BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING NOVEMBER 5, 2021

CASE NOS. 21727-21730

PALMILLO 29-30 STATE COM #271H-274H WELLS PALMILLO 29-30 STATE COM #375H-378H WELLS

EDDY COUNTY, NEW MEXICO



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

APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 21727

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #271H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #375H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 NE/4 (Unit A) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells. BEFORE THE OIL CONSERVATION Santa Fe. New Mexico

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730 4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

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

2

Respectfully submitted,

HOLLAND & HART LLP



By:____

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

ATTORNEYS FOR APACHE CORPORATION

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

APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 21728

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #272H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #376H well** (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 NE/4 (Unit H) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 NE/4 (Unit H) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

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

2

Respectfully submitted,

HOLLAND & HART LLP



By:____

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

ATTORNEYS FOR APACHE CORPORATION

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

APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 21729

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #273H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #377H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

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

2

Respectfully submitted,

HOLLAND & HART LLP



By:____

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

ATTORNEYS FOR APACHE CORPORATION

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

APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. <u>21730</u>

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #274H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #378H well** (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

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

2

Respectfully submitted,

HOLLAND & HART LLP



By:____

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

ATTORNEYS FOR APACHE CORPORATION

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21727 **APPLICANT'S RESPONSE** Date: November 5, 2021 Applicant Apache Corporation Designated Operator & OGRID (affiliation if applicable) Apache Corporation (OGRID 873) Applicant's Counsel: Holland & Hart LLP **BEFORE THE OIL CONSERVATION DIVISION** Case Title: APPLICATION OF APACHE CORPORATION FOR Santa Fe, New Mexico COMPULSORY POOLING, EDDY COUNTY, NEW Exhibit No. B Submitted by: Apache Corporation MEXICO Hearing Date: November 05, 2021 Case Nos. 21727-21730 Entries of Appearance/Intervenors: Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. **XTO Holdings LLC** Well Family Palmillo 29-30 State Com #271H, #375H Formation/Pool Formation Name(s) or Vertical Extent: **Bone Spring** Primary Product (Oil or Gas): Oil Pooling this vertical extent: **Bone Spring** Pool Name and Pool Code: Palmillo; Bone Spring. SW [Pool Code 96413] Well Location Setback Rules: Statewide Setbacks for Oil 320 acres Spacing Unit Size: Spacing Unit Type (Horizontal/Vertical) Horizontal Size (Acres) 320 acres **Building Blocks:** quart-quarter sections Orientation: West-East Description: TRS/County N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico Standard Horizontal Well Spacing Unit (Y/N), If No, describe Yes **Other Situations** Depth Severance: Y/N. If yes, description N/A N/A Proximity Tracts: If yes, description Proximity Defining Well: if yes, description Applicant's Ownership in Each Tract Exhibit C: Slides 3, 4 and 5 Well(s)

Received by OCD: 11/1/2021 7:34:56 PM Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard)	
Well #1	
	Palmillo 29-30 State Com #271H well (API pending)
	SHL: 790 FNL and 445 FEL, Unit A, of Section 25, T-19-S, R-27-E, NMPM.
	BHL: 660 FNL and 50 FEL, Unit A, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring formation
	Well Orientation: West-East
	Completion Location: Standard
Well #2	Palmillo 29-30 State Com #375H well (API pending)
	SHL: 820 FNL and 445 FEL, Unit A, of
	Section 29, T-19-S, R-27-E, NMPM. BHL: 630 FNL and 50 FEL, Unit A, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring formation
	Well Orientation: West-East
	Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled	Exhibit H

Received by OCD: 11/1/2021 7:34:56 PM	Page 16 of 134
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	Exhibit D-2
Cost Estimate to Drill and Complete	Exhibit D-2
Cost Estimate to Equip Well	Exhibit D-2
Cost Estimate for Production Facilities	Exhiibit D-2
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information prov	vided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	Stuchal & Fellevers
Date:	1-Nov-21

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 21728 **APPLICANT'S RESPONSE** Date: November 5, 2021 Applicant Apache Corporation Apache Corporation (OGRID 873) Designated Operator & OGRID (affiliation if applicable) Applicant's Counsel: Holland & Hart LLP Case Title: APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO Entries of Appearance/Intervenors: Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. **XTO Holdings LLC** Well Family Palmillo 29-30 State Com #272H, #376H Formation/Pool Formation Name(s) or Vertical Extent: **Bone Spring** Primary Product (Oil or Gas): Oil Pooling this vertical extent: Bone Spring Pool Name and Pool Code: Palmillo; Bone Spring. SW [Pool Code 96413] Well Location Setback Rules: Statewide Setbacks for Oil 320 acres Spacing Unit Size: Spacing Unit Type (Horizontal/Vertical) Horizontal Size (Acres) 320 acres **Building Blocks:** quart-quarter sections Orientation: West-East Description: TRS/County S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico Standard Horizontal Well Spacing Unit (Y/N), If No, describe Yes **Other Situations** Depth Severance: Y/N. If yes, description N/A N/A Proximity Tracts: If yes, description Proximity Defining Well: if yes, description Applicant's Ownership in Each Tract Exhibit C: Slides 3, 4 and 5 Well(s)

Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard) Well #1	
	Palmillo 29-30 State Com #272H well (API pending)
	SHL: 2750 FNL and 750 FEL, Unit I, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 2060 FNL and 50 FEL, Unit H, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring Formation
	Well Orientation: West-East
	Completion Location: Standard
Well #2	Palmillo 29-30 State Com #376H well (API pending)
	SHL: 2720 FNL and 750 FEL, Unit I, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 2090 FNL and 50 FEL, Unit H, of Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring Formation
	Well Orientation: West-East
	Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled Released to Imaging: 11/2/2021 8:16:37 AM	Exhibit H

Received by OCD: 11/1/2021 7:34:56 PM	Page 19 of 13
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	Exhibit D-2
Cost Estimate to Drill and Complete	Exhibit D-2
Cost Estimate to Equip Well	Exhibit D-2
Cost Estimate for Production Facilities	Exhiibit D-2
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information pro	vided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	Pachal + Fellevers
Date:	1-Nov-21

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 21729 **APPLICANT'S RESPONSE** Date: November 5, 2021 Applicant Apache Corporation Apache Corporation (OGRID 873) Designated Operator & OGRID (affiliation if applicable) Applicant's Counsel: Holland & Hart LLP Case Title: APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO Entries of Appearance/Intervenors: Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. **XTO Holdings LLC** Well Family Palmillo 29-30 State Com #273H, #377H Formation/Pool Formation Name(s) or Vertical Extent: **Bone Spring** Primary Product (Oil or Gas): Oil Pooling this vertical extent: Bone Spring Pool Name and Pool Code: Palmillo; Bone Spring. SW [Pool Code 96413] Well Location Setback Rules: Statewide Setbacks for Oil 320 acres Spacing Unit Size: Spacing Unit Type (Horizontal/Vertical) Horizontal Size (Acres) 320 acres **Building Blocks:** quarter-quarter sections Orientation: West-East Description: TRS/County N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico Standard Horizontal Well Spacing Unit (Y/N), If No, describe Yes **Other Situations** Depth Severance: Y/N. If yes, description N/A N/A Proximity Tracts: If yes, description Proximity Defining Well: if yes, description Applicant's Ownership in Each Tract Exhibit C: Slides 3, 4 and 5 Well(s)

Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard) Well #1	
	Palmillo 29-30 State Com #273H well (API pending)
	SHL: 2780 FNL and 750 FEL, Unit I, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 1790 FNL and 50 FEL, Unit I, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring formation
	Well Orientation: West-East
W/ 11/10	Completion Location: Standard
Well #2	Palmillo 29-30 State Com #377H well (API pending) SHL: 2810 FNL and 750 FEL, Unit I, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 1760 FNL and 50 FEL, Unit I, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Dana Spring formation
	Completion Target: Bone Spring formation Well Orientation: West-East
	Completion Location: Standard
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Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
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Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
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Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
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Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
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Overhead Rates In Proposal Letter	Exhibit D-2
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Cost Estimate to Equip Well	Exhibit D-2
Cost Estimate for Production Facilities	Exhiibit D-2
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Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
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Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information pro	wided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	Pachal J. Fillevers
Date:	1-Nov-21

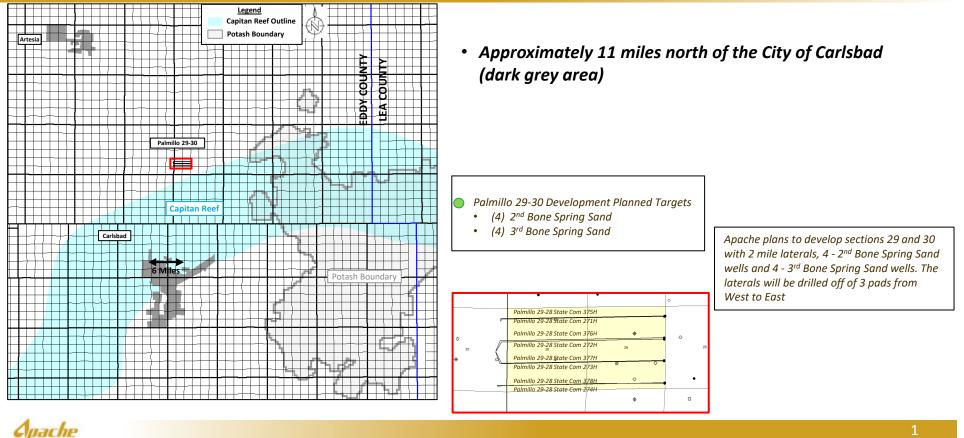
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 21730 **APPLICANT'S RESPONSE** Date: November 5, 2021 Applicant Apache Corporation Apache Corporation (OGRID 873) Designated Operator & OGRID (affiliation if applicable) Applicant's Counsel: Holland & Hart LLP Case Title: APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO Entries of Appearance/Intervenors: Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. **XTO Holdings LLC** Well Family Palmillo 29-30 State Com #274H, #378H Formation/Pool Formation Name(s) or Vertical Extent: **Bone Spring** Primary Product (Oil or Gas): Oil Pooling this vertical extent: Bone Spring Pool Name and Pool Code: Palmillo; Bone Spring. SW [Pool Code 96413] Well Location Setback Rules: Statewide Setbacks for Oil 320 acres Spacing Unit Size: Spacing Unit Type (Horizontal/Vertical) Horizontal Size (Acres) 320 acres **Building Blocks:** quarter-quarter sections Orientation: West-East Description: TRS/County S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico Standard Horizontal Well Spacing Unit (Y/N), If No, describe Yes **Other Situations** Depth Severance: Y/N. If yes, description N/A N/A Proximity Tracts: If yes, description Proximity Defining Well: if yes, description Applicant's Ownership in Each Tract Exhibit C: Slides 3, 4 and 5 Well(s)

Received by OCD: 11/1/2021 7:34:56 PM Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard) Well #1	
	Palmillo 29-30 State Com #274H well (API pending)
	SHL: 307 FSL and 650 FEL, Unit P, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 330 FSL and 50 FEL, Unit P, of Section 29, T-19-S, R-28-E, NMPM.
	Completion Toroct, Done Caring formation
	Completion Target: Bone Spring formation Well Orentation: West-East
	Completion Location: Standard
Well #2	Palmillo 29-30 State Com #378H well (API pending)
	SHL: 337 FSL and 650 FEL, Unit P, of
	Section 25, T-19-S, R-27-E, NMPM.
	BHL: 360 FSL and 50 FEL, Unit P, of
	Section 29, T-19-S, R-28-E, NMPM.
	Completion Target: Bone Spring formation
	Well Orentation: West-East
	Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	<u> </u>
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Released to Imaging: 11/2/2021 8:16:37 AM Uniocatable Parties to be Pooled	Exhibit H

Received by OCD: 11/1/2021 7:34:56 PM	Page 25 of 13
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	Exhibit D-2
Cost Estimate to Drill and Complete	Exhibit D-2
Cost Estimate to Equip Well	Exhibit D-2
Cost Estimate for Production Facilities	Exhiibit D-2
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	Michael J. Fillewers
Date:	1-Nov-21

OVERVIEW PALMILLO 29-30 STATE COM DEVELOPMENT

29/30-T19S-R28E Eddy Co, NM



BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C Submitted by: Apache Corporation

Hearing Date: November 05, 2021 Case Nos. 21727-21730 Page 26 of 134

APACHE DEVELOPMENT

- Apache controls 34.5% of the 1280 development compared to Colgates 17%.
- 12.3% of the Working Interest Supports Apache including EOG and Cimarex
- Apache and Marathon have verbally agreed to a trade which would increase Apache's position by 11.3%
- Total Apache WI, Support and Marathon acreage = 58.18%
- Colgate WI= 17.16%
- Apache's development prevents waste using dual well pads for Camacho and Palmillo development- 3 vs 8
- Apache is prepared to drill wells. Surface Work, Title work ETC

WORKING INTEREST

N/2 N/2 Development

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- APA WI= 49.7410%
- APA Support WI= 16.6%
- MRO= 6.132%
- Colgate WI 15.25%
- S/2 N/2 Development
 - APA WI= 49.7410%
 - APA Support WI= 16.6%
 - MRO= 6.132%
 - Colgate WI 15.25%
- N/2 S/2 Development
 - APA WI= 26.17%
 - APA Support WI= 10.6%
 - MRO= 9.2%
 - Colgate WI 21.13%
- S/2 S/2 Development

Apache

- APA WI= 12.39%
- APA Support WI= 5.62%
- MRO= 23.98%
- Colgate WI 16.86%



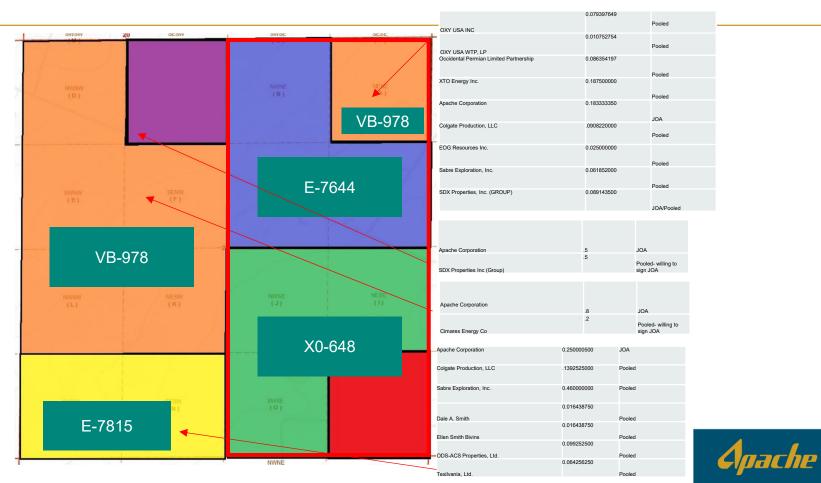
* Apache and Marathon have agreed to a trade and has been approved by management on both sides.

TRACT MAP SECTION 30-19S-28E, EDDY COUNTY, NEW MEXICO



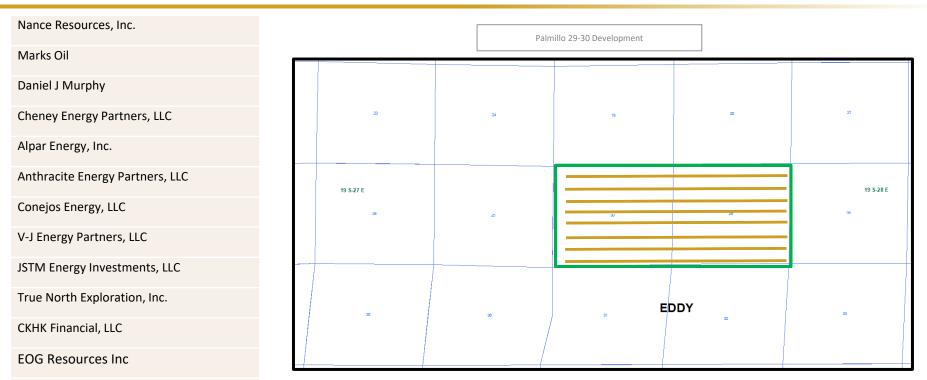
Apache 4

TRACT MAP SECTION 29-19S-28E, EDDY COUNTY, NEW MEXICO



5

PARTNER SUPPORT



Cimarex Energy Co

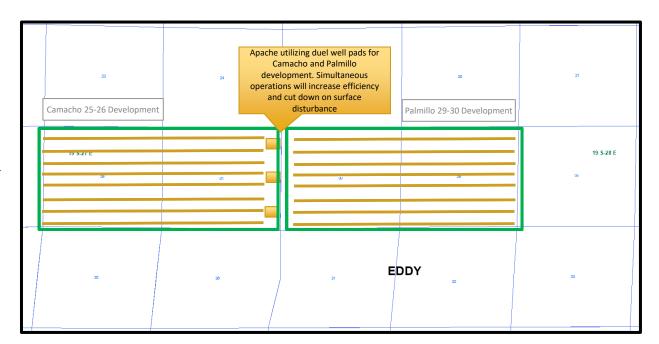


APACHE'S DEVELOPMENT AREA PREPARATION

•3/4/2021 Scouted surface for the planned development

•4/21/21 ARC Survey completed 4/27/2021
•staked 3 pads (16 wells) and 2 facilities
•5/25/2021 Formerly staked linear infrastructure (lease access road, PROW corridor and above-grade electric line).
•9/2/2021 Mailed BL applications for surveyed infrastructure and tenant relinquishments

•Temporary Water line is pending until water sourcing agreement is completed •Secured Gas Takeaway





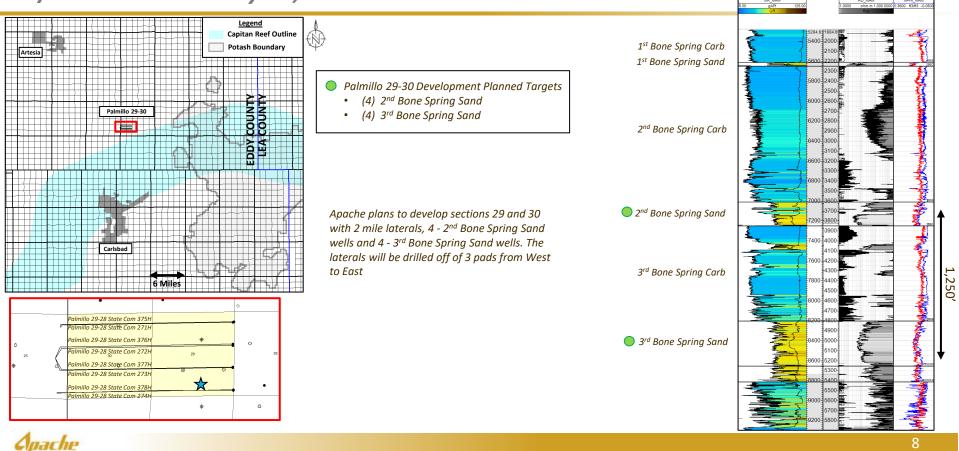
Page 32 of 134

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STATE /CB/

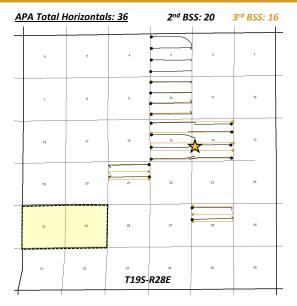
PALMILLO 29-30 STATE COM DEVELOPMENT

29/30-T19S-R28E Eddy Co, NM



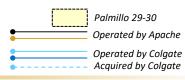
PALMILLO AREA ACTIVITY

Current Bone Spring Horizontal Development



- ★ Palmillo 14 State 1H pilot and lateral helped characterize depositional system and targets early on
- First well spudded 8/15/2014
- Apache has been the most experienced and active operator in this area
- 36 wells drilled and producing
 - 20 2nd Bone Spring Sand
 - 16 3rd Bone Spring Sand

Apache



<u>Colgate To</u>	tal Horizo	ntals: 8	2 nd BS	S: 4 3	rd BSS: 4
с с	5	T19 S-	R28E	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	28	25
31	32	33	34	35	36

- ★ Lady Franklin 25 State 121H was first Bone Spring well drilled by Colgate in Delaware Basin with spud date of 3/4/2020
- 2nd BSS: 4 since 2020 (one previously drilled Chi Energy well acquired by Colgate)
- 3rd BSS: 4 since 2020
- All Bone Spring wells drilled by Colgate have been left as DUCs; Currently no well results

COLGATE ACTIVITY

Inexperienced Operator in Area

Lady Franklin 25 State 121H

- Colgate's **first Bone Spring well drilled** in Delaware Basin
 - Spud Date: 3/4/2020
- C-103 filed on 2/19/2020
 - Change of plans based on offset operator experience

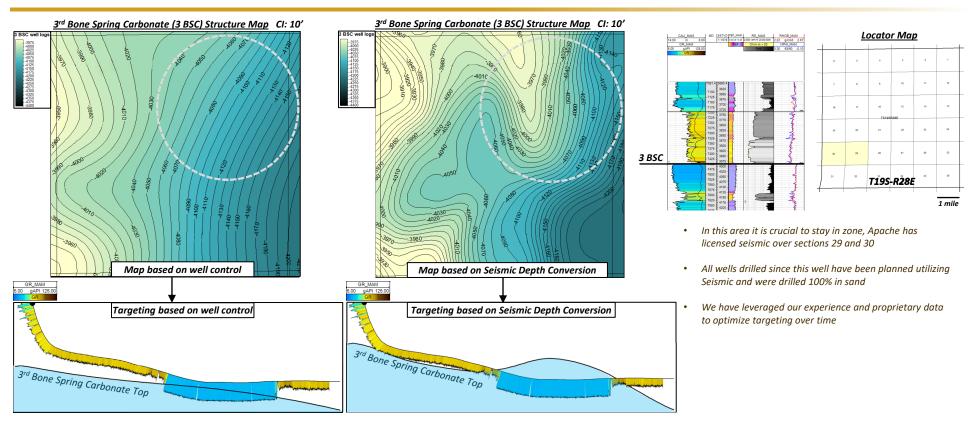
The experienced operator Colgate References is Apache Corporation

