

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

APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 22406

EXHIBIT INDEX

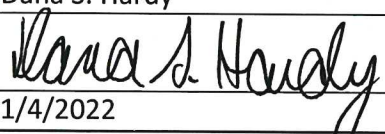
Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Taylor Warren
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
Exhibit B	Self-Affirmed Statement of Shane Seals
B-1	Location Map, Structure Map, Gunbarrel Schematic
B-2	Cross Section

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case No.:	22406
Hearing Date:	1/6/2022
Applicant	Steward Energy II, LLC
Designated Operator & OGRID	OGRID # 371682
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Trinity
Formation/Pool	
Formation Name(s) or Vertical Extent	San Andres
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	San Andres
Pool Name and Pool Code	Bronco; San Andres, South Pool (Pool Code 7500)
Well Location Setback Rules	Statewide
Spacing Unit Size	160-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	SW/4NW/4 and W/2SW/4 of Section 23 and NW/4NW/4 of Section 26, Township 12 South, Range 38 East, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Trinity State Com 26-23 #5H (API # pending) SHL: 1916 FNL & 1000 FWL (Unit E) of Section 26, T12S-R38E BHL: 1430 FNL & 988 FWL (Unit E) of Section 23, T13S-R38E Completion Target: San Andres (Approximately 5500' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
APE Capex and Operating Costs	
Drilling Supervision/Month \$	7,000
Production Supervision/Month \$	700
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
Ownership Determination	
and Ownership Schematic of Spacing Unit	Exhibit A-3

Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	
Date:	1/4/2022

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

APPLICATION OF STEWARD ENERGY II,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 22406

**SELF-AFFIRMED STATEMENT
OF TAYLOR WARREN**

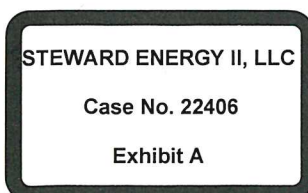
1. I am the land manager at Steward Energy II, LLC (“Steward”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and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

2. I am familiar with the land matters involved in the above-referenced case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. Steward seeks an order pooling all uncommitted interests in the Bronco; San Andres, South Pool (Pool Code 7500) within the San Andres formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the SW/4NW/4 and W/2SW/4 of Section 23 and NW/4NW/4 of Section 26, Township 12 South, Range 38 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Trinity State Com 26-23 #5** well (“Well”) to be horizontally drilled from a surface hole location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 23.



6. The completed interval of the Well will be orthodox.

7. **Exhibit A-2** contains the C-102 for the Well.

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

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

10. Steward has conducted a diligent search of all county public records including phone directories and computer databases.

11. All interest owners Steward seeks to pool are locatable.

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

13. Steward requests overhead and administrative rates of \$7,000 per month while the Well is being drilled and \$700 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Steward and other operators in the vicinity.

14. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6**.

15. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

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

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

18. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



Taylor Warren

01/03/2022
Date

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

APPLICATION OF STEWARD ENERGY II,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

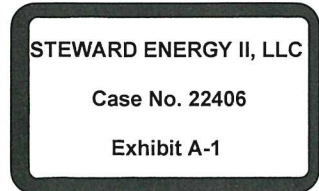
CASE NO. 22406

APPLICATION

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC (“Applicant”) applies for an order pooling all uncommitted interests within the San Andres formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the SW/4NW/4 and W/2SW/4 of Section 23 and NW/4NW/4 of Section 26, Township 12 South, Range 38 East, Lea County, New Mexico (“Unit”).

Applicant states the following in support of its application:

1. Applicant (OGRID No. 371682) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following proposed initial well:
 - **Trinity State Com 26-23 #5H** to be horizontally drilled from a surface hole location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 23 (“Well”).
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all the interest owners.
5. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.



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

WHEREFORE, Applicant requests this application be set for hearing on January 6, 2021, and that after notice and hearing the Division enter an order:

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

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy
Dana S. Hardy
Michael Rodriguez
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com
Counsel for Steward Energy II, LLC

Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico.

