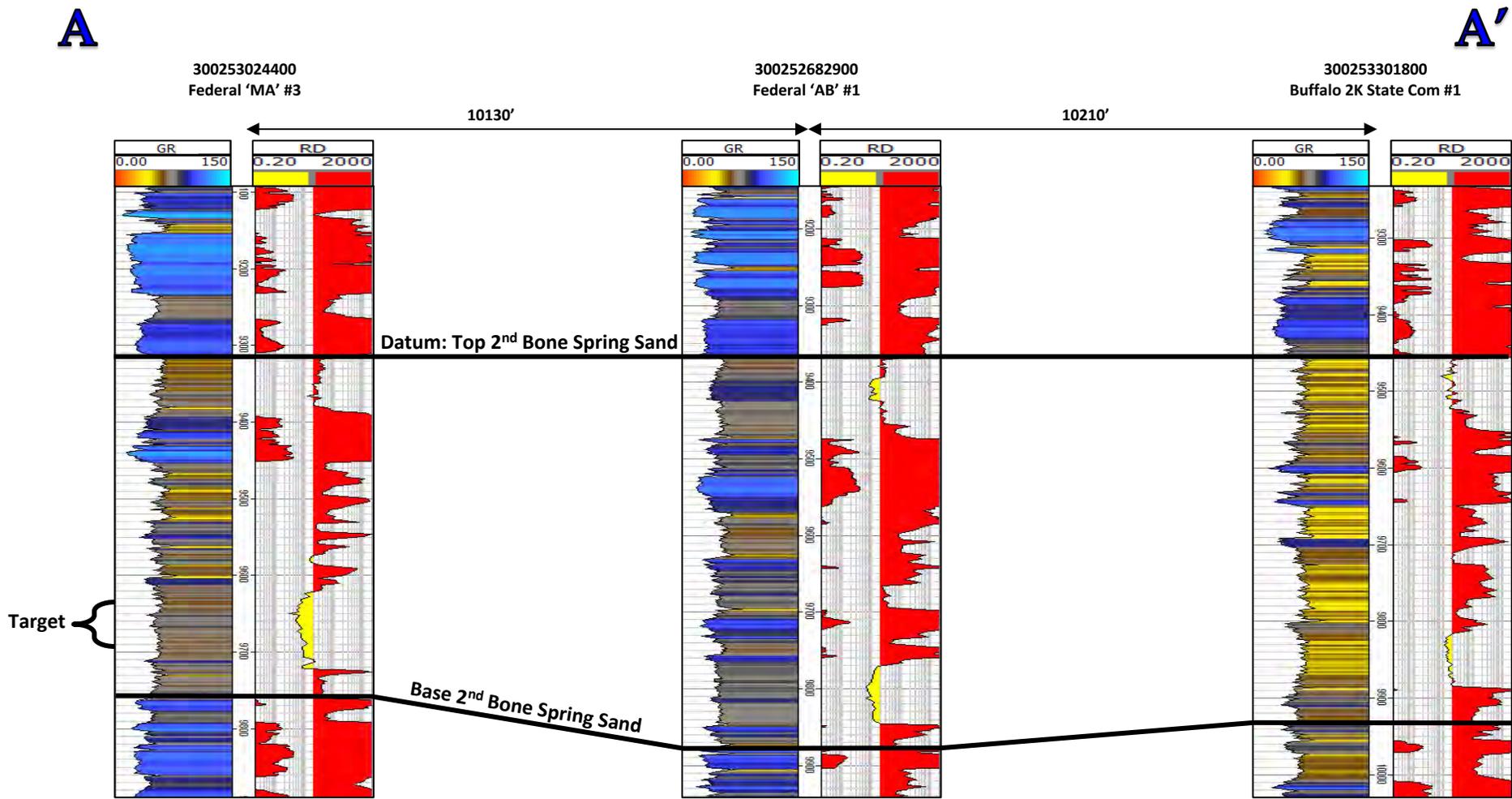
EXHIBIT B-2

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum



**EXHIBIT
B-3**

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum



**EXHIBIT
B-4**

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

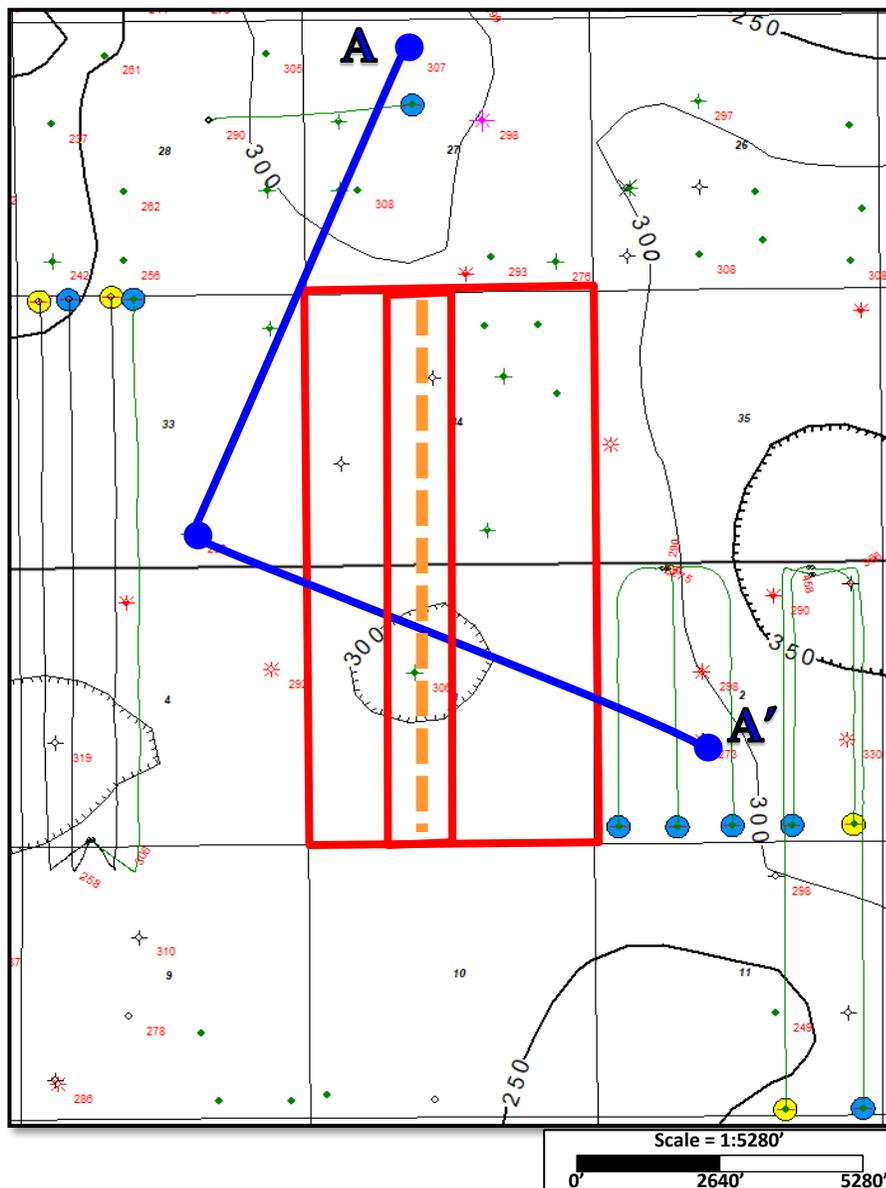
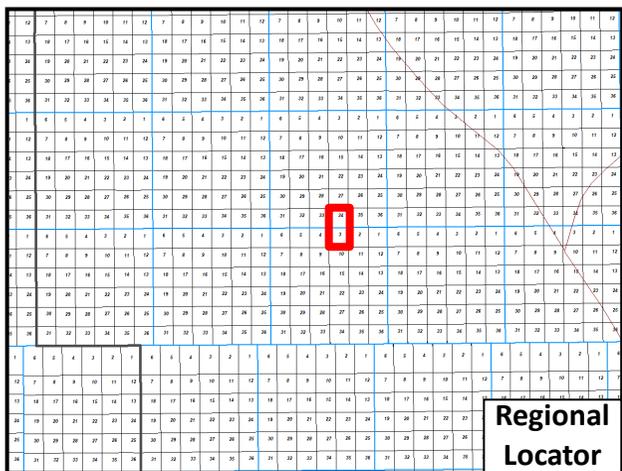


EXHIBIT B-5

Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

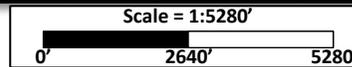
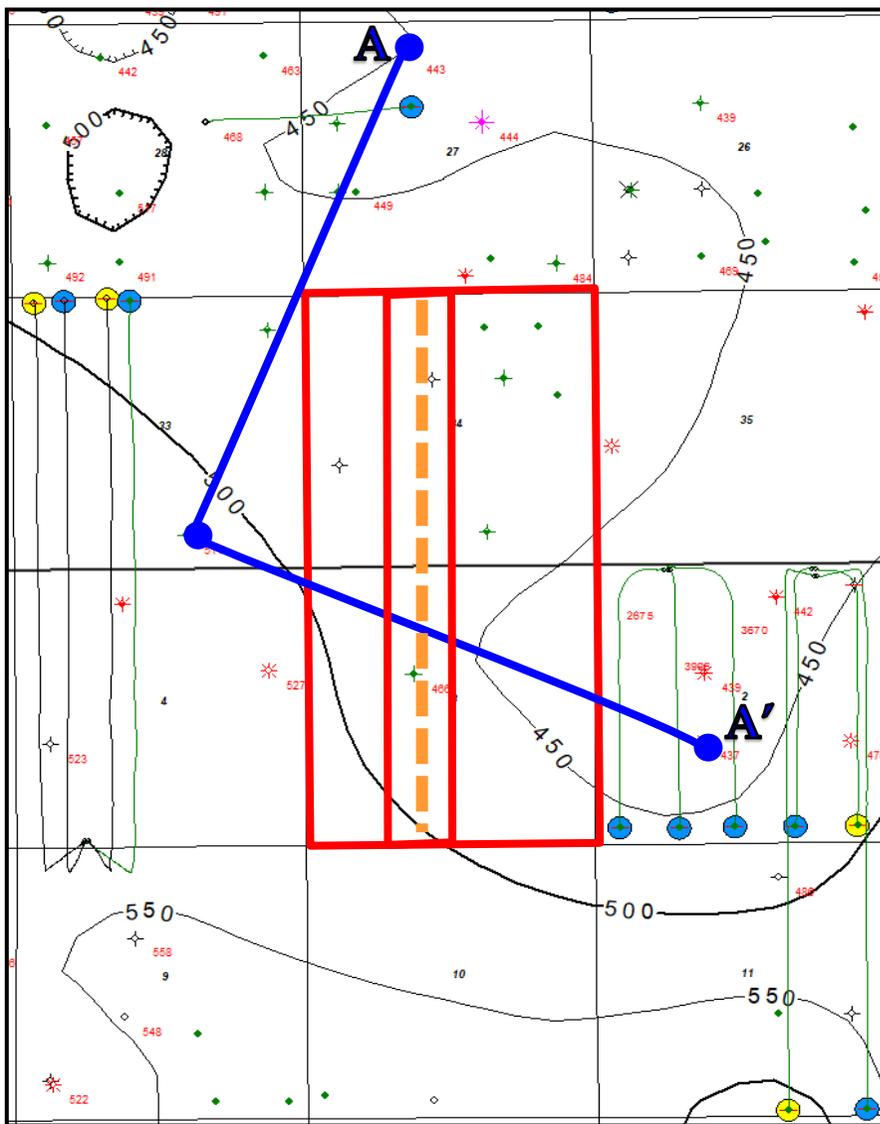
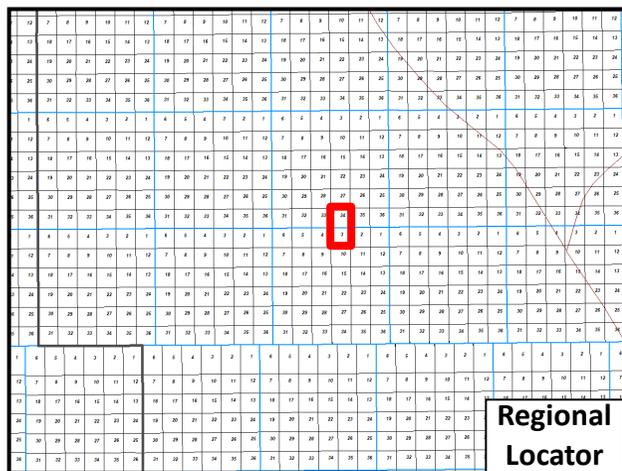


