

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 25954

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**STATE OF NEW MEXICO
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CASE NO. 25954

**SELF-AFFIRMED STATEMENT
OF BLAKE SIMMONS**

1. I am a Land Advisor with MR NM Operating LLC (“MR NM”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. Copies of MR NM’s application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case have filed an objection to this matter proceeding by affidavit.

4. MR NM seeks to pool all uncommitted interests in the Yeso formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2 SE/4 of Section 31, and the N/2 SW/4 of Section 32, Township 16 South, Range 32 East, in Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Shrek State Com #3H** well (“Well”), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.

6. **Exhibit A-2** contains C-102s for the Well. The Well will be in two pools, the Maljamar; Yeso, West pool (pool code 44500) and the Fren; Glorieta-Yeso pool (pool code

26770). Both pools are oil pools and the completed interval of the Well will be orthodox.

7. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests MR NM seeks to pool highlighted in yellow.

8. MR NM has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches, to locate the interest owners it seeks to pool.

9. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

10. In my opinion, MR NM made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.

11. The Ownership Commitment Exhibit is attached as **Exhibit A-6**. This exhibit includes a list of all owners in the Unit and identifies each owner's ownership status, whether the owner has committed to the proposed spacing unit, and the type of commitment, *i.e.*, whether a signed letter of commitment, joint operating agreement, or verbal agreement. Exhibit C identifies when notice of this hearing was sent to each interest owner by our outside counsel, Hardy McLean LLC.

12. MR NM requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by MR NM and other operators in the vicinity.

13. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

14. In my opinion, the granting of MR NM's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

15. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my electronic signature below.



BLAKE SIMMONS

2/26/2026
Date

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25954

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, MR NM Operating LLC (OGRID No. 330506) (“MR NM” or “Applicant”) applies for an order pooling all uncommitted interests in the Yeso formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2 SE/4 of Section 31 and N/2 SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico (“Unit”). In support of this application, MR NM states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Shrek State Com #3H** well (“Well”), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

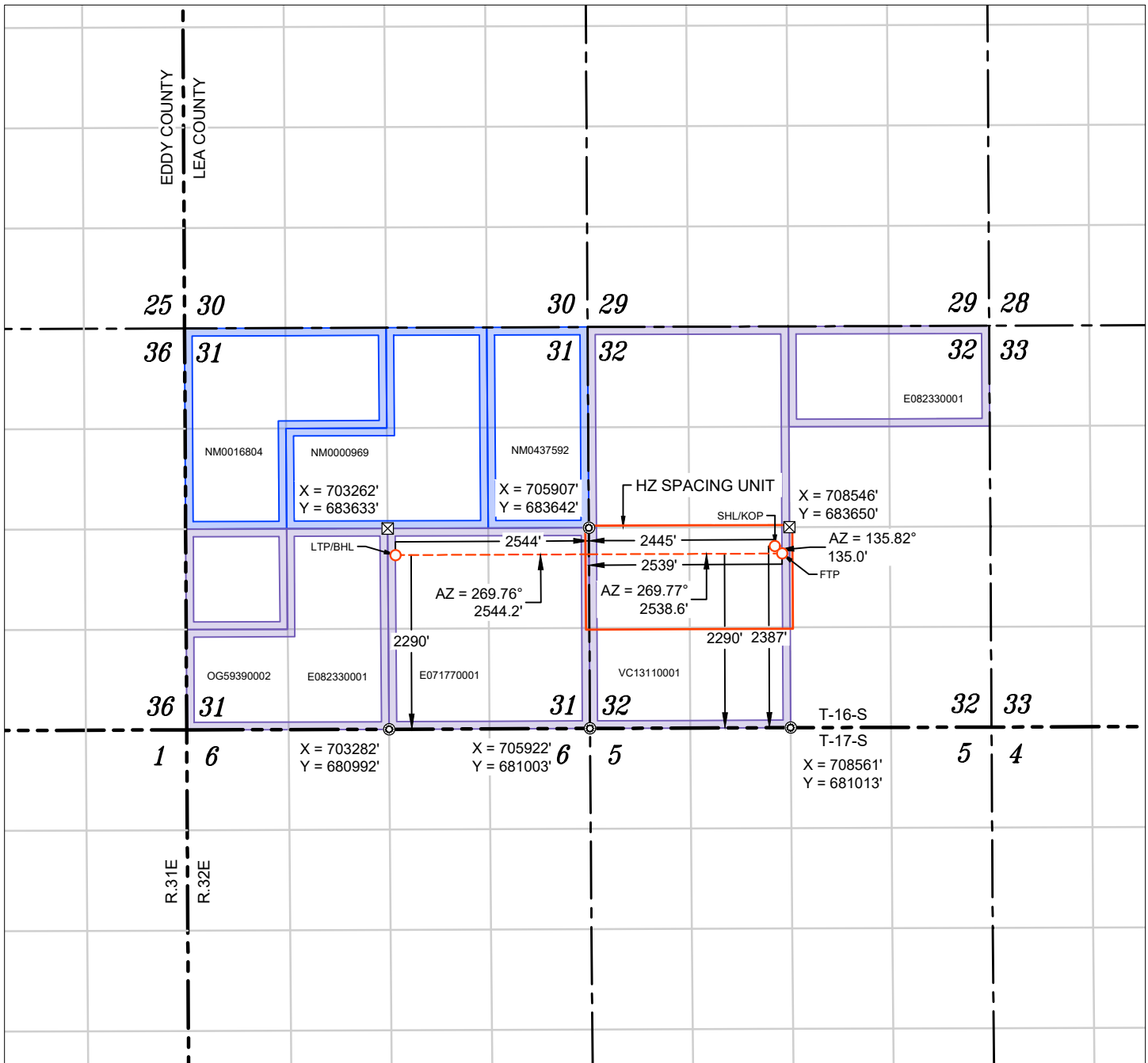
Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

Dana S. Hardy
Jaclyn M. McLean
Yarithza Pena
125 Lincoln Ave, Ste. 223
Santa Fe, NM 87501
Phone: (505) 230-4410

dhardy@hardymclean.com
jmclean@hardymclean.com
ypena@hardymclean.com
Counsel for MR NM Operating LLC



WELL NAME: SHREK STATE COM #3H
 ELEVATION: 4188'

NAD 83 (SHL/KOP) 2387' FSL & 2445' FWL
LATITUDE = 32.877503°
LONGITUDE = -103.789310°
NAD 27 (SHL/KOP)
LATITUDE = 32.877388°
LONGITUDE = -103.788801°
STATE PLANE NAD 83 (N.M. EAST)
N: 683399.82' E: 708353.54'
STATE PLANE NAD 27 (N.M. EAST)
N: 683336.36' E: 667175.98'

NAD 83 (FTP) 2290' FSL & 2539' FWL
LATITUDE = 32.877236°
LONGITUDE = -103.789005°
NAD 27 (FTP)
LATITUDE = 32.877120°
LONGITUDE = -103.788496°
STATE PLANE NAD 83 (N.M. EAST)
N: 683303.03' E: 708447.62'
STATE PLANE NAD 27 (N.M. EAST)
N: 683239.57' E: 667270.06'