Applicant applies for an order pooling all uncommitted interests within the San Andres formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the SW/4NW/4 and W/2SW/4 of Section 23 and NW/4NW/4 of Section 26, Township 12 South, Range 38 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the following proposed initial well: Trinity State Com 26-23 #5H to be horizontally drilled from a surface hole location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 23 ("Well"). The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 14 miles Southeast of Tatum, New Mexico.

EXHIBIT A-2

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

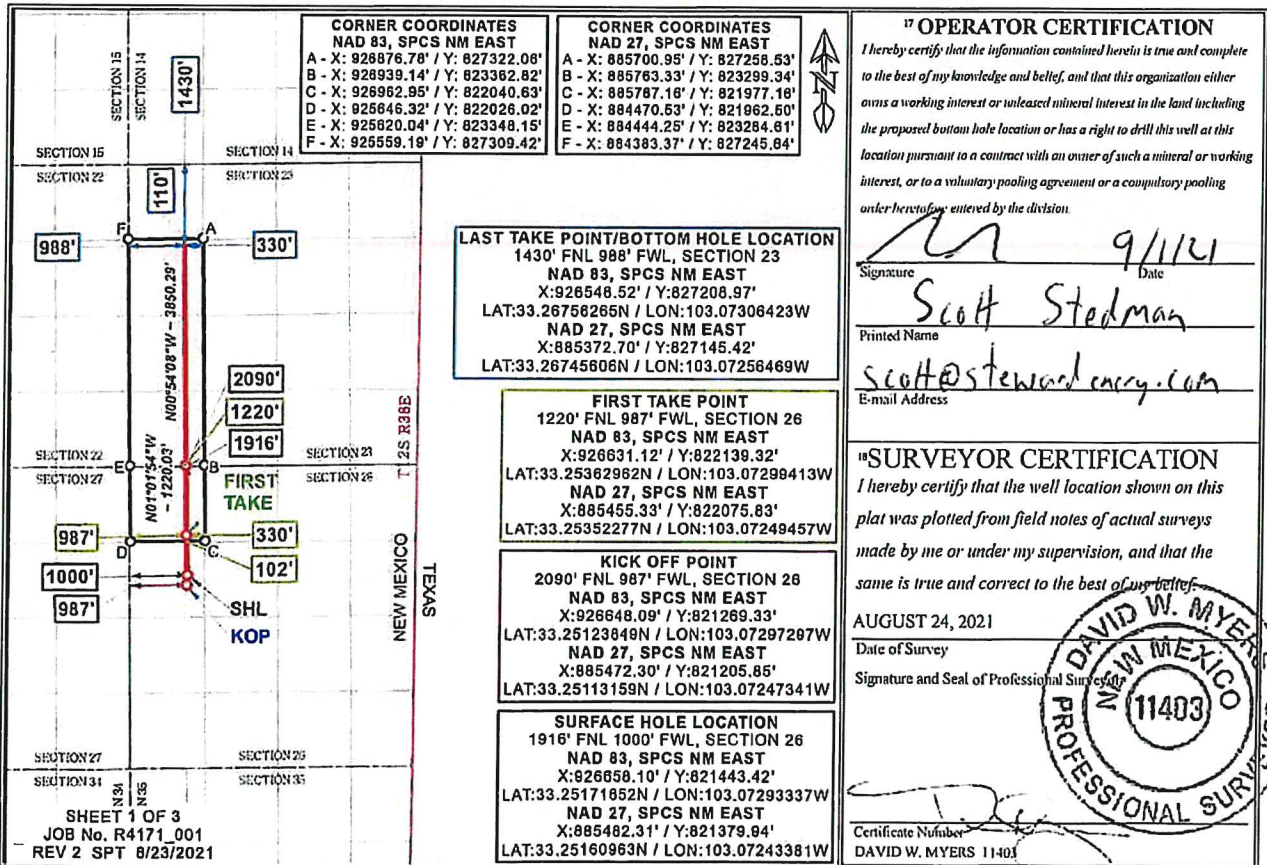
¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name TRINITY 26-23 STATE COM	
⁷ OGRID No. 371682	⁸ Operator Name STEWARD ENERGY II, LLC	⁶ Well Number 5H
		⁹ Elevation 3795'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	26	12S	38E		1916	NORTH	1000	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	23	12S	38E		1430	NORTH	988	WEST	LEA