EXHIBIT B-6

Exhibit B-7 Gun Barrel

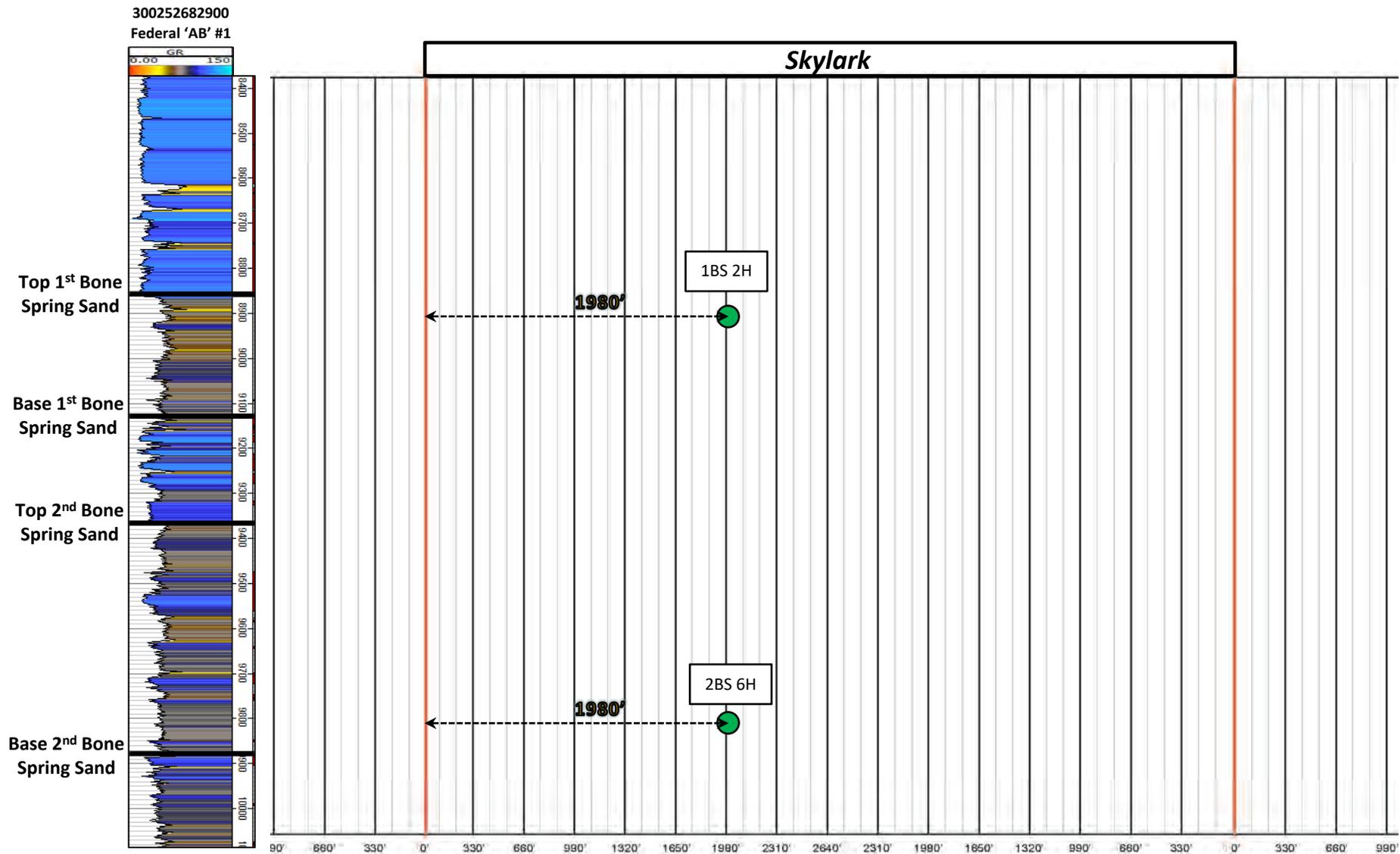


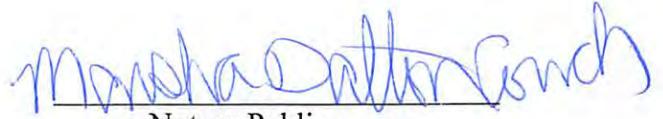
EXHIBIT B-7

TAB 4

Case No. 23369

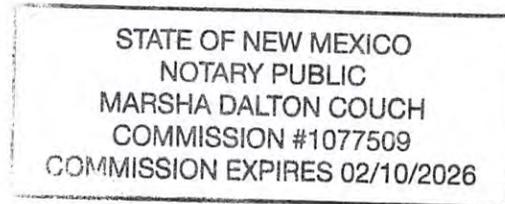
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023, by Darin C. Savage.


Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 9, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Skylark 34-3 Fed Com 1BS 2H Well (Case No. 23369)
Skylark 34-3 Fed Com 2BS 6H Well (Case No. 23369)

Case Nos. 23369:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23369, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23369, Earthstone seeks to pool the Bone Spring formation underlying the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, a standard unit encompassing 323.09 acres, more or less, dedicated to the above-referenced 2H and 6H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:07:59 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Address 1	Address 2	City	State	Zip	User ID	Mailing Status	Service Options
9314869904300104294675	4221.1	2/9/23	CONOCOPHILLIPS COMPANY	600 W ILLINOIS AVE		MIDLAND	TX	79701-4882	21902	Delivered	Return Receipt - Electronic, Certified Mail





February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 75**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: CONOCOPHILLIPS COMPANY

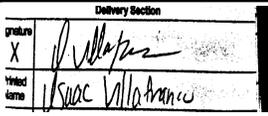
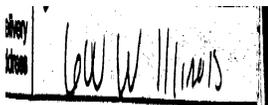
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

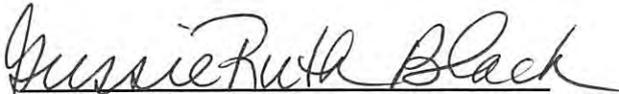
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 09, 2023
and ending with the issue dated
February 09, 2023.



Publisher

Sworn and subscribed to before me this
9th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

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
February 9, 2023

CASE No. 23369: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/oed/hearinginfo/> or call (505) 476-3441. Earthstone Operating, LLC, at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 323.09-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 3 (NE/4 NW/4 equivalent), SE/4 NW/4, and the E/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **Skylark 34-3 Fed Com 1BS 2H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19-SR33E; and the **Skylark 34-3 Fed Com 2BS 6H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 3-T19SR33E. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.
#00275653

67115820

00275653

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

EXHIBIT
C-3

TAB 1

Reference for Case No. 23370

Application Case No. 23370:

Skylark 34-3 Fed Com 1BS 3H Well

Skylark 34-3 Fed Com 2BS 7H Well

NMOCD Checklist Case No. 23370

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23370

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 323.35-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Section 3 is an irregular section and contains correction lots.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 3H Well** and the **Skylark 34-3 Fed Com 2BS 7H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **Skylark 34-3 Fed Com 1BS 3H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E,

NMPM, Lea County, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E, NMPM, Lea County.

4. Earthstone proposes the **Skylark 34-3 Fed Com 2BS 7H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E, NMPM, Lea County.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units; should an overlapping unit be inadvertently discovered, Earthstone would address the matter at the permitting phase.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 323.35-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Skylark 34-3 Fed Com 1BS 3H Well** and the **Skylark 34-3 Fed Com 2BS 7H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street

Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 323.35-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Section 3 is irregular and contains correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Skylark 34-3 Fed Com 1BS 3H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E, NMPM, Lea County; and the **Skylark 34-3 Fed Com 2BS 7H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E, NMPM, Lea County. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.

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

Case: 23370	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Skylark
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibit A, Paras. 5&6; 3H Well: TVD apprx. 8855'; 7H Well: TVD apprx. 9800'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	323.35
Building Blocks:	quarter-quarter sections
Orientation:	North to South
Description: TRS/County	W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Exhibit A-2
Well(s)	
Well #1	Skylark 34-3 Fed Com 1BS 3H (API Pending) SHL: Unit O: 230' FSL & 1,365' FEL of Section 27-18S-R33E BHL: Unit O: 50' FSL & 1,980' FEL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 1BS 3H FTP: 100' FNL, 1,980' FEL, 34-18S-R33E LTP: 100' FSL, 1,980' FEL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring formation; TVD: apprx. 8855'; TMD: apprx. 19,500'

Well #2	Skylark 34-3 Fed Com 2BS 7H (API Pending) SHL: 230' FSL & 1,335' FEL of Section 27-18S-R33E BHL: 50' FSL & 1,980' FEL of Section 3-19S-33E Completion Target: Bone Spring, 2nd Bench Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 2BS 7H FTP: 100' FNL, 1,980' FEL, 34-18S-R33E LTP: 100' FSL, 1,980' FEL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring formation; TVD: apprx. 9800'; TMD: apprx. 20,600'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	None, N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit-B
Spacing Unit Schematic	Exhibits B-1, B-2, B-5, B-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B, B-1, B-2, A-1
Target Formation	Exhibits B-3, B-4, B-7
HSU Cross Section	Exhibit B-7, B-3, B-4

Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1, B-2, B-5, B-6
Structure Contour Map - Subsea Depth	Exhibits B-1
Cross Section Location Map (including wells)	Exhibit B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4
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):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23370

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23370

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation, Mescalero Escarpe; Bone Spring [45793], underlying a standard 323.35-acre, more or less, horizontal spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico.



4. Under Case No. 23370, Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 3H Well** and the **Skylark 34-3 Fed Com 2BS 7H Well**, as initial wells.

5. The **Skylark 34-3 Fed Com 1BS 3H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SWSE (Unit O) of Section 27 to a bottom hole location in the SWSE (Unit O) of Section 3; approximate TVD of 8,855'; approximate TMD of 19,500'; FTP in Section 34: 100' FNL, 1,980' FEL; LTP in Section 3: 100' FSL, 1,980' FEL.

6. The **Skylark 34-3 Fed Com 2BS 7H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SWSE (Unit O) of Section 27 to a bottom hole location in the SWSE (Unit O) of Section 3; approximate TVD of 9,800'; approximate TMD of 20,600'; FTP in Section 34: 100' FNL, 1,980' FEL; L TP in Section 3: 100' FSL, 1,980' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owner.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for

parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico.

Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

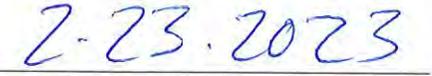
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23370 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM IBS			⁶ Well Number 3H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,801.4'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	27	18 S	33 E		230	SOUTH	1,365	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	19 S	33 E		50	SOUTH	1,980	EAST	LEA

¹² Dedicated Acres 323.35	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>SURFACE HOLE LOCATION 230' FSL & 1,365' FEL NEW MEXICO EAST - NAD 83 NORTH: 623,434.94' EAST: 752,505.66' LAT: 32.71198414 LONG: -103.64676822</p> <p>FIRST TAKE POINT 100' FNL & 1980' FEL NEW MEXICO EAST - NAD 83 NORTH: 623,104.97' EAST: 751,890.66' LAT: 32.71106546 LONG: -103.64872555</p> <p>LAST TAKE POINT 100' FSL & 1980' FEL NEW MEXICO EAST - NAD 83 NORTH: 612,640.20' EAST: 751,963.54' LAT: 32.68255711 LONG: -103.64882405</p> <p>BOTTOM OF HOLE 50' FSL & 1980' FEL NEW MEXICO EAST - NAD 83 NORTH: 612,590.20' EAST: 751,963.90' LAT: 32.68221365 LONG: -103.64884398</p>	<p>SURFACE HOLE LOCATION 230' FSL & 1,365' FEL NEW MEXICO EAST - NAD 27 NORTH: 623,371.17' EAST: 711,326.41' LAT: 32.71186210 LONG: -103.64626942</p> <p>FIRST TAKE POINT 100' FNL & 1980' FEL NEW MEXICO EAST - NAD 27 NORTH: 623,041.17' EAST: 710,711.41' LAT: 32.71094346 LONG: -103.64822677</p> <p>LAST TAKE POINT 100' FSL & 1980' FEL NEW MEXICO EAST - NAD 27 NORTH: 612,576.40' EAST: 710,784.29' LAT: 32.68243511 LONG: -103.64832527</p> <p>BOTTOM OF HOLE 50' FSL & 1980' FEL NEW MEXICO EAST - NAD 27 NORTH: 612,526.40' EAST: 710,784.65' LAT: 32.68209165 LONG: -103.64834520</p>
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**CORNER COORDINATES TABLE
NAD 83 NMSP EAST**

A	N. = 623,158.99'	E. = 748,606.45'
B	N. = 623,185.30'	E. = 751,244.93'
C	N. = 623,212.60'	E. = 753,882.26'
D	N. = 620,571.98'	E. = 753,902.64'
E	N. = 617,932.27'	E. = 753,924.23'
F	N. = 617,905.63'	E. = 751,284.51'
G	N. = 617,877.58'	E. = 748,644.85'
H	N. = 620,518.29'	E. = 748,625.65'
I	N. = 615,171.04'	E. = 753,941.05'
J	N. = 612,531.12'	E. = 753,965.58'
K	N. = 612,521.06'	E. = 751,326.47'
L	N. = 612,511.46'	E. = 748,685.26'
M	N. = 615,149.57'	E. = 748,665.23'

¹⁷ OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____

**EXHIBIT
A-1**

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM 2BS			⁶ Well Number 7H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,801.4'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	27	18 S	33 E		230	SOUTH	1,335	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	19 S	33 E		50	SOUTH	1,980	EAST	LEA

¹² Dedicated Acres 323.35	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE HOLE LOCATION
230' FSL & 1,335' FEL
NEW MEXICO EAST - NAD 83
NORTH: 623,434.92'
EAST: 752,535.25'
LAT: 32.71198414
LONG: -103.64658254

FIRST TAKE POINT
100' FNL & 1980' FEL
NEW MEXICO EAST - NAD 83
NORTH: 623,104.97'
EAST: 751,890.66'
LAT: 32.71106546
LONG: -103.64872555

LAST TAKE POINT
100' FSL & 1980' FEL
NEW MEXICO EAST - NAD 83
NORTH: 612,640.20'
EAST: 751,963.54'
LAT: 32.68255711
LONG: -103.64882405

BOTTOM OF HOLE
50' FSL & 1980' FEL
NEW MEXICO EAST - NAD 83
NORTH: 612,590.20'
EAST: 751,963.90'
LAT: 32.68221365
LONG: -103.64884398

SURFACE HOLE LOCATION
230' FSL & 1,335' FEL
NEW MEXICO EAST - NAD 27
NORTH: 623,371.15'
EAST: 711,356.24'
LAT: 32.71186210
LONG: -103.64618601

FIRST TAKE POINT
100' FNL & 1980' FEL
NEW MEXICO EAST - NAD 27
NORTH: 623,041.17'
EAST: 710,711.41'
LAT: 32.71094346
LONG: -103.64822677

LAST TAKE POINT
100' FSL & 1980' FEL
NEW MEXICO EAST - NAD 27
NORTH: 612,576.40'
EAST: 710,784.29'
LAT: 32.68243511
LONG: -103.64832527

BOTTOM OF HOLE
50' FSL & 1980' FEL
NEW MEXICO EAST - NAD 27
NORTH: 612,526.40'
EAST: 710,784.65'
LAT: 32.68209165
LONG: -103.64834520

CORNER COORDINATES TABLE
NAD 83 NMSP EAST

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B	N. = 623,185.30'	E. = 751,244.93'
C	N. = 623,212.60'	E. = 753,882.26'
D	N. = 620,571.98'	E. = 753,902.64'
E	N. = 617,932.27'	E. = 753,924.23'
F	N. = 617,905.63'	E. = 751,284.51'
G	N. = 617,877.58'	E. = 748,644.85'
H	N. = 620,518.29'	E. = 748,625.65'
I	N. = 615,171.04'	E. = 753,941.05'
J	N. = 612,531.12'	E. = 753,965.58'
K	N. = 612,521.06'	E. = 751,326.47'
L	N. = 612,511.46'	E. = 748,685.26'
M	N. = 615,149.57'	E. = 748,665.23'