APPROXIMATE WELL BORE DISTANCE FROM FTP TO LTP	
VC13110001	2538.63'
E071770001	2544.20'
TOTAL	5082.83'

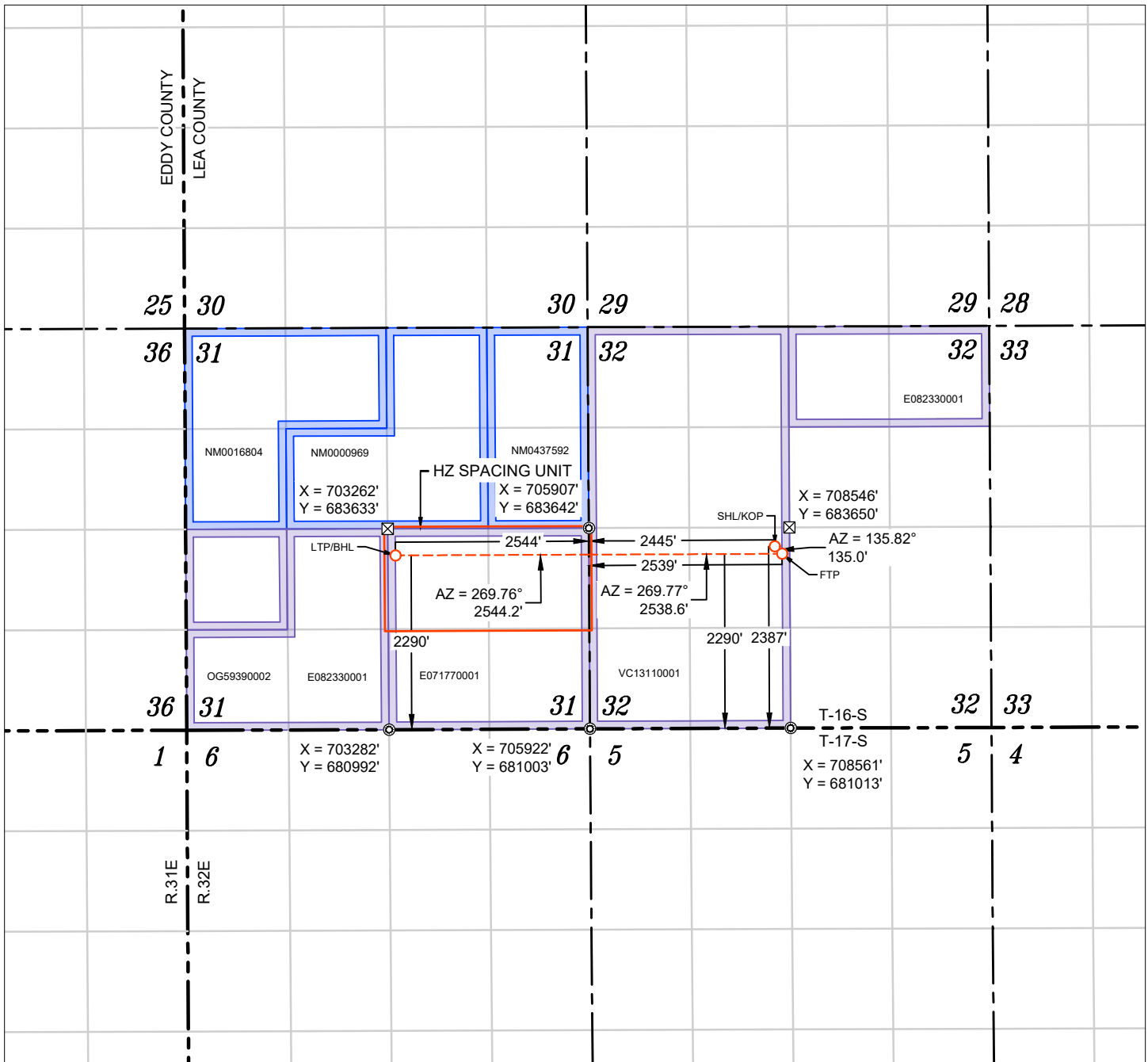
NAD 83 (LTP/BHL) 2290' FSL & 2544' FEL
LATITUDE = 32.877250°
LONGITUDE = -103.805561°
NAD 27 (LTP/BHL)
LATITUDE = 32.877134°
LONGITUDE = -103.805052°
STATE PLANE NAD 83 (N.M. EAST)
N: 683282.22' E: 703364.83'
STATE PLANE NAD 27 (N.M. EAST)
N: 683218.78' E: 662187.25'

- ⊙ FOUND MONUMENT
- ⊠ CALC. CORNER
- SHL/ KOP/ FTP / PPP/ LTP / BHL
- - - WELLBORE
- HORIZONTAL SPACING UNIT
- ▭ STATE OIL & GAS LEASE
- ▭ BLM OIL & GAS LEASE

NOTES

1. ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID (U.S. SURVEY FEET), BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001).
2. THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING JULY, 2025. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS INFORMATION IN RELATION TO RECORDED MONUMENT OF DEEDS PROVIDED BY THE CLIENT.
3. ELEVATIONS NAVD 88, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND SURVEY.





WELL NAME: SHREK STATE COM #3H
 ELEVATION: 4188'

NAD 83 (SHL/KOP) 2387' FSL & 2445' FWL
LATITUDE = 32.877503°
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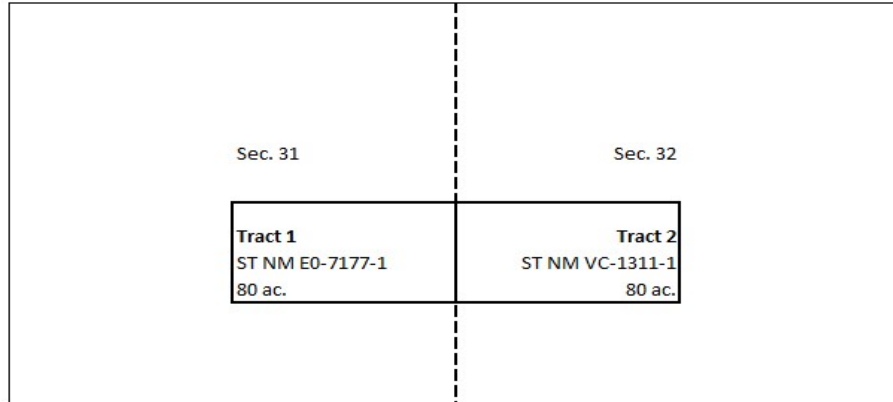
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3. ELEVATIONS NAVD 88, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND SURVEY.