Submit Copy To Appropriate District State of New Mexico	Form C-10
District I – (575) 393-6161	Revised July 18, 20
1625 N. French Dr., Hobbs, NM 88240	WELL API NO. 30-015-46298
811 S. First St., Artesia, NM 88210 FEB IGILULUDINSERVATION DIVISION	5. Indicate Type of Lease
District III - (505) 334-6178 1000 Rio Brazos Rd. Aztec, NM \$74 War On Price And Actec, NM \$74 War On Price And Actec, NM \$74 War On Price And Actec A	STATE STATE
1000 Rio Brazos Rd. Aztec, District U (505) 476-JAC BENNRD-OCDARTESIA, NM 87505 1220 S. St. Francis Dr., Santa Fe, NM 87905	 6. State Oil & Gas Lease No. E0-5073-0007
87505 SUNDRY NOTICES AND REPORTS ON WELLS	7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	LADY FRANKLIN 25 STATE
1. Type of Well: Oil Well 🛛 Gas Well 🗌 Other	8. Well Number 121H
2. Name of Operator	9. OGRID Number
COLGATE OPERATING. LLC	371449
 Address of Operator 306 W. WALL ST., SUITE 500, MIDLAND TX 79701 	 Pool name or Wildcat WINCHESTER; BONE SPRING
4. Well Location	WINCHESTER, BOINE SPRING
Unit Letter: D <u>1000</u> feet from the <u>NORTH</u> line and 2	265 feet from the WEST line
Section 25 Township 19 S Range 28 E	NMPM EDDY County
11. Elevation (Show whether DR, RKB, RT, GR,	
3358' GL	
Check Appropriate Box to Indicate Nature of Noti	ce, Report or Other Data
NOTICE OF INTENTION TO:	UBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK D PLUG AND ABANDON REMEDIAL W	
TEMPORARILY ABANDON CHANGE PLANS COMMENCE	DRILLING OPNS. P AND A
PULL OR ALTER CASING 🔲 MULTIPLE COMPL 🔲 CASING/CEN	IENT JOB
DOWNHOLE COMMINGLE	
CLOSED-LOOP SYSTEM	
OTHER: OTHER:	
 Describe proposed or completed operations. (Clearly state all pertinent details of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple 	
proposed completion or recompletion.	Completions: Attach wellbore diagram of
proposes comparish of recomparish.	
	sectors at 2000 best of a data dist
Based on experience of operator in adjacent Section 26, will set surface	casing at 325' instead of originally
Based on experience of operator in adjacent Section 26, will set surface planned 950'.	casing at 325' instead of originally
	casing at 325° instead of originally
	casing at 325° instead of originally
	casing at 325° instead of originally
	casing at 325° instead of originally
planned 950'.	casing at 325° instead of originally
Spud Date: Rig Release Date:	
planned 950'.	
Spud Date: Rig Release Date:	
planned 950'. Spud Date: Rig Release Date: I hereby certify that the information/tbove is true and complete to the best of my knowledge. Right Completered State	edge and belief.
Spud Date: Rig Release Date:	
planned 950'. Spud Date: Rig Release Date: I hereby certify that the information/tbove is true and complete to the best of my knowledge. Right Completered State	edge and belief. DATE 2-19-20
planned 950'. Spud Date: Rig Release Date: I hereby certify that the information/thove is true and complete to the best of my knowl SIGNATURE TITLE CONSULTANT Type or print name <u>BRIAN WOOD</u> E-mail address: <u>brian@perm</u>	edge and belief. DATE 2-19-20 nitswest.com PHONE: <u>505 466-812</u>
planned 950'. Spud Date: Rig Release Date: I hereby certify that the information/thove is true and complete to the best of my knowl SIGNATURE TITLE CONSULTANT Type or print name <u>BRIAN WOOD</u> E-mail address: <u>brian@perm</u>	edge and belief. DATE 2-19-20 nitswest.com PHONE: <u>505 466-812</u>
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Apache

PALMILLO DRILLING CHALLENGES

Geosteering – Example

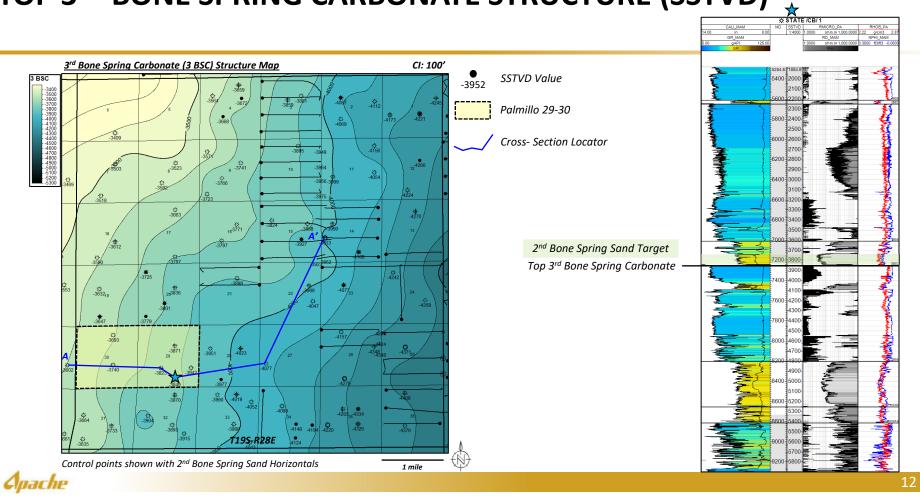


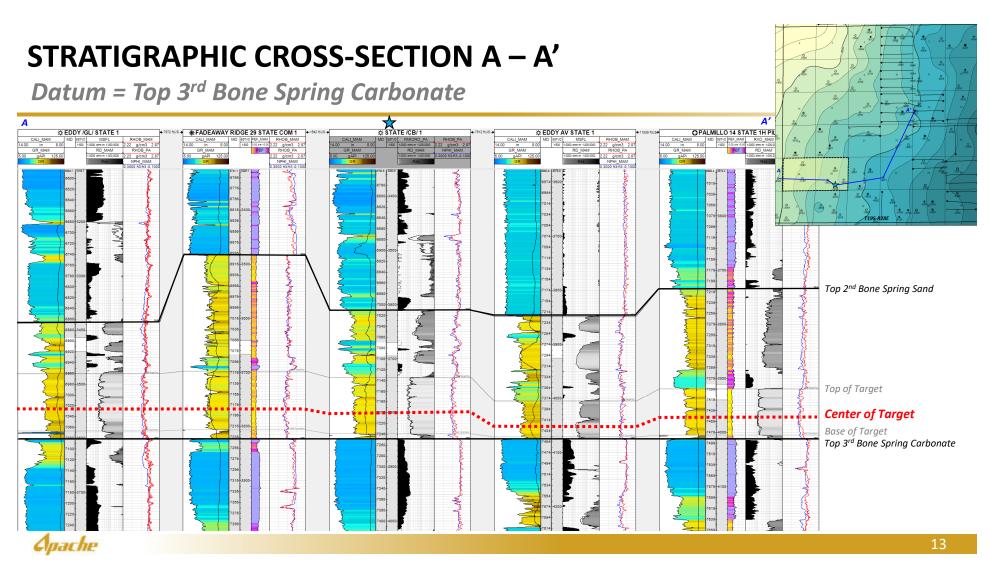


* 3rd Bone Spring Carbonate structure is a derivative product of Apache licensed data

Focus Area Lacking Well Control

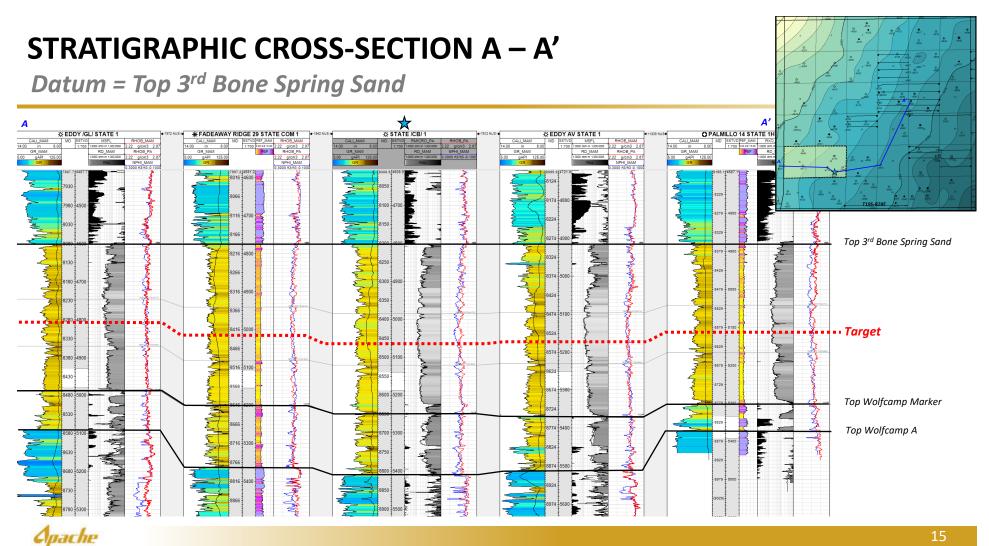
TOP 3RD BONE SPRING CARBONATE STRUCTURE (SSTVD)





☆ STATE /CB/ g/cn 3rd Bone Spring Sand (3 BSS) Structure Map CI: 100' 3BSS • SSTVD Value -4811 -4200 -4300 -4400 -4500 -4600 -4700 -4800 -5100 -5100 -5200 -5500 -5500 -5500 -5500 -5500 -5600 -5600 -5600 -6000 -# -4510 다 4560 -4526 Palmillo 29-30 ***** 4942 Cross- Section Locator æ 다. -4659 A New York Contraction \odot 亞 - PARTICIPATION * ÷ 単 -4775 Top 3rd Bone Spring Sand 3rd Bone Spring Sand Target T195-R28 (1) Control points shown with 3rd Bone Spring Sand Horizontals 1 mile Apache

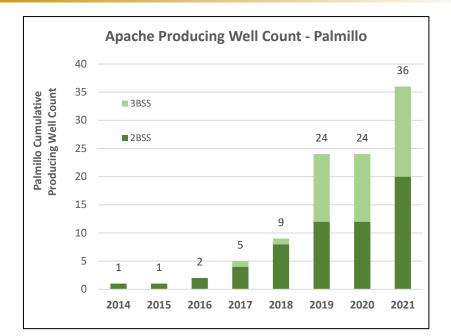
TOP 3RD BONE SPRING SAND STRUCTURE (SSTVD)



APACHE PALMILLO ACTIVITY OVER TIME

2nd and 3rd Bone Spring Sand

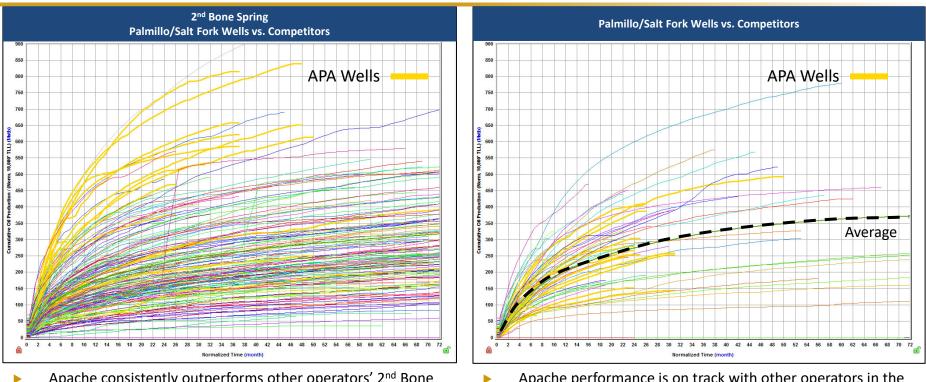
- Apache's experience in the Palmillo area has enabled optimization of further development
 - Improved predictability and repeatability in heterogeneous geologic setting
 - Identification of geologic parameters that drive performance
 - Target zone identification and steering
 - Inter-well spacing optimization to mitigate interference and depletion
 - Completion job optimization
 - Wellbore orientation
- Codevelop 2nd and 3rd BSS intervals
 - Operational and surface land efficiencies enable stronger economics



Apache

PALMILLO PRODUCTION RESULTS

2nd and 3rd Bone Spring Sand



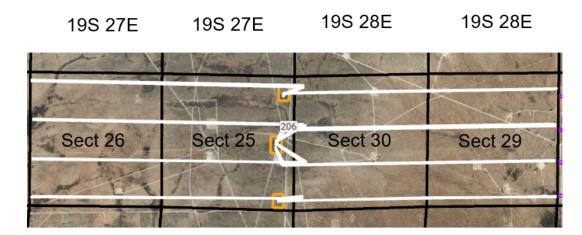
Apache consistently outperforms other operators' 2nd Bone
 Spring production in the surrounding areas

Apache performance is on track with other operators in the 3rd Bone Spring and has improved with spacing and geologic learnings

Apache

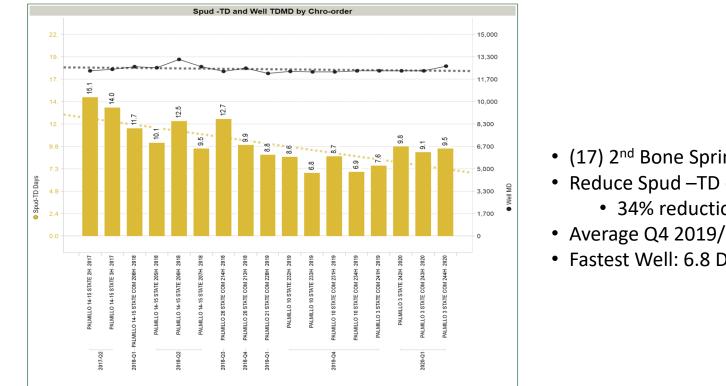
PALMILLO/CAMACHO DEVELOPMENT

- > 2 Landing Zones Planned
 - 2nd Bone Spring Sand
 - 3rd Bone Spring Sand
- 3 Pads (16 Wells Total)
 - Camacho 25-26 (8 wells)
 - Palmillo 29-30 (8 wells)
- 1 central tank battery located within section 25 expandability if necessary
 - 1 pad well design
 - Sim-ops savings
 - Smaller footprint





2ND BONE SPRING PERFORMANCE (2017-2020)

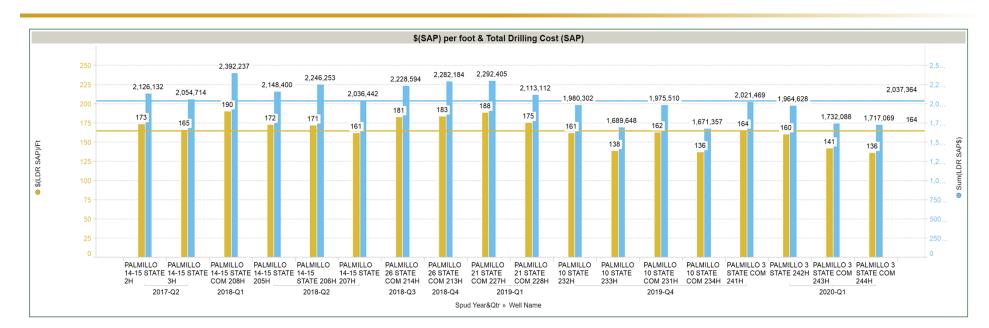


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- (17) 2nd Bone Spring Wells Drilled
- Reduce Spud TD days year over year
 - 34% reduction from 2017 to 2020
- Average Q4 2019/Q1 2020: 8.38 Days
- Fastest Well: 6.8 Days

Page 44 of 134

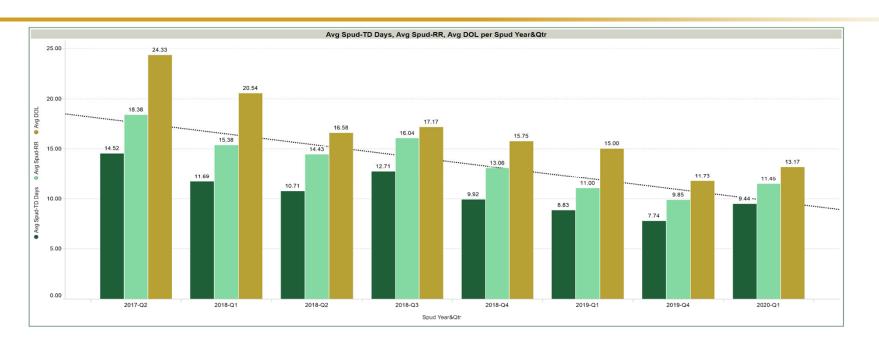
2ND BSS 1 MILE \$/FT



- Avg. \$/FT: \$164
- Avg. TMD: 12,439'
- Avg. Actual Cost: \$2.04MM

Apache

2 MILE ESTIMATES: DRILLING TO TD



- Updated 2 Mile 2nd BSS: <u>Additional ~ 3 days to Drill Lateral</u>
- Total Spud to TD: 12 Days
- 3 Days MIRU: 3 Days TD-RR -----> 18 DOL

Apache

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2 MILE - 2ND BSS COST ESTIMATES

Total Cost: <u>\$2.44MM</u>

- Intangible Cost: \$2.02MM
- Tangible Cost: \$426M

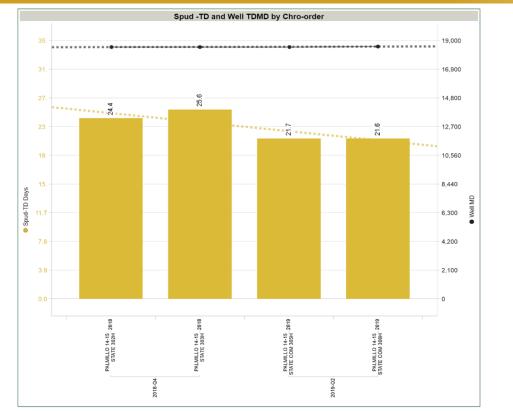
Assumptions: \$25.5K/Day Rig Rate 3 Pads <50mi Rig Move 18 Days on Location (DOL) TMD ~ 15,000'

Acct		Description	evelopment Co: Dry Hole	Co
	65506	Drilling/Percentage Overhead	\$0	
		Bits Coreheads and Reamers	\$75,000	
		Casing Crews	30,000	
		Cement and Cementing Services	164,180	
		Chemicals	\$0	
		Communications	6,400	
		Company Supervision	3,500	
		Company Vehicle and/or Boat	500	
		Contract Labor	30,000	
	70019	Contract Rigs - Daywork	360.000	-
		CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	-
		Contract Supervision	75,000	
		Directional Drilling	200,000	
		Drilling Fluids	275,000	
		Electrical Contract	\$0	
		Equipment Rental	90,000	
		Formation and Well Stimulation	\$0	
		Formation Testing	50	t
	70037		59,000	t
		Land and Site Reclamation	10,000	
		Legal and Curative	20,000	
		Logging	\$0	
		LOE-Other	15,000	
		Rig Mobilization	140,000	
		Road and Site Preparation	100,000	
		Salt Water Disposal	\$0	
		Coiled Tubing	\$0	
		Trucking and Hauling	35,000	
		Tubular Inspection/Testing	70,000	
		Water	40,000	
		Wellsite Damages, Loss, Rightof- Way	20,000	
		Containment Disposal Expense	110.000	
		Automation Labor	\$0	t
		Camp Rentals	30,100	t
		Flowback Tester	\$0,100	
		Pump Truck Service	50	t
		Sand/Proppant	\$0	t
		Mud Logging	10,500	t
		Drilling Operations Center	\$0	t
		Water Transfer	50	t
		Water Treatment	50	
		Frac Plugs	\$0	
		Frac Valve / Frac Tree	50	
		Safety Case	5,000	
Subt		Intangible Materials Cost	\$2,016,680	-
			velopment Cos	
Acct		Description	Dry Hole	Co

			Tangible	Development Cost	LS.
		Acct	Description	Dry Hole	Con
		710	001 Artificial Lift Equipment	\$0	
		710	012 Flow Lines	\$0	
		710	018 Instrumentation	\$0	
			019 Intermediate Casing	83,000	
			032 Other Subsurface Equipment	19,000	
Description	Dry Hole (710	034 Personnel Safety Systems	\$0	
Description	Divisie (036 Pipe, Valves, Fittings and Anodes	\$0	
Subtotal Intangible Costs	\$2,016,680		040 Production Casing	266,000	
Subtotal intaligible costs	\$2,010,000	710	043 Pumps - Surface	\$0	
Subtotal Tangible Costs	\$425,800		050 Surface Casing	12,800	
Subtotal rangible Costs	\$425,800	710	053 Tubing	\$0	
Grand Total	\$2,442,480	710	056 Wellhead Assembly	45,000	
Granu Total	\$ 2,442,460	Subtotal	Tangible Materials Cost	\$425,800	



3RD BONE SPRING 2 MILE PERFORMANCE (2017 – 2020)

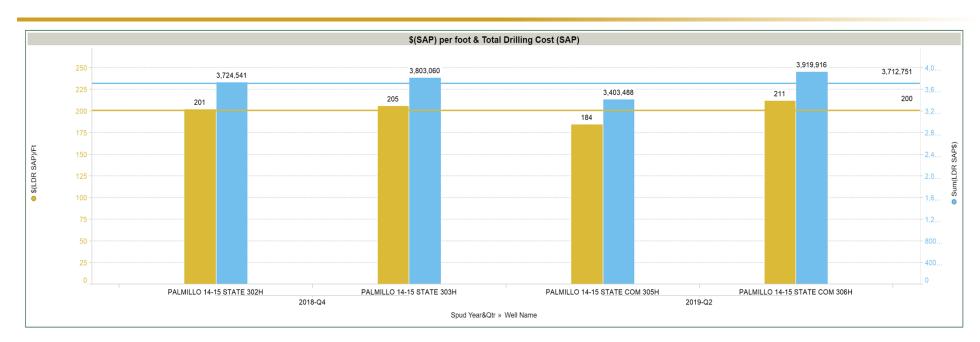


Apache



- Average: 23.33 Days
- Fastest Well: 21.6 Days
- 13% Reduction in Spud to TD

3RD BSS 2 MILE \$/FT



- Avg. \$/FT: \$200
- Avg. Actual Cost: \$3.7MM
- Avg. TMD: 18,536'



2 MILE – 3RD BSS COST ESTIMATE

Total Cost: ~<u>\$2.94MM</u>

- Intangible Cost: \$2.50MM
- Tangible Cost: \$441M

Assumptions: \$25.5K/Day Rig Rate 3 Pads <50mi Rig Move 26 Days on Location (DOL)

		Development Co	
Acct	Description	Dry Hole	_
	06 Drilling/Percentage Overhead	\$0	L
	3 Bits Coreheads and Reamers	\$92,500	
	04 Casing Crews	35000	
	06 Cement and Cementing Services	173080	
	07 Chemicals	\$0	
	08 Communications	9600	
	1 Company Supervision	3500	
	2 Company Vehicle and/or Boat	500	
	17 Contract Labor	35000	
	19 Contract Rigs - Daywork	\$60000	T
	CONTRACT RIGS - FOOTAGE/TURNKEY	42500	
	1 Contract Supervision	106000	
	2 Directional Drilling	220000	
	25 Drilling Fluids	350000	
	16 Electrical Contract	\$0	Т
	11 Equipment Rental	135000	
	44 Formation and Well Stimulation	\$0	
	35 Formation Testing	\$0	Т
	17 Fuel	87000	Т
	6 Land and Site Reclamation	10000	Т
	17 Legal and Curative	20000	Т
7004	19 Logging	\$0	Т
7005	i4 LOE-Other	15000	Т
	54 Rig Mobilization	140000	Т
7000	55 Road and Site Preparation	100000	Т
7000	57 Salt Water Disposal	\$0	т
700	9 Coiled Tubing	\$0	T
7007	4 Trucking and Hauling	35000	Т
7007	6 Tubular Inspection/Testing	75000	Т
7007	77 Water	45000	T
7007	78 Wellsite Damages, Loss, Rightof- Way	20000	T
7011	6 Containment Disposal Expense	125000	Т
7012	Automation Labor	\$0	t
7010	69 Camp Rentals	44100	t
7015	6 Flowback Tester	\$0	T
7018	7 Pump Truck Service	\$0	t
7019	8 Sand/Proppant	\$0	т
7024	13 Mud Logging	16,500	t
7025	5 Drilling Operations Center	\$0	
	S Water Transfer	\$0	T
	86 Water Treatment	50	
	9 Frac Plugs	\$0	t
	1 Frac Valve / Frac Tree	50	
	29 Safety Case	5000	

Description	Dry Hole
Subtotal Intangible Costs	\$2,500,280
Subtotal Tangible Costs	\$440,800
Grand Total	\$2,941,080

	Tangib	le Development Cos	ts
Acct	Description	Dry Hole	C
710	01 Artificial Lift Equipment	\$0	г
	12 Flow Lines	\$0	Г
710	018 Instrumentation	\$0	Г
	19 Intermediate Casing	83000	
	32 Other Subsurface Equipment	19000	
710	34 Personnel Safety Systems	\$0	Т
710	36 Pipe, Valves, Fittings and Anodes	\$0	г
	040 Production Casing	281000	
710	043 Pumps - Surface	\$0	Г
	050 Surface Casing	12800	
710	053 Tubing	\$0	Г
710	056 Wellhead Assembly	45000	T
Subtotal	Tangible Materials Cost	\$440,800	_

Apache

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO. CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF BLAKE JOHNSON

Blake Johnson, of lawful age and being first duly sworn, states the following:

1. My name is Blake Johnson and I am employed by Apache Corporation ("Apache")

as a petroleum landman. I have previously testified before the New Mexico Oil Conservation

Division as an expert witness in petroleum land matters. I am familiar with the applications filed

by Apache in these consolidated cases and the status of the lands in the subject area.