¹² Dedicated Acres 160.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



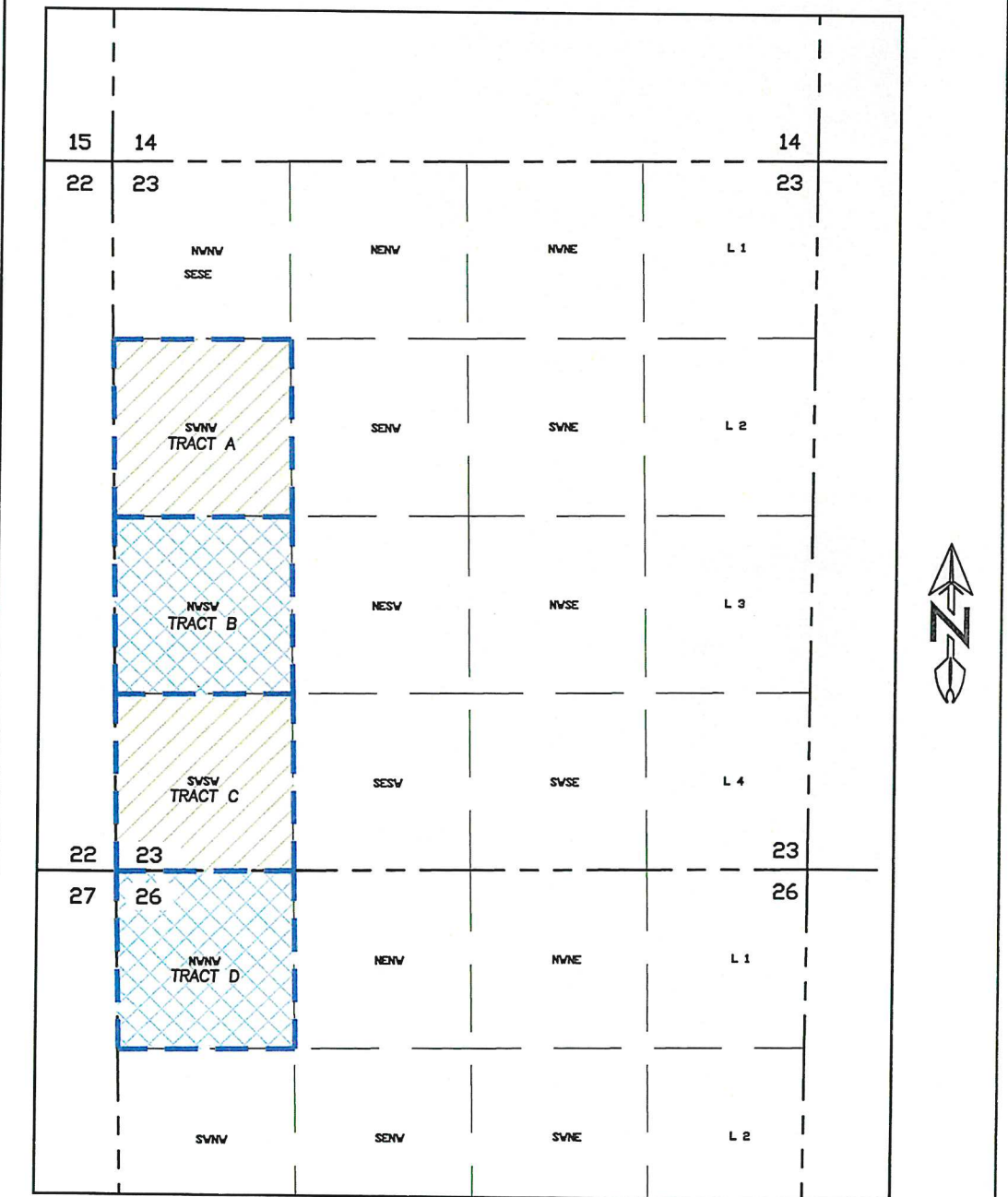
Distances/areas relative to NAD 83 Combined Scale Factor: 0.99989998 Convergence Angle: 00°4'20.13000"