Exhibit A-3

Shrek State Com #3H - N/2 SE/4 of Section 31 and N/2 SW/4 of Section 32, T16S, R32E



Tract 1 - ST NM E0-7177-1 (N/2 SE/4)				
Owner Name	Tract Working Interest	Tract Gross Ac.	Tract Net Ac.	Status
Hilcorp Energy I, LP	0.50000000	80.00000000	40.00000000	Uncommitted
Colt Energy, LLC	0.50000000	80.00000000	40.00000000	Uncommitted
*XTO Holdings, LLC	1.00000000	80.00000000	-	Uncommitted
Total:	1.00000000	80.00000000	80.00000000	

Tract 2 - ST NM VC-1311-1 (N/2 SW/4)				
Owner Name	Tract Working Interest	Tract Gross Ac.	Tract Net Ac.	Status
MR NM Operating LLC	1.00000000	80.00000000	80.00000000	Committed
Total:	1.00000000	80.00000000	80.00000000	

Shrek State Com #3H DSU Recapitulation				
Owner Name	Working Interest	DSU Net Ac.	Status	
MR NM Operating LLC	0.50000000	80.00000000	Committed	
Hilcorp Energy I, LP	0.25000000	40.00000000	Uncommitted	
Colt Energy, LLC	0.25000000	40.00000000	Uncommitted	
*XTO Holdings, LLC	0.50000000	-	Uncommitted	
Total:	1.00000000	160.00000000		

*According to Lea County public records and MR NM's Original Drilling Title Opinion covering the subject lands, as of February 26, 2026, Colt Energy, LLC and Hilcorp Energy I, LP appear as current Tract 1 Operating Rights owners of record subject to the terms contained in a prior Memorandum of Term Assignment, dated 1/6/2006, by and between ExxonMobil Corporation and Mobil Producing Texas and New Mexico, and BP America Production Company, recorded in Volume 1426, Page 26, of the Lea County public records. MR NM has been made aware that XTO Holdings, LLC, or its affiliates, may request reassignment of this interest at its sole option, though no such conveyance appears of record. Out of an abundance of caution, all parties who may claim an interest received notice and well proposals in proportion to their interest within the proposed DSU.

**MR NM OPERATING LLC
5950 Berkshire | Suite 1000
Dallas, Texas 75225
(469) 899-8600**

November 21, 2025

VIA EMAIL AND USPS CERTIFIED MAIL

ExxonMobil
22777 Springwoods Village Pkwy.
Spring, TX 77389

ATTN: Land Department, Loc. 115

RE: Well Participation Proposal
Shrek State Com #3H (the "Well")
Sections 31 and 32, Township 16 South, Range 32 East
Lea County, New Mexico

Dear Working Interest Owner:

MR NM Operating LLC ("MR NM") hereby proposes the drilling, completing and equipping of the following Well located in Sections 31 and 32 of T16S R32E of Lea County, New Mexico:

Well Name	Legal Description	Formation	TVD	TMD	AFE
Shrek State Com 3H	SE/4 Sec. 31 and SW/4 32 T16S R32E SHL: 2387' FSL, 2445' FWL, in Sec 32 BHL: 2290' FSL, 2544' FEL, Sec 31	Yeso	5,713'	10,409'	\$5,845,364

MR NM reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MR NM will advise you of any such modifications.

Please be advised that MR NM has engaged counsel to render full drilling and division order title opinion, and your interest reflected below may be subject to change pending final title clearance.

In addition, MR NM proposes the operations under the terms of a modified 1989 Horizontal AAPL Form 610 Joint Operating Agreement (“JOA”) with the following basic terms:

- Contract Area:
- SE/4 Section 31 and SW/4 32, Township 16S, Range 27E
- Limited to the Yeso Formation
- MR NM Operating, LLC named as Operator
- September 1, 2025 Effective Date
- 100%/300%/300% non-consent penalties
- \$8,000.00/\$800.00 drilling and producing overhead rates

Please indicate your election in the operation and return a signed copy within thirty (30) days of receipt of this notice to my attention at the address below. If ExxonMobil is interested in selling its interest in the Contract Area, please contact the undersigned at your earliest convenience.

MR NM looks forward to working with ExxonMobil on this matter and may file for compulsory pooling in the near future to pool any uncommitted working interest owners. If you have any questions or concerns, please do not hesitate to contact the undersigned at (214) 354-5414 or blake@mr-nm.com.

Sincerely,

Blake Simmons

Blake Simmons
Land Manager
MR NM Operating LLC

Enclosure(s): Shrek State Com 3H AFE

ExxonMobil hereby elects to:

_____ Participate in the proposed **Shrek State Com 3H** Operation with its 0.50000000 WI by paying its proportionate share of the costs outlined on the associated AFE.

_____ Not to participate in the proposed **Shrek State Com 3H** Operation.

ExxonMobil

By: _____

Title: _____

Date: _____

Contact Number: _____

Email: _____

MR NM Operating LLC
Cost Estimate & Authority for Expenditure

Well Name:	Shrek State Com			County, State:	Well Location	
Well Number:	3H			Lea, NM	S 32 T 16S R 32E	
Prospect/Field:	Formation:		Proposed TD:	AFE Number:		
	Yeso		10,409			
Project Description:						
Drill and complete new Yeso horizontal						
INTANGIBLE ITEMS		DRILLING	COMPLETION	FACILITIES	TOTAL	
					WELL COST	
Supervision		37,950	37,450	40,000	115,400	
Environmental		0	0	0	0	
Surface Damage / ROW		40,046	0	0	40,046	
Roads / Location		155,000	5,000	5,000	165,000	
Fuel & Power		54,000	150,000	0	204,000	
Water		20,394	375,000	0	395,394	
Fluid / Mud & Additives		75,300	0	0	75,300	
Bits / Reamers / Stabilizers		39,000	150,000	0	189,000	
Surface Rental Equipment		77,147	60,235	60,000	197,382	
Mobilization / Demobilization		170,000	0	0	170,000	
Inspection Services		0	0	5,000	5,000	
Transportation		42,500	6,000	10,000	58,500	
Water Transfer		0	231,300	0	231,300	
Subsurface Equipment Rental		5,000	0	0	5,000	
Supplies		0	0	0	0	
Stimulation / Frac		0	837,500	0	837,500	
Wireline / Perf		0	157,500	0	157,500	
Miscellaneous / Contingency		0	0	0	0	
Contract Labor		36,000	10,000	335,000	381,000	
Permit / License / Etc.		17,500	0	0	17,500	
Well Testing / Flowback		0	48,750	0	48,750	
Fishing		0	0	0	0	
Open Hole Logs		0	0	0	0	
Cased Hole Logs		0	0	0	0	
Mud Logging		0	0	0	0	
Pumps / Pit / Swivel		0	0	0	0	
Location Restoration		0	0	0	0	
Disposal - Solids & Fluids		82,659	150,000	0	232,659	
Directional Equipment / Services		122,750	0	0	122,750	
Solids Control Equipment		15,000	0	0	15,000	
BOP		0	0	0	0	
Drilling Contract / CTU / Workover Rig		262,000	218,000	0	480,000	
Primary Cementing		114,500	0	0	114,500	
Remedial Cementing		0	0	0	0	
Casing Crew		39,000	0	1,500	40,500	
Core Evaluation		0	0	0	0	
Coring		0	0	0	0	
Acid / Frac Tanks		0	0	0	0	
Legal / Title		50,000	0	0	50,000	
Insurance		9,881	0	0	9,881	
Overhead		3,000	6,000	0	9,000	
Total Intangible Costs		1,468,626	2,442,735	456,500	4,367,861	