- 2. Under Case Nos. 21727-21730, Apache seeks to create and forcibly pool four 320-acre horizontal well spacing units in the Bone Spring formation underlying Sections 29 and 30, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, as follows:
 - Under <u>Case 22127</u>, Apache seeks to create and forcibly pool a 320acre horizontal well spacing comprised of the N/2 N/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com** #271H well targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #375H well** targeting the Third Bone Spring interval.
 - Under <u>Case 22128</u>, Apache seeks to create and forcibly pool a 320acre horizontal well spacing comprised of the S/2 N/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #272H well** targeting the Second Bone Spring interval and the

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

Palmillo 29-30 State Com #376H well targeting the Third Bone Spring interval.

- Under <u>Case 22129</u>, Apache seeks to create and forcibly pool a 320acre horizontal well spacing comprised of the N/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com** #273H well targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #377H well** targeting the Third Bone Spring interval.
- Under <u>Case 22130</u>, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com** #274H well targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com** #378H well targeting the Third Bone Spring interval.

3. Apache Exhibit D-1 contains Form C-102's in numerical order for the proposed

initial wells in each of these standard spacing units. These forms demonstrate that the completed interval for each well will meet the standard setback requirements for horizontal oil wells.

4. There are no depth severances within the Bone Spring formation underlying this acreage.

5. **Slide 1** of **Apache Exhibit C** is a general location map outlining the four proposed horizontal spacing units and the lateral trajectory of the initial wells. This acreage is comprised of state lands. Apache intends to initially drill two-mile laterals in the Second and Third Bone Spring Sands, with four wells in each interval. These wells will be drilled West to East from wells pads located in the E/2 E/2 of adjacent Section 25.

6. Slide 2 of Apache Exhibit C demonstrates that Apache currently owns over twice the working interest held by Colgate in the subject acreage and has the support of a substantial percentage of the other working interest owners. Apache has recently reached an agreement to acquire Marathon Oil Company's working interest in the subject acreage, which

will boost Apache's ownership and working interest support to over 58%. To my knowledge, Colgate only owns or controls 17.6% of the working interest in the subject acreage.

7. Slide 2 also notes that Apache intends to use the same wells pads to develop not only the Bone Spring formation underlying the subject acreage, but also the Bone Spring formation underlying Sections 25 and 26 in the adjacent Township to the West. By utilizing the same well pads for each development, we can maximize efficiency and reduce our surface impact.

8. Slides 3, 4 and 5 of Apache Exhibit C identify the working interest ownership in the proposed horizontal spacing units, the tracts of land comprising the proposed horizontal spacing units, and the mineral interest owners Apache seeks to pool. Apache has conducted a diligent search of the public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each of these mineral owners.

9. Slide 6 of Apache Exhibit C contains a list of thirteen working interest owners in the subject acreage that support Apache as the operator in the Bone Spring formation. This support includes experienced operators like EOG Resources and Cimarex Energy Company. To my knowledge, no working interest owner in the subject acreage supports Colgate as the operator in the Bone Spring formation.

10. Slide 7 of Apache Exhibit C reflects the efforts Apache has undertaken to prepare to drill not only the Palmillo 29-30 wells in the subject acreage, but also the Camacho wells in Sections 25 and 26 in the adjacent Township to the West. It reflects that Apache has scouted surface for the planned development, completed its ARC Survey, staked 3 pads for 16 wells and common surface facilities, staked linear

infrastructure (lease access road, PROW corridor and above-grade electric line), applied for business lease applications for surveyed infrastructure and tenant relinquishment, and secured gas takeaway. Apache is also in the process of securing a temporary water line pending water sourcing agreement.

11. **Apache Exhibit D-2** contains a sample of the well proposal letters and AFEs sent to the working interest owners Apache seeks to pool. The costs reflected in these AFEs are consistent with what Apache and other operators have incurred for drilling similar horizontal wells in the area in the subject formation.

12. **Apache Exhibit D-3** contains a chronology of the contacts with the uncommitted working interest owners that Apache was able to locate. In my opinion, Apache has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners.

13. Apache Exhibit D-4 contains letters from working interest owners in the subject acreage that support Apache as operator in the Bone Spring formation. These letters refer to Apache's track record of drilling and completing multiple successful lateral wells in the subject area and Apache's existing and proposed infrastructure.

14. Apache requests that the overhead and administrative costs for drilling and producing the proposed wells be set at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what Apache and other operators are charging in this area for similar wells.

15. I have provided the law firm of Holland & Hart LLP with the names and addresses (where available) of the mineral owners that Apache seeks to pool and instructed that they be notified of this hearing.

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16. Apache Exhibits D-1 through D-4 and Slides 1 through 7 of Apache Exhibit C

were either prepared by me or compiled under my direction and supervision.

))

)

FURTHER AFFIANT SAYETH NOT.

Blake Johnson

STATE OF TEXAS COUNTY OF HARRIS

SUBSCRIBED and SWORN to before me this _____ day of _____ 2021 by Blake Johnson.

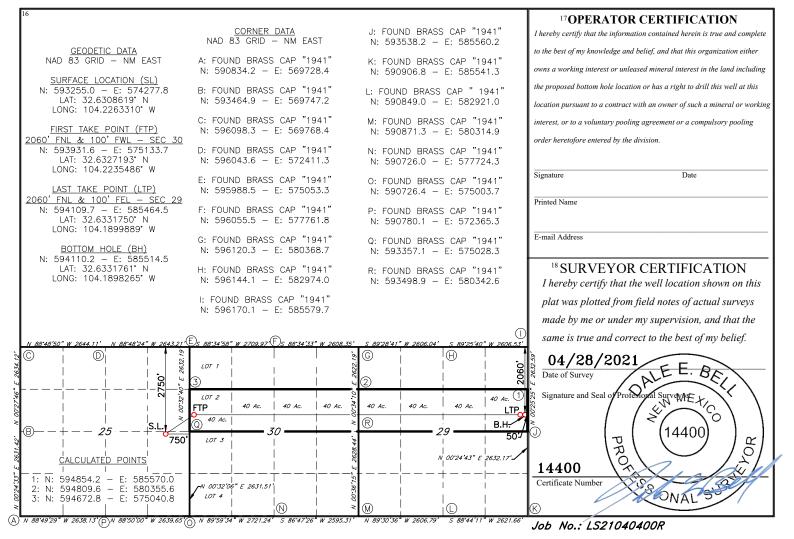
NOTARY PUBLIC

My Commission Expires:

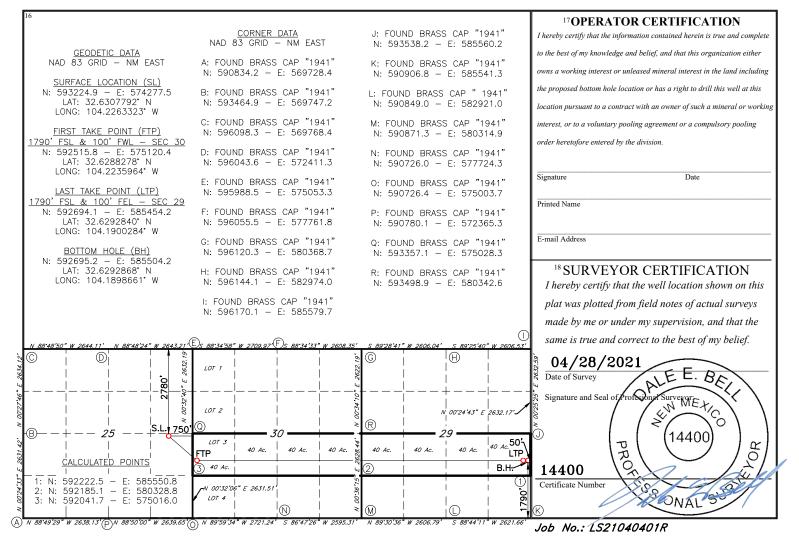
ived by OCD	: 11/1/20	21 7:34:5	6 PM			BE		NSERVATION New Mexico oit No. D1	Dana EG
rict I N. French Dr., Hobb he: (575) 393-6161 F. ict II S. First St., Artesia, N he: (575) 748-1283 Fa ict III Rio Brazos Road, A: he: (505) 334-6178 Fa ict IV S. St. Francis Dr., Sa he: (505) 476-3460 Fa	ax: (575) 393-(M 88210 x: (575) 748-9 ztec, NM 87410 x: (505) 334-6 nta Fe, NM 87	720 0 170 2505	Energ		als & Natur CONSERV 1220 South	ew Mexico al Resources De ATION DIVISIO St. Francis Dr. NM 87505	Submitted by: / Hearing Date: Case Nos. partment	Apache Corpo November 05, 21727-21730	
		W	VELL L	OCATIO	N AND AC	REAGE DEDIC	CATION PLA	Т	
1	API Number	r		2 Pool Code			³ Pool Nat	ne	
4Property Co 7 OGRID				PALM	⁵ Property 1 ILLO 29–3 ⁸ Operator	O STATE COM	1		⁶ Well Number 271H 9Elevation
				AP	ACHE COR	PORATION		3473'	
					¹⁰ Surface	Location			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West lin	,
Α	25	19S	27E		790	NORTH	445	EAST	EDDY
			11]	Bottom H	lole Location	n If Different Fr	om Surface		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West lin	e County
Α	29	19S	28E		660	NORTH	50	EAST	EDDY
12 Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	15 Code	Order No.				

16								¹⁷ OPERATOR CERTIFICATION
		<u>rner data</u> grid – nm eas	ST		JND BRASS 3538.2 –			I hereby certify that the information contained herein is true and complete
GEODETIC DATA								to the best of my knowledge and belief, and that this organization either
NAD 83 GRID – NM EAST		BRASS CAP "19 2 – E: 56972			JND BRASS 0906.8 -			owns a working interest or unleased mineral interest in the land including
<u>SURFACE LOCATION (SL)</u> N: 595208.0 – E: 574601.0		BRASS CAP "19			ND BRASS			the proposed bottom hole location or has a right to drill this well at this
LAT: 32.6362293* N LONG: 104.2252748* W		.9 – E: 56974			0849.0 -			location pursuant to a contract with an owner of such a mineral or working
FIRST TAKE POINT (FTP)		BRASS CAP "19			JND BRAS			interest, or to a voluntary pooling agreement or a compulsory pooling
<u>660' FNL & 100' FWL - SEC 30</u>	N: 596098	8.3 – E: 56976	8.4	N: 59	0871.3 -	E: 5803	14.9	order heretofore entered by the division.
N: 595331.2 - E: 575147.0 LAT: 32.6365664* N LONG: 104.2235007* W		BRASS CAP "19 5.6 – E: 57241			JND BRASS 0726.0 —			
		BRASS CAP "19		O: FO	JND BRAS	S CAP "1	941"	Signature Date
<u>LAST TAKE POINT (LTP)</u> 660' FNL & 100' FEL – SEC 29	N: 595988	8.5 – E: 57505	3.3	N: 59	0726.4 -	E: 57500	03.7	Printed Name
N: 595509.3 – E: 585474.9 LAT: 32.6370221* N		BRASS CAP "19 5.5 – E: 57776			JND BRASS 0780.1 -			Printed Name
LONG: 104.1899491° W	G: FOUND	BRASS CAP "19	941"		JND BRAS	CAD "1	041"	E-mail Address
BOTTOM HOLE (BH)).3 – E: 58036			3357.1 -			
N: 595509.8 – E: 585524.8 LAT: 32.6370232* N	H: FOUND	BRASS CAP "19	941"	R: FOI	JND BRAS	S CAP "1	941"	¹⁸ SURVEYOR CERTIFICATION
LONG: 104.1897868' W	N: 596144	1 – E: 58297	4.0	N: 59	3498.9 -	E: 58034	42.6	I hereby certify that the well location shown on this
		BRASS CAP "19).1 – E: 58557						plat was plotted from field notes of actual surveys
	N. 550170	– L. 38337	3.7					made by me or under my supervision, and that the
N 88'48'50" W 2644.11' N 88'48'24" W 2643.21	Ds 88:34'58" w 2	2709.97 ⁽ E)\$ 88°34'33	" W 2608.35'	5 89*28'4	1" W 2606.04'	S 89'25'40)" W 2606.53'	same is true and correct to the best of my belief.
©,067	FTP		2.19	©		θ	660'	04/28/2021 E E. BE
S.L.0	LOT 1 . 40 Ac.	40 Ac. 40 Ac.	40 Ac. 297	40 Ac.	40 Ac.	40 Ac.	LTP B.H.	N Date of Survey
N 00'32'40" E 2632.19	3	į	01,1	2			50 ² (1)	Signature and Seal of Profesional Sun WE
	LOT 2		\$2.00	0	1	1		
25		<u>_</u>	[≥]	R	- 2	! ?9 — — —	. <u> </u>	× (v (14400)) v
	15:15 107 3	l.	8.44		CALCULATE	D POINTS	2.17	
	E 26.	1	E 262		594854.2		35560.0	14400
- — — - — — — — — – - — — – -	<u></u>	†	15"	_ 2: N: 3: N:	594809.6 594855.6		30355.6 - 🚆 34471.2 🎗	Cartificate Number
	5.0	1	ە ^ت ا				, V	
	1,755.00 LOT 4		.96.00 1	M				ONAL 307/07/2021

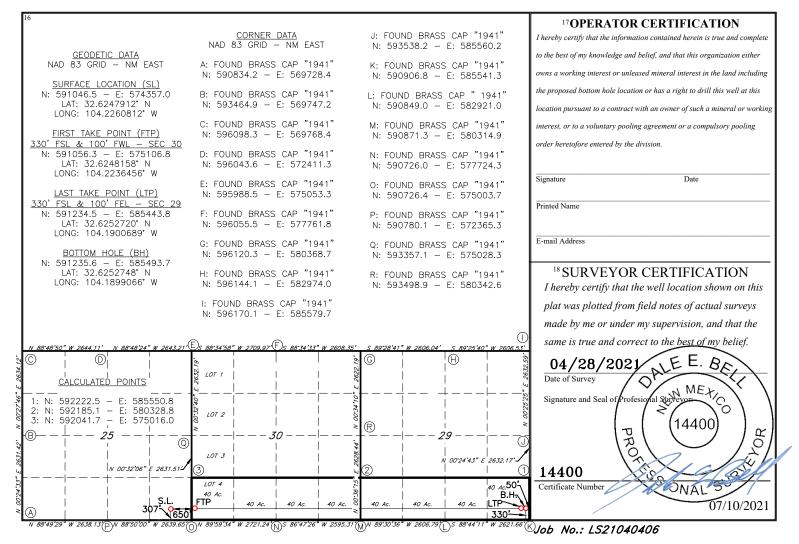
istrict I 525 N. French Dr., Hobb hone: (575) 393-6161 Fi istrict II 11 S. First St., Artesia, N hone: (575) 748-1283 Fa istrict III 000 Rio Brazos Road, Az hone: (505) 334-6178 Fa istrict IV 220 S. St. Francis Dr., Sa hone: (505) 476-3460 Fa	ax: (575) 393-0 M 88210 x: (575) 748-9 ttee, NM 87410 x: (505) 334-6 inta Fe, NM 87	720 0 170 505	Energ		State of Ne rals & Natura CONSERVA 1220 South Santa Fe, N	Su	Form Revised August 1 Submit one copy to appro District				
		W	ELL L	OCATIO	N AND ACH	REAGE DEDIC	ATION PLA	Т			
1	API Number	ſ		² Pool Code	;	³ Pool Name					
4Property Co	de		1	PALM		⁶ Well Number 272H					
7 OGRID	NO.			AP	⁸ Operator N ACHE COR		ON ⁹ Elevation 3470'				
					¹⁰ Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County	
I	25	19S	27E		2750	NORTH	750	EA	ST	EDDY	
			11	Bottom H	Iole Location	If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
H	29	19S	28E		2060	NORTH	50	EA	ST	EDDY	
12 Dedicated Acre	s 13 Joint	or Infill 14 (Consolidation	Code 15 (Order No.						



<u>District I</u> 625 N. French Dr., Hobb hone: (575) 393-6161 F. <u>District II</u> 11 S. First St., Artesia, N hone: (575) 748-1283 Fa <u>District III</u> 000 Rio Brazos Road, A: hone: (505) 334-6178 Fa <u>District IV</u> 220 S. St. Francis Dr., Sa hone: (505) 476-3460 Fa	ax: (575) 393-0 IM 88210 IX: (575) 748-9 Iztec, NM 87410 IX: (505) 334-6 Inita Fe, NM 87	720 0 170 505	Energ		State of No rals & Natura CONSERVA 1220 South Santa Fe, 1	Form nt Revised August Submit one copy to appr District					
		W	ELL L	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	Т			
:	API Number	ſ		2 Pool Code	;	³ Pool Name					
4Property Co	de			PALM		⁶ Well Number 273H					
⁷ OGRID	NO.			AP	⁸ Operator M				⁹ Elevation 3470'		
L					¹⁰ Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County	
I	25	19S	27E		2780	NORTH	750	EA	ST	EDDY	
			11	Bottom H	Iole Locatior	n If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
I	29	19S	28E		1790	SOUTH	50	EA	ST	EDDY	
12 Dedicated Acre	s 13 Joint	or Infill 14 (Consolidation	Code 15	Order No.						



istrict] istrict] istrict II II S. First St., Artesia, N hone: (575) 393-6161 Fa istrict III 100 Rio Brazos Road, Az hone: (505) 334-6178 Fa istrict IIV 200 S. St. Francis Dr., Sa hone: (505) 476-3460 Fa	ax: (575) 393-(M 88210 x: (575) 748-9 ttee, NM 87410 x: (505) 334-6 nta Fe, NM 87	720 0 170 2505	Energ		State of N rals & Natur CONSERV 1220 Soutl Santa Fe,	Su	Form C Revised August 1, Submit one copy to approp District C				
		W	ELL L	OCATIO	N AND AC	CREAGE DEDIC	CATION PLA	Т			
1	API Number	r		² Pool Code	;	³ Pool Name					
4Property Co	de			PALM		⁶ Well Number 274H					
7 OGRID	NO.			AP	⁸ Operato	r Name RPORATION			⁹ Elevation 3455'		
	·				¹⁰ Surfac	e Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County	
P	25	19S	27E		307	SOUTH	650	EA	ST	EDDY	
			11]	Bottom H	Iole Locatio	on If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
P	29	19S	28E		330	SOUTH	50	EA	ST	EDDY	
12 Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	Code 15	Order No.						



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<u>istrict 1</u> 525 N. French Dr., Hobt hone: (575) 393-6161 F <u>istrict II</u> 11 S. First St., Artesia, N hone: (575) 748-1283 F <u>istrict III</u> 000 Rio Brazos Road, A hone: (505) 334-6178 F <u>istrict IV</u> 220 S. St. Francis Dr., Sa hone: (505) 476-3460 F	Fax: (575) 393-(NM 88210 ax: (575) 748-9 ztec, NM 8741 ax: (505) 334-6 anta Fe, NM 87	720 0 170 2505	OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505						Form C-102 vised August 1, 201 e copy to appropriate District Office MENDED REPORT		
		W	ELL L	OCATI	ON AND A	CREAGE DEDIC	CATION PLA	Т			
	1 API Number	r		² Pool Co	ode	³ Pool Name					
4Property Co 7 OGRID			⁵ Property Name PALMILLO 29–30 STATE COM ⁸ Operator Name							Well Number 375H Elevation	
				Α	PACHE CO	RPORATION			3473'		
						ce Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from th		Feet From the	East/W		County	
A	25	19S	27E		820	NORTH	445	EA	ST	EDDY	
		-	11]	Bottom	Hole Locati	ion If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from th	e North/South line	Feet from the	East/W	est line	County	
A	29	19S	28E		630	NORTH	50	EA	ST	EDDY	
12 Dedicated Acre	es 13 Joint	or Infill 14 (Consolidation	Code	15 Order No.						