¹⁷ OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

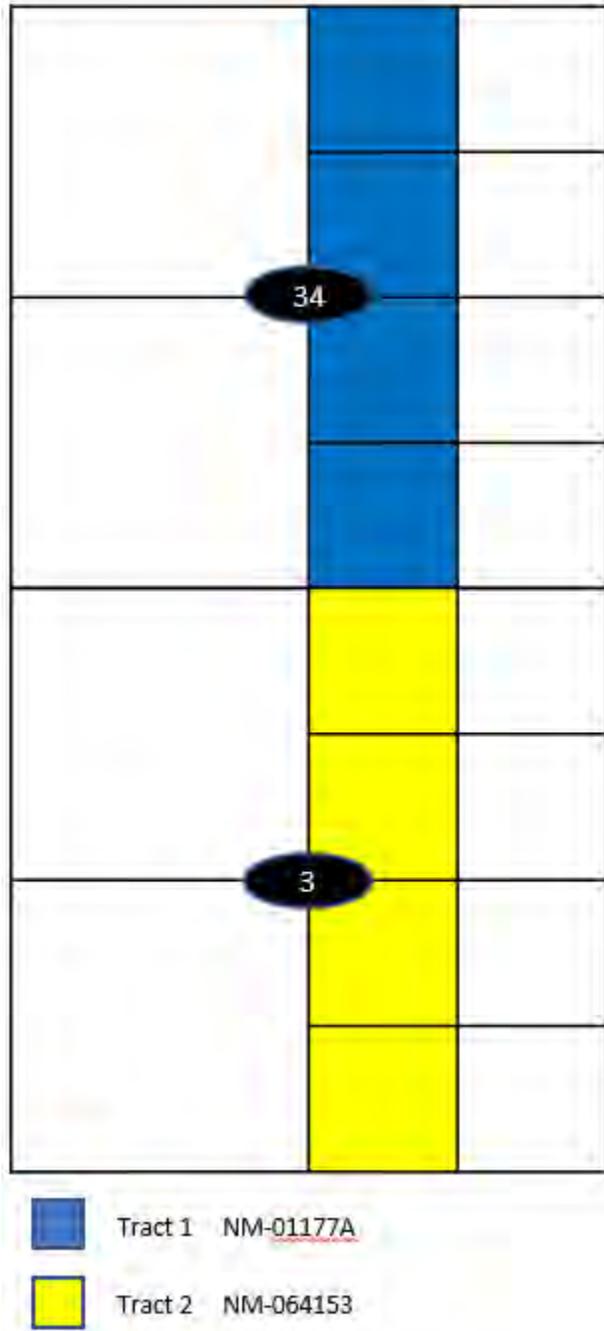
Signature and Seal of Professional Surveyor: _____

Certificate Number _____

SKYLARK 34-3 FED COM 1BS 3H

SKYLARK 34-3 FED COM 2BS 7H

W2E2 of Section 34, Township 18 South, Range 33 East
Lot 2, SWNE, W2SE of Section 3, Township 19 South, Range 33 East
Lea County, New Mexico



**EXHIBIT
A-2**

TRACT 1 OWNERSHIP (NM-01177A)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-064153)

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian, LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

WI Parties To Force Pool

ConocoPhillips Company



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

December 1, 2022

VIA FED-X

ConocoPhillips Company
600 W. Illinois Avenue
Midland, TX 79701

**Re: Skylark 34-3 Fed Com 1BS 2H,
Skylark 34-3 Fed Com 1BS 3H
Skylark 34-3 Fed Com 1BS 4H
Skylark 34-3 Fed Com 2BS 6H
Skylark 34-3 Fed Com 2BS 7H
Skylark 34-3 Fed Com 2BS 8H**

**E2W2, W2E2, E2E2 of Section 34, T18S-R33E
Lot 1-3, SENW, E2SW, S2NE, SE of Section 3, T19S-R33E
Lea County, New Mexico**

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed are Authorities for Expenditure ("AFE") reflecting estimated costs to drill, test, complete, and equip the wells.

In connection with the above:

- **Skylark 34-3 Fed Com 1BS 2H:** to be drilled from a proposed surface hole location of 565' FSL & 1630' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 6H:** to be drilled from a proposed surface hole location of 565' FSL & 1690' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FWL of Section 3-19S-33E with an expected measured depth of 20,600'.
- **Skylark 34-3 Fed Com 1BS 3H:** to be drilled from a proposed surface hole location of 230' FSL & 1365' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 7H:** to be drilled from a proposed surface hole location of 230' FSL & 1335' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 1980' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

**EXHIBIT
A-3**

- **Skylark 34-3 Fed Com 1BS 4H:** to be drilled from a proposed surface hole location of 230' FSL & 1275' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 8H:** to be drilled from a proposed surface hole location of 230' FSL & 1305' FEL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FEL of Section 3-19S-33E with an expected measured depth of 20,600'.

For the 2H and 6H, Earthstone hereby proposes the creation of a 323.09 acre working interest unit consisting of the E2W2 of Section 34, T18S-R33E and Lot 3, SENW, E2SW of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 3H and 7H, Earthstone hereby proposes the creation of a 323.35 acre working interest unit consisting of the W2E2 of Section 34, T18S-R33E and Lot 2, SWNE, W2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

For the 4H and 8H, Earthstone hereby proposes the creation of a 323.63 acre working interest unit consisting of the E2E2 of Section 34, T18S-R33E and Lot 1, SENE, E2SE of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement.

All three Operating Agreements will have the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign and return one copy of each AFE, along with executed copies of the Operating Agreement.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstoneenergy.com

ConocoPhillips Company hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 2H**.

_____ Non-consent/farmout/assign its interest in **Skylark 34-3 Fed Com 1BS 2H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 3H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 3H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 4H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 1BS 4H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 6H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 6H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 7H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 7H** subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 8H**.

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 8H** subject to acceptable terms.

ConocoPhillips Company

By: _____

Name: _____

Title: _____

Date: _____

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 1BS 3H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ 175,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
			1452/390	FACILITES	\$ 45,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 680,000
FACILITIES TOTAL		\$ 865,700	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,712,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,400,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 2BS 7H Field Name: Ranger Location: Lea Co., NM AFE #: 22 - XX - XXXX			Project Description: 4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,600 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.		
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 147,800
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 567,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,145,000	COMPLETION TANGIBLE TOTAL		\$ 656,800
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1450/ 20	LOCATION AND ROADS	\$ 13,500
			1450/ 90	FUEL, POWER & WATER	\$ 1,000
			1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
			1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
			1450/195	CONTRACT LABOR	\$ 70,000
			1450/260	SUPERVISION/ENGINEERING	\$ 25,000
			1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 505,000
DRILLING INTANGIBLE + DRILLING TANGIBLE TOTAL		\$ 3,743,000	FACILITIES INTANGIBLE + FACILITIES TANGIBLE TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,743,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,515,048
TOTAL DRILLING COSTS		\$ 3,743,000	TOTAL ESTIMATED WELL COST		\$ 10,258,048
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23370

Company	Contact	Date
ConocoPhillips	Mail	12/1/2022
	Email	12/8/2022
		12/20/2022
		2/20/2023
Phone calls	2/20/2023	

EXHIBIT
A-4

TAB 3

Case No. 23370

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

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

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23370

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the Skylark 34-3 Fed Com 1BS 3H, and the Skylark 34-3 Fed Com 2BS 7H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23368, 23369 and 23371.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

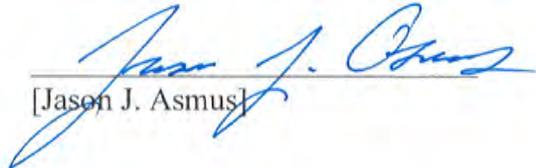
12. The foregoing is correct and complete to the best of my knowledge and belief.

13. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23370 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]

2/28/2023

Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

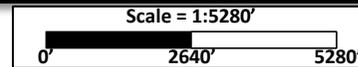
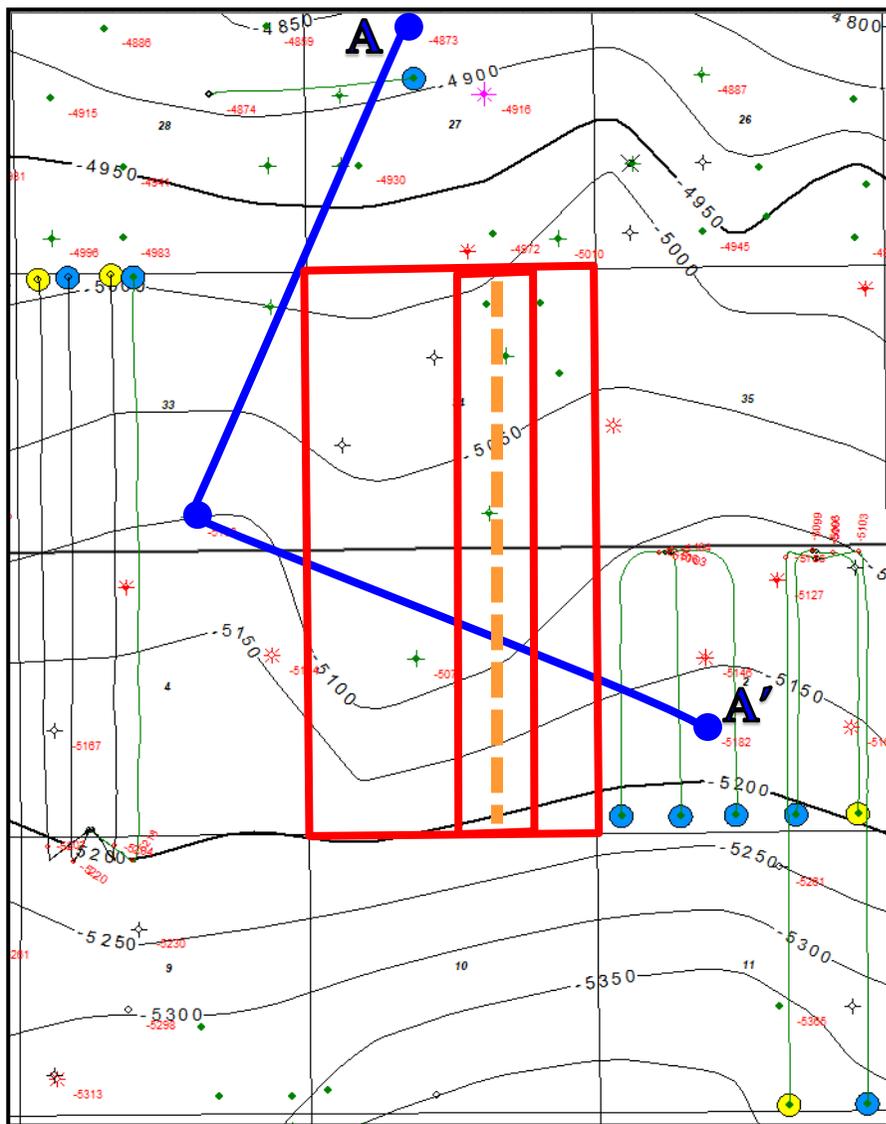
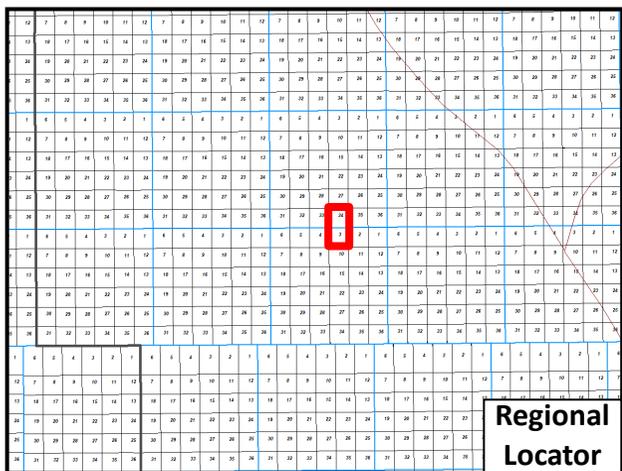
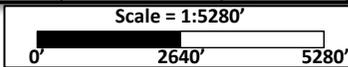
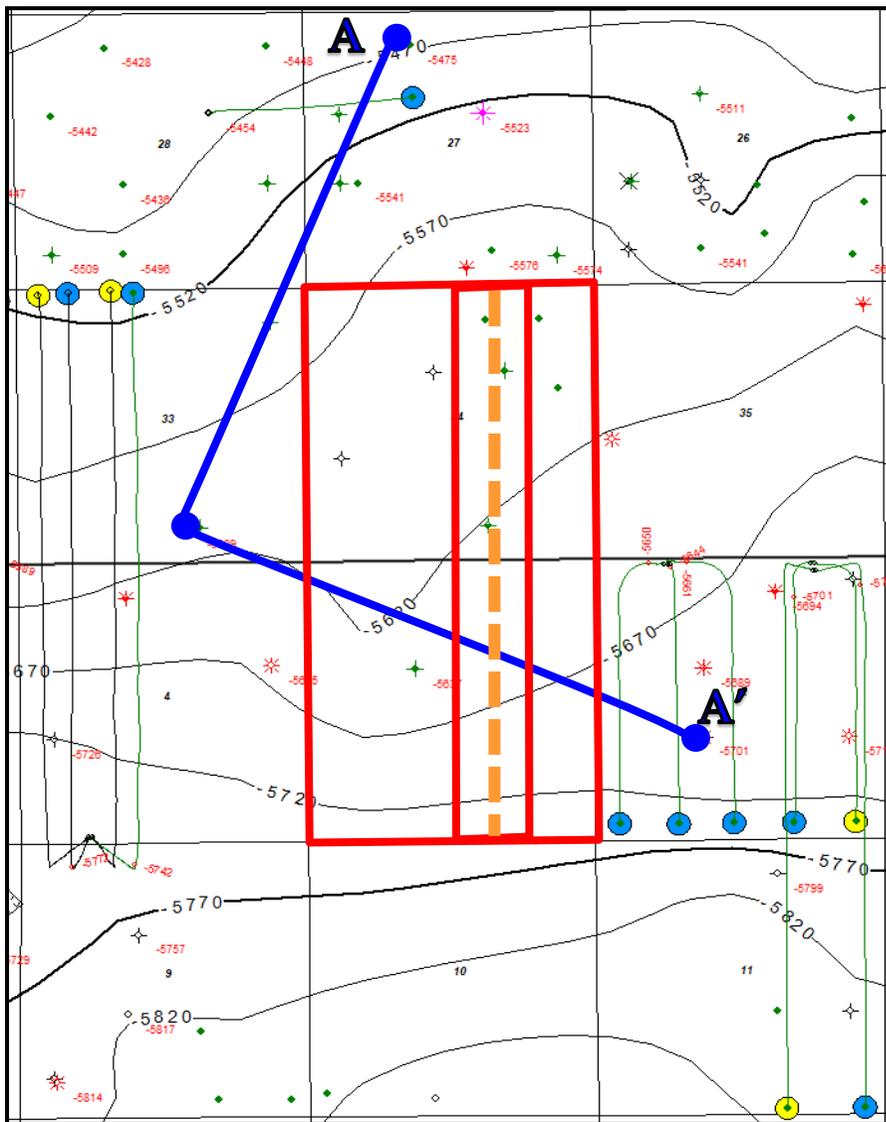
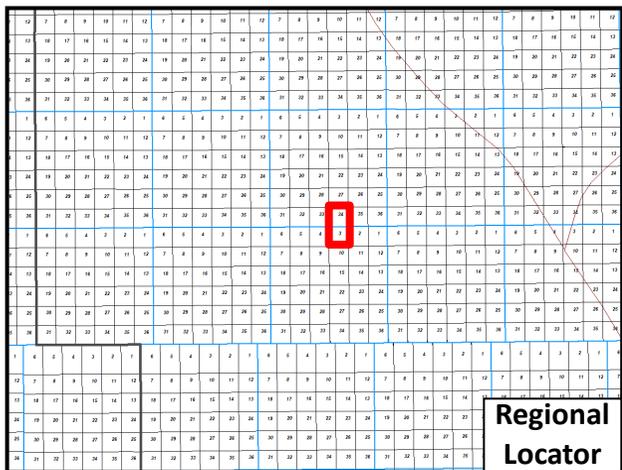