MR NM Operating LLC
Cost Estimate & Authority for Expenditure

Well Name:	Shrek State Com			County, State:	Well Location	
Well Number:	3H			Lea, NM	S 32 T 16S R 32E	
TANGIBLE ITEMS		DRILLING	COMPLETION	FACILITIES	TOTAL	
Surface Casing		53,200	0	0	53,200	
Acquisition		0	0	0	0	
Intermediate Casing		118,500	0	0	118,500	
Drilling Liner		0	0	0	0	
Compressor		0	0	0	0	
Production Liner		0	0	0	0	
Production Casing		332,315	0	0	332,315	
Production Tubing		0	22,000	0	22,000	
Packers		0	0	0	0	
Artificial Lift		0	0	0	0	
Rod String		0	0	0	0	
Pump		0	150,000	32,500	182,500	
Pumping Unit		0	0	0	0	
Wellhead		55,000	0	0	55,000	
Electrical		0	0	170,000	170,000	
Tank Battery		0	0	154,500	154,500	
Heater		0	0	42,500	42,500	
Separator		0	0	75,000	75,000	
Meter		0	0	32,000	32,000	
Flowline		0	0	1,238	1,238	
Line Pipe		0	0	33,750	33,750	
Fittings		0	0	150,000	150,000	
Valves		0	0	0	0	
Automation		0	0	0	0	
SCADA Equipment		0	0	30,000	30,000	
Engineering / Planning		0	0	0	0	
Pipeline		0	0	25,000	25,000	
Total Tangible Costs		559,015	172,000	746,488	1,477,503	
Total Cost for AFE		2,027,641	2,614,735	1,202,988	5,845,364	

MR NM Operating LLC

Prepared By: P. Marcum

Approved By: K. Farrar

Name

Title

Date 11/21/2025

Working Interest Owner Approval

Company:

Approved By:

Name:

Title:

Date:

MR NM OPERATING LLC
5950 Berkshire | Suite 1000
Dallas, Texas 75225
(469) 899-8600

February 3, 2026

VIA EMAIL AND USPS CERTIFIED MAIL

ExxonMobil and XTO Holdings, LLC
Land Department, Loc. 115
22777 Springwoods Village Pkwy.
Spring, TX 77389

RE: Notice of Amended Well Participation Proposal
Shrek State Com #3H (the "Well")
Sections 31 and 32, Township 16 South, Range 32 East
Lea County, New Mexico

Dear Working Interest Owner:

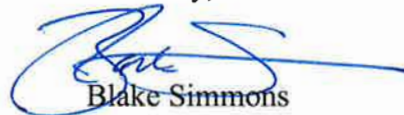
With reference made to the above-captioned Well Participation Proposal which was delivered via email and USPS Certified Mail on or about November 21, 2025, MR NM Operating LLC ("MR NM") hereby amends its proposal to drill, complete and equip the following Well located in Sections 31 and 32 of T16S R32E of Lea County, New Mexico as follows:

MR NM proposes the operations under the terms of a modified 1989 Horizontal AAPL Form 610 Joint Operating Agreement ("JOA") with the following basic terms:

- Amended Contract Area:
- N/2 SE/4 Section 31 and N/2 SW/4 32, Township 16S, Range 27E
- Limited to the Yeso Formation
- MR NM Operating, LLC named as Operator
- April 1, 2026 Effective Date
- 100%/300%/300% non-consent penalties
- \$8,000.00/\$800.00 drilling and producing overhead rates

No further modifications have been made to the original proposal. MR NM looks forward to working with ExxonMobil and/or XTO Holdings, LLC on this matter and may file for compulsory pooling in the near future to pool any uncommitted working interest owners. If you have any questions or concerns, please do not hesitate to contact the undersigned at (214) 354-5414 or blake@mr-nm.com.

Sincerely,



Blake Simmons
Land Manager
MR NM Operating LLC

Chronology of Contact with Non-Op Working Interests Owners

(MR NM Operating LLC – 50.00% WI)

- MR NM engaged its land consultants to conduct searches of public records, phone directories, and varied types of internet searches to locate owners within the proposed development area.
- MR NM originally proposed the Shrek State Com #1H and #2H wells to XTO Holdings, LLC (ExxonMobil), Hilcorp Energy I, LP, and Colt Energy, LLC as part of a larger development plan in the S/2 of 31 and 32, 16S-32E to include the Shrek State Com #3H as well.
- MR NM had multiple conversations with the parties above as part of the larger development plan that included the acreage in this case as outlined below.
- As a result of those communications, partially competing development plans, and because another entity objected to MR NM's original applications, MR NM elected to withdraw its pooling application and create a smaller horizontal spacing unit, which is the 160-acre unit MR NM is proposing in this case to be dedicated to the Shrek State Com #3H well. MR NM has an approved APD for its Shrek State Com #3H and is not aware of any competing development plans on the subject acreage.
- MR NM sent well proposal letters for the Shrek State Com #3H well, which is within the proposed 160-acre unit at issue in this case, on or around November 21, 2025, via certified mail to the parties listed below.
- MR NM sent a clarification regarding its wells proposal letters on or around February 3, 2026.
- MR NM filed the application to force pool uncommitted working interest owners who had not entered in to a voluntary agreement.
- MR NM's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted working interest owners.

Colt Energy – 25.00% WI

- 11/25/24 – Introductory email to Colt Energy to discuss preliminary plans for development and expression of interest for purchase offer.
- 11/27/24 – Telephone conversation with Colt Energy to further discuss its proposal.
- 12/10/24 – MR NM emailed a formal offer for the purchase of leasehold interest owned by Colt.
- 1/9/25 – Telephone conversation with Colt Energy to further discuss its proposal.
- 4/1/25 – Further email and telephone correspondence about development plans.
- 8/5/25 – MR NM delivered Shrek State Com #1H and #2H well proposals and AFEs.
- 8/25/25 – Further email correspondence about well proposals, title status and project timing.
- 11/21/25 – MR NM delivered well proposals and an AFE for the Shrek State Com #3H well.
- 2/3/25 – MR NM delivered an amended Shrek State Com #3H proposal noting the revised 160-acre unit and JOA contract area.