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

	CORNER_DATA	J: FOUND BRASS CAP "1941"	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete</i>
	NAD 83 GRID - NM EAST	N: 593538.2 – E: 585560.2	
<u>GEODETIC DATA</u> NAD 83 GRID – NM EAST	A: FOUND BRASS CAP "1941"	K: FOUND BRASS CAP "1941"	to the best of my knowledge and belief, and that this organization either
SURFACE LOCATION (SL)	N: 590834.2 - E: 569728.4	N: 590906.8 – E: 585541.3	owns a working interest or unleased mineral interest in the land including
N: 595178.0 – E: 574600.7	B: FOUND BRASS CAP "1941"	L: FOUND BRASS CAP " 1941"	the proposed bottom hole location or has a right to drill this well at this
LAT: 32.6361469* N LONG: 104.2252760* W	N: 593464.9 – E: 569747.2	N: 590849.0 - E: 582921.0	location pursuant to a contract with an owner of such a mineral or working
FIRST TAKE POINT (FTP)	C: FOUND BRASS CAP "1941" N: 596098.3 – E: 569768.4	M: FOUND BRASS CAP "1941" N: 590871.3 – E: 580314.9	interest, or to a voluntary pooling agreement or a compulsory pooling
630' FNL & 100' FWL - SEC 30		N. 390871.3 - E. 380314.9	order heretofore entered by the division.
N: 595361.2 - E: 575147.3 LAT: 32.6366488° N LONG: 104.2234997° W	D: FOUND BRASS CAP "1941" N: 596043.6 – E: 572411.3	N: FOUND BRASS CAP "1941" N: 590726.0 – E: 577724.3	
	E: FOUND BRASS CAP "1941"	O: FOUND BRASS CAP "1941"	Signature Date
<u>LAST TAKE POINT (LTP)</u> 630' FNL & 100' FEL – SEC 29	N: 595988.5 – E: 575053.3	N: 590726.4 – E: 575003.7	
N: 595539.3 - E: 585475.1	F: FOUND BRASS CAP "1941"	P: FOUND BRASS CAP "1941"	Printed Name
LAT: 32.6371045° N LONG: 104.1899483° W	N: 596055.5 – E: 577761.8	N: 590780.1 – E: 572365.3	
	G: FOUND BRASS CAP "1941"	Q: FOUND BRASS CAP "1941"	E-mail Address
<u>BOTTOM HOLE (BH)</u> N: 595539.8 – E: 585525.1	N: 596120.3 - E: 580368.7	N: 593357.1 – E: 575028.3	
LAT: 32.6371057° N	H: FOUND BRASS CAP "1941"	R: FOUND BRASS CAP "1941"	¹⁸ SURVEYOR CERTIFICATION
LONG: 104.1897859* W	N: 596144.1 – E: 582974.0	N: 593498.9 – E: 580342.6	I hereby certify that the well location shown on this
	I: FOUND BRASS CAP "1941" N: 596170.1 – E: 585579.7		plat was plotted from field notes of actual surveys
			made by me or under my supervision, and that the
	©s 88:34'58" w 2709.97'©s 88:34'33" w 2608		
820, 870,			04/28/2021 E E. BE
S.L.07	40 Ac. 40 Ac. 40 Ac. 40 Ac. 40 Ac.	с. 🕅 40 Ас. 40 Ас. 40 Ас. LTP	Signature and Seal of Profesional Sancyor
N 00'32'40" E 2632.19	3	2 50 ⁴	Signature and Seal of Profesional Serveyor
	LOT 2	<u>ε</u>	
= -+25+=		$\overset{\geq}{\mathbb{R}}$ $\overset{\mid}{\mathbb{R}}$ \mid	
		CALCULATED POINTS	
	E LOT 3	⁸ 1: N: 594854.2 – E: 585560.0	
! +!			
	25 	3: N: 594855.6 – E: 564471.2	Certificate Number
	8 LOT 4 ≥	× M L K	07/07/2021
1 88'49'29" W 2638.13' N 88'50'00" W 2639.65'	N 89'59'34" W 2721.24' S 86'47'26" W 2595	je j	- 11

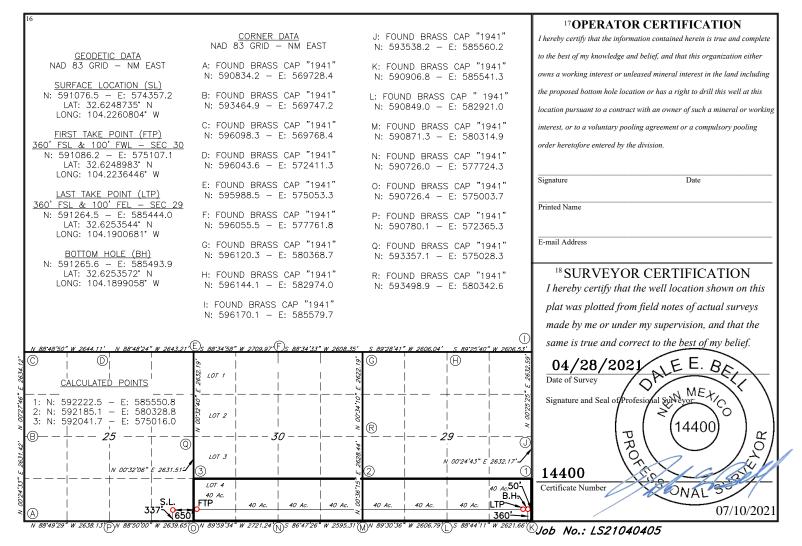
District II					State of New Mexico nerals & Natural Resources Department IL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505				Sı	Form C-102 Revised August 1, 201 Submit one copy to appropriate District Office		
			WELL L	OCATI	ION AND	ACR	EAGE DEDIC	CATION PLA	Т			
¹ API Number				2 Pool C	I Code ³ Pool Name							
4Property C		⁵ Property Name PALMILLO 29–30 STATE COM						⁶ Well Number 376H 9 Elevation				
	OGRID NO. ⁸ Operator Nam APACHE CORPO									3470'		
					¹⁰ Sur	face I	Location					
UL or lot no.	Section	Townshi	p Range	Lot Idn	n Feet from	n the	North/South line	Feet From the	East/W	est line	County	
I	25	19S	27E		272	0	NORTH	750	EA EA	ST	EDDY	
			11]	Bottom	Hole Loc	ation	If Different Fr	om Surface				
UL or lot no.	Section	Townshi	p Range	Lot Idn	n Feet from	n the	North/South line	Feet from the	East/W	est line	County	
H	29	19S	28E		209	0	NORTH	50	EA	ST	EDDY	
12 Dedicated Acr	13 Joint	or Infill	14 Consolidation	1 Code	15 Order No.							

16						¹⁷ OPERATOR CERTIFICATION
	<u>CORNER DAT.</u> NAD 83 GRID – N		J: FOUND BRAS N: 593538.2 -			I hereby certify that the information contained herein is true and complete
GEODETIC DATA						to the best of my knowledge and belief, and that this organization either
NAD 83 GRID – NM EAST	A: FOUND BRASS CA N: 590834.2 - E: 5		K: FOUND BRAS			owns a working interest or unleased mineral interest in the land including
<u>SURFACE_LOCATION_(SL)</u> N: 593284.9 – E: 574278.0	B: FOUND BRASS CA	D "10/1"				the proposed bottom hole location or has a right to drill this well at this
LAT: 32.6309441* N	N: 593464.9 - E: 5		L: FOUND BRAS N: 590849.0 -			location pursuant to a contract with an owner of such a mineral or working
LONG: 104.2263302* W	C: FOUND BRASS CA	P"1941"	M: FOUND BRAS	SS CAP "19	41"	interest, or to a voluntary pooling agreement or a compulsory pooling
FIRST TAKE POINT (FTP)	N: 596098.3 - E: 5		N: 590871.3 -			
<u>2090'FNL & 100'FWL - SEC 30</u> N: 593901.6 - E: 575133.4	D: FOUND BRASS CA	P "1941"	N: FOUND BRAS	SS CAP "19-	41"	order heretofore entered by the division.
LAT: 32.6326369° N LONG: 104.2235497° W	N: 596043.6 - E: 5	572411.3	N: 590726.0 -	- E: 577724	4.3	
	E: FOUND BRASS CA		O: FOUND BRAS	SS CAP "19-	41"	Signature Date
<u>LAST TAKE POINT (LTP)</u> 2090' FNL & 100' FEL – SEC 29	N: 595988.5 - E: 5	575053.3	N: 590726.4 -	- E: 575003	3.7	Printed Name
N: 594079.7 – E: 585464.3 LAT: 32.6330925* N	F: FOUND BRASS CA		P: FOUND BRAS			
LONG: 104.1899897* W	N: 596055.5 - E: 5		N: 590780.1 -	- E: 572365	5.3	
BOTTOM HOLE (BH)	G: FOUND BRASS CA N: 596120.3 - E: 5		Q: FOUND BRAS	SS CAP "194 - E: 575028		E-mail Address
N: 594080.2 - E: 585514.3						¹⁸ SURVEYOR CERTIFICATION
LAT: 32.6330937* N LONG: 104.1898274* W	H: FOUND BRASS CA N: 596144.1 - E: 5		R: FOUND BRAS			I hereby certify that the well location shown on this
	I: FOUND BRASS CA	⊃ "10/1"				
	N: 596170.1 - E: 5					plat was plotted from field notes of actual surveys
						made by me or under my supervision, and that the
<u>N 88'48'50" W 2644.11' N 88'48'24" W 2643.21'</u>)s 88°34'58" w 2709.97' (Ds e	38°34'33″ W 2608.35'	<u>S 89°28'41" W 2606.04</u>	' <u>S 89'25'40"</u>	W 2606.53'	same is true and correct to the best of my belief.
		16.	©	H I	A I	04/28/2021
() 	LOT 1	2622		i i	2090'	R Date of Survey
'- - '- \ - \ - \ - \ - \ -	3 40 AC 40 AT 4	0, E	2 40.40	++	й П	
	5 40 Ac. 40 Ac. 40 FTP 1	0 Ac. 40 Ac. 1.	40 Ac. 40 Ac.	40 Ac.	40 Ac.	Signature and Seal of Provestorial Strivetor
□ S.L.	Q LOT 2	<	R		LTP	≥ // \\\</td
	30 -	,74		29	50'	\bigcirc $\left(\frac{14400}{2} \right) \alpha$
CALCULATED POINTS	LOT 3	1028	İ			
			<u> </u>			14400 9
1: N: 594854.2 - E: 585570.0 🔅 2: N: 594809.6 - E: 580355.6 🕅		36,15	1	 N 00'24'43" E 2	26.32 17'	Certificate Number
3: N: 594672.8 – E: 575040.8 👸	LOT 4	00 N	M		(K)	NAL 30
N 88'49'29" W 2638.13' (P) N 88'50'00" W 2639.65' (N 89'30'36" W 2606.79	o' s 88'44'11"	$\overline{)}$	

hone: (575) 393-6161 F. <u>istrict II</u> 11 S. First St., Artesia, N hone: (575) 748-1283 Fa <u>istrict III</u> 200 Rio Brazos Road, A: hone: (505) 334-6178 Fa <u>istrict IV</u> 220 S. St. Francis Dr., Sa	State of New Mexico State of New Mexico Energy, Minerals & Natural Resources Depa OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 476-3460 Fax: (505) 476-3462					1	Su	bmit one	Form C-102 vised August 1, 2011 e copy to appropriate District Office MENDED REPORT	
		W	ELL L	OCATI	ON AND AC	REAGE DEDIC	CATION PLA	Т		
:	¹ API Number 2 Pool					3 Pool Name				
4Property Co	de	⁵ Property Name PALMILLO 29–30 STATE COM						⁶ Well Number 377H		
⁷ OGRID	NO.	⁸ Operator Name APACHE CORPORATION						⁹ Elevation 3470'		
					¹⁰ Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County
I	25	19S	27E		2810	NORTH	750	EAS	ST	EDDY
			11	Bottom	Hole Location	n If Different Fr	om Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County
I	29	19S	28E		1760	SOUTH	50	EAS	ST	EDDY
12 Dedicated Acre	s 13 Joint	or Infill 14 (Consolidation	Code 1	5 Order No.					

16			¹⁷ OPERATOR CERTIFICATION
	<u>CORNER DATA</u> NAD 83 GRID – NM EAST	J: FOUND BRASS CAP "1941" N: 593538.2 – E: 585560.2	I hereby certify that the information contained herein is true and complete
GEODETIC DATA			to the best of my knowledge and belief, and that this organization either
NAD 83 GRID – NM EAST	A: FOUND BRASS CAP "1941" N: 590834.2 — E: 569728.4	K: FOUND BRASS CAP "1941" N: 590906.8 – E: 585541.3	owns a working interest or unleased mineral interest in the land including
<u>SURFACE LOCATION (SL)</u> N: 593195.0 – E: 574277.2	B: FOUND BRASS CAP "1941"	L: FOUND BRASS CAP " 1941"	the proposed bottom hole location or has a right to drill this well at this
LAT: 32.6306969* N	N: 593464.9 – E: 569747.2	N: 590849.0 – E: 582921.0	location pursuant to a contract with an owner of such a mineral or working
LONG: 104.2263332* W	C: FOUND BRASS CAP "1941"	M: FOUND BRASS CAP "1941"	interest, or to a voluntary pooling agreement or a compulsory pooling
<u>FIRST TAKE POINT (FTP)</u> 1760' FSL & 100' FWL - SEC 30	N: 596098.3 – E: 569768.4	N: 590871.3 - E: 580314.9	order heretofore entered by the division.
N: 592485.8 - E: 575120.1	D: FOUND BRASS CAP "1941"	N: FOUND BRASS CAP "1941"	
LAT: 32.6287453* N LONG: 104.2235975* W	N: 596043.6 – E: 572411.3	N: 590726.0 – E: 577724.3	
LAST TAKE POINT (LTP)	E: FOUND BRASS CAP "1941" N: 595988.5 – E: 575053.3	0: FOUND BRASS CAP "1941"	Signature Date
<u>1760' FSL & 100' FEL - SEC 29</u>		N: 590726.4 – E: 575003.7	Printed Name
N: 592664.1 – E: 585454.0 LAT: 32.6292015' N	F: FOUND BRASS CAP "1941" N: 596055.5 – E: 577761.8	P: FOUND BRASS CAP "1941" N: 590780.1 – E: 572365.3	
LONG: 104.1900293° W	G: FOUND BRASS CAP "1941"	Q: FOUND BRASS CAP "1941"	E-mail Address
BOTTOM HOLE (BH)	N: 596120.3 – E: 580368.7	N: 593357.1 – E: 575028.3	
N: 592665.2 – E: 585504.0 LAT: 32.6292044* N	H: FOUND BRASS CAP "1941"	R: FOUND BRASS CAP "1941"	¹⁸ SURVEYOR CERTIFICATION
LONG: 104.1898669° W	N: 596144.1 – E: 582974.0	N: 593498.9 - E: 580342.6	I hereby certify that the well location shown on this
	I: FOUND BRASS CAP "1941"		plat was plotted from field notes of actual surveys
	N: 596170.1 – E: 585579.7		made by me or under my supervision, and that the
6		\Box	same is true and correct to the best of my belief.
	<u>)s 88:34'58" w 2709.97 (F)s 88:34'33" w 2608.39</u>	5' <u>5 89'28'41" W 2606.04' 5 89'25'40" W 2606.53'</u>	
5632	LOT 1		Date of Survey
<u> </u>	Liii	· · · · · · · · · · · · · · · · · · ·	
			Signature and Seal of Protecting Surveyor Et C
		N 00'24'43" E 2632.17'	
· · · · · · · · · · · · · · · · · · ·	50	≥ <u>R</u> 29	
	LOT 3 FTP 40 Ac. 40 Ac. 40 Ac. 40 Ac.	40 Ac. 40 Ac. 40 Ac. 40 Ac. LTP	
<u>CALCULATED POINTS</u>	3	° ₩② B.H	
1: N: 592222.5 – E: 585550.8 2: N: 592185.1 – E: 580328.8			Certificate Number
2. N. 592185.1 – E. 580528.8 3: N: 592041.7 – E: 575016.0	LOT 4	<i>`21.36.06 v</i> 	NAL SO
	: (N)	<[(M) ' ([)	

12 Dedicated Acre			Consolidation	Code 1 15 (Order No.							
Р	29	19S or Infill 14 (28E		360	SOUTH	50	EAS	ST	EDDY		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County		
			11	Bottom H	ole Location	If Different Fr	om Surface					
Р	25	19S	27E		337	SOUTH	650	EAS	ST	EDDY		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County		
					¹⁰ Surface	Location						
7 OGRID	NO.	^{8 Operator Name} ⁹ Elevation APACHE CORPORATION 3455'										
4Property Co	ode							Well Number 378H				
	API Number	r 2 Pool Code ³ Pool Name						ne				
		W	VELL LO	OCATIO	N AND ACF	REAGE DEDIC	CATION PLA	T				
trict I IS N. French Dr., Hobb none: (575) 393-6161 F: trict II S. First St., Artesia, N none: (575) 748-1283 Fa strict III 10 Rio Brazos Road, A: one: (505) 334-6178 Fa trict IV 10 S. St. Francis Dr., Se none: (505) 476-3460 Fa	ax: (575) 393-(IM 88210 IX: (575) 748-9 ztec, NM 87410 IX: (505) 334-6 Inta Fe, NM 87	720 0 170 2505	OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505					Su	bmit one	Form C-10 vised August 1, 201 copy to appropria District Offic MENDED REPOR		





January 25, 2021

VIA CERTIFED MAIL, RETURN RECEIPT ARTICLE #9425 8149 0216 9397 0180 99

EOG Resources Inc Land Department PO Box 2267 Midland, TX 79706-2267

> RE: WELL PROPOSALS Palmillo 29-30 State Com 271H Palmillo 29-30 State Com 272H Palmillo 29-30 State Com 273H Palmillo 29-30 State Com 274H Palmillo 29-30 State Com 375H Palmillo 29-30 State Com 376H Palmillo 29-30 State Com 377H Palmillo 29-30 State Com 378H Sections 29 and 30, T19S-R28E Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation (herein referred to as "Apache") proposes to drill the following wells located in the referenced sections in order to sufficiently and effectively test the 2nd Bone Spring and 3rd Bone Spring formations. Further, the details and specifications of the herein proposed 2nd Bone Spring and 3rd Bone Spring wells are as follows:

Well Name:	PALMILLO 29-30 STATE COM 271H
Approx. Surface Location:	NE/4 NE/4 (Unit A) - Section 25-19S-27E
Approx. Terminus:	NE/4 NE/4 (Unit A)- Section 29-19S-28E
Objective:	2 nd Bone Spring
Approx. Total Vertical Depth:	7,085'
Approx. Total Measured Depth:	17,435'
Dry Hole Costs:	\$2,442,480
Completed Well Costs:	\$2,516,863
Equipping Costs:	\$500,000
Total Well Costs:	\$5,459,343
Well Name:	PALMILLO 29-30 STATE COM 272H
Approx. Surface Location:	SE/4 NE/4 (Unit H) – Section 25 -19S-27E
Approx. Terminus:	SE/4 NE/4 (Unit H)- Section 29-19S-28E
Objective:	2nd Bone Spring
Approx. Total Vertical Depth:	7,095'
Approx. Total Measured Depth:	17,445'
Dry Hole Costs:	\$2,442,480
Completed Well Costs:	\$2,516,863
Equipping Costs:	\$500,000
Total Well Costs:	\$5,459,343
	BEFORE THE OIL CONSERVATION
	Santa Fe, New Mexi

FORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D2 Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730 Palmillo 29-30 Development January 19, 2021 Page 2 of 11

Well Name:

Approx. Surface Location: Approx. Terminus: Objective: Approx. Total Vertical Depth: Approx. Total Measured Depth: Dry Hole Costs: Completed Well Costs: Equipping Costs: Total Well Costs:

Well Name:

Approx. Surface Location: Approx. Terminus: Objective: Approx. Total Vertical Depth: Approx. Total Measured Depth: Dry Hole Costs: Completed Well Costs: Equipping Costs: Total Well Costs:

Well Name:

Approx. Surface Location: Approx. Terminus: Objective: Approx. Total Vertical Depth: Approx. Total Measured Depth: Dry Hole Costs: Completed Well Costs: Equipping Costs: Total Well Costs:

Well Name:

Approx. Surface Location: Approx. Terminus: Objective: Approx. Total Vertical Depth: Approx. Total Measured Depth: Dry Hole Costs: Completed Well Costs: Equipping Costs: Total Well Costs:

Well Name:

Approx. Surface Location: Approx. Terminus: Objective: Approx. Total Vertical Depth: Approx. Total Measured Depth: Dry Hole Costs: Completed Well Costs: Equipping Costs: Total Well Costs:

PALMILLO 29-30 STATE COM 273H

NE/4 SE/4 (Unit I) - Section 25-19S-27E NE/4 SE/4 (Unit I)- Section 29-19S-28E 2nd Bone Spring 7,110' 17,460' \$2,442,480 \$2,516,863 \$500,000 \$5,459,343

PALMILLO 29-30 STATE COM 274H

SE/4 SE/4 (Unit P) - Section 25-19S-27E SE/4 SE/4 (Unit P)- Section 29-19S-28E 2nd Bone Spring 7,090' 17,430' \$2,442,480 \$2,516,863 \$500,000 \$5,459,343

PALMILLO 29-30 STATE COM 375H

NE/4 NE/4 (Unit A) - Section 25-19S-27E NE/4 NE/4 (Unit A)- Section 29-19S-28E 3rd Bone Spring 8,340' 18,690' \$2,941,080 \$3,085,586 \$500,000 \$6,526,666

PALMILLO 29-30 STATE COM 376H

SE/4 NE/4 (Unit H) - Section 25-19S-27E SE/4 NE/4 (Unit H)- Section 29-19S-28E 3rd Bone Spring 8,380' 18,730' \$2,941,080 \$3,085,586 \$500,000 \$6,526,666

PALMILLO 29-30 STATE COM 377H

NE/4 SE/4 (Unit I) - Section 25-19S-27E NE/4 SE/4 (Unit I)- Section 29-19S-28E 3rd Bone Spring 8,390' 18,740' \$2,941,080 \$3,085,586 \$500,000 \$6,526,666 Palmillo 29-30 Development January 19, 2021 Page 3 of 11

Well Name:	PALMILLO 29-30 STATE COM 378H
Approx. Surface Location:	SE/4 SE/4 (Unit P) - Section 25-19S-27E
Approx. Terminus:	SE/4 SE/4 (Unit P)- Section 29-19S-28E
Objective:	3rd Bone Spring
Approx. Total Vertical Depth:	8,350'
Approx. Total Measured Depth:	18,700'
Dry Hole Costs:	\$2,941,080
Completed Well Costs:	\$3,085,586
Equipping Costs:	\$500,000
Total Well Costs:	\$6,526,666

Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 29-30 facility is \$5,405,000. The Palmillo 29-30 facility will service eight (8) Bone Spring horizontal wells. Costs for the Palmillo 29-30 facility will be shared proportionally by working interest owners in the wells across the sections. An election to participate in the wells will be an election to pafficipate in this facility with your proportionate share of the working interest and this facility AFE is not a separate election.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering Sections 29 and 30, 19S-28E, Eddy County, New Mexico with the following general provisions:

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

Enclosed, please find in duplicate our detailed AFES for your review. Should you wish to participate in Apache's proposed tests, please signify your acceptance by returning one (1) copy of each executed election ballot and (1) copy of each executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed wells, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms.