EXHIBIT B-1

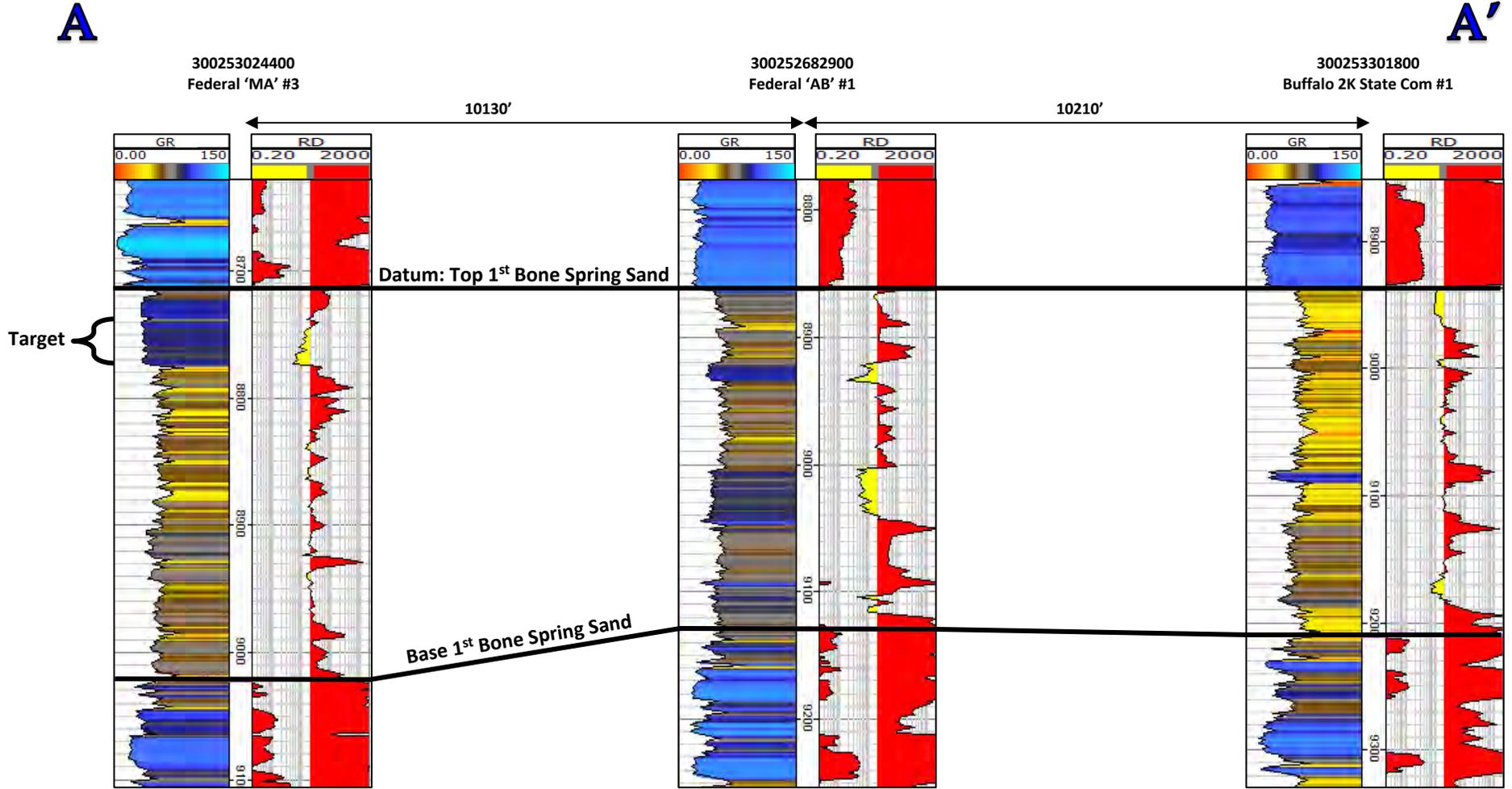
Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



**EXHIBIT
B-2**

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum



**EXHIBIT
B-3**

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

A

A'

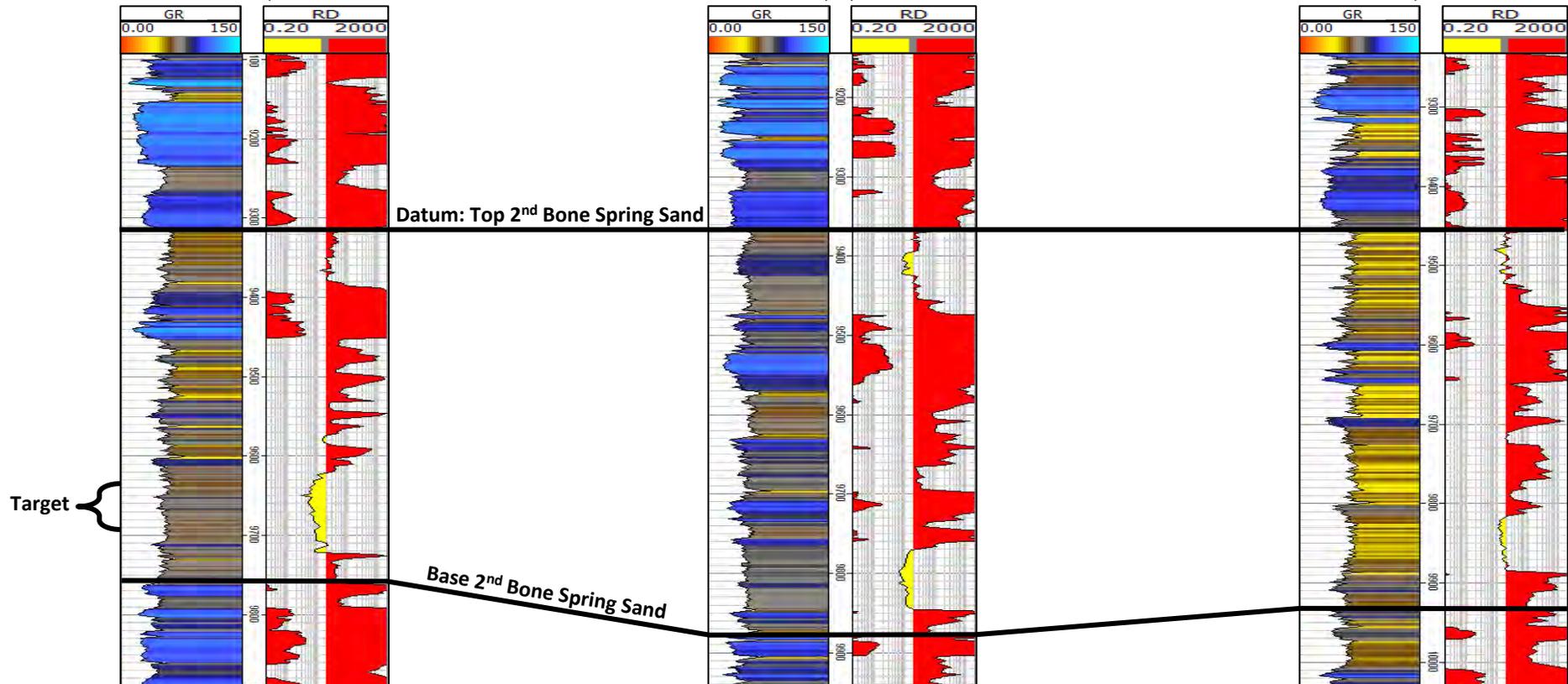
300253024400
Federal 'MA' #3

300252682900
Federal 'AB' #1

300253301800
Buffalo 2K State Com #1

10130'

10210'



**EXHIBIT
B-4**

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

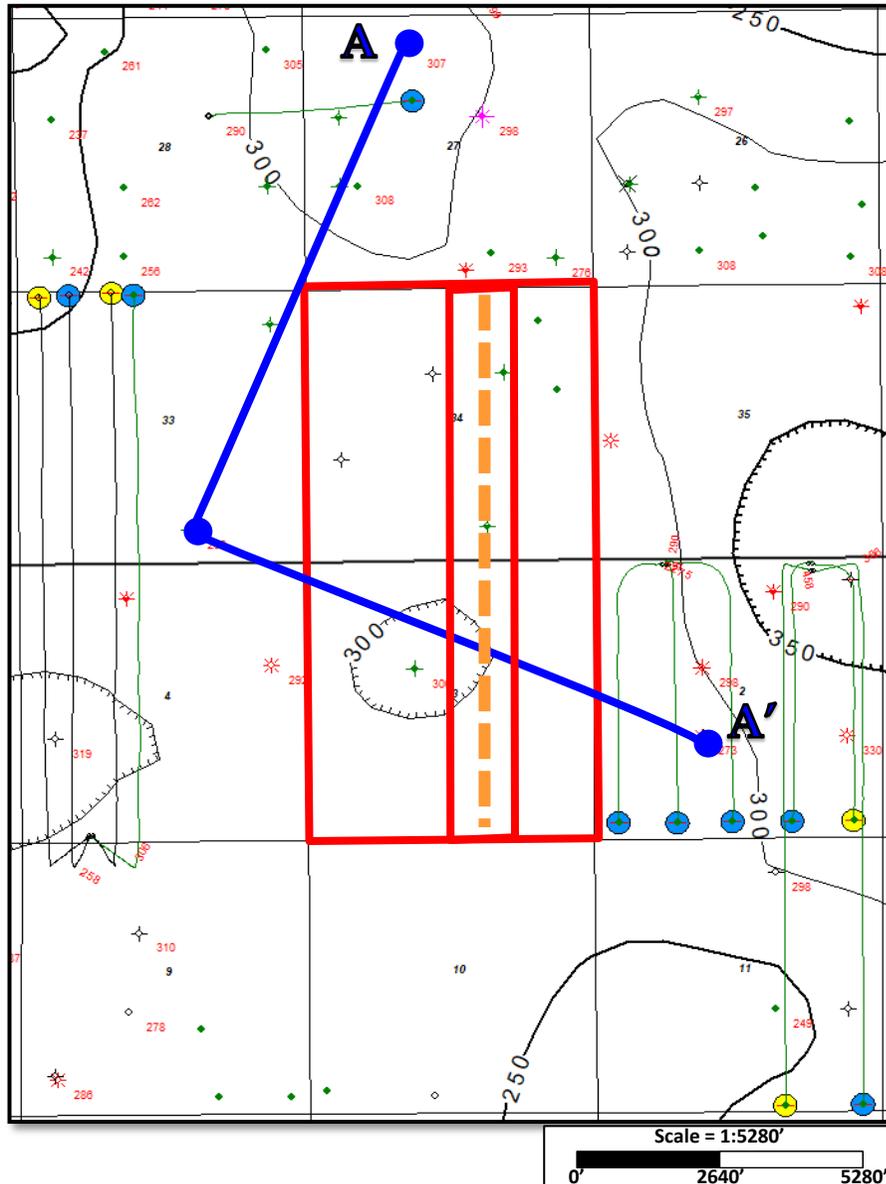
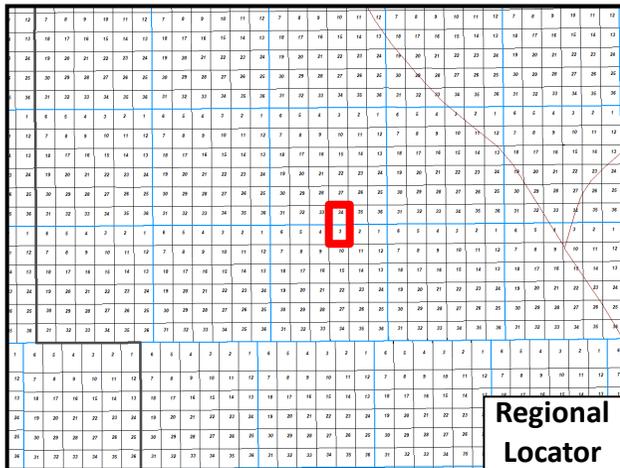