Hilcorp Energy – 25.00% WI

- 8/5/25 – MR NM delivered Shrek State Com #1H and #2H well proposals and AFEs.
- 8/6/25 – Introductory email and duplicate copy of well proposals and AFEs delivered.
- 11/3/25 – Upon request, MR NM provided details related to its anticipated spud date for the Shrek State Com #1H and 2H wells and other details.
- 11/21/25 – MR NM delivered well proposals and an AFE for the Shrek State Com #3H well.
- 2/3/25 – MR NM delivered an amended Shrek State Com #3H proposal noting the revised 160-acre unit and JOA contract area.

XTO Holdings, LLC (Exxon Mobil) – Provisional 50% Interest Owner

- 7/28/2025 – Emailed a general inquiry about leasehold owned by XTO Holdings, including expression of interest in purchasing any interest owned.
- 8/5/25 – Delivered Shrek State Com 1H and 2H well proposals and AFEs as part of a larger development plan covering Sections 31 and 31, T17S-28E in Eddy and Lea Counties, respectively.
- 8/5/25 – Continued email correspondence with XTO about MR NM's well proposals, title status and ownership questions identified through MR NM's research.
- 8/11/25 – Left voicemail for contact and requested a conference call to discuss the development plan in greater detail, followed up via email.
- 8/13/25 – Received email confirming receipt of well proposals and acknowledgment of XTO review of same.
- 8/19/25 – Received email from XTO requesting ownership interest in the proposed prospect, technical data and a proposed JOA for review.
- 8/29/25 – MR NM delivered requested technical data and proposed draft form JOA for review.
- 9/3/25 – Further email correspondence with XTO regarding title status questions, including supplemental title documents provided by XTO.
- 9/10/25 – MR NM filed Shrek State Com 1H and 2H Compulsory Pooling Application #25642.
- 10/3/25 – MR NM sent a formal term assignment offer covering the Section 31 acreage in question.
- 10/15/25 – MR NM sent email invitation to travel to Houston on multiple dates to meet in person about the development plan.
- 10/22/25 – MR NM reached out a second time requesting an in-person meeting and expressed willingness to offer an alternative commercial agreement in lieu of cash offers.
- 10/24/25 – Follow up email sent by MR NM to discuss its offers in greater detail.
- 10/31/25 – Follow up email sent requesting status updates on all of MR NM's proposals.
- 11/12/25 – XTO advised that it does not intend to move forward with MR NM's proposal. Follow up email sent requesting conference call to clarify XTO's intentions.
- 11/21/25 – MR NM delivered well proposals and an AFE for the Shrek State Com #3H well.
- 2/3/25 – MR NM delivered an amended Shrek State Com #3H proposal noting the revised 160-acre unit and JOA contract area.

Shrek Committed/Uncommitted Notice Exhibit

Name	Ownership Type	Committed/Uncommitted	Mailing Date	Publication Date	Exhibit
Hilcorp Energy I, LP	Working Interest	Uncommitted	Feb. 11, 2026	Feb. 17, 2026	Exhibit C
Colt Energy, LLC	Working Interest	Uncommitted	Feb. 11, 2026	Feb. 17, 2026	Exhibit C
XTO Holdings LLC* (Exxon Mobile)	Included out of an abundance of caution	Uncommitted	Feb. 11, 2026	Feb. 17, 2026	Exhibit C

*According to Lea County public records and MR NM's Original Drilling Title Opinion covering the subject lands, as of February 26, 2026, Colt Energy, LLC and Hilcorp Energy I, LP appear as current Tract 1 Operating Rights owners of record subject to the terms contained in a prior Memorandum of Term Assignment, dated 1/6/2006, by and between ExxonMobil Corporation and Mobil Producing Texas and New Mexico, and BP America Production Company, recorded in Volume 1426, Page 26, of the Lea County public records. MR NM has been made aware that XTO Holdings, LLC, or its affiliates, may request reassignment of this interest at its sole option, though no such conveyance appears of record. Out of an abundance of caution, all parties who may claim an interest received notice and well proposals in proportion to their interest within the proposed DSU.

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25954

**SELF-AFFIRMED STATEMENT
OF JAMES G. KEENAN**

1. I am a geologist with MR NM Operating LLC (“MR”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have not previously testified before the New Mexico Oil Conservation Division (“Division”). I attained a Bachelor of Science degree in Earth Science and a Master of Science in Geophysics and have over 12 years of experience as a geologist in the petroleum industry. A copy of my resume is attached as **Exhibit B-1**.

2. I am familiar with the application filed by MR in this case, and I have conducted a geologic study of the lands.

3. In this case, MR is targeting the Yeso formation.

4. **Exhibit B-2** is a location map of the proposed horizontal spacing unit (“Unit”). MR’s acreage is shown in yellow and the approximate wellbore paths for the proposed **Shrek State Com 3H** proposed wells (“Well”) are represented by a solid black line.

5. **Exhibit B-3** is a subsea structure map that I prepared for the top of the Yeso with a contour interval of 25 feet. Nearby wells producing in the target formation are also identified. The exhibit also identifies three wells penetrating the targeted interval that I used to construct a structural cross-section from A to A’. I used these well logs because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the area. The structure map demonstrates the formation is gently dipping to the east to southeast in this area. The formation

appears consistent across the proposed spacing unit. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells. This map also shows a line bisecting the proposed spacing unit from B to B' which is depicted in a gun barrel diagram in a later exhibit.

6. **Exhibit B-4** is a stratigraphic cross-section that I prepared displaying open-hole logs acquired over the target formation from the representative wells denoted from A to A' on Exhibit B-3. For each well in the cross-section, the exhibit shows the following logs where available: gamma ray and resistivity. The targeted zone for the proposed Well is labeled and marked on the cross-section. This red dotted line also depicts the interval MR seeks to pool those uncommitted interests. The logs in the cross-section demonstrate that the targeted intervals are continuous and consistent along trend.

7. **Exhibit B-5** is a gun barrel diagram from B to B' reflecting MR's intended development in the Yeso formation in this acreage and identifies the initial proposed well (solid black dots) relative to the different intervals within the Yeso formation.

8. The laydown orientation is the preferred orientation for exploitation in this portion of the Northwest shelf based on stress orientation and production data. Thus, the laydown orientation is appropriate to properly develop this acreage using a 1-mile lateral in a manner that is consistent with MR's ownership interest and offsetting development.

9. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

10. In my opinion, the granting of MR's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

11. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

12. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.


JAMES G. KEENAN

26 Feb 2026
Date

Resume of James G. Keenan

Geoscience Advisor
Cypress Natural Resources
jim@cypressnr.com

PROFESSIONAL EXPERIENCE

Geoscience Advisor

Cypress Natural Resources | MR NM Operating LLC

August 2025 - current

- Development optimization of Cypress Natural Resource's tight oil reservoir assets on the Northwest Shelf of the Delaware Basin and in South Texas

Senior Geoscientist

CarbonCycle, LLC

July 2024- August 2025

- Evaluation and design of carbon dioxide sequestration reservoirs, especially carbonate ramp reservoirs

Geophysical Specialist

EOG Resources, Inc.