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well(s). Please reach out to me at the email address below if you are interested in this option.

Should you have any further questions, please contact me at <u>blake.johnson@apachecorp.com</u>

Sincerely,

APACHE CORPORATION

Blake Johnson Landman

Palmillo 29-30 Development January 19, 2021 Page 4 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 271H, Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 271H

OR

Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 271H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

Palmillo 29-30 Development January 19, 2021 Page 5 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 272H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 272H

OR

Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 272H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

Palmillo 29-30 Development January 19, 2021 Page 6 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 273H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 273H

OR

Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 273H

y:
rinted Name:
ompany Name (if applicable):
ate:
mail Address:

Palmillo 29-30 Development January 19, 2021 Page 7 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 274H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 274H

OR

Does NOT elect to participate in the drilling and completion of the Palmillo 29-30 State Com 274H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

Palmillo 29-30 Development January 19, 2021 Page 8 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 375H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 375H

OR

Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 375H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

Palmillo 29-30 Development January 19, 2021 Page 9 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 376H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 376H

OR

Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 376H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

Palmillo 29-30 Development January 19, 2021 Page 10 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 377H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 377H

OR

____ Does <u>NOT</u> elect to participate in the drilling and completion of the Palmillo 29-30 State Com 377H

By:		
Printed Name:		
Company Name (if applicable):		
Date:		
Email Address:		

Palmillo 29-30 Development January 19, 2021 Page 11 of 11

WELL PROPOSAL ELECTION BALLOT PALMILLO 29-30 STATE COM 378H Sections 29-30 of T19S-R28E Eddy County, New Mexico

Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 378H

OR

Does NOT elect to participate in the drilling and completion of the Palmillo 29-30 State Com 378H

By:	
Printed Name:	
Company Name (if applicable):	
Date:	
Email Address:	

.

Palmillo Development Palmillo 29-30 State COM 271H AFE

70003 70004	Description Drilling/Percentage Overhead	Dry Hole	Completion	Equipping	
70003 70004		\$0	\$0	\$0	\$(
70004	Bits Coreheads and Reamers	\$75,000	\$3,741	\$0	\$78,74
	4 Casing Crews	30,000	\$0	\$0	\$30,00
70006	6 Cement and Cementing Services	164,180	\$0	\$0	\$164,18
	7 Chemicals	\$0	\$187,046	\$0	\$187,04
	3 Communications	6,400	\$0	\$0	\$6,40
	1 Company Supervision	3,500	\$8,016	\$20,000	\$31,51
	2 Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
	7 Contract Labor	30,000	\$0	\$50,000	\$80,00
	9 Contract Rigs - Daywork	360,000	\$0	\$24,000	\$384,00
	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	\$0	\$0	\$42,50
	Contract Supervision	75,000	\$94,679	\$0	\$169,67
	2 Directional Drilling	200,000	\$0	\$0	\$200,00
	5 Drilling Fluids	275,000	\$0	\$0	\$275,00
	6 Electrical Contract	\$0	\$0	\$25,000	\$25,00
	1 Equipment Rental	90,000	\$61,402	\$15,000	\$166,40
	Formation and Well Stimulation	\$0	\$467,670	\$0	\$467,67
	Formation Testing	\$0	\$51,300	\$0	\$51,30
	7 Fuel	59,000	\$165,532	\$0	\$224,53
70046	5 Land and Site Reclamation	10,000	\$0	\$0	\$10,00
	7 Legal and Curative	20,000	\$0	\$0	\$20,00
	9 Logging	\$0	\$282,830	\$15,000	\$297,83
	LOE-Other	15,000	\$0	\$0	\$15,00
70064	Rig Mobilization	140,000	\$0	\$0	\$140,00
	5 Road and Site Preparation	100,000	\$9,619	\$0	\$109,61
7006	7 Salt Water Disposal	\$0	\$14,587	\$0	\$14,58
	9 Coiled Tubing	\$0	\$110,397	\$0	\$110,39
	4 Trucking and Hauling	35,000	\$0	\$15,000	\$50,00
	5 Tubular Inspection/Testing	70,000	\$0	\$0	\$70,00
	7 Water	40,000	\$298,366	\$5,000	\$343,36
	B Wellsite Damages, Loss, Rightof- Way	20,000	\$0	\$10,000	\$30,00
	6 Containment Disposal Expense	110,000	\$0	\$0	\$110,00
	1 Automation Labor	\$0	\$0	\$16,000	\$16,00
	O Camp Rentals	30,100	\$0	\$0	\$30,10
	5 Flowback Tester	\$0	\$24,672	\$20,000	\$44,67
	7 Pump Truck Service	\$0	\$0	\$5,000	\$5,00
	3 Sand/Proppant	\$0	\$448,362	\$0	\$448,36
	3 Mud Logging	10,500	\$0	\$0	\$10,50
	5 Drilling Operations Center	\$0	\$0	\$0	\$
	5 Water Transfer	\$0	\$81,759	\$0	\$81,75
	6 Water Treatment	\$0	\$40,905	\$0	\$40,90
	9 Frac Plugs	\$0	\$44,888	\$0	\$44,88
	1 Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,17
	9 Safety Case	5,000	\$0	\$0	\$5,00

	Tangible Development Costs							
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost			
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000			
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000			
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000			
71019	Intermediate Casing	83,000	\$0	\$0	\$83,000			
71032	Other Subsurface Equipment	19,000	\$0	\$50,000	\$69,000			
71034	Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340			
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000			
71040	Production Casing	266,000	\$0	\$0	\$266,000			
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000			
71050	Surface Casing	12,800	\$0	\$0	\$12,800			
71053	Tubing	\$0	\$0	\$75,000	\$75,000			
71056	Wellhead Assembly	45,000	\$0	\$20,000	\$65,000			
Subtotal	Tangible Materials Cost	\$425,800	\$9,340	\$279,000	\$714,140			

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Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	\$2,016,680	\$2,507,523	\$221,000	\$4,745,203
Subtotal Tangible Costs	\$425,800	\$9 <i>,</i> 340	\$279,000	\$714,140
Grand Total	\$2,442,480	\$2,516,863	\$500,000	\$5,459,343

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = \$25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 \$/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:___



Palmillo Development Palmillo 29-30 State COM 272H AFE

cct		Description	Dry Hole	Completion	Equipping	Total Well Cost
	65506	Drilling/Percentage Overhead	\$0	\$0	\$0	\$
		Bits Coreheads and Reamers	\$75,000	\$3,741	\$0	\$78,74
		Casing Crews	30,000	\$0	\$0	\$30,00
		Cement and Cementing Services	164,180	\$0	\$0	\$164,18
		Chemicals	\$0	\$187,046	\$0	\$187,04
		Communications	6,400	\$0	\$0	\$6,40
		Company Supervision	3,500	\$8,016	\$20,000	\$31,51
		Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
		Contract Labor	30,000	\$0	\$50,000	\$80,00
		Contract Rigs - Daywork	360,000	\$0 \$0	\$24,000	\$384,00
		CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	\$0 \$0	\$2 4,000 \$0	\$42,50
		Contract Supervision	75,000	\$94,679	\$0 \$0	\$169,67
		Directional Drilling	200,000	\$94,079	\$0 \$0	\$200,00
			-		\$0 \$0	
		Drilling Fluids	275,000	\$0 ¢0		\$275,00
		Electrical Contract	\$0	\$0	\$25,000	\$25,00
		Equipment Rental	90,000	\$61,402	\$15,000	\$166,40
		Formation and Well Stimulation	\$0	\$467,670	\$0	\$467,67
		Formation Testing	\$0	\$51,300	\$0	\$51,30
	70037		59,000	\$165,532	\$0	\$224,53
		Land and Site Reclamation	10,000	\$0	\$0	\$10,00
		Legal and Curative	20,000	\$0	\$0	\$20,00
		Logging	\$0	\$282,830	\$15,000	\$297,83
	70054	LOE-Other	15,000	\$0	\$0	\$15,00
	70064	Rig Mobilization	140,000	\$0	\$0	\$140,00
	70065	Road and Site Preparation	100,000	\$9,619	\$0	\$109,63
	70067	Salt Water Disposal	\$0	\$14,587	\$0	\$14,5
	70069	Coiled Tubing	\$0	\$110,397	\$0	\$110,39
	70074	Trucking and Hauling	35,000	\$0	\$15,000	\$50,00
	70076	Tubular Inspection/Testing	70,000	\$0	\$0	\$70,00
		Water	40,000	\$298,366	\$5,000	\$343,3
	70078	Wellsite Damages, Loss, Rightof- Way	20,000	\$0	\$10,000	\$30,0
	70116	Containment Disposal Expense	110,000	\$0	\$0	\$110,00
	70121	Automation Labor	\$0	\$0	\$16,000	\$16,00
		Camp Rentals	30,100	\$0	\$0	\$30,10
		Flowback Tester	\$0	\$24,672	\$20,000	\$44,6
		Pump Truck Service	\$0	\$0	\$5,000	\$5,00
		Sand/Proppant	\$0	\$448,362	\$0	\$448,36
		Mud Logging	10,500	\$0	\$0 \$0	\$10,50
		Drilling Operations Center	\$0	\$0 \$0	\$0 \$0	÷10,50
		Water Transfer	\$0	\$81,759	\$0 \$0	\$81,75
		Water Treatment	\$0	\$40,905	\$0 \$0	\$40,90
		Frac Plugs	\$0	\$40,903	\$0 \$0	\$40,90
		Frac Valve / Frac Tree	\$0	\$111,179	\$0 \$0	
		Safety Case			\$0 \$0	\$111,17
ubto		Intangible Materials Cost	5,000 \$2,016,680	\$0 \$2,507,523	\$0 \$221,000	\$5,00 \$4,745,20

	Tangible Development Costs							
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost			
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000			
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000			
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000			
71019	Intermediate Casing	83,000	\$0	\$0	\$83,000			
71032	Other Subsurface Equipment	19,000	\$0	\$50,000	\$69,000			
71034	Personnel Safety Systems	\$0	\$9 <i>,</i> 340	\$0	\$9,340			
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000			
71040	Production Casing	266,000	\$0	\$0	\$266,000			
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000			
71050	Surface Casing	12,800	\$0	\$0	\$12,800			
71053	Tubing	\$0	\$0	\$75,000	\$75,000			
71056	Wellhead Assembly	45,000	\$0	\$20,000	\$65,000			
Subtotal	Tangible Materials Cost	\$425,800	\$9,340	\$279,000	\$714,140			

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Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	\$2,016,680	\$2,507,523	\$221,000	\$4,745,203
Subtotal Tangible Costs	\$425,800	\$9 <i>,</i> 340	\$279,000	\$714,140
Grand Total	\$2,442,480	\$2,516,863	\$500,000	\$5,459,343

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = \$25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 \$/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:

Date:____



Palmillo Development Palmillo 29-30 State COM 273H AFE

	Intangible Development Costs							
Acct		Description	Dry Hole	Completion	Equipping	Total Well Cost		
		Drilling/Percentage Overhead	\$0	\$0	\$0	\$0		
		Bits Coreheads and Reamers	\$75,000	\$3,741	\$0	\$78,741		
		Casing Crews	30,000	\$0	\$0	\$30,000		
		Cement and Cementing Services	164,180	\$0	\$0	\$164,180		
		Chemicals	\$0	\$187,046	\$0	\$187,046		
		Communications	6,400	\$0	\$0	\$6,400		
		Company Supervision	3,500	\$8,016	\$20,000	\$31,516		
		Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,073		
		Contract Labor	30,000	\$0	\$50,000	\$80,000		
		Contract Rigs - Daywork	360,000	\$0	\$24,000	\$384,000		
	70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	\$0	\$0	\$42,500		
	70021	Contract Supervision	75,000	\$94,679	\$0	\$169,679		
	70022	Directional Drilling	200,000	\$0	\$0	\$200,000		
	70025	Drilling Fluids	275,000	\$0	\$0	\$275,000		
	70026	Electrical Contract	\$0	\$0	\$25 <i>,</i> 000	\$25 <i>,</i> 000		
	70031	Equipment Rental	90,000	\$61,402	\$15,000	\$166,402		
	70034	Formation and Well Stimulation	\$0	\$467,670	\$0	\$467,670		
	70035	Formation Testing	\$0	\$51,300	\$0	\$51,300		
	70037	Fuel	59 <i>,</i> 000	\$165,532	\$0	\$224,532		
	70046	Land and Site Reclamation	10,000	\$0	\$0	\$10,000		
	70047	Legal and Curative	20,000	\$0	\$0	\$20,000		
	70049	Logging	\$0	\$282 <i>,</i> 830	\$15,000	\$297,830		
	70054	LOE-Other	15,000	\$0	\$0	\$15,000		
	70064	Rig Mobilization	140,000	\$0	\$0	\$140,000		
	70065	Road and Site Preparation	100,000	\$9,619	\$0	\$109,619		
	70067	Salt Water Disposal	\$0	\$14,587	\$0	\$14,587		
	70069	Coiled Tubing	\$0	\$110,397	\$0	\$110,397		
	70074	Trucking and Hauling	35,000	\$0	\$15 <i>,</i> 000	\$50,000		
	70076	Tubular Inspection/Testing	70,000	\$0	\$0	\$70,000		
	70077	Water	40,000	\$298,366	\$5 <i>,</i> 000	\$343,366		
	70078	Wellsite Damages, Loss, Rightof- Way	20,000	\$0	\$10,000	\$30,000		
	70116	Containment Disposal Expense	110,000	\$0	\$0	\$110,000		
	70121	Automation Labor	\$0	\$0	\$16,000	\$16,000		
	70169	Camp Rentals	30,100	\$0	\$0	\$30,100		
	70186	Flowback Tester	\$0	\$24,672	\$20,000	\$44,672		
	70187	Pump Truck Service	\$0	\$0	\$5,000	\$5 <i>,</i> 000		
	70198	Sand/Proppant	\$0	\$448,362	\$0	\$448,362		
	70243	Mud Logging	10,500	\$0	\$0	\$10,500		
	70255	Drilling Operations Center	\$0	\$0	\$0	\$0		
	70285	Water Transfer	\$0	\$81,759	\$0	\$81,759		
	70286	Water Treatment	\$0	\$40,905	\$0	\$40,905		
	70289	Frac Plugs	\$0	\$44,888	\$0	\$44,888		
		Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,179		
		Safety Case	5,000	\$0	\$0	\$5,000		
Subto		Intangible Materials Cost	\$2,016,680	\$2,507,523	\$221,000	\$4,745,203		

	Tangible Development Costs							
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost			
7100	1 Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000			
7101	2 Flow Lines	\$0	\$0	\$45,000	\$45 <i>,</i> 000			
7101	8 Instrumentation	\$0	\$0	\$30,000	\$30,000			
7101	9 Intermediate Casing	83,000	\$0	\$0	\$83,000			
7103	2 Other Subsurface Equipment	19,000	\$0	\$50 <i>,</i> 000	\$69,000			
7103	4 Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340			
7103	6 Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25 <i>,</i> 000	\$25,000			
7104	0 Production Casing	266,000	\$0	\$0	\$266,000			
7104	3 Pumps - Surface	\$0	\$0	\$4,000	\$4,000			
7105	0 Surface Casing	12,800	\$0	\$0	\$12,800			
7105	3 Tubing	\$0	\$0	\$75,000	\$75,000			
7105	6 Wellhead Assembly	45,000	\$0	\$20,000	\$65,000			
Subtotal	Tangible Materials Cost	\$425,800	\$9,340	\$279,000	\$714,140			

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Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	\$2,016,680	\$2,507,523	\$221,000	\$4,745,203
Subtotal Tangible Costs	\$425,800	\$9,340	\$279,000	\$714,140
Grand Total	\$2,442,480	\$2,516,863	\$500,000	\$5,459,343

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = \$25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 \$/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:____



Palmillo Development Palmillo 29-30 State COM 274H AFE

		Dry Hole	Completion	Equipping	Total Well Cost
	Drilling/Percentage Overhead	\$0	\$0	\$0	\$(
70003	Bits Coreheads and Reamers	\$75,000	\$3,741	\$0	\$78,741
70004	Casing Crews	30,000	\$0	\$0	\$30,000
	Cement and Cementing Services	164,180	\$0	\$0	\$164,180
	Chemicals	\$0	\$187,046	\$0	\$187,040
70008	Communications	6,400	\$0	\$0	\$6,400
70011	Company Supervision	3,500	\$8,016	\$20,000	\$31,51
	Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
	Contract Labor	30,000	\$0	\$50,000	\$80,00
70019	Contract Rigs - Daywork	360,000	\$0	\$24,000	\$384,00
	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	\$0	\$0	\$42,50
70021	Contract Supervision	75,000	\$94,679	\$0	\$169,67
70022	Directional Drilling	200,000	\$0	\$0	\$200,00
	Drilling Fluids	275,000	\$0	\$0	\$275,00
	Electrical Contract	\$0	\$0	\$25,000	\$25,00
70031	Equipment Rental	90,000	\$61,402	\$15,000	\$166,40
	Formation and Well Stimulation	\$0	\$467,670	\$0	\$467,67
70035	Formation Testing	\$0	\$51,300	\$0	\$51,30
70037		59,000	\$165,532	\$0	\$224,53
70046	Land and Site Reclamation	10,000	\$0	\$0	\$10,00
70047	Legal and Curative	20,000	\$0	\$0	\$20,00
	Logging	\$0	\$282,830	\$15,000	\$297,83
	LOE-Other	15,000	\$0	\$0	\$15,00
70064	Rig Mobilization	140,000	\$0	\$0	\$140,00
70065	Road and Site Preparation	100,000	\$9,619	\$0	\$109,61
	Salt Water Disposal	\$0	\$14,587	\$0	\$14,58
70069	Coiled Tubing	\$0	\$110,397	\$0	\$110,39
70074	Trucking and Hauling	35,000	\$0	\$15,000	\$50,00
	Tubular Inspection/Testing	70,000	\$0	\$0	\$70,00
	Water	40,000	\$298,366	\$5,000	\$343,36
70078	Wellsite Damages, Loss, Rightof- Way	20,000	\$0	\$10,000	\$30,00
70116	Containment Disposal Expense	110,000	\$0	\$0	\$110,00
70121	Automation Labor	\$0	\$0	\$16,000	\$16,00
70169	Camp Rentals	30,100	\$0	\$0	\$30,10
70186	Flowback Tester	\$0	\$24,672	\$20,000	\$44,67
70187	Pump Truck Service	\$0	\$0	\$5,000	\$5,00
70198	Sand/Proppant	\$0	\$448,362	\$0	\$448,36
	Mud Logging	10,500	\$0	\$0	\$10,50
	Drilling Operations Center	\$0	\$0	\$0	\$
	Water Transfer	\$0	\$81,759	\$0	\$81,75
	Water Treatment	\$0	\$40,905	\$0	\$40,90
	Frac Plugs	\$0	\$44,888	\$0	\$44,88
	Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,17
	Safety Case	5,000	\$0	\$0	\$5,00

	Tangible D	evelopment Cos	ts		
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000
71019	Intermediate Casing	83,000	\$0	\$0	\$83,000
71032	Other Subsurface Equipment	19,000	\$0	\$50,000	\$69,000
71034	Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000
71040	Production Casing	266,000	\$0	\$0	\$266,000
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000
71050	Surface Casing	12,800	\$0	\$0	\$12,800
71053	Tubing	\$0	\$0	\$75,000	\$75,000
71056	Wellhead Assembly	45,000	\$0	\$20,000	\$65,000
Subtotal	Tangible Materials Cost	\$425,800	\$9,340	\$279,000	\$714,140

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Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	\$2,016,680	\$2,507,523	\$221,000	\$4,745,203
Subtotal Tangible Costs	\$425,800	\$9,340	\$279,000	\$714,140
Grand Total	\$2,442,480	\$2,516,863	\$500,000	\$5,459,343

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = \$25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 \$/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:____