EXHIBIT B-5

Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

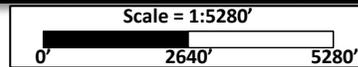
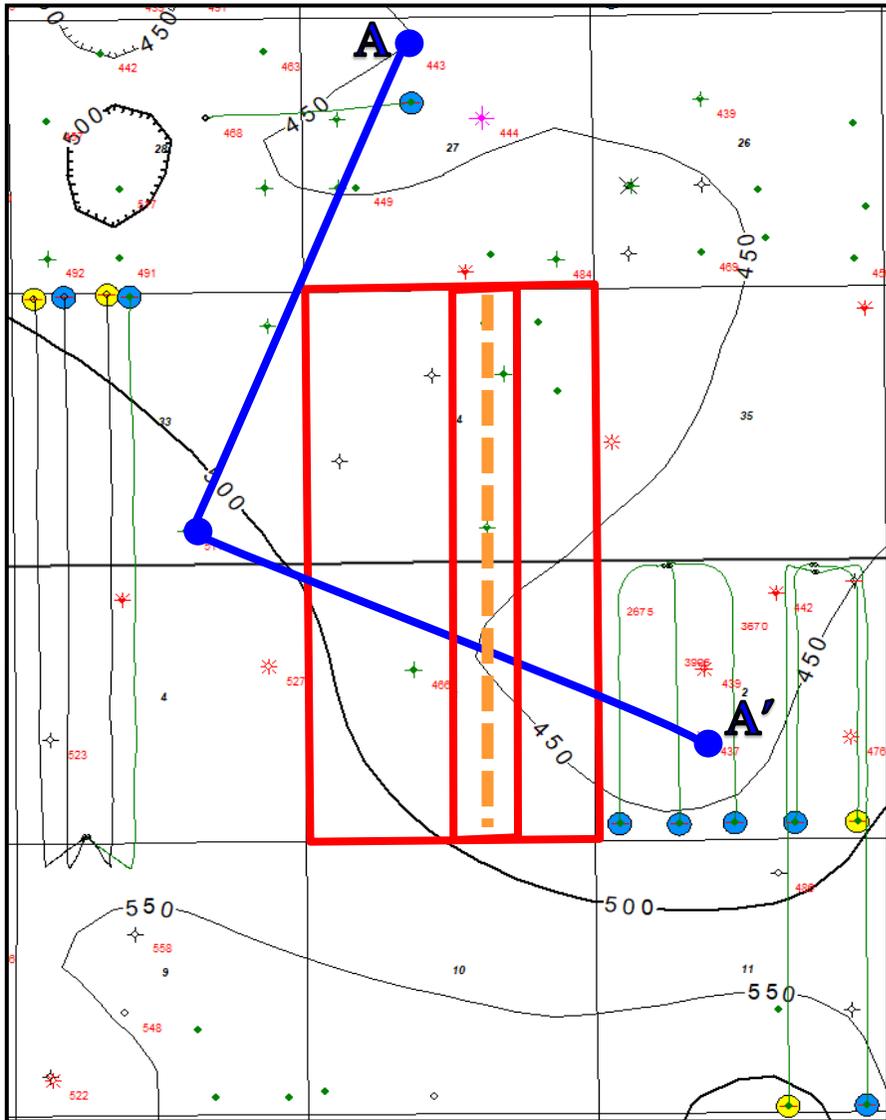
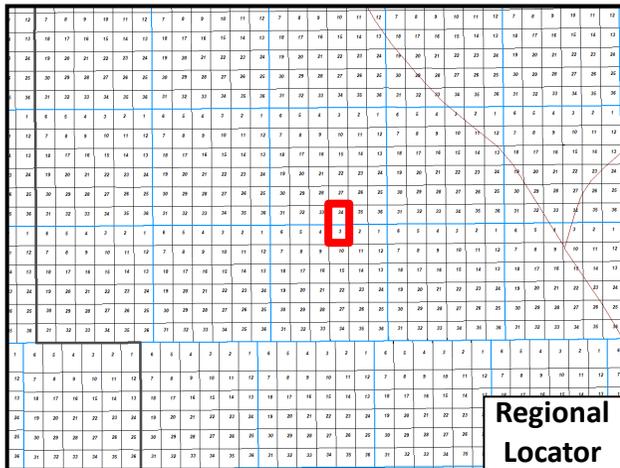


EXHIBIT B-6

Exhibit B-7 Gun Barrel

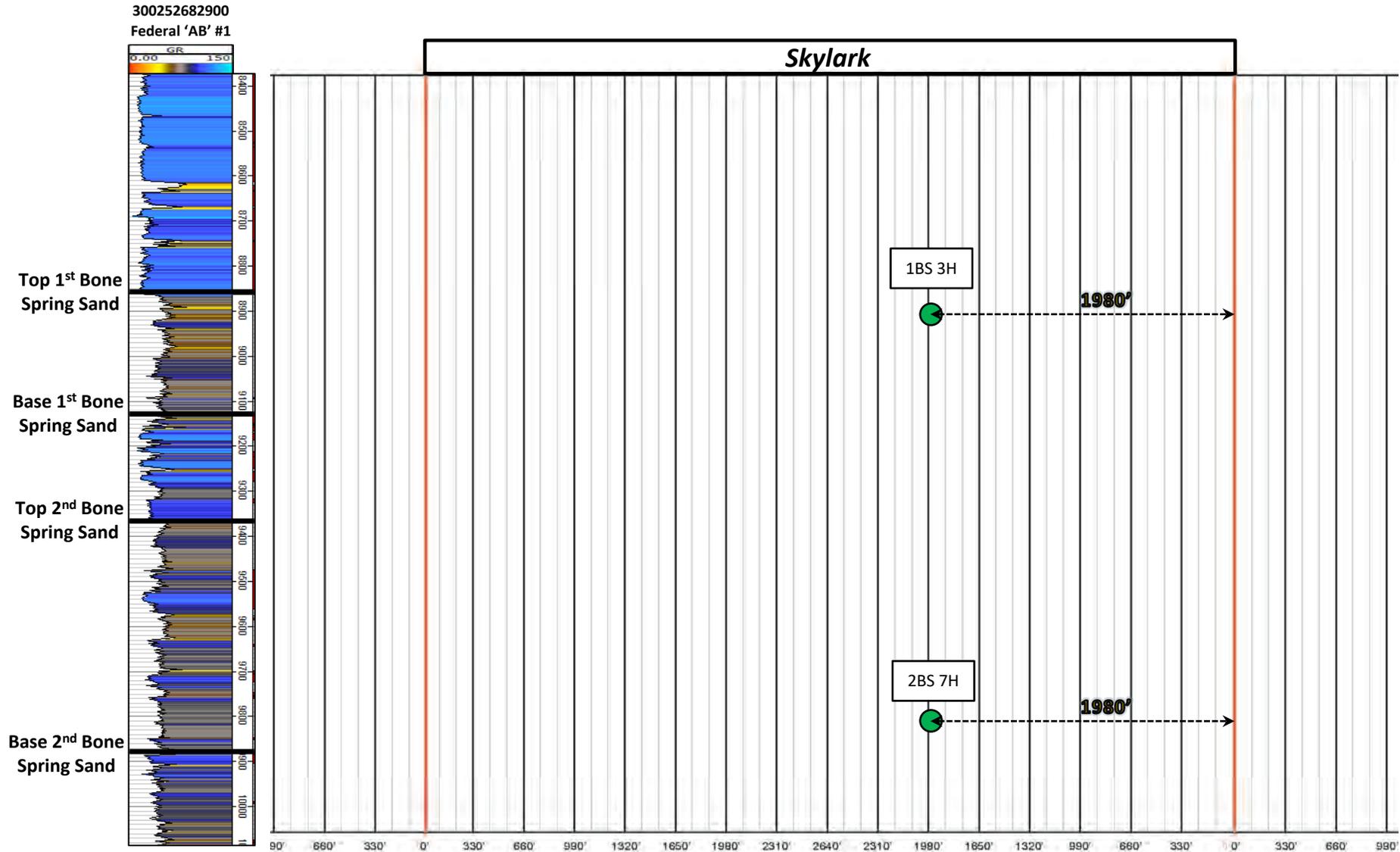


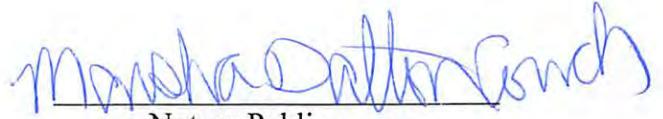
EXHIBIT B-7

TAB 4

Case No. 23370

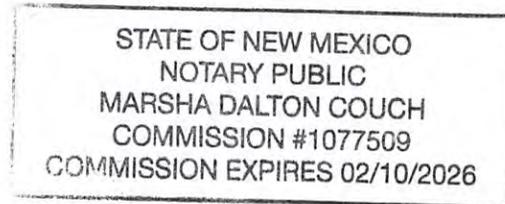
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023, by Darin C. Savage.


Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 9, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Skylark 34-3 Fed Com 1BS 3H Well (Case No. 23370)
Skylark 34-3 Fed Com 2BS 7H Well (Case No. 23370)

Case Nos. 23370:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23370, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23370, Earthstone seeks to pool the Bone Spring formation underlying the W/2 E/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, a standard unit encompassing 323.35 acres, more or less, dedicated to the above-referenced 3H and 7H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:07:59 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Address 1	Address 2	City	State	Zip	User ID	Mailing Status	Service Options
9314869904300104294675	4221.1	2/9/23	CONOCOPHILLIPS COMPANY	600 W ILLINOIS AVE		MIDLAND	TX	79701-4882	21902	Delivered	Return Receipt - Electronic, Certified Mail





February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 75**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: CONOCOPHILLIPS COMPANY

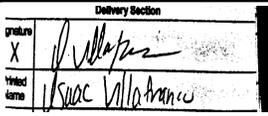
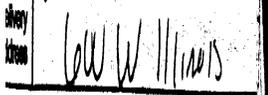
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1

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
February 09, 2023
and ending with the issue dated
February 09, 2023.



Publisher

Sworn and subscribed to before me this
9th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)

STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087528
COMMISSION EXPIRES 01/29/2027

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 February 9, 2023

CASE No. 23370: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearinginfo/> or call (505) 476-3441. Earthstone Operating, LLC, at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 323.36-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 18 South, Range 33 East, and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and the W/2 SE/4 of Section 3, Township 19 South, Range 33 East, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the Skylark 34-3 Fed Com 1BS 3H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E; and the Skylark 34-3 Fed Com 2BS 7H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27-T18S-R33E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3-T19S-R33E. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells; and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico. #00275654

67115820

00275654

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

EXHIBIT
C-3

TAB 1

Reference for Case No. 23371

Application Case No. 23371:

NMOCD Checklist Case No. 23371

Skylark 34-3 Fed Com 1BS 1H Well

Skylark 34-3 Fed Com 2BS 5H Well

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23371

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 322.81-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Section 3 is an irregular section and contains correction lots.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 1H Well** and the **Skylark 34-3 Fed Com 2BS 5H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **Skylark 34-3 Fed Com 1BS 1H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E,

NMPM, Lea County, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E, NMPM, Lea County.

4. Earthstone proposes the **Skylark 34-3 Fed Com 2BS 5H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E, NMPM, Lea County.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 322.81-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4

(NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Skylark 34-3 Fed Com 1BS 1H Well** and the **Skylark 34-3 Fed Com 2BS 5H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com

andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 322.81-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Section 3 is irregular and contains correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Skylark 34-3 Fed Com 1BS 1H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E, NMPM, Lea County; and the **Skylark 34-3 Fed Com 2BS 5H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, NMPM, Lea County, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E, NMPM, Lea County. The wells will be orthodox in location, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.

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

Case: 23371	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Skylark
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibit. A, Paras. 5&6; 1H Well: TVD appr. 8855'; 5H Well: TVD appr. 9800'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	322.81
Building Blocks:	quarter-quarter sections
Orientation:	North to South
Description: TRS/County	W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Exhibit A-2
Well(s)	
Well #1	Skylark 34-3 Fed Com 1BS 1H (API Pending) SHL: Unit N: 565' FSL & 1,630' FWL of Section 27-18S-R33E BHL: Unit M: 50' FSL & 660' FWL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 1BS 1H FTP: 100' FNL, 660' FWL, 34-18S-R33E LTP: 100' FSL, 660' FWL, 3-19S-R33E

Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 8855'; TMD: apprx. 19,500'
Well #2	Skylark 34-3 Fed Com 2BS 5H (API Pending) SHL: Unit N: 565' FSL & 1,660' FWL of Section 27-18S-R33E BHL: Unit M: 50' FSL & 660' FWL of Section 3-19S-33E Completion Target: Bone Spring Well Orientation: North to South Standup, Standard location
Horizontal Well First and Last Take Points	Skylark 34-3 Fed Com 2BS 5H FTP: 100' FNL, 660' FWL, 34-18S-R33E LTP: 100' FSL, 660' FWL, 3-19S-R33E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 9800'; TMD: apprx. 20,600'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	200%, Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	None, N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit-B
Spacing Unit Schematic	Exhibits B-1, B-2, B-5, B-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B, B-1, B-2, A-1
Target Formation	Exhibits B-3, B-4, B-7

HSU Cross Section	Exhibit B-7, B-3, B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1, B-2, B-5, B-6
Structure Contour Map - Subsea Depth	Exhibits B-1
Cross Section Location Map (including wells)	Exhibit B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23371

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23371

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This affidavit is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation, Mescalero Escarpe; Bone Spring [45793], underlying a standard 322.81-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico.



4. Under Case No. 23371, Earthstone proposes and dedicates to the HSU the **Skylark 34-3 Fed Com 1BS 1H Well** and the **Skylark 34-3 Fed Com 2BS 5H Well**, as initial wells.

5. The **Skylark 34-3 Fed Com 1BS 1H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SESW (Unit N) of Section 27 to a bottom hole location in the SWSW (Unit O) of Section 3; approximate TVD of 8,855'; approximate TMD of 19,500'; FTP in Section 34: 100' FNL, 660' FWL; LTP in Section 3: 100' FSL, 660' FWL.

6. The **Skylark 34-3 Fed Com 2BS 5H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in the SESW (Unit N) of Section 27 to a bottom hole location in the SWSW (Unit O) of Section 3; approximate TVD of 9,800'; approximate TMD of 20,600'; FTP in Section 34: 100' FNL, 660' FWL; LTP in Section 3: 100' FSL, 660' FWL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owner.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for

parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico.

Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

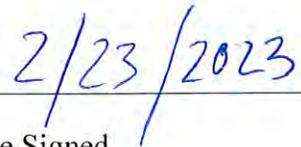
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23371 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM 1BS			⁶ Well Number 1H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,782.2'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18 S	33 E		565	SOUTH	1,630	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	19 S	33 E		50	SOUTH	660	WEST	LEA

¹² Dedicated Acres 322.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

The diagram shows a grid of sections. Section 27 (top) contains the surface hole location (SHL/KOP) at 1630' from the west line and 565' from the south line. Section 34 (middle) contains the bottom hole location (BHL) at 660' from the west line and 50' from the south line. Section 3 (bottom) contains the first and last take points. The well path is shown as a red line starting from the surface hole, going south to the bottom hole, and then east to the take points. Corner coordinates are provided for the grid.