Gulf Coast Exploration & CCS, Fort Worth Division

July 2022- July 2024

- Oil and gas exploration along the Gulf Coast (Wilcox, Eagle Ford, Austin Chalk)
- Developed carbon sequestration reservoirs in carbonate ramp reservoirs (Ellenberger and Glen Rose formations)

Powder River Basin Development, Denver Division

July 2018 – July 2022

- Development optimization for the horizontal development of EOG's assets in the Powder River Basin (Parkman, Turner, Niobrara, and Mowry)

Delaware Basin & Northwest Shelf, Midland Division

Feb. 2015 – July 2018

- Delineation and development optimization of EOG's assets in the Delaware Basin (Avalon, Bone Springs, and Wolfcamp formations)
- Geological evaluation of the Northwest Shelf of the Delaware Basin in preparation for the Yates acquisition

Fort Worth Basin, Fort Worth Division

Summer 2013 & 2014

- Reservoir characterization to optimize horizontal development of the Barnett Shale

EDUCATION

Colorado School of Mines, Golden, Colorado

Master of Science in Geophysics

Rice University, Houston, Texas

Bachelor of Science in Earth Science

Legend:

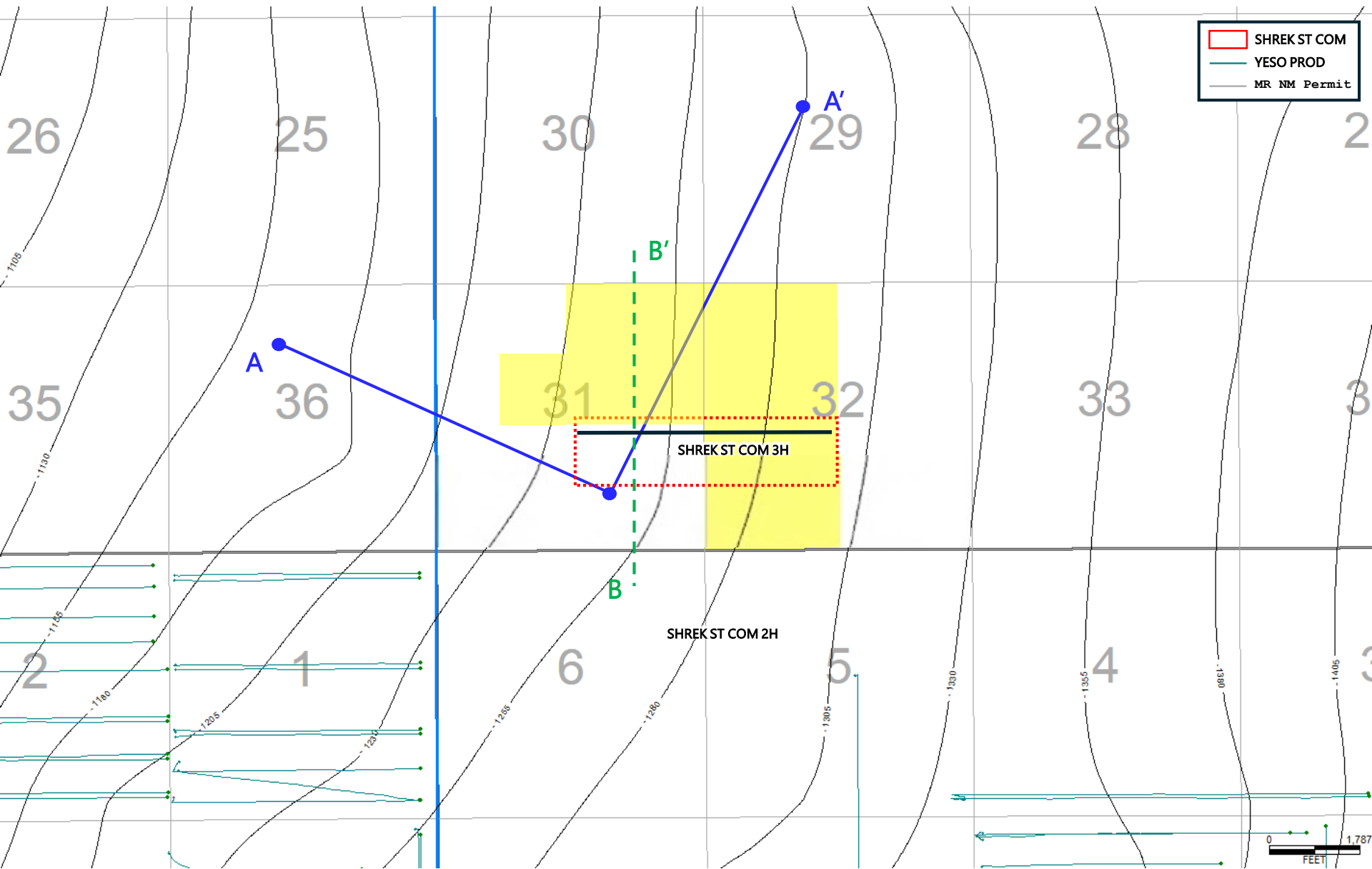
- MR NM ACREAGE
- SHREK ST COM
- Shrek SC 3H
- MR NM Permit