Palmillo Development Palmillo 29-30 State COM 375H AFE

ct	Description	Dry Hole	Completion	Equipping	Total Well Cost
655	06 Drilling/Percentage Overhead	\$0	\$0	\$0	\$
700	03 Bits Coreheads and Reamers	\$92,500	\$3,741	\$0	\$96,24
700	004 Casing Crews	35000	\$0	\$0	\$35,00
700	006 Cement and Cementing Services	173080	\$0	\$0	\$173,08
700	007 Chemicals	\$0	\$232,773	\$0	\$232,77
700	08 Communications	9600	\$0	\$0	\$9,60
700	11 Company Supervision	3500	\$8,016	\$20,000	\$31,51
700	12 Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
700	17 Contract Labor	35000	\$0	\$50,000	\$85,00
700	19 Contract Rigs - Daywork	560000	\$0	\$24,000	\$584,00
700	20 CONTRACT RIGS - FOOTAGE/TURNKEY	42500	\$0	\$0	\$42,50
700	21 Contract Supervision	106000	\$94,679	\$0	\$200,67
700	22 Directional Drilling	220000	\$0	\$0	\$220,00
700	25 Drilling Fluids	350000	\$0	\$0	\$350,00
700	26 Electrical Contract	\$0	\$0	\$25,000	\$25,00
700	031 Equipment Rental	135000	\$61,402	\$15,000	\$211,40
700	34 Formation and Well Stimulation	\$0	\$641,378	\$0	\$641,37
700	35 Formation Testing	\$0	\$51,300	\$0	\$51,30
700	137 Fuel	87000	\$242,312	\$0	\$329,31
700	46 Land and Site Reclamation	10000	\$0	\$0	\$10,00
700	47 Legal and Curative	20000	\$0	\$0	\$20,00
700	049 Logging	\$0	\$282,830	\$15,000	\$297,83
700	54 LOE-Other	15000	\$0	\$0	\$15,00
700	064 Rig Mobilization	140000	\$0	\$0	\$140,00
700	065 Road and Site Preparation	100000	\$9,619	\$0	\$109,63
700	67 Salt Water Disposal	\$0	\$14,587	\$0	\$14,58
700	069 Coiled Tubing	\$0	\$110,397	\$0	\$110,39
	74 Trucking and Hauling	35000	\$0	\$15,000	\$50,00
700	76 Tubular Inspection/Testing	75000	\$0	\$0	\$75,00
700	077 Water	45000	\$392,553	\$5,000	\$442,55
700	78 Wellsite Damages, Loss, Rightof- Way	20000	\$0	\$10,000	\$30,00
701	16 Containment Disposal Expense	125000	\$0	\$0	\$125,00
	21 Automation Labor	\$0	\$0	\$16,000	\$16,00
	.69 Camp Rentals	44100	\$0	\$0	\$44,10
701	.86 Flowback Tester	\$0	\$24,672	\$20,000	\$44,67
701	.87 Pump Truck Service	\$0	\$0	\$5,000	\$5,00
701	.98 Sand/Proppant	\$0	\$613,602	\$0	\$613,60
	43 Mud Logging	16,500	\$0	\$0	\$16,50
	55 Drilling Operations Center	\$0	\$0	\$0	ç
	85 Water Transfer	\$0	\$81,759	\$0	\$81,75
	86 Water Treatment	\$0	\$53 <i>,</i> 987	\$0	\$53,98
	89 Frac Plugs	\$0	\$44,888	\$0	\$44,88
702	91 Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,17
705	29 Safety Case	5000	\$0	\$0	\$5,00

	Tangible De	evelopment Cost	ts		
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000
71019	Intermediate Casing	83000	\$0	\$0	\$83,000
71032	Other Subsurface Equipment	19000	\$0	\$50,000	\$69,000
71034	Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000
71040	Production Casing	281000	\$0	\$0	\$281,000
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000
71050	Surface Casing	12800	\$0	\$0	\$12,800
71053	Tubing	\$0	\$0	\$75,000	\$75,000
71056	Wellhead Assembly	45000	\$0	\$20,000	\$65,000
Subtotal	Tangible Materials Cost	\$440,800	\$9,340	\$279,000	\$729,140

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Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	\$2,500,280	\$3,076,247	\$221,000	\$5,797,527
Subtotal Tangible Costs	\$440,800	\$9,340	\$279,000	\$729,140
Grand Total	\$2,941,080	\$3,085,586	\$500,000	\$6,526,666

Drilling

Drill a horizontal well to produce the 3rd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~8600' MD, 8250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~18500' MD, 8500' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 18500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = \$25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 \$/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:

Date:____



Palmillo Development Palmillo 29-30 State COM 376H AFE

ct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65	506 Drilling/Percentage Overhead	\$0	\$0	\$0	\$
	003 Bits Coreheads and Reamers	\$92,500	\$3,741	\$0	\$96,24
70	004 Casing Crews	35000	\$0	\$0	\$35,00
	006 Cement and Cementing Services	173080	\$0	\$0	\$173,08
	007 Chemicals	\$0	\$232,773	\$0	\$232,77
70	008 Communications	9600	\$0	\$0	\$9,60
70	011 Company Supervision	3500	\$8,016	\$20,000	\$31,51
70	012 Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
70	017 Contract Labor	35000	\$0	\$50,000	\$85,00
70	019 Contract Rigs - Daywork	560000	\$0	\$24,000	\$584,00
	020 CONTRACT RIGS - FOOTAGE/TURNKEY	42500	\$0	\$0	\$42,50
70	021 Contract Supervision	106000	\$94,679	\$0	\$200,67
70	022 Directional Drilling	220000	\$0	\$0	\$220,00
	025 Drilling Fluids	350000	\$0	\$0	\$350,00
70	026 Electrical Contract	\$0	\$0	\$25,000	\$25,00
70	031 Equipment Rental	135000	\$61,402	\$15,000	\$211,40
70	034 Formation and Well Stimulation	\$0	\$641,378	\$0	\$641,37
70	035 Formation Testing	\$0	\$51,300	\$0	\$51,30
	037 Fuel	87000	\$242,312	\$0	\$329,32
70	046 Land and Site Reclamation	10000	\$0	\$0	\$10,00
70	047 Legal and Curative	20000	\$0	\$0	\$20,00
70	049 Logging	\$0	\$282,830	\$15,000	\$297,83
	054 LOE-Other	15000	\$0	\$0	\$15,00
70	064 Rig Mobilization	140000	\$0	\$0	\$140,00
	065 Road and Site Preparation	100000	\$9,619	\$0	\$109,6
70	067 Salt Water Disposal	\$0	\$14,587	\$0	\$14,5
	069 Coiled Tubing	\$0	\$110,397	\$0	\$110,3
	074 Trucking and Hauling	35000	\$0	\$15,000	\$50,0
	076 Tubular Inspection/Testing	75000		\$0	\$75,0
	077 Water	45000	\$392,553	\$5,000	\$442,5
70	078 Wellsite Damages, Loss, Rightof- Way	20000	\$0	\$10,000	\$30,00
70	116 Containment Disposal Expense	125000	\$0	\$0	\$125,00
70	121 Automation Labor	\$0	\$0	\$16,000	\$16,00
70	169 Camp Rentals	44100	\$0	\$0	\$44,10
70	186 Flowback Tester	\$0	\$24,672	\$20,000	\$44,6
70	187 Pump Truck Service	\$0	\$0	\$5,000	\$5,00
70	198 Sand/Proppant	\$0	\$613,602	\$0	\$613,6
	243 Mud Logging	16,500	\$0	\$0	\$16,5
	255 Drilling Operations Center	\$0	\$0	\$0	
	285 Water Transfer	\$0	\$81,759	\$0	\$81,75
	286 Water Treatment	\$0	\$53,987	\$0	\$53,98
	289 Frac Plugs	\$0	\$44,888	\$0	\$44,88
	291 Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,1
	529 Safety Case	5000	\$0	\$0	\$5,00

	Tangible D	evelopment Cos	ts		
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000
71019	Intermediate Casing	83000	\$0	\$0	\$83,000
71032	Other Subsurface Equipment	19000	\$0	\$50,000	\$69,000
71034	Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000
71040	Production Casing	281000	\$0	\$0	\$281,000
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000
71050	Surface Casing	12800	\$0	\$0	\$12,800
71053	Tubing	\$0	\$0	\$75,000	\$75,000
71056	Wellhead Assembly	45000	\$0	\$20,000	\$65,000
Subtotal	Tangible Materials Cost	\$440,800	\$9,340	\$279,000	\$729,140

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Description	Dry Hole	Completion	Equipping	Total Well Cost
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60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 \$/BBL

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This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:___



Palmillo Development Palmillo 29-30 State COM 377H AFE

cct	Description	Dry Hole	Completion	Equipping	Total Well Cost
655	006 Drilling/Percentage Overhead	\$0	\$0	\$0	\$
700	003 Bits Coreheads and Reamers	\$92,500	\$3,741	\$0	\$96,24
700	004 Casing Crews	35000	\$0	\$0	\$35,00
700	006 Cement and Cementing Services	173080	\$0	\$0	\$173,08
700	007 Chemicals	\$0	\$232,773	\$0	\$232,77
700	008 Communications	9600	\$0	\$0	\$9,60
700	011 Company Supervision	3500	\$8,016	\$20,000	\$31,51
700	012 Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
700	017 Contract Labor	35000	\$0	\$50,000	\$85,00
700	019 Contract Rigs - Daywork	560000	\$0	\$24,000	\$584,00
700	20 CONTRACT RIGS - FOOTAGE/TURNKEY	42500	\$0	\$0	\$42,50
700	021 Contract Supervision	106000	\$94,679	\$0	\$200,67
700	022 Directional Drilling	220000	\$0	\$0	\$220,00
700	025 Drilling Fluids	350000	\$0	\$0	\$350,00
700	026 Electrical Contract	\$0	\$0	\$25,000	\$25,00
700	031 Equipment Rental	135000	\$61,402	\$15,000	\$211,40
700	034 Formation and Well Stimulation	\$0	\$641,378	\$0	\$641,37
700	035 Formation Testing	\$0	\$51,300	\$0	\$51,30
700	037 Fuel	87000	\$242,312	\$0	\$329,31
700	046 Land and Site Reclamation	10000	\$0	\$0	\$10,00
700	047 Legal and Curative	20000	\$0	\$0	\$20,00
700	049 Logging	\$0	\$282,830	\$15,000	\$297,83
700	054 LOE-Other	15000	\$0	\$0	\$15,00
700	064 Rig Mobilization	140000	\$0	\$0	\$140,00
700	065 Road and Site Preparation	100000	\$9,619	\$0	\$109,61
700	067 Salt Water Disposal	\$0	\$14,587	\$0	\$14,58
700	069 Coiled Tubing	\$0	\$110,397	\$0	\$110,39
700	074 Trucking and Hauling	35000	\$0	\$15,000	\$50,00
700	076 Tubular Inspection/Testing	75000	\$0	\$0	\$75,00
700	077 Water	45000	\$392,553	\$5,000	\$442,55
700	078 Wellsite Damages, Loss, Rightof- Way	20000	\$0	\$10,000	\$30,00
701	16 Containment Disposal Expense	125000	\$0	\$0	\$125,00
701	21 Automation Labor	\$0	\$0	\$16,000	\$16,00
701	L69 Camp Rentals	44100	\$0	\$0	\$44,10
701	186 Flowback Tester	\$0	\$24,672	\$20,000	\$44,67
701	L87 Pump Truck Service	\$0	\$0	\$5,000	\$5,00
701	198 Sand/Proppant	\$0	\$613,602	\$0	\$613,60
	243 Mud Logging	16,500	\$0	\$0	\$16,50
702	255 Drilling Operations Center	\$0	\$0	\$0	4
702	285 Water Transfer	\$0	\$81,759	\$0	\$81,75
702	286 Water Treatment	\$0	\$53,987	\$0	\$53,98
702	289 Frac Plugs	\$0	\$44,888	\$0	\$44,88
702	291 Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,17
705	529 Safety Case	5000	\$0	\$0	\$5,00

	Tangible D	evelopment Cos	ts		
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$45,000	\$45,000
71018	Instrumentation	\$0	\$0	\$30,000	\$30,000
71019	Intermediate Casing	83000	\$0	\$0	\$83,000
71032	Other Subsurface Equipment	19000	\$0	\$50,000	\$69,000
71034	Personnel Safety Systems	\$0	\$9,340	\$0	\$9,340
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$25,000	\$25,000
71040	Production Casing	281000	\$0	\$0	\$281,000
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000
71050	Surface Casing	12800	\$0	\$0	\$12,800
71053	Tubing	\$0	\$0	\$75,000	\$75,000
71056	Wellhead Assembly	45000	\$0	\$20,000	\$65,000
Subtotal	Tangible Materials Cost	\$440,800	\$9,340	\$279,000	\$729,140

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Description	Dry Hole	Completion	Equipping	Total Well Cost
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60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 \$/BBL

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This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:___

Palmillo Development Palmillo 29-30 State COM 378H AFE

cct		Description	Dry Hole	Completion	Equipping	Total Well Cost
	65506	Drilling/Percentage Overhead	\$0	\$0	\$0	\$
		Bits Coreheads and Reamers	\$92,500	\$3,741	\$0	\$96,24
		Casing Crews	35000	\$0	\$0	\$35,00
		Cement and Cementing Services	173080	\$0	\$0	\$173,08
		Chemicals	\$0	\$232,773	\$0	\$232,77
		Communications	9600	\$0	\$0 \$0	\$9,60
		Company Supervision	3500	\$8,016	\$20,000	\$31,51
		Company Vehicle and/or Boat	500	\$573	\$1,000	\$2,07
		Contract Labor	35000	\$0 \$0	\$50,000	\$85,00
		Contract Rigs - Daywork	560000	\$0 \$0	\$24,000	\$584,00
		CONTRACT RIGS - FOOTAGE/TURNKEY	42500	\$0 \$0	\$24,000	
			106000		\$0 \$0	\$42,50
		Contract Supervision		\$94,679		\$200,67
		Directional Drilling	220000	\$0	\$0	\$220,00
		Drilling Fluids	350000	\$0	\$0	\$350,00
		Electrical Contract	\$0	\$0	\$25,000	\$25,00
		Equipment Rental	135000	\$61,402	\$15,000	\$211,40
		Formation and Well Stimulation	\$0	\$641,378	\$0	\$641,37
		Formation Testing	\$0	\$51,300	\$0	\$51,30
	70037		87000	\$242,312	\$0	\$329,31
	70046	Land and Site Reclamation	10000	\$0	\$0	\$10,00
		Legal and Curative	20000	\$0	\$0	\$20,00
	70049	Logging	\$0	\$282,830	\$15,000	\$297,83
	70054	LOE-Other	15000	\$0	\$0	\$15,00
	70064	Rig Mobilization	140000	\$0	\$0	\$140,00
	70065	Road and Site Preparation	100000	\$9,619	\$0	\$109,61
	70067	Salt Water Disposal	\$0	\$14,587	\$0	\$14,58
	70069	Coiled Tubing	\$0	\$110,397	\$0	\$110,39
	70074	Trucking and Hauling	35000	\$0	\$15,000	\$50,00
		Tubular Inspection/Testing	75000		\$0	\$75,00
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		Pump Truck Service	\$0	\$0	\$5,000	\$5,00
		Sand/Proppant	\$0	\$613,602	\$0,000	\$613,60
		Mud Logging	16,500	\$013,002	\$0 \$0	\$16,50
		Drilling Operations Center	\$0	\$0 \$0	\$0 \$0	\$10,50
		Water Transfer	\$0	\$81,759	\$0 \$0	\$81,75
					-	
		Water Treatment	\$0	\$53,987	\$0 \$0	\$53,98
		Frac Plugs	\$0	\$44,888	\$0	\$44,88
		Frac Valve / Frac Tree	\$0	\$111,179	\$0	\$111,17
	70529	Safety Case	5000	\$0 \$3,076,247	\$0	\$5,00

Tangible Development Costs							
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71040	Production Casing	281000	\$0	\$0	\$281,000		
71043	Pumps - Surface	\$0	\$0	\$4,000	\$4,000		
71050	Surface Casing	12800	\$0	\$0	\$12,800		
71053	Tubing	\$0	\$0	\$75,000	\$75,000		
71056	Wellhead Assembly	45000	\$0	\$20,000	\$65,000		
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Partner Signature:_____

Date:____

Summary of Attempted Contacts

- Apache Corporation ("Apache") conducted extensive title work to determine the working interest owners and other interest owners.
- Apache searched public records, phone directory, and various different types of internet searches.
- Apache sent well proposal letters to the working interest owners on or around January 25th, 2021.
- Apache proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- On March 18th, 2021 Apache also mailed out the full version of the JOA to all working interest owners.
- Apache filed an application to force pool parties who had not entered in to an agreement.
- Apache's counsel sent notices of the force pooling application to the addresses of record for the uncommitted interest owners.
- I have had multiple communications between January 25th, 2021 and today with various parties including but not limited to Colgate Production LLC, EOG Resources Inc., Cimarex Energy Co, Occidental Permian Limited Partnership (and various other Oxy entities), XTO Energy Inc, Marathon Oil Permian, LLC, Sabre Exploration Inc.
- Marathon Oil Permian, LLC and Apache Corporation have management approval to move forward with a trade. As such, Apache would secure all of Marathon's interest in Section 30-19S-28E.
- Thirteen parties encompassing the hearings in question have agreed to support Apache to be the operator of the sections in question including Cimarex Energy Co and EOG Resources Co.
- Five parties have executed the JOA with another seven indicating they will execute our JOA.
- Apache has attempted to discuss this protested matter with Colgate Production, LLC multiple times but has failed to come to a resolution. Multiple trade offers were made, and all have been rejected.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D3 Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

SDX RESOURCES, INC. TRUE NORTH EXPLORATION, INC.

507 N. Marienfeld, Suite 100 Midland, TX 79701 Office: 432-685-1761 Fax: 432-685-0533 Mobile: 214-697-6462

October 13, 2021

New Mexico Oil and Gas Division Attn.: Hearing Examiner

RE: Palmillo State 29-30 T19S-R28E Sections 29 and 30 Eddy County, New Mexico

Ladies and Gentlemen:

We are working interest owner in the captioned lands and wells proposed on same. Apache has drilled multiple successful lateral wells in the immediate vicinity of the Palmillo 29- 30 wells. After meeting with the Apache staff we have confidence in their expertise along with existing local infrastructure. This will save time, money and eliminate waste.

I would be happy to discuss in further detail.

Thank you. Steve Sell 214-697-6462

Working Interest Owners:

Nance Resources, Inc.	2924 Mellennium Circle	Billings, MT	59102
Marks Oil	1775 Sherman Street, Suite 2015	Denver, CO	80203-4319
Daniel J Murphy	P.O. Box 2179	Crested Butte, CO	81224
Cheney Energy Partners, LLC	7670 Woodway Dr., Suite 175	Houston, TX	77063
Alpar Energy, Inc.	P.O. Box 1046	Perryton, TX	79070
Anthracite Energy Partners, LLC	4803 Tremont Ave	Midland, TX	79707
Conejos Energy, LLC	4803 Tremont Ave	Midland, TX	79707
V-J Energy Partners, LLC	3701 Fairhaven Ct.	Midland, TX	79707
JSTM Energy Investments, LLC	P. O. Box 5441	Midland, TX	79704
True North Exploration, Inc.	P. O. Box 5061	Midland, TX	79704
CKHK Financial, LLC	3511 Edgewater St.	Dallas, TX	75202

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D4 Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730



October 12, 2021

Blake Johnson Apache Corporation 2000 Post Oak Blvd, Suite 100 Houston, TX 77056

Mr. Johnson,

I am writing this letter to indicate my strong support for Apache Corporation to be granted operatorship of the Palmillo 29-30 State Com locations located in Sections 29 & 30, T19S, R28E in Eddy County, New Mexico. My company, Nance Resources, Inc., has a working interest in the proposed spacing unit, and we believe that, given their strong operating history and ESG record, Apache will be the best operator to drill, complete, and produce the subject wells efficiently and responsibly.

Please let me know if you need any additional information from me.

Sincerely,

Brian R. Cebull President





October 27, 2021

VIA EMAIL TO: MR. BLAKE JOHNSON - APACHE COPORATION

State of New Mexico Department of Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Case Nos: 21727-21730 and 21851-21854 Hearing date: November 5, 2021 Palmillo State Com 29-30 Wells Sec. 29, T19S-R28E Eddy County, New Mexico

Gentlemen:

TKM Resources, LLC ("TKM") is a working interest owner in referenced lands and the Palmillo State Com 29-30 Wells (the "Wells") proposed in the referenced Compulsory Pooling Applications submitted by Apache Corporation. TKM is in favor of Apache's Applications and fully supports Apache being named Operator of the Wells.

Apache has the necessary technical and operational expertise to drill and produce the Wells. They have successfully drilled multiple horizontal wells in the immediate vicinity. Furthermore, given the efficiencies of its existing local infrastructure, I believe current and future operations will be best served by Apache Corporation.

Please do not hesitate to contact me directly at 303-861-1974 or via email <u>Steve.Marks@marksoil.net</u> if you have any questions or concerns.

Respectfully submitted

Stephen K. Marks General Manager

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO. CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF DREW CHENOWETH

Drew Chenoweth, of lawful age and being first duly sworn, declares as follows:

1. My name is Drew Chenoweth, and I am employed by Apache Corporation ("Apache") as a petroleum geologist. I am familiar with the applications filed by Apache in these consolidated cases and have conducted a geologic study of the lands in the subject area.

2. I have been employed by Apache since 2017 and my responsibilities have included the Permian Basin of New Mexico. My educational background and work experience is accurately summarized in **Apache Exhibit E-1**. I am a member of AAPG and have been a member of this organization since 2008. I believe my credentials qualify me to testify as an expert witness in petroleum geology.

3. The target intervals for the initial wells to be dedicated to the horizontal well spacing units at issue are the Second and Third Sands of the Bone Spring formation. These target intervals are reflected in the type log depicted on the right of **Slide 8 of Apache Exhibit C.** This type log is from State /CB/1 well located in Section 29 and indicated on the inset map as a blue star. This type log has been utilized to create exhibits

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. E Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730 for these cases and contains gamma ray, caliper, deep resistivity, bulk density and neutron porosity tracks.

4. Slide 9 of Apache Exhibit C reflects Apache has been the most active operator in Township 19 South, Range 28 East and has extensive experience drilling and completing horizontal wells in the targeted Bone Spring intervals in this subject area. Our Palmillo 14 State 1H pilot hole and horizontal well (depicted by a star on the plat on the left side) was drilled in 2014 and helped characterize the Bone Spring depositional system and targets. Since that time, Apache has drilled and completed 36 horizontal wells in the Bone Spring formation in this area, with 20 horizontal completions in the Second Bone Spring Sand and 16 horizontal completions in the Third Bone Spring Sand.

5. In contrast, Colgate has not completed a single horizontal well in the Bone Spring formation in the subject area and did not commence drilling a horizonal well in this area until March of 2020. The plat on the right of Slide 9 shows Colgate's limited drilling experience in this area. Essentially, Colgate has very limited experience drilling in the Second and Third Bone Spring intervals in this area and has yet to report any production results from its efforts.

6. A great example of Apache's superior drilling experience in this area is the Form C-103 Colgate filed on February 19th of 2020 that is contained on Slide 10 of **Apache Exhibit C.** It reflects that prior to drilling its first horizontal well in this area, Colgate changed its initial surface casing design to match that utilized by an experienced operator in an adjacent section. The experienced operator referenced by Colgate is Apache.

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7. A key lesson Apache learned early while drilling in the Palmillo area is that integrating depth migrated seismic into the well planning and targeting process is vital in this township where there is often a lack of well control. Apache's extensive drilling and completion experience in this area has revealed isolated nuances in the structure of the Third Bone Spring Carbonate, which is the base of the Second Bone Spring Sands. These isolated nuances are only revealed with the assistance of licensed seismic data. Realizing that staying within the Second Bone Spring target zone is especially crucial in the subject area, Apache acquired licensed seismic data over the subject area, including Sections 29 and 30. Apache has utilized that proprietary data to successfully plan and steer its wells.