SURFACE HOLE LOCATION

565' FSL & 1,630' FWL NEW MEXICO EAST - NAD 83 NORTH: 623,739.32' EAST: 750,232.01' LAT: 32.71273675 LONG: -103.65482816	565' FSL & 1,630' FWL NEW MEXICO EAST - NAD 27 NORTH: 623,675.50' EAST: 709,052.82' LAT: 32.71261478 LONG: -103.65416927
---	---

FIRST TAKE POINT

100' FNL & 660' FWL NEW MEXICO EAST - NAD 83 NORTH: 623,065.57' EAST: 749,267.15' LAT: 32.71102599 LONG: -103.65730431	100' FNL & 660' FWL NEW MEXICO EAST - NAD 27 NORTH: 623,001.79' EAST: 708,087.91' LAT: 32.71090406 LONG: -103.65680539
---	---

LAST TAKE POINT

100' FSL & 660' FWL NEW MEXICO EAST - NAD 83 NORTH: 612,613.85' EAST: 749,344.50' LAT: 32.68229801 LONG: -103.65726943	100' FSL & 660' FWL NEW MEXICO EAST - NAD 27 NORTH: 612,550.36' EAST: 708,164.97' LAT: 32.68217598 LONG: -103.65677162
---	---

BOTTOM OF HOLE

50' FSL & 660' FWL NEW MEXICO EAST - NAD 83 NORTH: 612,563.85' EAST: 749,344.88' LAT: 32.68216058 LONG: -103.65726923	50' FSL & 660' FWL NEW MEXICO EAST - NAD 27 NORTH: 612,500.36' EAST: 708,165.35' LAT: 32.68203855 LONG: -103.65677143
--	--

17 OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 SURVEYOR CERTIFICATION

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

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____

**EXHIBIT
A-1**

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 45793		³ Pool Name MESCALERO ESCARPE, BONE SPRING	
⁴ Property Code		⁵ Property Name SKYLARK 34-3 FED COM 2BS			⁶ Well Number 5H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,782.2'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18 S	33 E		565	SOUTH	1,660	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	19 S	33 E		50	SOUTH	660	WEST	LEA

¹² Dedicated Acres 322.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE HOLE LOCATION
565' FSL & 1,660' FWL
NEW MEXICO EAST - NAD 83
NORTH: 623,739.32'
EAST: 750,262.21'
LAT: 32.71273681
LONG: -103.65474524

FIRST TAKE POINT
100' FNL & 660' FWL
NEW MEXICO EAST - NAD 83
NORTH: 623,065.57'
EAST: 749,267.15'
LAT: 32.71102599
LONG: -103.65730431

LAST TAKE POINT
100' FSL & 660' FWL
NEW MEXICO EAST - NAD 83
NORTH: 612,613.85'
EAST: 749,344.50'
LAT: 32.68229801
LONG: -103.65726943

BOTTOM OF HOLE
50' FSL & 660' FWL
NEW MEXICO EAST - NAD 83
NORTH: 612,563.85'
EAST: 749,344.88'
LAT: 32.68216058
LONG: -103.65726923

SURFACE HOLE LOCATION
565' FSL & 1,660' FWL
NEW MEXICO EAST - NAD 27
NORTH: 623,675.64'
EAST: 709,082.84'
LAT: 32.71261479
LONG: -103.65408764

FIRST TAKE POINT
100' FNL & 660' FWL
NEW MEXICO EAST - NAD 27
NORTH: 623,001.79'
EAST: 708,087.91'
LAT: 32.71090406
LONG: -103.65680539

LAST TAKE POINT
100' FSL & 660' FWL
NEW MEXICO EAST - NAD 27
NORTH: 612,550.36'
EAST: 708,164.97'
LAT: 32.68217598
LONG: -103.65677162

BOTTOM OF HOLE
50' FSL & 660' FWL
NEW MEXICO EAST - NAD 27
NORTH: 612,500.36'
EAST: 708,165.35'
LAT: 32.68203855
LONG: -103.65677143

CORNER COORDINATES TABLE
NAD 83 NMSP EAST

A	N. = 623,158.99'	E. = 748,606.45'
B	N. = 623,185.30'	E. = 751,244.93'
C	N. = 623,212.60'	E. = 753,882.26'
D	N. = 620,571.98'	E. = 753,902.64'
E	N. = 617,932.27'	E. = 753,924.23'
F	N. = 617,905.63'	E. = 751,284.51'
G	N. = 617,877.58'	E. = 748,644.85'
H	N. = 620,518.29'	E. = 748,625.65'
I	N. = 615,171.04'	E. = 753,941.05'
J	N. = 612,531.12'	E. = 753,965.58'
K	N. = 612,521.06'	E. = 751,326.47'
L	N. = 612,511.46'	E. = 748,685.26'
M	N. = 615,149.57'	E. = 748,665.23'

¹⁷ OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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

Date of Survey _____

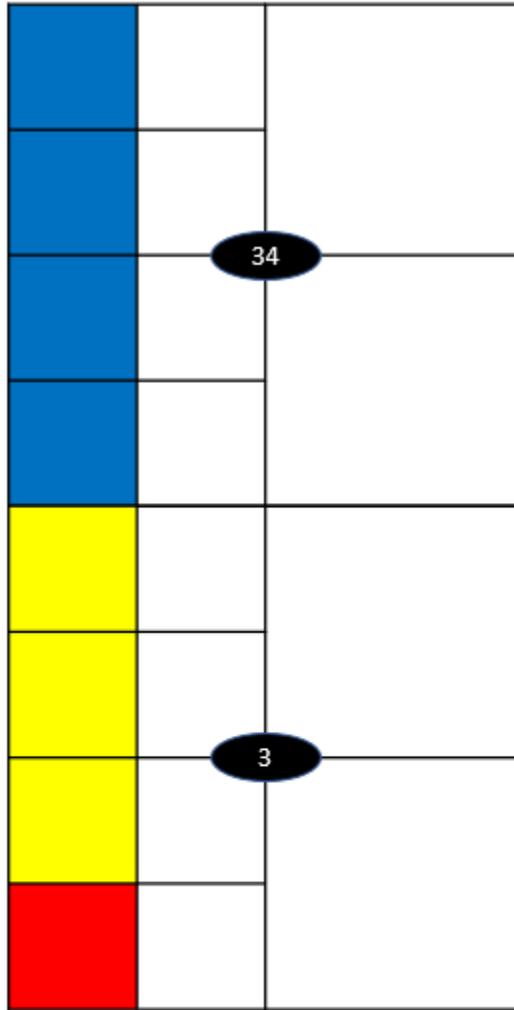
Signature and Seal of Professional Surveyor: _____

Certificate Number _____

SKYLARK 34-3 FED COM 1BS 1H

SKYLARK 34-3 FED COM 2BS 5H

W2W2 of Section 34, Township 18 South, Range 33 East
Lot 4, SWNW, W2SW of Section 3, Township 19 South, Range 33 East
Lea County, New Mexico



- Tract 1 NM-01177A
- Tract 2 NM-064153
- Tract 3 NM-064153

**EXHIBIT
A-2**

TRACT 1 OWNERSHIP (NM-01177A)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-064153)

Earthstone Permian LLC	75.000000%
SITL Energy, LLC	8.333333%
Osprey Oil and Gas II, LLC	8.333333%
REB Resources, LLC	<u>8.333334%</u>
	100.000000%

TRACT 3 OWNERSHIP (NM-064153)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	59.511011%
ConocoPhillips Company	30.977975%
SITL Energy, LLC	3.170338%
Osprey Oil and Gas II, LLC	3.170338%
REB Resources, LLC	<u>3.170338%</u>
	100.000000%

WI Parties To Force Pool

Osprey Oil and Gas II, LLC



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

December 1, 2022

VIA FED-X

SITL Energy, LLC
308 N. Colorado, Ste 200
Midland, TX 79701

**Re: Skylark 34-3 Fed Com 1BS 1H, Skylark 34-3 Fed Com 2BS 5H
W2W2 of Section 34, T18S-R33E
Lot 4, SWNW, W2SW of Section 3, T19S-R33E
Lea County, New Mexico**

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed are Authorities for Expenditure ("AFE") reflecting estimated costs to drill, test, complete, and equip the wells.

In connection with the above:

- **Skylark 34-3 Fed Com 1BS 1H:** to be drilled from a proposed surface hole location of 565' FSL & 1630' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FWL of Section 3-19S-33E with an expected measured depth of 19,500'.
- **Skylark 34-3 Fed Com 2BS 5H:** to be drilled from a proposed surface hole location of 565' FSL & 1660' FWL of Section 27-18S-33E to a proposed bottom hole location of 50' FSL & 660' FWL of Section 3-19S-33E with an expected measured depth of 20,600'.

Earthstone hereby proposes the creation of a 322.81 acre working interest unit consisting of the W2W2 of Section 34, T18S-R33E and Lot 4, SWNW, W2SW of Section 3, T19S-R33E, to be governed by a modified 1989 AAPL Model Form Operating Agreement with the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

**EXHIBIT
A-3**

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign and return one copy of each AFE, along with an executed copy of the Operating Agreement.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstoneenergy.com

SITL Energy, LLC hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 1BS 1H**.

_____ Non-consent/farmout/assign its interest in **Skylark 34-3 Fed Com 1BS 1H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Skylark 34-3 Fed Com 2BS 5H**

_____ Non-consent/farmout/assign its interest in the **Skylark 34-3 Fed Com 2BS 5H** subject to acceptable terms.

SITL Energy, LLC

By: _____
Name: _____
Title: _____
Date: _____

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 1BS 1H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 80,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,598,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1450/ 20	LOCATION AND ROADS	\$ 13,500
			1450/ 90	FUEL, POWER & WATER	\$ 1,000
			1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
			1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
			1450/195	CONTRACT LABOR	\$ 70,000
			1450/260	SUPERVISION/ENGINEERING	\$ 25,000
			1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 680,000
DRILLING TANGIBLE TOTAL		\$ 1,114,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,712,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,400,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: Skylark 34-3 Fed Com 2BS 5H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,600 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
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DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
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1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
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1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
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1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
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1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
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DRILLING TANGIBLE			COMPLETION TANGIBLE		
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1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 147,800
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 567,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,145,000	COMPLETION TANGIBLE TOTAL		\$ 656,800
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1450/ 20	LOCATION AND ROADS	\$ 13,500
			1450/ 90	FUEL, POWER & WATER	\$ 1,000
			1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
			1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
			1450/195	CONTRACT LABOR	\$ 70,000
			1450/260	SUPERVISION/ENGINEERING	\$ 25,000
			1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	FACILITIES TANGIBLE TOTAL		\$ 505,000
DRILLING TANGIBLE TOTAL		\$ 1,145,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,743,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,515,048
			TOTAL ESTIMATED WELL COST		\$ 10,258,048
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23371

Company	Contact	Date
Osprey Oil and Gas II, LLC	Mail	12/1/2022
		2/9/2023
	Email	2/8/2023
		2/9/2023
	Phone calls	2/23/2023

EXHIBIT
A-4

TAB 3

Case No. 23371

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

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

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23371

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the Skylark 34-3 Fed Com 1BS 1H, and the Skylark 34-3 Fed Com 2BS 5H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23368, 23369 and 23370.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

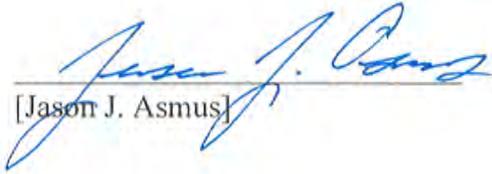
12. The foregoing is correct and complete to the best of my knowledge and belief.

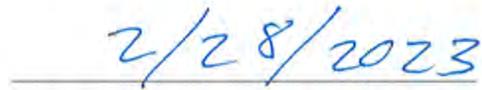
13. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23371 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]



Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

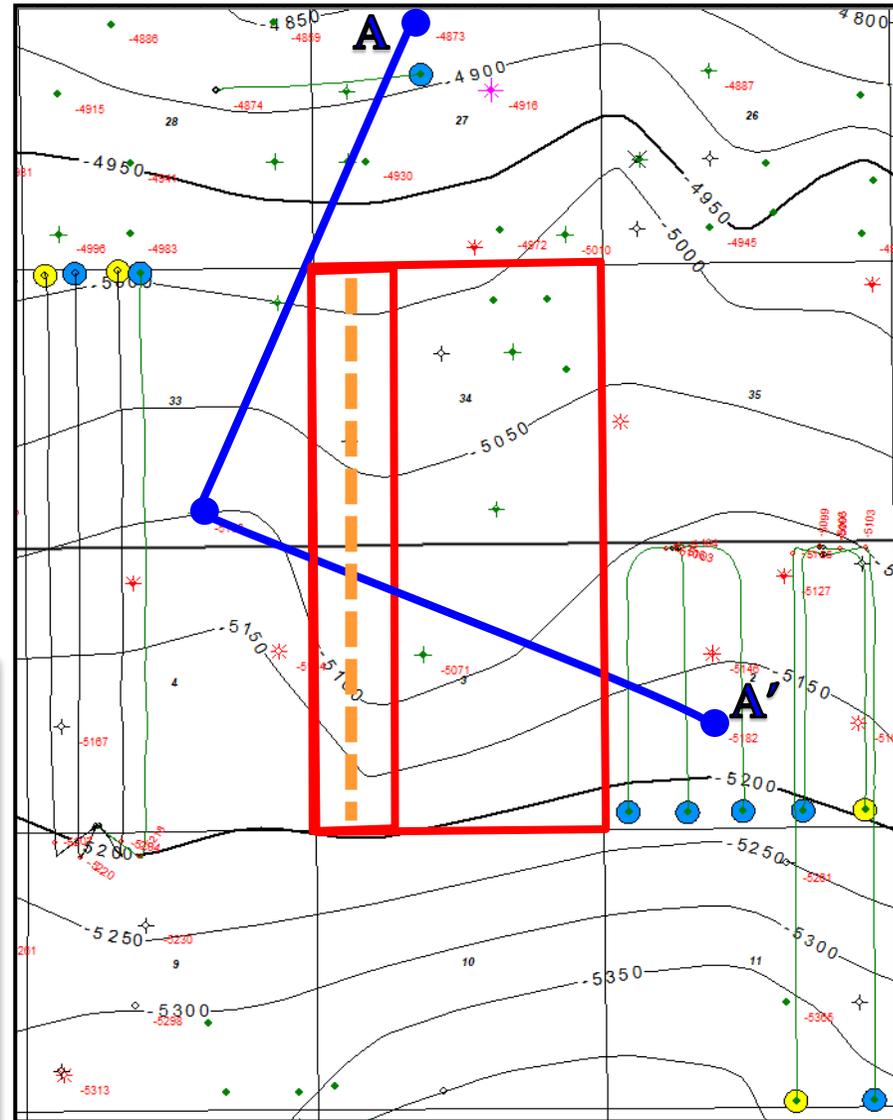
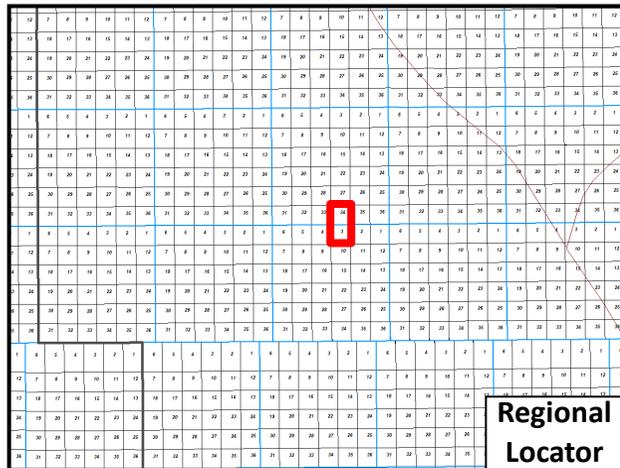