Horizontal Spacing Unit

STEWARD ENERGY II, LLC
Case No. 22406
Exhibit A-2

EXHIBIT A-3

TRINITY STATE COM 26-32 #5H
SECS. 23 & 26 TWP. 12-S RGE. 38-E
LEA COUNTY, NEW MEXICO



SCALE: 1" = 1,000'



PROPOSED HORIZONTAL SPACING UNIT

SHEET 1 OF 1

OPERATOR:



PREPARED BY:
R-SQUARED GLOBAL, LLC
610 TRENTON ST., UNIT B,
WEST MONROE, LA 71291
318-823-8900 OFFICE
JOB No. R4171_002

STEWARD ENERGY II, LLC

Case No. 22406

Exhibit A-3

EXHIBIT A-3

Tract A

(SW/4NW/4 of Section 23, T13S-R38E, being 40.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	62.560000%	Committed JOA executed
Llano Energy LLC	WI	20.400000%	Committed JOA executed
Claude C. Arnold Working Interests Oil & Gas Properties, LLC	WI	13.632000%	Committed JOA executed
Blake Arnold Working Interests Oil & Gas Properties, LLC	WI	3.408000%	Committed JOA executed
		Total:	100.000000%
		Grand Total:	100.000000%

Tract B

(NW/4SW/4 of Section 23, T13S-R38E, being 40.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	62.560000%	Committed JOA executed
Llano Energy LLC	WI	20.400000%	Committed JOA executed
Claude C. Arnold Working Interests Oil & Gas Properties, LLC	WI	13.632000%	Committed JOA executed
Blake Arnold Working Interests Oil & Gas Properties, LLC	WI	3.408000%	Committed JOA executed
		Total:	100.000000%
		Grand Total:	100.000000%

Tract C

(SW/4SW/4 of Section 23, T13S-R38E, being 40.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	72.864000%	Committed JOA executed
Llano Energy LLC	WI	23.760000%	Committed JOA executed
Claude C. Arnold Working Interests Oil & Gas Properties, LLC	WI	1.900800%	Committed JOA executed
Blake Arnold Working Interests Oil & Gas Properties, LLC	WI	0.475200%	Committed JOA executed
		Total:	99.000000%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
J. Curtis Henderson	WI	1.000000%	Uncommitted
		Total:	1.000000%
		Grand Total:	100.000000%

Tract D

(NW/4NW/4 of Section 26, T13S-R38E, being 40.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	61.490599%	Committed JOA executed
Llano Energy LLC	WI	20.051282%	Committed JOA executed
Claude C. Arnold Working Interests Oil & Gas Properties, LLC	WI	13.398974%	Committed JOA executed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Blake Arnold Working Interests Oil & Gas Properties, LLC	WI	3.349744%	Committed JOA executed
		Total:	98.290599%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
CBR Oil Properties, LLC	Mineral Interest	0.854701%	Executed AFE
First Roswell Company	Mineral Interest	0.854700%	Executed AFE
		Total:	1.709401%
		Grand Total:	100.000000%

Recapitulation

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>
Steward Energy II, LLC	WI	64.868650%
Llano Energy LLC	WI	21.152821%
Claude C. Arnold Working Interests Oil & Gas Properties, LLC	WI	10.640944%
Blake Arnold Working Interests Oil & Gas Properties, LLC	WI	2.660236%
		Total: 99.322650%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>
J. Curtis Henderson	WI	0.250000%
CBR Oil Properties, LLC	Mineral Interest	0.213675%
First Roswell Company	Mineral Interest	0.213675%
		Total: 0.677350%