8. Slide 11 of Apache Exhibit C contains an example of these isolated structural nuances that can impact an operator's ability to stay within the targeted zone. The structure map on the left side extends across a portion of Township 19 South, Range 28 East and is based on well control data. Using only well control data indicates that within the grey dashed circled area the structure of the Third Bone Spring Carbonate gently dips to the East. The box below this structure map demonstrates the track of the carbonate top expected within the circled area based only on well control data. The gamma ray track plotted along the wellbore is filled with cool colors indicating low gamma (carbonates) and higher gamma measurements colored as yellow to brown (sandstones/shales). The map on the right shows the result of integrating depth migrated seismic data into the structural interpretation. This data reveals a previously unresolvable, yet significant structural nose that extends into this area from the north within the grey dashed circle. The box below this structure map demonstrates the actual

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track of the carbonate top within the circled area. Note that this differs substantially from what would be expected if only well control data was utilized.

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9. These structural nuances within the subject area will impact the ability of an operator to stay within the targeted Second Bone Spring Sand above the Third Bone Spring Carbonate.

10. Because of the nuances that exist in the structure of the Third Bone Spring Carbonate in this area, it is important for an operator to have both experiences targeting the Second Bone Spring Sand and access to seismic data. This is especially true as operators move from drilling one-mile to two-mile horizontal wells. Apache has gained that experience over its years of drilling and completing horizontal wells in this area and has successfully integrated seismic data to stay within the Second Bone Spring Sands and out of the carbonate since discovering the existence of these structural nuances.

11. Slide 12 of Apache Exhibit C is a subsea structure map I created of the Third Bone Spring Carbonate, which is the base of the Second Bone Spring Sands. I have outlined and shaded Sections 29 and 30 on the structure map. Based on well control data, the regional structure of the Third Bone Spring Carbonate appears to be dipping East, Southeast. The well control data and the propriety seismic data obtained by Apache do not reveal any faults, pinch outs, or other geologic impediments to developing the Second Bone Spring Sands with horizontal wells. However, as noted above, structural nuances exist in the Third Bone Spring Carbonate that can only be observed with seismic data and must be considered when planning and drilling horizontal wells.

12. The type log on the right of Slide 12 is from a well within Section 29 depicted by a blue star in the inset map. My interpreted formation tops are shown, and

4

the Second Bone Spring Sandstone target is highlighted in green. Finally, the crosssection A-A' that I will be showing on the next slide is outlined on the map with a blue star.

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13. Slide 13 of Apache Exhibit C is a stratigraphic cross section I prepared for the Second Bone Spring Sand using the logs from the five wells shown on the prior slide. The cross section is hung on the Third Bone Spring Carbonate and each well on the crosssection contains gamma ray, resistivity, and porosity logs. The landing zone for the wells targeting the Second Bone Spring Sands is depicted with a red dash line. While this cross section shows carbonate stringers and variations in thickness in the upper part of the Second Bone Spring Sands, our lower target zone is good sand that is continuous across the proposed spacing units.

14. Slide 14 of Apache Exhibit C is a subsea structure map I prepared off the top of the Third Bone Spring Sand interval using the same well logs. I have again outlined and shaded Sections 29 and 30 on the structure map. This slide shows the regional dip of the Third Bone Spring Sand is East, Southeast. The nuances of this target are also improved drastically with integration of seismic interpretation into the structural mapping. The well control data and the propriety seismic data obtained by Apache do not reveal any faults, pinch outs, or other geologic impediments to developing the Third Bone Spring Sands with horizontal wells. The State CB 1 is again displayed on the right with my interpreted formation tops as well as our Third Bone Spring Sandstone target highlighted in green. The cross-section A-A' is reused, but the datum and depth shown on the next exhibit has been changed to highlight the Third Bone Spring Sandstone target.

15. Slide 15 of Apache Exhibit C is a stratigraphic cross section I prepared for the Third Bone Spring Sand using the logs from the five wells shown on the prior slide.

5

Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The landing zone for the wells targeting the Third Bone Spring Sand is depicted with a red dash line. This cross section demonstrates less variability in the Third Bone Spring Sand interval and that this target zone is continuous across the proposed spacing units.

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16. Based on my geologic study and Apache's extensive drilling and completion experience in this area, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed horizontal spacing units is productive and will contribute proportionately to the production from the wells.

17. In my opinion, the lay-down orientation of the wells is the preferred orientation for horizontal well development in this area and has been proven by Apache to develop the subject acreage efficiently and effectively.

18. Apache's drilling and completion experience in this area is superior to Colgate. In addition, Apache has access to the well control and seismic data necessary to understand the structural nuances in this area and successfully drill horizontal wells in the Second and Third Bone Spring Sands underlying the proposed spacing units.

19. In my opinion, the granting of Apache's applications in these consolidated cases and the denial of Colgate's applications are in the best interest of conservation, the prevention of waste, and protection of correlative rights.

20. Apache Exhibit E-1 and Slides 8 through 15 of Apache Exhibit C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

DREW CHENOWETH

STATE OF TEXAS

Page 101 of 134

COUNTY OF HARRIS

SUBSCRIBED and SWORN to before me this <u>1</u> day of <u>November</u>2021 ew Chenoweth. by Drew Chenoweth.

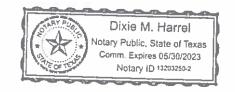
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NOTARY PUBLIC

My Commission Expires:

05/30/2023



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Drew Chenoweth

Houston, TX (906) 630-0095

Apache Corporation – Delaware Basin Geologist

Delaware Basin North West Shelf/North West Slope - Eddy/Lea County NM (one year)

- Created detailed target maps of North West Shelf acreage. Finalized development plan reviewing regional geology
- Analysed of all non-operated well proposals with engineering team, executing on high NPV agreements
- Detailed geologic mapping of slope stratigraphy. Responsible for planning Palmillo & Camacho wells and monitoring while drilling

NAUR Exploitation Geologist I (one year); NAUR Resource Development Geologist II: Alpine High (two years)

- Responsible for picking well locations/targets, fulfilling CDCs of assigned acreage, geoprognosis creation, leading prespud, geohazard detection/avoidance, casing point depth and monitoring while drilling of 71 wells.
- Monitored 4-5 rig lines at once for several months; Monitored up to seven rigs at once.
- Collaborated with drilling to successfully eliminate liners on 14 wells saving ~\$7MM in equipment costs.
- Responsible for accurate inventory counts of 143k acres.
- Worked with land to successfully create a large pooled lease between three units allowing longer, higher NPV laterals. Pooled unit satisfied CDC with 1/3 of original wells saving \$34MM per year in CDC well costs.
- Collaborated with land, facilities and production teams to create long term development for assigned acreage.
- Designed Alpine High strategy with supervisor and presented to CEO and upper management.

Impac Exploration Services

Wellsite Geologist/Earth Scientist I: Midland and Delaware Basins

- Mudlogged Permian Basin wells while excelling at all aspects of Wellsite Geology and working 12-24 hour shifts.
- Performed various Geochemical analyses in Geoscience lab: XRD, XRF, Pyrolysis, Capillary Suction Time.

Chevron

Operations/Asset Development Geologist: McElroy and Mid-Concho Fields

- Prospected for and identified over 50 workovers that yielded above average results.
- Coordinated with team engineers and manager to review workover candidates within two-day deadline.
- Developed new step-out well locations based on a paleo-channel resolved with seismic amplitude maps.
- Analyzed well logs to improve waterflood sweep and discover bypassed oil opportunities.
- Recalculated and upgraded oil volumetrics in both fields using Petra. Strengthened interpretations using wireline, seismic, production data, scout tickets, hand-drawn maps and core analysis.
- Conceptualized new workover method using rig-less acid jobs, saving hundreds of thousands per year.

Education/Internships

University of Texas at El Paso: M.S. Geology Thesis: Depositional Environment, Sequence Stratigraphy and Reservoir Properties of the Bliss Fm., El Paso, Texas Scholarships and Achievements: Conoco Phillips Academic Excellence Scholarship UTEP's Vernon G. and Joy Hunt Endowed Scholarship Fund in Geology, Captain of the 2011 UTEP IBA Team; Led team to nationals in Houston. **Conoco Phillips:** Intern Geologist: Eagleford Shale

Whiting Petroleum: Intern Geologist: North Ward Estes Field

Lake Superior State University: B.S. Geology, B.A. French

Scholarships and Achievements: Michigan Academic Excellence/Michigan Merit Award Scholarship, L.S.S.U. Geology Program's Academic Excellence Scholarship, L.S.S.U. French Program's Scholarship for Academic Excellence, and the Diplôme de Français des Affaires 1er degree from the Paris Chamber of Commerce.

Software

Significant Experience: Petrel, Decision Space, Transform, Petra, Kingdom, WellView, Rigsense, Totco, Pason, Adobe **BEFORE THE OIL CONSERVATION DIVISION** Illustrator, MLogger, TLog, Mainlog Santa Fe, New Mexico Moderate Experience: Spotfire, ArcGIS, Dynamic Surveillance Systems

Exhibit No. E1 Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

drew.a.chenoweth@gmail.com

linkedin.com/in/drew-chenoweth

2014-2016

2016-2017

2014

2012

2011

2010

2017-Present

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF SHELBY JOHNSON

Shelby Johnson, of lawful age and being first duly sworn, declares as follows:

1. My name is Shelby Johnson, and I am employed by Apache Corporation ("Apache") as a petroleum reservoir engineer. I am familiar with the applications filed by Apache in these consolidated cases and have studied Apache's performance in the Bone Spring formation underlying the subject area.

2. My educational background and work experience is accurately summarized in **Apache Exhibit F-1**. I am a licensed professional engineer by the state of Texas since 2019 and a member of the Society of Petroleum Engineers since 2010. I believe my credentials qualify me to testify as an expert witness in petroleum reservoir and engineering matters.

3. As reflected on **Slide 16 of Apache Exhibit C**, Apache has been drilling, completing, and producing wells in the Bone Spring formation underlying the subject area since 2014. Our current producing well count is 36 horizontal wells, with twelve wells brought online in 2021 during the COVID pandemic.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. F Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

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4. With the heterogeneous geology in the area, a thorough understanding of the reservoir quality is key to understanding and predicting performance. Apache's extensive drilling and completion experience in the subject area has allowed the company to improve performance and gain a thorough understanding of the reservoir quality. We understand which parameters are the key production drivers and have gained the ability to accurately geosteer and remain within the identified target zones. We have optimized our inter-well spacing to mitigate interference and depletion risks. Our spacing strategy coupled with our optimized frac design effectively captures the desired drainage area in an efficient and effective manner.

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5. Apache's drilling and completion capability in the subject area is demonstrated by Slide 17 of Apache Exhibit C. The gold lines reflect Apache's well performance on the lateral length normalized cumulative oil plot. The plot on the left provides the production data for wells completed in the Second Bone Spring Sands underlying Township 19 South, Range 28 East and surrounding areas. The plot on the right shows the same information for wells completed in the Third Bone Spring Sands. This production data demonstrates Apache has consistently outperformed operators of wells completed in the Second Bone Spring Sands.

6. In contrast, my review of the production records indicates Colgate has not completed any Bone Spring wells in the subject area. Colgate therefore has no production data from wells Colgate has drilled to place on these performance slides.

7. Apache has learned a significant amount from our extensive drilling and completion experience in this area, which we will be able to incorporate in future

2

development. Our long history in the Bone Spring formation and performance track record in the subject area provide a competitive advantage and demonstrates why working interest owners in this area prefer Apache to develop the Bone Spring formation underlying Sections 29 and 30.

8. In addition, as reflected on **Slide 18 of Apache Exhibit C**, Apache intends to use the same surface locations for the proposed two-mile Palmillo wells in Sections 29 and 30 to develop adjacent Sections 25 and 26 to the West with Apache's proposed twomile Camacho wells. This consolidation of surface locations will not only reduce the surface footprint for the necessary facilities but provide cost savings and efficiencies for strong economic returns.

9. In my opinion, the granting of Apache's applications and the denial of Colgate's competing applications in these consolidated cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

10. Apache Exhibit F-1 and Slides 16 through 18 of Apache Exhibit C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

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Shelley Johnson

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STATE OF TEXAS

COUNTY OF HARRIS

SUBSCRIBED and SWORN to before me this <u>1</u> day of <u>Covember</u> 2021 by Shelby Johnson.

)

)

10 NOTARY PUBLIC

My Commission Expires:

2023



Page 106 of 134

1038 W 26th Street Unit C, Houston, TX 77008 • (832) 687-4778 • ShelbyLJohnson1@gmail.com

Shelby Johnson, P.E.

Education

Texas A&M University, College Station, TX

Cumulative GPA: 3.8/4.0, Magna Cum Laude, Bachelor of Science in Petroleum Engineering Dwight Look College of Engineering, Harold Vance Department of Petroleum Engineering, Student and Teaching Assistant

Work Experience

Apache Corp, Houston, TX

Reservoir Engineer III - Delaware Basin

- Manage field development planning and post appraise new wells
- Perform reservoir modeling with an emphasis on rate transient analysis, frac modeling, depletion considerations, linear flow parameter, and OOIP analysis
- Analyze non-op and land trade opportunities to high grade positions and maximize value

EIG Global Energy Partners, Houston, TX

Reservoir Engineer, Contract – Energy Private Equity

- Evaluate investment opportunities by analyzing engineering and financial data to create economic models and business development recommendations
- Perform technical diligence related to type curves (DCA), development plans, subsurface data, surface operations, LOS, plant statements, midstream contracts

 Manage portfolio of closed deals by executing engineering analysis for post appraisals and future investment decisions 2020 Varde Partners, Houston, TX

Reservoir Engineer, Senior Analyst - Energy Private Equity - perform engineering analysis for investment opportunities Anadarko Petroleum Corporation, The Woodlands, TX 2014-2019

Senior Reservoir Engineer – US Onshore Exploration (Permian Basin)

- Execute confidential exploration programs as project engineer performing all reservoir, completions, and production responsibilities, including completion and artificial lift design and monitoring, with capital budget of \$100MM/year
- Perform risked stochastic economic analysis to commercially characterize geologic prospects with a focus in the Permian
- Prioritize and rank exploration prospects for comparison with APC's existing portfolio to determine recommendation
- Perform decline curve analysis, volumetric analysis, competitor (offset) analysis, A&D and non-op evaluations
- Manage SEC reserves reporting for exploration wells and discoveries
- Work with an integrated team of geologists, geophysicists, petrophysicists, geochemists, landmen, and corporate development on presentations and investment recommendations to upper level management 2014-2017

Production/Operations Engineer - Delaware Basin

- Manage produced water: develop plans to satisfy short and long term disposal needs with economic evaluation; design and permits SWD wells and water infrastructure system; manage agreements with 3rd party SWD companies; perform wellwork and surface maintenance for SWDs; understand risks to injection and analyze alternatives; develop sourcing and recycling strategy for use in drilling and completions; work with multi-disciplinary team consisting of reservoir, field operations, planning, regulatory, and HSE
- Reservoir study of disposal formations using volumetrics, well tests, pressure transient analysis, and nodal analysis
- Manage non-drilling capital (NDC) budget: forecast capital for water and power infrastructure, artificial lift, wellsite retrofits, non-op projects, office construction, automation, surface land acquisitions, and recompletions
- Created database for idle wells and process for P&A; executed all high priority P&A jobs

ExxonMobil Corporation, Fort Worth, TX

Reservoir Engineering Intern with XTO Energy – created database to analyze East Texas uphole recompletion opportunities and identified top candidates for field execution; performed economic analysis and recommended projects to management

Devon Energy, Groesbeck, TX

Engineering Field Intern – conducted a natural gas liquids project comparing refrigeration plant to a wellsite Joule-Thomson (JT) Unit and recommended wellsite to pilot; daily field activities included production operations, workovers, fracs, and drilling operations

Skills & Training

Anadarko New Hire Program (LAUNCH) Graduate, ARIES, Cygnet, Enersight, IHS Harmony, IHS Production Explorer, IPM Suite (Prosper/MBAL/Gap), Microsoft Office Suite, OpenWells, PEEP, Petra, PHDWin, Process Safety Training, Rose & Associates Training, Spotfire, ValNav, Well Control School

Achievements & Certifications

2019-Current BEFORE THE OIL CONSERVATION DIVISION Licensed Professional Engineer (P.E.) Petroleum Engineering Student Paper Contest, Texas A&M University Santa Fe, New Mexico 2014 Senior 1st place in semi-finals; 2013 Junior 2nd place overall and 1st place in semi-finals Exhibit No. F1 Submitted by: Apache Corporation Hearing Released to Imaging: 11/2/2021 8:16:37 AM Date: November 05, 2021 Case Nos. 21727-21730

2021-Current

May 2014

2020-2021

2017-2019

Summer 2013

Summer 2012



1038 W 26th Street Unit C, Houston, TX 77008 • (832) 687-4778 • ShelbyLJohnson1@gmail.com

Shelby Johnson, P.E.

Organizations & Leadership

Society of Petroleum Engineers, 2019 SPE Roughneck Camp Panelist Speaker	2010-Current
Anadarko's Petrotechnical Women's Resource Group, Communications Chair	2014-2019
Anadarko's Intern Recruitment Committee	2017-2019
Society of Women Engineers	2010-2019

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF TAYLOR THETFORD

Taylor Thetford, of lawful age and being first duly sworn, declares as follows:

1. My name is Taylor Thetford, and I am employed by Apache Corporation ("Apache") as a petroleum engineer. I am familiar with the applications filed by Apache in these consolidated cases, Apache's drilling history and Apache's plans for subject area.

2. My educational background and work experience is accurately summarized in **Apache Exhibit G-1**. I have been a member of the Society of Petroleum Engineers since 2013. I believe my credentials qualify me to testify as an expert witness in petroleum, drilling, and engineering matters.

3. Apache was founded in 1954 and has extensive experience with oil and gas drilling worldwide and most importantly the Permian/Delaware Basin in Texas and New Mexico. Apache is the most experienced operator in the subject area which is why we believe we are the best candidate to develop the Bone Spring formation underlying the proposed spacing units using horizontal wells. Colgate has only limited horizontal drilling experience in this area and has yet to complete any of these wells.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. G Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730 Received by OCD: 11/1/2021 7:34:56 PM

4. Slide 18 of Apache Exhibit C notes that Apache intends to utilize three well pads in the E/2 E/2 of Section 25 in Township 19 South, Range 27 East to develop Sections 25 and 26 in that township and the acreage that is the subject of these consolidated cases. This is consistent with Apache's goal to strategically design and consolidated well pads and surface facilities in this area to minimize the necessary surface disturbance. There will be a total of 16 wells drilled in both the 2nd and 3rd bone spring landing zone. Apache intends to use a single tank battery for the Palmillo 29-30 wells to further reduce the necessary surface disturbance.

5. Slide 19 of Apache Exhibit C notes that since 2017 Apache has drilled seventeen one-mile Second Bone Spring wells in Township 19 South, Range 28 East. This experience has enabled Apache to steadily reduce the number of drilling days by 34%. Apache can now drill one-mile Second Bone Spring wells in an average time of around 8 to 9 days from spud to TMD in the subject area.

6. Slide 20 of Apache Exhibit C reflects that Apache's drilling experience has allowed it to reduce the costs per well. The yellow bars represent costs per foot while the blue bars represent the actual total costs per well. Apache is averaging \$164 per foot for an average actual drilling cost of \$2.04MM for a one mile well in the Second Bone Spring Sand.

7. Slide 21 of Apache Exhibit C reflects Apache's estimated time to drill a two-mile Second Bone Spring well using the costs Apache has incurred for one-mile wells. Apache estimates that it will take another three days to drill the additional segment of lateral for a two-mile well. This results in an anticipated 3 days to move the rig to location, 12 days from spud to TMD and 3 days to run casing and cement the well prior

2

to skidding the rig to the next well for a total of 18 days of the rig on location. In contrast, the AFE's Colgate submitted to Apache indicate Colgate experiences or anticipates over 20 days for "drilling days."

8. Slide 22 of Apache Exhibit C provides the estimated costs to drill the proposed 2-mile Second Bone Spring wells, which are reflected in the AFE's Apache submitted to the working interest owners in the subject acreage.

9. Since 2017 Apache has drilled four 2-mile Third Bone Spring wells and has submitted AFE's to the working interest owners based on those actual costs. Slide 23 of Apache Exhibit C reflects that this experience has enabled Apache to steadily reduce the number of drilling days by 13%. Apache can now drill two-mile Third Bone Spring wells in an average time of around 23 to 24 days from spud to TMD in the subject area.

10. Slide 24 of Apache Exhibit C reflects that Apache's drilling experience has allowed it to reduce the costs per well. The yellow bars represent the cost per foot while the blue bars represent the total cost per well. Apache has averaged \$200 per foot and an average actual cost of \$3.70MM for a two mile well in the Third Bone Spring Sand.

11. Slide 25 of Apache Exhibit C provides the estimated costs to drill the proposed 2-mile Third Bone Spring wells, which are reflected in the AFE's Apache submitted to the working interest owners in the subject acreage. The \$2.94MM total drilling cost is less than what Apache averaged for its prior 4 wells because Apache expects efficiencies due to more wells per pad which equates to less money spent per well on rig move and location costs and utilizing knowledge learned from drilling the previous wells to reduce time on well.

3

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12. In my opinion, the granting of Apache's applications and the denial of Colgate's competing applications in these consolidated cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. Apache Exhibit G-1 and Slides 18 through 25 of Apache Exhibit C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Joyle Thits

TAYLOR THETFORD

STATE OF TEXAS

COUNTY OF HARRIS

SUBSCRIBED and SWORN to before me this _____ day of _____2021 by Taylor Thetford.

)))

NOTARY PUBLIC

My Commission Expires:

281-221-6536

Drilling Engineer

taylor.thetford@apachecorp.com

PROFILE

Technology driven engineer with 7+ years of US onshore drilling experience in both unconventional and conventional plays in Texas and New Mexico. Skilled at developing and implementing new drilling programs, completing detailed cost estimates, and performing high level analytical analysis. Possesses strong communication and problem-solving skills and the ability to work independently or in team environments.