EXHIBIT B-1

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

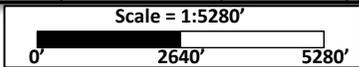
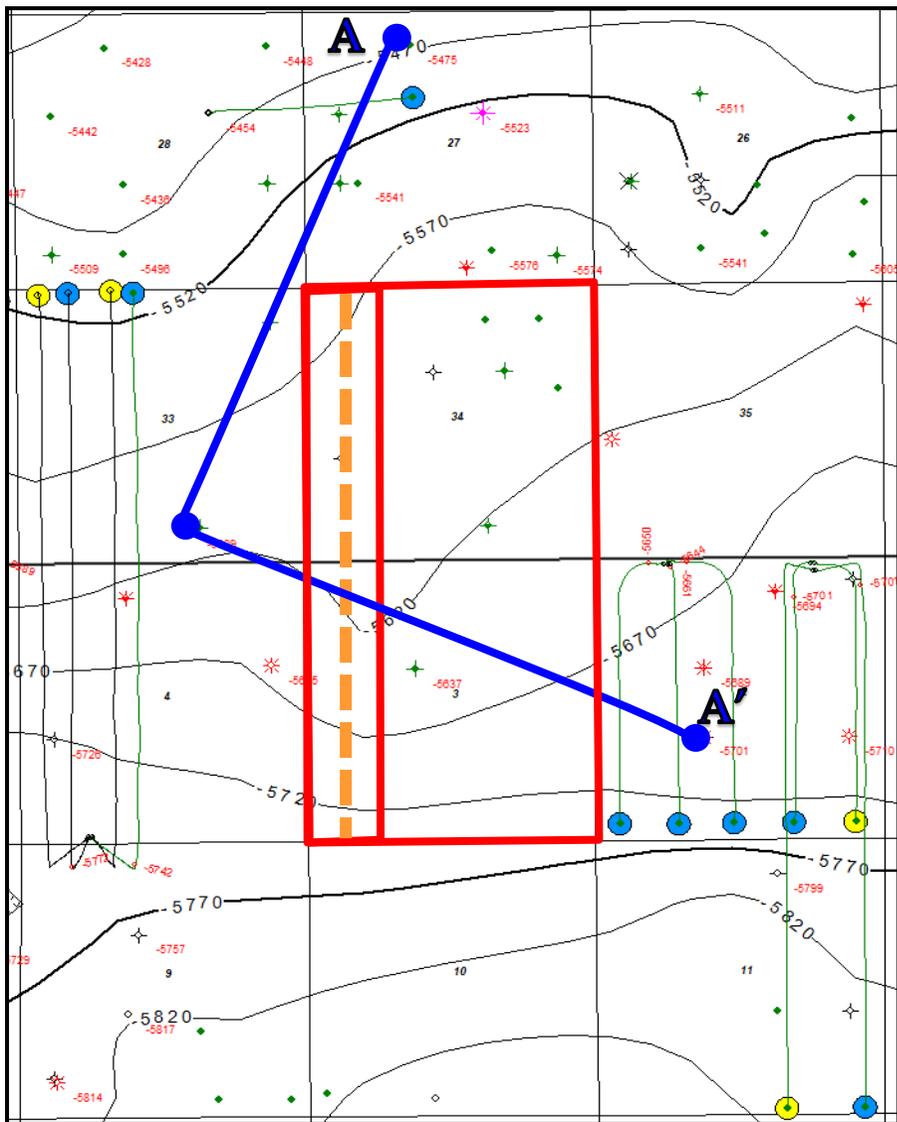
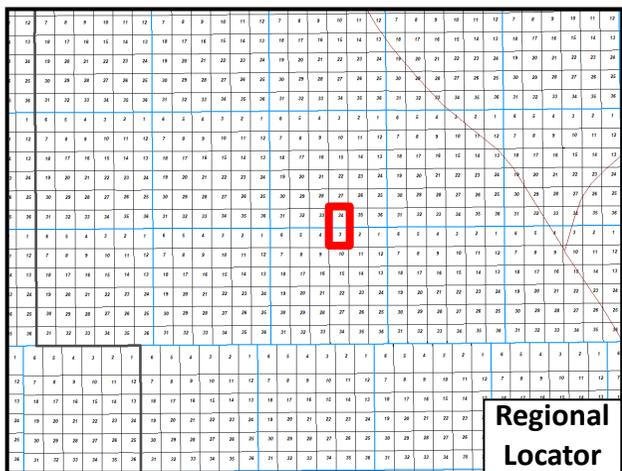