Grand Total: 100.000000% WI



*****VIA CERTIFIED U.S.P.S. MAIL #7017 2620 0000 3197 4173*****

November 3, 2021

Re: **Steward Energy II, LLC**
Well Proposal – Trinity State Com 26-23 #5H
SW/4NW/4 and the W/2SW/4 of Section 23 and the NW/4NW/4 of Section 26
Township 12 South, Range 38 East, N.M.P.M.
Lea County, New Mexico

J. Curtis Henderson, a/k/a James C. Henderson
PO Box 1713
Midland, TX 79702

Dear Working Interest Owner,

This letter will serve as notice regarding the plans of Steward Energy II, LLC ("Steward") to drill the Trinity State Com 26-23 #5H ("Well") as a horizontal well, targeting the San Andres Formation with an approximate total depth drilled of 10,880' feet. The Well's surface hole will be located approximately 1,916' feet from the north boundary line and 1,000' feet from the west boundary line of Section 26, Township 12 South, Range 38 East, N.M.P.M. and is subject to change based on final determination. The producing intervals of the Well will be located within a standard horizontal spacing unit described as being the Southwest Quarter of the Northwest Quarter (SW/4NW/4) and the West Half of the Southwest Quarter (W/2SW/4) of Section 23 and the Northwest Quarter of the Northwest Quarter (NW/4NW/4) of Section 26, Township 12 South, Range 38 East, N.M.P.M. ("Spacing Unit"). The Well's first take point will be located approximately 102' feet from the south boundary line and 330' feet from the east boundary line of the Spacing Unit. The Well's last take point will be located approximately 110' feet from the north boundary line and 330' feet from the east boundary line of the Spacing Unit.

Steward's ownership records indicate that you own a working interest located within the Well's Spacing Unit, and as a working interest owner you are offered participation in the Well based upon your proportionate working interest in the Spacing Unit. Your proportionate interest and share of cost in the Well are noted at the bottom of the attached Authorization for Expenditure ("AFE"). The itemized cost of the Well is listed on the AFE, and the total cost for drilling is \$1,422,996, with an additional \$1,537,150 to complete the well (Total \$2,964,146). *This AFE is an estimate only and a working interest owner, by execution of same, commits to pay its proportionate share of actual cost incurred.*

Please indicate your election as to your participation in the Well by checking the appropriate box in the space provided below and returning the second page of this letter to Steward using the

STEWARD ENERGY II, LLC
Case No. 22406
Exhibit A-4

Well Proposal
Trinity State Com 26-23 #5H
November 3, 2021

enclosed envelope. In the event you elect to participate in the well, please also sign the bottom of the attached AFE, and include it within the envelope as well.

Please be advised that Steward has requested a risk penalty in accordance with New Mexico law. In the event you elect NOT to participate, please contact Steward's Land Department and request to speak with a Landman.

Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

Steward Energy II, LLC
Land Department
2600 N. Dallas Parkway, Suite 400
Frisco, Texas 75094

For questions regarding this well proposal please contact the Land Department via email land@stewardenergy.net or call (214) 297-0500.

Respectfully,

Cooper Newlan
Landman

Attachment

Proportionate Interest: 0.250000%

The undersigned elects to not to participate in the Trinity State Com 26-23 #5H well with their proportionate interest.

J. Curtis Henderson, a/k/a James C. Henderson

By: _____ Date: _____



AUTHORIZATION FOR EXPENDITURE

Well Name: Trinity State Com 26-23 #5H		AFE Number: 2204006DR	
Operator: Steward Energy II LLC		AFE Date: 11/3/2021	
Well Type: Horizontal Oil	AFE Type: New Drill	County, State: Lea, NM	
Legal Description: SW/4NW/4; W/2SW/4 of Section 23 & NW/4NW/4 of Section 26, Township 12 South, Range 38 East	Prop. Depth: Approx. 5,500' TVD; 10,880' MD	Prep. By: Tim Hilton	
Field: Gladiola (San Andres)			
Surface Location: 1,916' FNL 1,000' FWL, Section 26, Township 12 South, Range 38 East			
Bottom Hole Location: 1,430' FNL 988' FWL, Section 23, Township 12 South, Range 38 East			
Project Description: The drilling and completion of a 1 mile San Andres horizontal.			