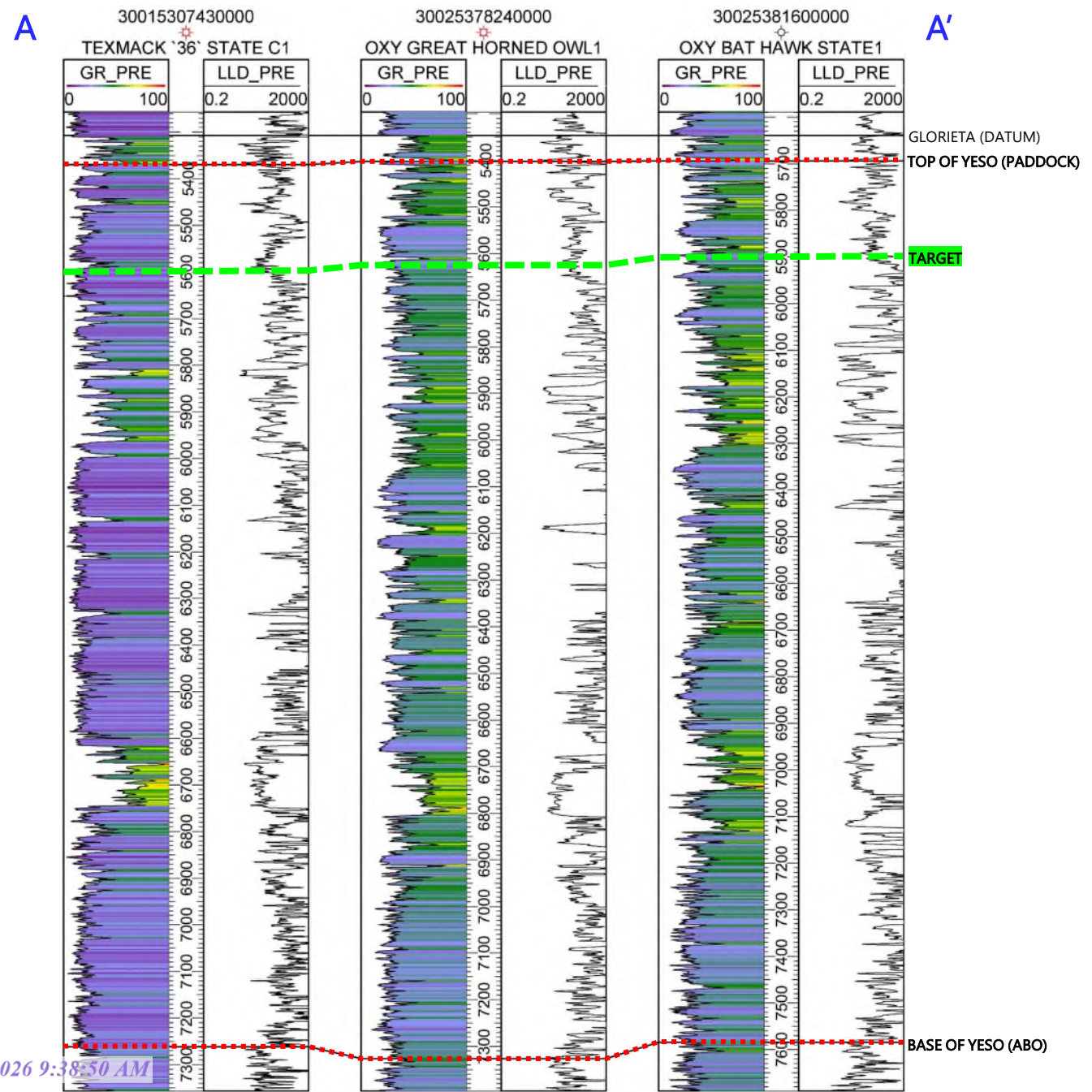
Eddy
County
16S 31E

Lea
County
16S 32E

SHREK ST COM 3H



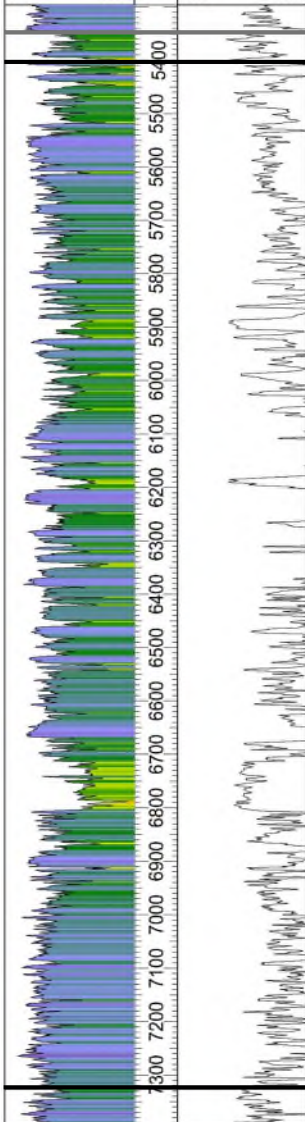
Stratigraphic Cross Section



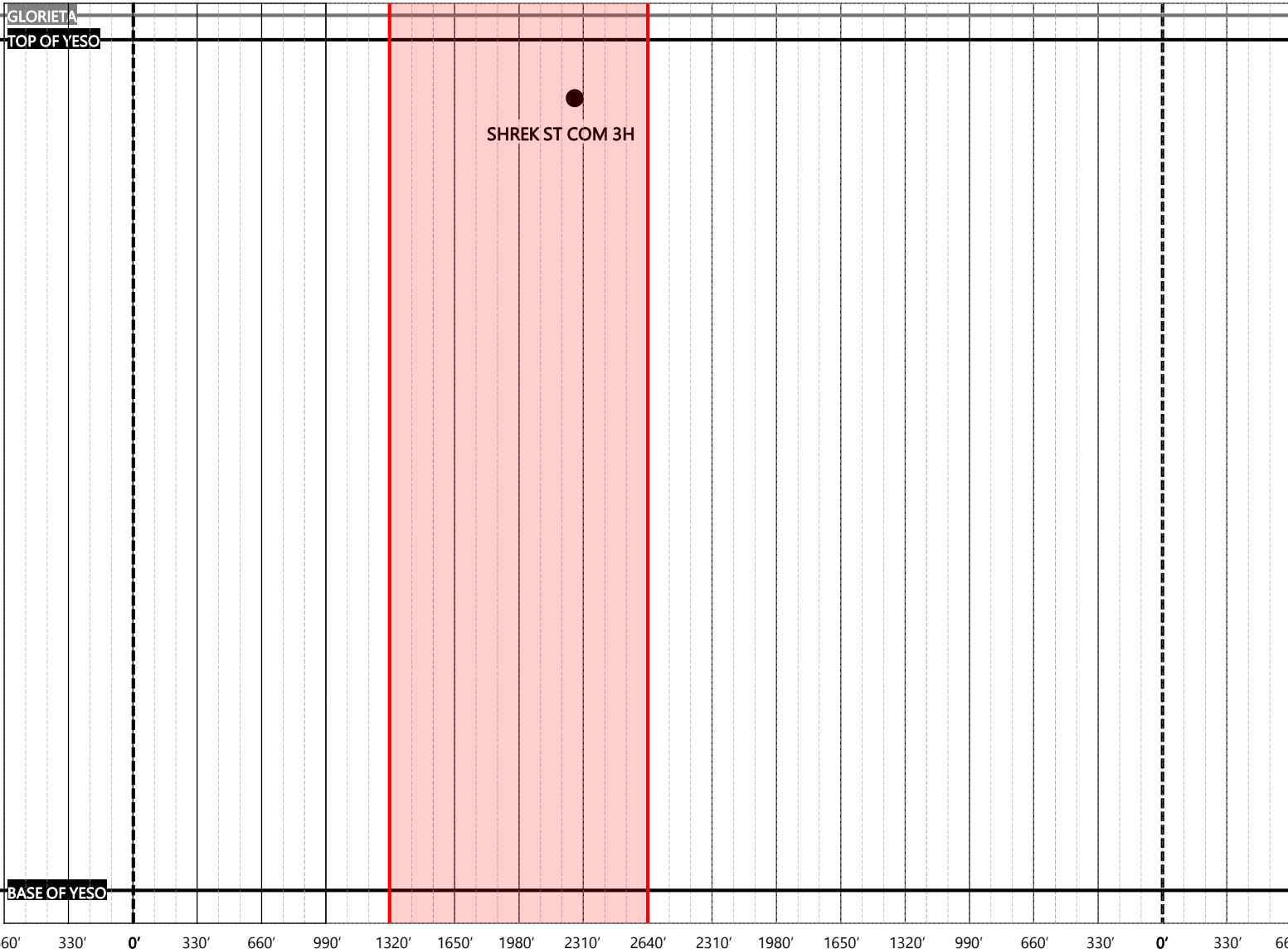
30025378240000

OXY GREAT HORNED OWL 1

GR_PRE		LLD_PRE	
0	100	0.2	2000



Offset Unit	<i>Shrek St Com</i>	N/2 Sec 32	Sec 29
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660' 330' 0' 330' 660' 990' 1320' 1650' 1980' 2310' 2640' 2310' 1980' 1650' 1320' 990' 660' 330' 0' 330' 660'

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 25954

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

Deana M. Bennett, attorney in fact and authorized representative of MR NM Operating, LLC, and the Applicant herein, declares as follows:

1) Exhibit C.1 is notice information prepared by Hardy/McLean demonstrating that notice of the hearing was mailed on February 11, 2026 and published in the Hobbs News-Sun on February 17, 2026.