EXHIBIT B-2

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

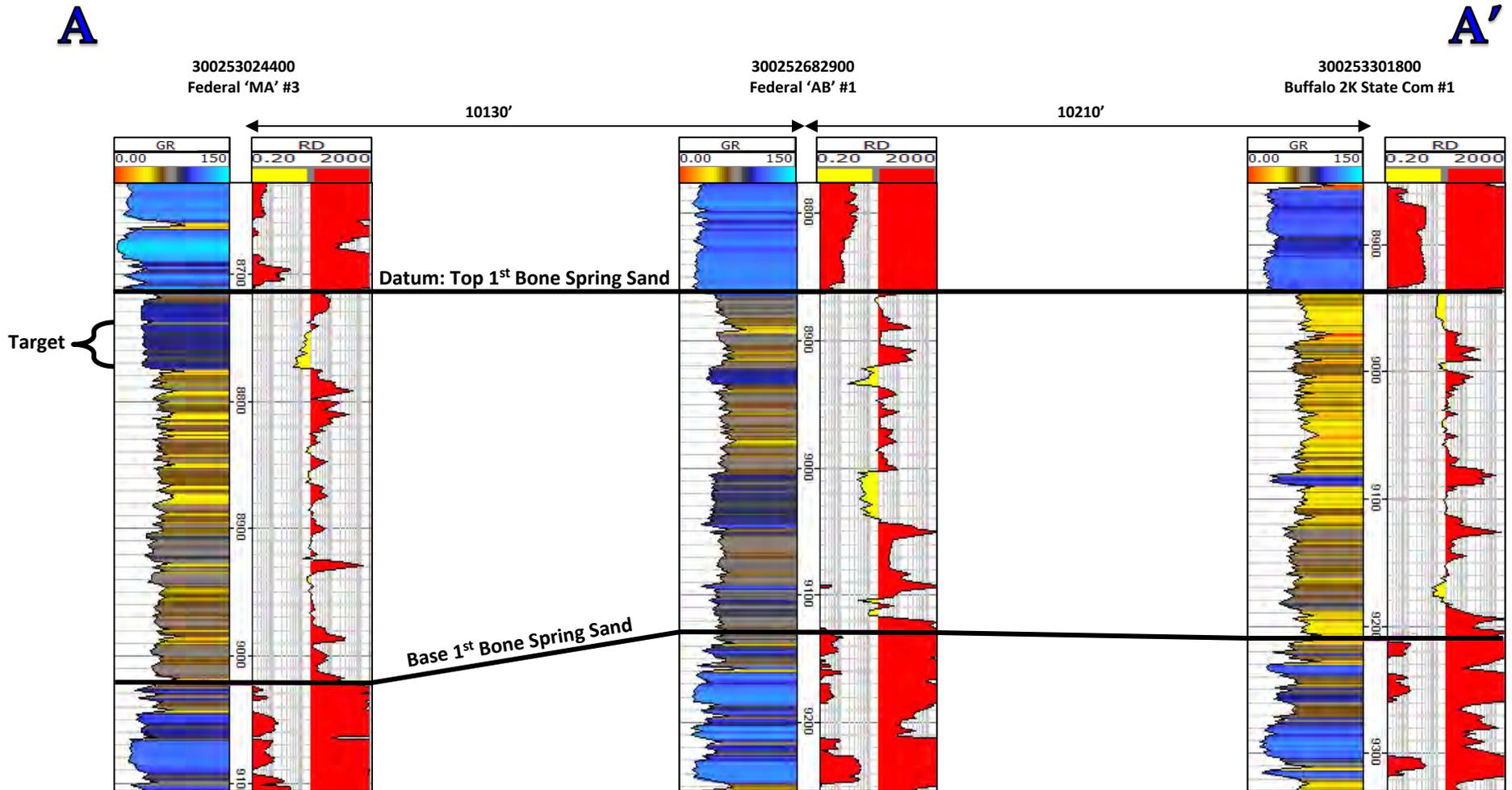


EXHIBIT
B-3

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

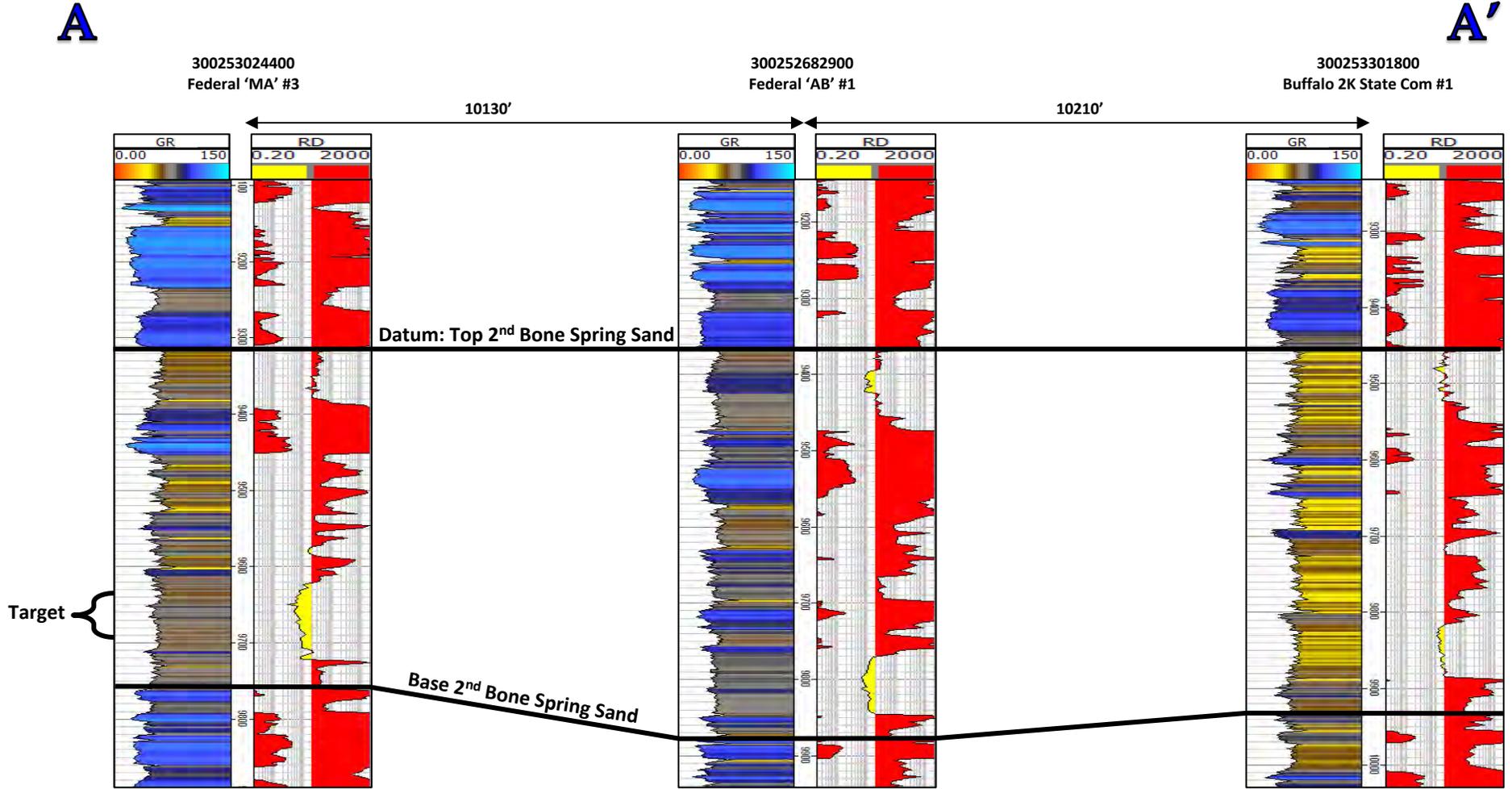


EXHIBIT B-4

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

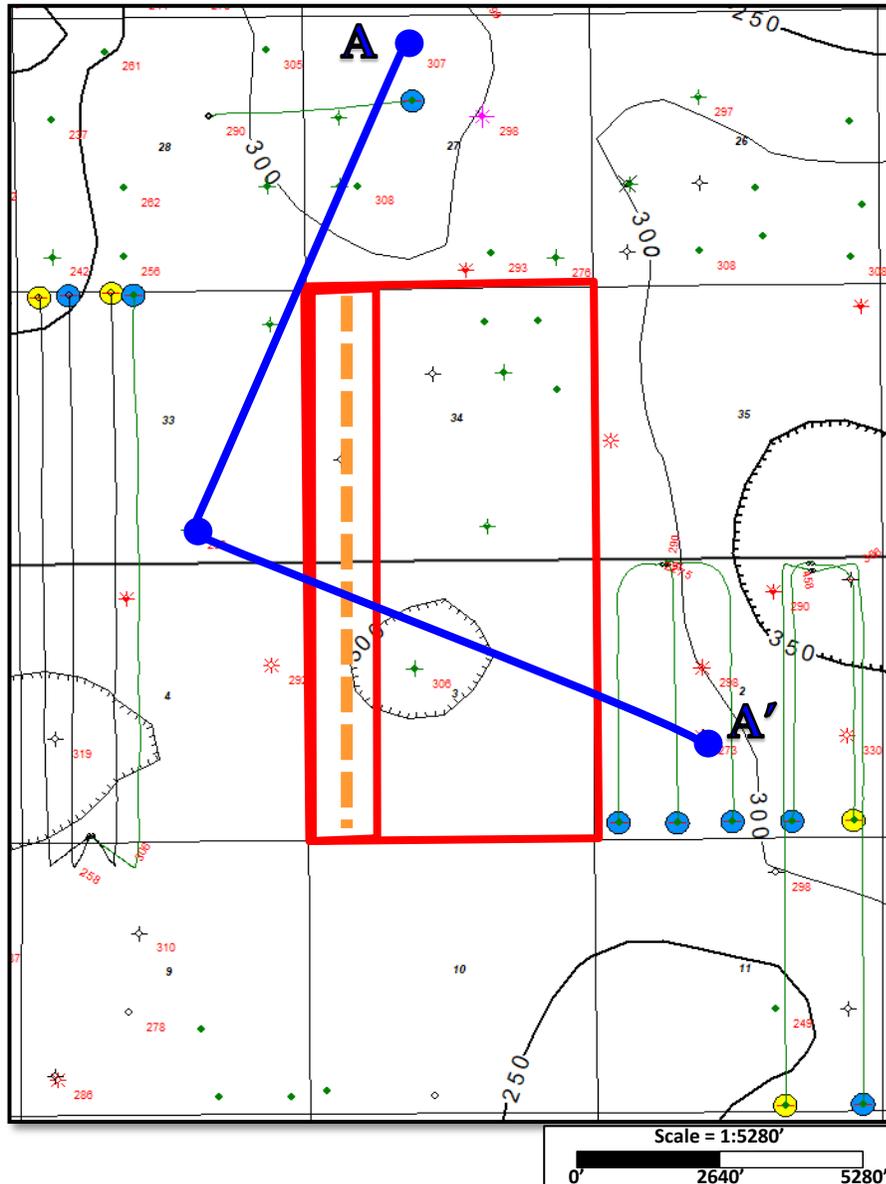
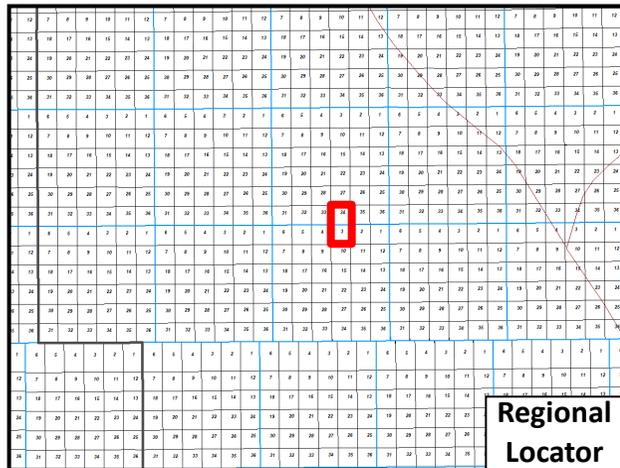
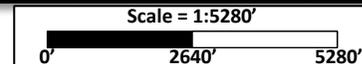
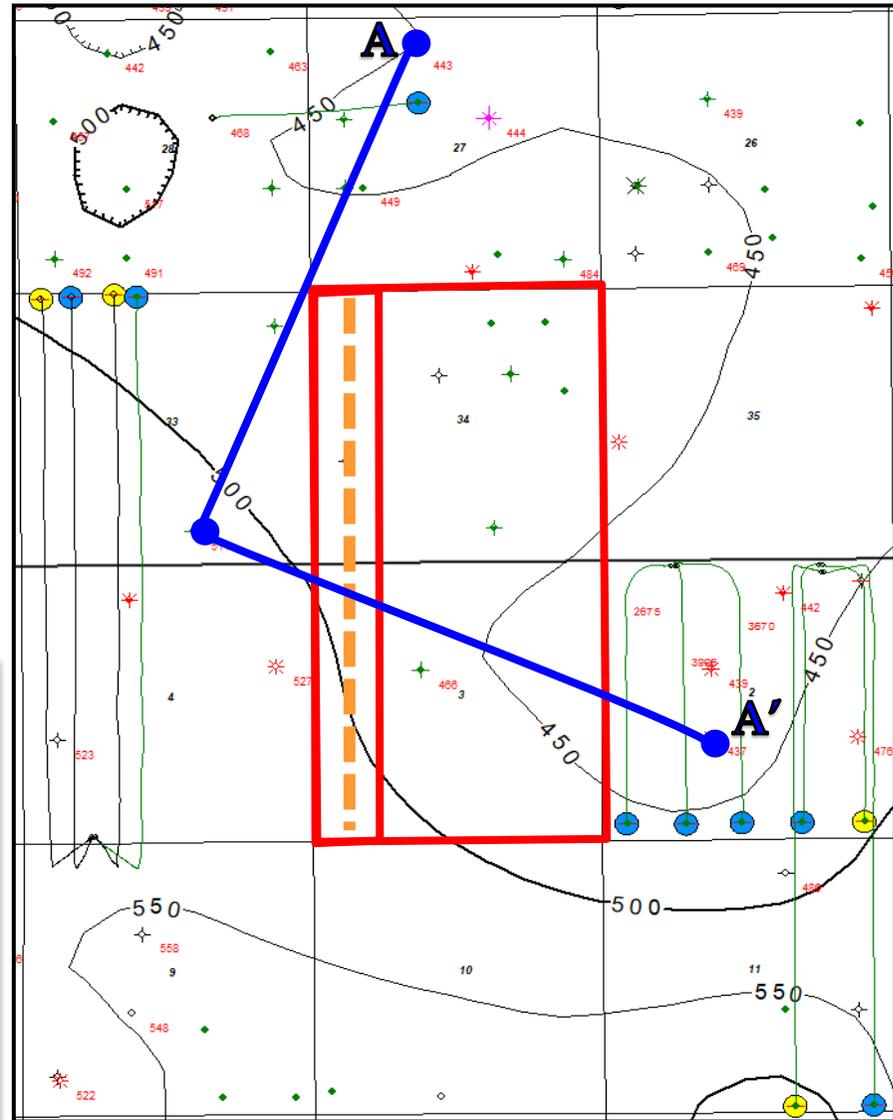
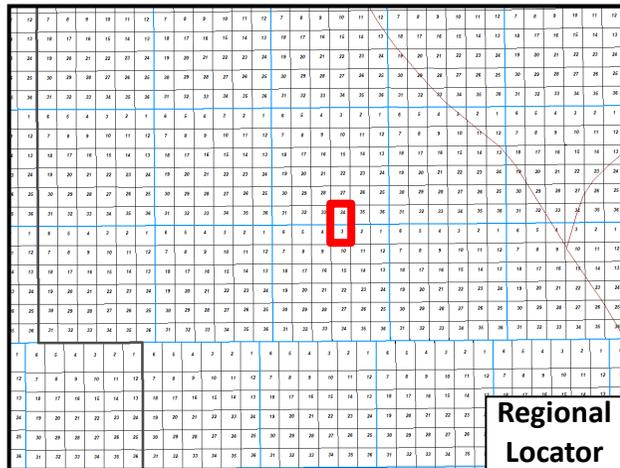


EXHIBIT B-5

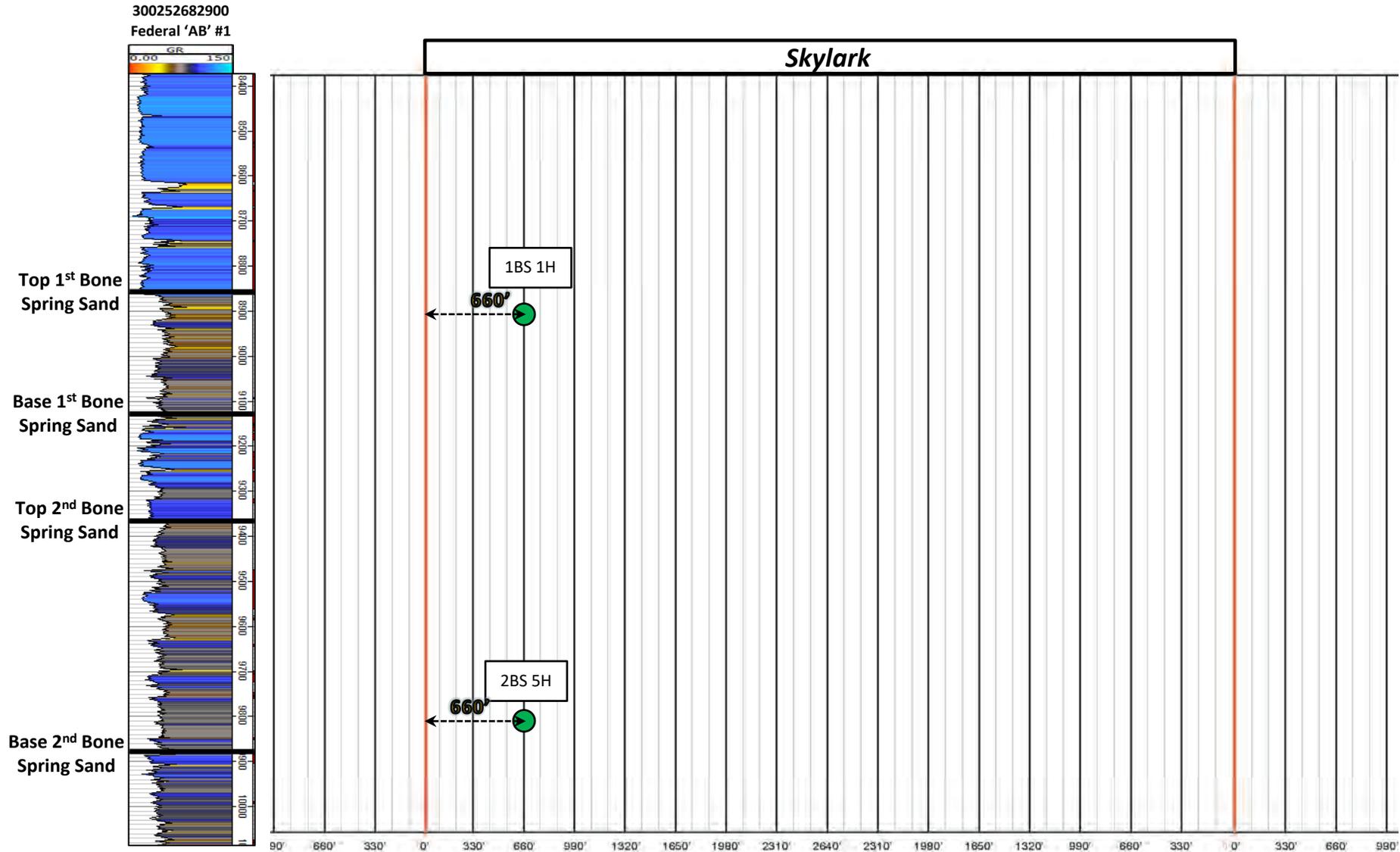
Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



**EXHIBIT
B-6**

Exhibit B-7 Gun Barrel

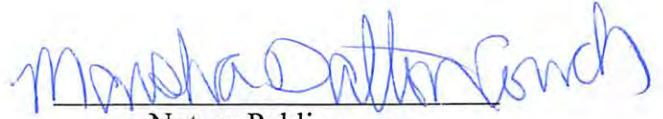


TAB 4

Case No. 23371

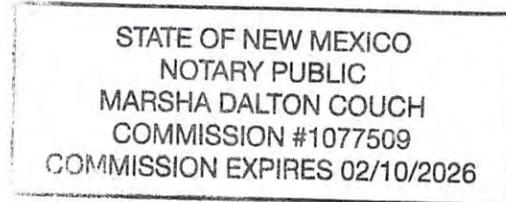
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023, by Darin C. Savage.


Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 9, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Skylark 34-3 Fed Com 1BS 1H Well (Case No. 23371)
Skylark 34-3 Fed Com 2BS 5H Well (Case No. 23371)

Case Nos. 23371:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23371, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23371, Earthstone seeks to pool the Bone Spring formation underlying the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, a standard unit encompassing 322.81 acres, more or less, dedicated to the above-referenced 1H and 5H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:07:59 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Address 1	Address 2	City	State	Zip	User ID	Mailing Status	Service Options
9314869904300104294675	4221.1	2/9/23	CONOCOPHILLIPS COMPANY	600 W ILLINOIS AVE		MIDLAND	TX	79701-4882	21902	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104294682	4221.1	2/9/23	SITL ENERGY, LLC	308 N COLORADO ST STE 200		MIDLAND	TX	79701-4631	21902	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104294699	4221.1	2/9/23	R.E.B. RESOURCES, LLC	308 N COLORADO ST STE 200		MIDLAND	TX	79701-4631	21902	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104294705	4221.1	2/9/23	OSPREY OIL AND GAS II, LLC	707 N CARRIZO ST		MIDLAND	TX	79701-3240	21902	Delivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 14, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2947 05.**

Item Details

Status: Delivered, Left with Individual
Status Date / Time: February 13, 2023, 01:10 p.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: OSPREY OIL AND GAS II LLC

Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 707 N CARRIZO ST
City, State ZIP Code: MIDLAND, TX 79701-3240

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1



February 14, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 99.**

Item Details

Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	February 13, 2023, 12:06 p.m.
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	R E B RESOURCES LLC

Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address:	308 N COLORADO ST STE 200
City, State ZIP Code:	MIDLAND, TX 79701-4631

Recipient Signature

<p>Signature of Recipient: </p> <p>Address of Recipient: </p>

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1



February 14, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 82.**

Item Details

Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	February 13, 2023, 12:06 p.m.
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	SITL ENERGY LLC

Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address:	308 N COLORADO ST STE 200
City, State ZIP Code:	MIDLAND, TX 79701-4631

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 2946 75**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: CONOCOPHILLIPS COMPANY

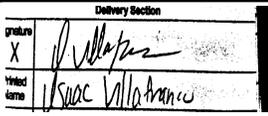
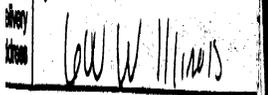
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.1

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
February 09, 2023
and ending with the issue dated
February 09, 2023.



Publisher

Sworn and subscribed to before me this
9th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

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
February 9, 2023

CASE No. 23371: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; SITL ENERGY, LLC; OSPREY OIL AND GAS II, LLC; and R.E.B. RESOURCES, LLC, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Earthstone Operating, LLC., at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 322.81-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 18 South, Range 33 East, NMPM, and Lot 4 (NW/4 NW/4 equivalent), SW/4 NW/4, and the W/2 SW/4 of Section 3, Township 19 South, Range 33 East, NMPM, all in Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **Skylark 34-3 Fed Com 1BS 1H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E; and the **Skylark 34-3 Fed Com 2BS 5H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27-T18S-R33E, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 3-T19S-R33E. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles west of Hobbs, New Mexico.
#00275656

67115820

00275656

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

EXHIBIT
C-3