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8200.100	Land, Surveying & Legal	\$12,500				\$12,500
8200.101	Abstract, Title & Permit	\$150,000				\$150,000
8200.102	ROW & Surface Damages	\$20,000				\$20,000
8200.103	Road, Pad Location & Pit Building	\$58,500				\$58,500
8200.104	Environ, Reg & Safety	\$2,250				\$2,250
8200.105	Well Insurance	\$2,200				\$2,200
8200.113	Contract Labor	\$6,950				\$6,950
8200.114	Consulting Services & Contract Supervision	\$38,500				\$38,500
8200.120	Vacuum & Pump Truck	\$1,000				\$1,000
8200.122	Material Transportation	\$6,000				\$6,000
8200.126	Fuel	\$23,800				\$23,800
8200.131	Chemical-Downhole Treating	\$2,160				\$2,160
8200.132	Mud & Additives	\$25,000				\$25,000
8200.140	Mob/Demob	\$58,000				\$58,000
8200.141	Mud Disposal/Pit Closure	\$155,500				\$155,500
8200.142	Trailer Rental, Camp & Catering	\$16,700				\$16,700
8200.144	Drilling Rig - Daywork or Footage	\$136,000				\$136,000
8200.149	Bits, Mills & Reamers	\$22,500				\$22,500
8200.151	Directional Services	\$85,500				\$85,500
8200.160	Casing Crews & Services	\$20,250				\$20,250
8200.161	Cementing Services	\$63,000				\$63,000
8200.169	Water Transfer	\$4,000				\$4,000
8200.170	Water Purchase	\$22,000				\$22,000
8200.175	Surface Equipment Rental & Services	\$40,500				\$40,500
8200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$16,850				\$16,850
8200.301	Overhead	\$10,000				\$10,000
IDC Total:		\$999,660				\$999,660
8250.200	Conductor/Drive Pipe	\$15,600				\$15,600
8250.201	Surface Casing	\$91,200				\$91,200
8250.203	Production Casing	\$285,336				\$285,336
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$14,200				\$14,200
8250.214	Other Downhole Equipment	\$21,000				\$21,000
TDC Total:		\$427,336				\$427,336
Drilling Total:		\$1,426,996				\$1,426,996

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8300.103	Road, Pad Location & Pit Building			\$40,000		\$40,000
8300.114	Consulting Services & Contract Supervision			\$65,000		\$65,000
8300.120	Vacuum & Pump Truck			\$12,000		\$12,000
8300.122	Material Transportation			\$15,000		\$15,000
8300.126	Fuel			\$3,800		\$3,800
8300.131	Chemicals - Downhole Treating			\$2,500		\$2,500
8300.142	Trailer Rental, Camp & Catering			\$5,000		\$5,000
8300.143	Well Control - BOP, Isolation Assy			\$63,000		\$63,000
8300.146	Completion/Workover Rig			\$28,000		\$28,000
8300.148	Reverse Unit			\$22,000		\$22,000
8300.149	Bits, Mills & Reamers			\$2,600		\$2,600
8300.163	Cased Hole Logs			\$4,500		\$4,500
8300.164	Wireline & Perforating			\$60,000		\$60,000
8300.169	Water Transfer			\$25,000		\$25,000
8300.170	Water Purchase			\$85,000		\$85,000
8300.171	Stimulation - Frac, Acid, Gravel Pack			\$640,000		\$640,000
8300.175	Surface Equipment Rental & Services			\$45,000		\$45,000
8300.176	Downhole Equipment Rental & Services			\$24,000		\$24,000
8300.179	Elect & Generator R&M			\$25,000		\$25,000
ICC Total:				\$1,167,400		\$1,167,400
8350.205	Wellhead Equipment, Flow Tee & Meter Run			\$14,000		\$14,000
8350.206	Tubing			\$43,000		\$43,000
8350.211	Electric Submersible Pumps			\$55,000		\$55,000
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors			\$20,000		\$20,000
8350.221	Surface VSD, Transformer, POC & Associated Equipment			\$22,000		\$22,000
8350.234	Surface Pump & LACT's			\$1,500		\$1,500
TCC Total:				\$155,500		\$155,500
8600.100	Land, Surveying, & Legal			\$1,500		\$1,500
8600.102	ROW & Surface Damages			\$16,250		\$16,250
8600.111	Company Supervision			\$6,500		\$6,500
8600.120	Vacuum & Pump Truck			\$2,000		\$2,000
8600.122	Material Transportation			\$1,500		\$1,500
8600.175	Surface Equipment Rental & Services			\$4,000		\$4,000
IFC Total:				\$31,750		\$31,750
8650.222	Instrumentation & Meters			\$10,500		\$10,500
8650.224	Electrial Installation & Power Generation			\$12,000		\$12,000
8650.229	Prod & SWD Facility Inst.			\$38,000		\$38,000
8650.231	Separator, Heater Treater, FWKO			\$68,000		\$68,000
8650.233	Flowline & Gethering Lines			\$14,000		\$14,000
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings			\$40,000		\$40,000
TFC Total:				\$182,500		\$182,500
Completion Total:				\$1,537,150		\$1,537,150
					Drilling & Completion Total:	\$2,964,146
		Net %:	0.250000%			Net Total:
						\$7,410
Approved by:		Signature				