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: February 26, 2026

By: Deana M. Bennett
Deana M. Bennett

EXHIBIT C



February 11, 2026

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL PARTIES ENTITLED TO NOTICE

**Re: Case No. 25954 - Application of MR NM Operating, LLC for Compulsory
Pooling, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **March 5, 2026** beginning at 9:00 a.m.

The hearing will be conducted in a hybrid fashion, both virtually and in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505. The hearing may be held only virtually at the discretion of the Division. To confirm the manner in which the hearing will be held, and to participate virtually, please visit the OCD Hearings website at the following link; <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days prior to the scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. If you are not registered with the OCD's E-Permitting system, you must submit the statement via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties; whether or not the parties are represented by counsel; a concise statement of the case; the names of witnesses anticipated to be called to testify at the hearing; the approximate amount of time needed to present the case; and an identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this application, please contact Blake Simmons, Landman for MR NM Operating, LLC at Blake@mr-nm.com.

Sincerely,
/s/ Jaclyn M. McLean
Jaclyn M. McLean

125 Lincoln Avenue, Suite 223
Santa Fe, NM 87501
505-230-4410

HardyMcClean.com

Writer:
Jaclyn M. McLean
Managing Partner
jmclean@hardymclean.com

EXHIBIT C.1

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

**APPLICATION OF MR NM OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25954

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, MR NM Operating LLC (OGRID No. 330506) (“MR NM” or “Applicant”) applies for an order pooling all uncommitted interests in the Yeso formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2 SE/4 of Section 31 and N/2 SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico (“Unit”). In support of this application, MR NM states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Shrek State Com #3H** well (“Well”), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

Dana S. Hardy
Jaclyn M. McLean
Yarithza Pena
125 Lincoln Ave, Ste. 223
Santa Fe, NM 87501
Phone: (505) 230-4410

dhardy@hardymclean.com
jmclean@hardymclean.com
ypena@hardymclean.com
Counsel for MR NM Operating LLC

Postal Delivery Report MR NM Shrek - Case No. 25954

Recipient	Date Mailed	USPS Tracking Number	Date Received	Status
Exxon Mobil	2/11/2026	9414836208551294957558	2/17/2026	Delivered, Left with Individual SPRING, TX 77389
Colt Energy	2/11/2026	9414836208551294958579	2/19/2026	Delivered, Individual Picked Up at Postal Facility
Hilcorp Energy I, LP	2/11/2026	9414836208551294958630	2/17/2026	Delivered, Front Desk/Reception/Mail Room



February 17, 2026

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8362 0855 1294 9575 58.**

Item Details

Status: Delivered, Left with Individual
Status Date / Time: February 17, 2026, 10:49 am
Location: SPRING, TX 77389
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: EXXON MOBIL

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

Exxon Mobil
 XTO Holdings LLC
 22777 Springwoods Village Parkway
 Land Department, Loc 15
 Spring , TX 77389
 Reference #: MR NM Shrek 25954
 Item ID: MR NM Shrek 25954



February 19, 2026

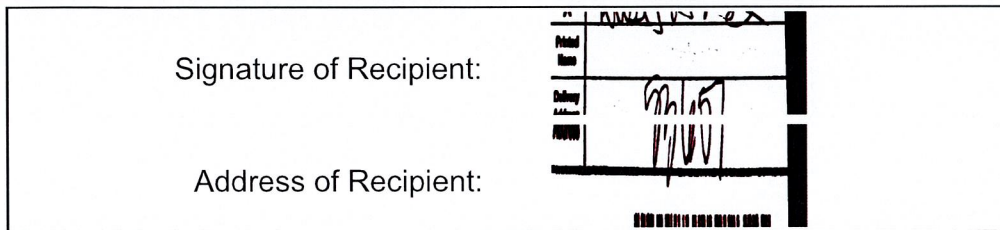
Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8362 0855 1294 9585 79.**

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 19, 2026, 12:48 pm
Location: LUBBOCK, TX 79453
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: COLT ENERGY

Recipient Signature



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

Colt Energy
 PO Box 53657
 Lubbock, TX 79453
 Reference #: MR NM Shrek 25954
 Item ID: MR NM Shrek 25954



February 17, 2026

Dear Simple Certified:

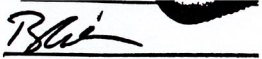
The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8362 0855 1294 9586 30.**

Item Details

Status: Delivered, Front Desk/Reception/Mail Room
Status Date / Time: February 17, 2026, 11:17 am
Location: HOUSTON, TX 77002
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic

Recipient Name: HILCORP ENERGY I LP

Recipient Signature

Signature of Recipient:	 _____ Blake Babbitt _____ - - - 12/18/11
Address of Recipient:	1111 Travis St _____

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

Hilcorp Energy I, LP 1111 Travis Street Houston, TX 77002 Reference #: MR NM Shrek 25954 Item ID: MR NM Shrek 25954

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 17, 2026
and ending with the issue dated
February 17, 2026.



Publisher

Sworn and subscribed to before me this
17th day of February 2026.



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



LEGAL NOTICE February 17, 2026

This is to notify all interested parties, including: XTO Holdings, LLC; ExxonMobil; Colt Energy, LLC; Hifcorp Energy I, LP; and their successors and assigns; that the New Mexico Oil Conservation Division will conduct a hearing on the application submitted by MR NM Operating, LLC ("Applicant") for Case No. 25954. The hearing will be conducted on March 5, 2026, in a hybrid fashion, both virtually and in person at the Energy, Minerals, and Natural Resources Department, 1st Floor, Santa Fe, NM 87506. To participate virtually, see the instructions posted on the OCD website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. In Case No. 25954, Applicant seeks an order pooling all uncommitted interests in the Yeso formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2 SE/4 of Section 31 and N/2 SW/4 of Section 32, Township 16 South, Range 32 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Shrek State Com #3H well ("Well"), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 32 to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 34 miles East of Artesia, New Mexico. #00308412

67118479

00308412

HARDY MCLEAN LLC
125 LINCOLN AVE, STE. 223
SANTA FE, NM 87501

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 publication has been made.