EMPLOYMENT HISTORY

Drilling Engineer, Apache Corporation Jun 2013 — Present

Drilling Engineer III

- Apr 2020 Present
- Delaware Basin Asset Drilling Team Member
- · Responsible for providing detailed drilling cost estimates and managing permitting timelines along with performing offset technical research and well design
- Lead a team of programmers in the design and implementation of cutting-edge real-time drilling software

Drilling Engineer II

- May 2018 Apr 2020
- Permian Region Drilling Engineer New Mexico Assets
- Plan, permit, and drill wells on both NM state and BLM land in the bone spring and wolfcamp target formations

Drilling Engineer II

- Mar 2016 May 2018
- Special Projects: Drilling Intelligence Guide (DIG)
- Develop, deploy, and support data aggregation and advisory system to collect, store, and analyze big data from 20 operated drilling rigs to enable better drilling decisions from well structured, non-manipulated data, physics-based models, and predictive alerts.

Rotational Drilling Engineer

- Jun 2013 May 2016
- · Completed Apache's Accelerated Development Program for drilling engineers
- · Year-long rotations in Permian and US Gulf Coast regions

TECHNICAL SKILLS

Peloton WellView	DSWellPlan
Tibco Spotfire	Compass
Drillscan Wellscan	StressCheck

EDUCATION

Bachelor of Science, Petroleum Engineering

Minor: Mechanical Engineering

Texas Tech Presidential Scholarship Recipient

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Texas Tech University
Aug 2009 — May 2013 Lubbock, TX

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. G1 Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

Houston, TX

AWARDS/ACHIEVEMENTS

Regional Drilling Engineer Award

SPE Southwest Region Award Winner

TECHNICAL PAPERS

Mar 2016 — Present

<u>2016</u>

- Ashok, Pradeepkumar, Ambrus, Adrian, Ramos, Dawson, Lutteringer, John, Behounek, Michael, Yang, Yueheng Lisa, Thetford, Taylor, and Terrence Weaver. "A Step by Step Approach to Improving Data Quality in Drilling Operations: Field Trials in North America." Paper presented at the SPE Intelligent Energy International Conference and Exhibition, Aberdeen, Scotland, UK, September 2016. doi: https://doi.org/10.2118/181076-MS
- Ashok, Pradeepkumar, Ambrus, Adrian, Ramos, Dawson, Lutteringer, John, Behounek, Michael, Yang, Yueheng Lisa, Thetford, Taylor, and Terrence Weaver. "A Step by Step Approach to Improving Data Quality in Drilling Operations: Field Trials in North America." Paper presented at the SPE Intelligent Energy International Conference and Exhibition, Aberdeen, Scotland, UK, September 2016. doi: https://doi.org/10.2118/181076-MS

<u>2017</u>

- Behounek, Michael , Hofer, Evan , Thetford, Taylor , White, Matthew , Yang, Lisa , and Marcos Taccolini. "Taking a Different Approach to Drilling Data Aggregation to Improve Drilling Performance." Paper presented at the SPE/IADC Drilling Conference and Exhibition, The Hague, The Netherlands, March 2017. doi: https://doi.org/10.2118/184741-MS
- Ambrus, A., Ashok, P., Chintapalli, A., Ramos, D., Behounek, M., Thetford, T. S., and B. Nelson. "A Novel Probabilistic Rig Based Drilling Optimization Index to Improve Drilling Performance." Paper presented at the SPE Offshore Europe Conference & Exhibition, Aberdeen, United Kingdom, September 2017. doi: https://doi.org/10.2118/186166-MS

<u>2018</u>

- Ambrus, A., Ashok, P., Ramos, D., Chintapalli, A., Susich, A., Thetford, T., Nelson, B., Shahri, M., McNab, J., and M., Behounek. "Self-Learning Probabilistic Detection and Alerting of Drillstring Washout and Pump Failure Incidents During Drilling Operations." Paper presented at the IADC/SPE Drilling Conference and Exhibition, Fort Worth, Texas, USA, March 2018. doi: https://doi.org/10.2118/189700-MS
- D'Angelo, John, Ashok, Pradeepkumar, van Oort, Eric, Shahri, Mojtaba, Nelson, Brian, Thetford, Taylor, and Michael Behounek. "Monitoring Wellbore Quality in Real-Time Using a Geometrically Derived Tortuosity Metric." Paper presented at the SPE/AAPG/SEG Unconventional Resources Technology Conference, Houston, Texas, USA, July 2018. doi: https://doi.org/10.15530/URTEC-2018-2901598
- Shahri, Mojtaba, Kutlu, Bahri, Thetford, Taylor, Nelson, Brian, Wilson, Timothy, Behounek, Michael, Ambrus, Adrian, and Pradeepkumar Ashok. "Adopting Physical Models in Real-Time Drilling Application: Wellbore Hydraulics." Paper presented at the SPE Liquids-Rich Basins Conference - North America, Midland, Texas, USA, September 2018. doi:
- Shahri, Mojtaba, Wilson, Timothy, Thetford, Taylor, Nelson, Brian, Behounek, Michael, Ambrus, Adrian, D'Angelo, John, and Pradeepkumar Ashok. "Implementation of a Fully Automated Real-Time Torque and Drag Model for Improving Drilling Performance: Case Study." Paper presented at the SPE Annual Technical Conference and Exhibition, Dallas, Texas, USA, September 2018. doi: https://doi.org/10.2118/191426-MS

<u>2019</u>

 Behounek, Michael, Millican, Blake, Nelson, Brian, Wicks, Matthew, Rintala, Eugene, White, Matthew, Thetford, Taylor, Ashok, Pradeepkumar, and Dawson Ramos. "Change Management Challenges Deploying a Rig-Based Drilling Advisory System." Paper presented at the SPE/IADC International Drilling Conference and Exhibition, The Hague, The Netherlands, March 2019. doi: https://doi.org/10.2118/194184-MS •• Apr 2019 Midland, TX

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Michael H. Feldewert, attorney in fact and authorized representative Apache Corporation, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

Michael H. Feldewert

SUBSCRIBED AND SWORN to before me this 1st day of November, 2021 by Michael

H. Feldewert.

Notary Public

My Commission Expires:

12,202



BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. H Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730



March 19, 2021

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico. Palmillo 29-30 State Com #271H & #375H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Prehearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division, by mail at 1220 S. St. Francis Dr., Santa Fe, NM, 87505 or email at <u>OCD.Hearings@state.nm.us</u>, 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 Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely, Kaitlyn A. Luck ATTORNEY FOR APACHE CORPORATION

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

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



March 19, 2021

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico. Palmillo 29-30 State Com #272H & #376H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>http://www.emnrd.state.nm.us/OCD/announcements.html</u>.

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Sincerely. Ankell

Kaitlyn A. Luck ATTORNEY FOR APACHE CORPORATION

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



March 19, 2021

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico. Palmillo 29-30 State Com #273H & #377H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>http://www.emnrd.state.nm.us/OCD/announcements.html</u>.

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Sincerely, towhell

Kaitlyn A. Luck ATTORNEY FOR APACHE CORPORATION

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

Alaska Montana Colorado Nevada Idaho New Mexico

Utah Washington, D.C. Wyoming



March 19, 2021

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico. Palmillo 29-30 State Com #274H & #378H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>http://www.emnrd.state.nm.us/OCD/announcements.html</u>.

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If you have any questions about this matter, please contact Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely.

ATTORNEY FOR APACHE CORPORATION

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

Alaska Colorado Idaho

Montana Nevada New Mexico Utah Washington, D.C. Wyoming

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS Status
			/		F	Your item was delivered at 9:37 am on March 22, 2021
9414811898765898529002	Apache Corporation	303 Veterans Airpark Ln Ste 1000	Midland	тх	79705-4572	in MIDLAND, TX 79705.
						Your item was delivered at 10:07 am on March 22,
9414811898765898523734	Crown Oil Partners VI, LLC	PO Box 50820	Midland	тх	79710-0820	2021 in MIDLAND, TX 79705.
						Your item was delivered at 10:07 am on March 22,
9414811898765898523901	Crump Energy Partners III, LLC	PO Box 50820	Midland	ТΧ	79710-0820	2021 in MIDLAND, TX 79705.
						Your item was delivered to an individual at the address
9414811898765898523987	Currie Smith I, Ltd.	3602 S Washington St	Amarillo	ТΧ	79110-1303	at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110
						Your item was delivered to the front desk, reception
						area, or mail room at 2:12 pm on March 23, 2021 in
9414811898765898523659	Dale A. Smith	418 S Polk St	Amarillo	ТΧ	79101-1414	AMARILLO, TX 79101.
						Your item was delivered at 7:55 am on March 26, 2021
9414811898765898523604	Daniel J Murphy	PO Box 2179	Crested Butte	CO	81224-2179	in CRESTED BUTTE, CO 81224.
						Your item was delivered to an individual at the address
9414811898765898523680	Ellen Smith Bivins	3602 S Washington St	Amarillo	ТΧ	79110-1303	at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110
				L		Your package will arrive later than expected, but is still
9414811898765898523154	Eog Resources Inc Attn Midland Division	PO Box 2267	Midland	ТΧ	79702-2267	on its way. It is currently in transit to the next facility.
						Your item was delivered at 12:40 pm on March 25,
9414811898765898523123	JSTM Energy Investments, LLC	PO Box 5441	Midland	ТΧ	79704-5441	2021 in MIDLAND, TX 79704.
						Your item has been delivered to an agent for final
041401100070000000000000	Marke Oil Inc	1775 N Sherman St Ste 2015	Dominar	со	80203-4319	delivery in DENVER, CO 80203 on March 23, 2021 at
9414811898765898523130	Marks OII, Inc.	1775 N Sherman St Ste 2015	Denver	0	80203-4319	5.09 pm.
						Your item was delivered to an individual at the address
9414811898765898523321	Nance Resources Inc	2924 Millennium Cir	Billings	мт	59102-7474	at 10:43 am on March 23, 2021 in BILLINGS, MT 59102
5414011050705050525521	Nance Resources, me		Dillings	IVII	55102 7474	Your item was delivered at 9:42 am on March 25, 2021
9414811898765898529033	Alpar Energy, Inc	PO Box 1046	Perryton	тх	79070-1046	in PERRYTON, TX 79070.
5 12 10220507 00050025000	,					Your item has been delivered to an agent for final
						delivery in HOUSTON, TX 77046 on March 22, 2021 at
9414811898765898523383	Occidental Permian Limited Partnership	5 Greenway Plz	Houston	тх	77046-0526	
						Your item was delivered to an individual at the address
9414811898765898523055	ODS-ACS Properties, Ltd.	3602 S Washington St	Amarillo	тх	79110-1303	at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110
						Your item has been delivered to an agent for final
						delivery in HOUSTON, TX 77046 on March 22, 2021 at
9414811898765898523093	OXY USA INC	5 Greenway Plz Ste 110	Houston	тх	77046-0521	10:57 am.
						Your item has been delivered to an agent for final
						delivery in HOUSTON, TX 77046 on March 22, 2021 at
9414811898765898523079	OXY USA WTP Limited Partnership	5 Greenway Plz Ste 110	Houston	ΤХ	77046-0521	10:57 am.

Apache - Palmillo Wells Case Nos. 21727-21730 Postal Delivery Report

						Your item was delivered at 9:33 am on March 26, 2021
9414811898765898523420	Sabre Exploration, Inc.	PO Box 4848	Wichita Falls	ΤХ	76308-0848	in WICHITA FALLS, TX 76308.
						This is a reminder to arrange for redelivery of your
9414811898765898523482	SDX Properties, Inc.	PO Box 501	Midland	ΤХ	79702-0501	item or your item will be returned to sender.
9414811898765898523550	Texilvania, Ltd.	3602 S Washington St	Amarillo	тх	79110-1303	Your item was delivered to an individual at the address at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110.
9414811898765898523598	TKM Resources, LLC	1775 N Sherman St Ste 2015	Denver	со	80203-4319	Your item has been delivered to an agent for final delivery in DENVER, CO 80203 on March 23, 2021 at 3:09 pm.
9414811898765898523574	True North Exploration, Inc.	PO Box 501	Midland	тх	79702-0501	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765898524229	V-J Energy Partners, LLC	3701 Fairhaven Ct	Midland	тх	79707-4321	Your item was delivered to an individual at the address at 2:45 pm on March 22, 2021 in MIDLAND, TX 79707.
9414811898765898529422	AmericaWest Resources, LLC	PO Box 3383	Midland	тх	79702-3383	Your item was delivered at 10:51 am on March 25, 2021 in MIDLAND, TX 79701.
9414811898765898524281	XTO Energy Inc.	22777 Springwoods Village Pkwy	Spring	тх	77389-1425	Your item was delivered to the front desk, reception area, or mail room at 9:25 am on March 23, 2021 in SPRING, TX 77389.
9414811898765898524854	ZPZ Delaware I LLC	303 Veterans Airpark Ln Ste 1000	Midland	ТΧ	79705-4572	Your item was delivered at 9:37 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898524892	Chevron USA, Inc.	1400 Smith St	Houston	тх	77002-7327	Your item was delivered at 1:26 pm on March 24, 2021 in HOUSTON, TX 77002.
9414811898765898524878	Marathon Oil Permian LLC	5555 San Felipe St	Houston	тх	77056-2701	Your item was delivered to the front desk, reception area, or mail room at 1:26 pm on March 22, 2021 in HOUSTON, TX 77056.
9414811898765898524724	S.K. Lawlis	PO Box 1889	Midland	тх	79702-1889	Your item was delivered at 1:06 pm on March 24, 2021 in MIDLAND, TX 79701.
9414811898765898524779	EOG Resources, Inc.	5509 Champions Dr	Midland	тх	79706-2843	Your item was picked up at a postal facility at 8:03 am on March 22, 2021 in MIDLAND, TX 79702.
9414811898765898524922	V-F Petroleum Inc.	PO Box 1889	Midland	тх	79702-1889	Your item was delivered at 1:06 pm on March 24, 2021 in MIDLAND, TX 79701.
9414811898765898524984	Read & Stevens, Inc.	PO Box 1518	Roswell	NM	88202-1518	Your item was delivered at 10:22 am on March 24, 2021 in ROSWELL, NM 88201.
9414811898765898524656	Crump Energy Partners III, LLC	4000 N Big Spring St Ste 310	Midland	тх	79705-4628	Your item was delivered to the front desk, reception area, or mail room at 10:18 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898524694		300 N Marienfeld St Ste 1000	Midland	тх		Your item was delivered to the front desk, reception area, or mail room at 11:01 am on March 22, 2021 in MIDLAND, TX 79701.
9414811898765898529583	Anthracite Energy Partners, LLC	4803 Tremont Ave	Midland	тх	79707-4110	Your item was delivered to an individual at the address at 12:04 pm on March 29, 2021 in MIDLAND, TX 79707.

	1					Very term and the second sector deals are set of
						Your item was delivered to the front desk, reception
						area, or mail room at 10:18 am on March 22, 2021 in
9414811898765898524670	Crown Oil Partners VI, LLC	4000 N Big Spring St Ste 310	Midland	ТΧ	79705-4628	MIDLAND, TX 79705.
						Your item was picked up at a postal facility at 4:56 am
9414811898765898524120	WPX Energy Permian, LLC	3500 One Williams Ctr Ste 3400	Tulsa	ОК	74172-0135	on March 23, 2021 in TULSA, OK 74103.
						Your item arrived at the SANTA FE, NM 87501 post
						office at 7:15 am on March 30, 2021 and is ready for
9414811898765898524182	Jetta Production Company	777 Taylor St	Fort Worth	ΤХ	76102-4919	pickup.
						Your item was picked up at a postal facility at 8:41 am
9414811898765898524175	COG Operating LLC	600 W Illinois Ave	Midland	ΤХ	79701-4882	on March 22, 2021 in MIDLAND, TX 79702.
						Your item arrived at our COPPELL TX DISTRIBUTION
						CENTER destination facility on March 31, 2021 at 6:49
9414811898765898524366	Tug Hill Energy, LLC	3131 W 7th St	Fort Worth	тх	76107-2779	pm. The item is currently in transit to the destination.
						Your package will arrive later than expected, but is still
9414811898765898523253	Cheney Energy Partners LLC	7670 Woodway Dr Ste 175	Houston	тх	77063-1593	on its way. It is currently in transit to the next facility.
	, , ,					
						Your package will arrive later than expected, but is still
9414811898765898523291	Cimarex Energy Co	600 N Marienfeld St Ste 600	Midland	тх	79701-4405	on its way. It is currently in transit to the next facility.
				-		
						Your package will arrive later than expected, but is still
9414811898765898523833	CK Finance, LLC	4536 Edmondson Ave	Dallas	тх	75205-2606	on its way. It is currently in transit to the next facility.
						Your item was delivered to the front desk, reception
						area, or mail room at 11:01 am on March 22, 2021 in
9414811898765898523758	Colgate Production LLC	300 N Marienfeld St Ste 1000	Midland	тх	79701-4688	MIDLAND, TX 79701.
5111010705050525750					, 5701 4000	
						Your item was delivered to an individual at the address
9414811898765898523796	Coneios Energy LLC	4803 Tremont Ave	Midland	тх	70707-4110	at 12:04 pm on March 29, 2021 in MIDLAND, TX 79707.
3414011030/03030323/90	Conejos Energy, LLC	4003 Hemonic Ave	wilulatiu	17	13101-4110	at 12.04 pm on March 29, 2021 m MiDLAND, 1X 79707.

Received by OCD: 11/1/2021 7:34:56 PM

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004655915 This is not an invoice

DAVID WASHINGTON 110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

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

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

Ad # 0004655915 PO #: # of Affidavits1 This is not an invoice

NANCY HEYRMAN Notary Public State of Wisconsin BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. I Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on Thursday, April 8, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://www.emnrd.state.nm.us/OCD/hearings.html or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at http://ocdimage.e mnrd.state.nm.us/maging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, or the New Mexico Relay Network at 1-800-659-1779, no later than March 28, 2021.

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

https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID =e1a53b301b1f6485853e05d5f923df077 Event number: 187 653 1969 Event password: FvRGmafs933

Join by video: 1876531969@nmemnrd.webex.com Numeric Password: 490768 You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free Access code: 187 653 1969

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

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

To: All pooled parties, including: Apache Corporation; Alpar Energy, Inc; AmericaWest Resources, LLC; Anthracite Energy Partners, LLC; Cheney Energy Partners, LLC; Cimarex Energy Co; CK Finance, LLC; Colgate Production LLC; Conejos Energy, LLC; Crown Oil Partners VI, LLC; Crump Energy Partners III, LLC; Currie Smith I, Ltd.; Dale A. Smith, his heirs and devisees; Daniel J Murphy, his heirs and devisees; Ellen Smith Bivins, her heirs and devisees; EOG Resources Inc; JSTM Energy Investments, LLC; Marks Oil, Inc.; Nance Resources, Inc; Occidental Permian Limited Partnership; ODS-ACS Properties, Ltd.; OXY USA INC; OXY USA WTP Limited Partnership; Sabre Exploration, Inc.; SDX Properties, Inc.; Texilvania, Ltd.; TKM Resources, LLC; True North Exploration, Inc.; V-J Energy Partners, LLC; XTO Energy Inc.; ZPZ Delaware I LLC; Chevron USA, Inc.; Marathon Oil Permian LLC; S.K. Lawlis, his/her heirs and devisees; V-F Petroleum Inc.; Read & Stevens, Inc.; CM Resources, LLC; WPX Energy Permian, LLC; Jetta Production Company; COG Operating LLC; and Tug Hill Energy, LLC.

Case No. 21727: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #271H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #375H well (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 NE/4 (Unit A) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

•

is located approximately 13 miles normeast or cansoad, New Mexico. 4655915 Current- Argus March 23, 2021

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004655936 This is not an invoice

DAVID WASHINGTON 110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

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

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

Ad # 0004655936 PO #: # of Affidavits1 This is not an invoice NANCY HEYRMAN Notary Public State of Wisconsin

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on Thursday, April 8, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://ww w.emnrd.state.nm.us/OCD/hearings.html or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at http://ocdimage.e mnrd.state.nm.us/inaging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us , or the New Mexico Relay Network at 1-800-659-1779, no later than March 28, 2021.

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

https://nmemord.webex.com/nmemord/onstage/g.php?MTID =e1a53b301b1f6485853e05d5f923df077 Event number: 187 653 1969 Event password: FvRGmafs933

Join by video: 1876531969@nmemnrd.webex.com Numeric Password: 490768 You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free Access code: 187 653 1969

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

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

To: All pooled parties, including: Apache Corporation; Alpar Energy, Inc; AmericaWest Resources, LLC; Anthracite Energy Partners, LLC; Cheney Energy Partners, LLC; Cimarex Energy Co; CK Finance, LLC; Colgate Production LLC; Conejos Energy, LLC; Corwn Oil Partners VI, LLC; Crump Energy Partners III, LLC; Currie Smith I, Ltd.; Dale A. Smith, his heirs and devisees; Daniel J Murphy, his heirs and devisees; Ellen Smith Bivins, her heirs and devisees; EOG Resources Inc; JSTM Energy Investments, LLC; Marks Oil, Inc.; Nance Resources, Inc; Occidental Permian Limited Partnership; ODS-ACS Properties, Ltd.; OXY USA INC; OXY USA WTP Limited Partnership; Sabre Exploration, Inc.; SDX Properties, Inc.; Texilvania, Ltd.; TKM Resources, LLC; True North Exploration, Inc.; V-J Energy Partners, LLC; XTO Energy Inc.; ZPZ Delaware I LLC; Chevron USA, Inc.; Marathon Oil Permian LLC; S.K. Lawlis, his/her heirs and devisees; V-F Petroleum Inc.; Read & Stevens, Inc.; CM Resources, LLC; WPX Energy Permian, LLC; Jetta Production Company; COG Operating LLC; and Tug Hill Energy, LLC.

Case No. 21728: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the abovereferenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #376H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #376H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 NE/4 (Unit H) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 NE/4 (Unit H) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

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Is located approximately 13 more northeast of cansoad, New Mexico. 4655936 Current- Argus March 23, 2021

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004655972 This is not an invoice

DAVID WASHINGTON 110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

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

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

NANCY HEYRMAN Notary Public State of Wisconsin

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Case No. 21729: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #377H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #377H well (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

is located approximately its miles northeast or cansoad, New Mexico. 4655972 *Current- Argus March 23, 2021*

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004655992 This is not an invoice

DAVID WASHINGTON 110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

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

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

Ad # 0004655992 PO #: # of Affidavits1 This is not an invoice NANCY HEYRMAN Notary Public State of Wisconsin

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Energy, LLC. Case No. 21730: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NIMPM, Eddy County, New Mexico. Applicant seeks to dedicate the abovereferenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #274H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #378H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

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