J. Curtis Henderson: _____

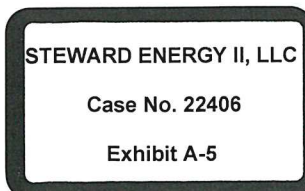
Date: _____

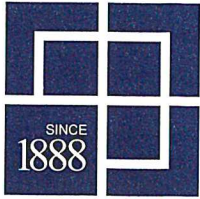
This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.

EXHIBIT A-5

Chronology of contact with locatable uncommitted interest

- May 2021 – Steward Energy II, LLC acquired title to 12 oil and gas leases, that are HBP'd by production from the Trinity Burrus ABO Unit, from Manzano LLC, et al, effective 4/1/2021, and begins to acquire oil and gas leases from the remaining unleased mineral owners. There are 12 original mineral owners located in Tracts A, B, C and D.
- November 4, 2021 – Steward Energy II, LLC sends the Trinity 26-23 State Com #5H well proposals to the uncommitted owners via certified U.S. Mail.
- December 16, 2021 – Steward Energy II, LLC has received 2 executed election letters from uncommitted owners who chose to participate in the drilling and completion of the Trinity 26-23 State Com #5H.





HINKLE SHANOR LLP
ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

December 9, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL INTERESTED PARTIES SUBJECT TO NOTICE

Re: Case No. 22406 - Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 6, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) 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.

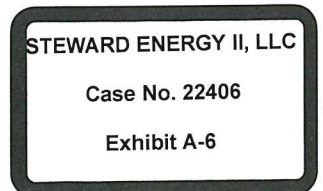
Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure



PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88211
575-622-6510
(FAX) 575-746-6316

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Sent To J. Curtis Henderson P.O. Box 1713 Midland, TX 79702	
Street and / _____	
City, State, _____	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

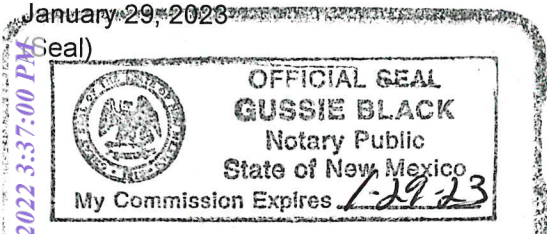
Beginning with the issue dated
December 14, 2021
and ending with the issue dated
December 14, 2021.


Publisher

Sworn and subscribed to before me this
14th day of December 2021.


Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

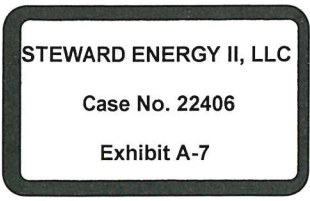
LEGAL NOTICE
December 14, 2021

This is to notify all interested parties, including: CBR Oil Properties, LLC, First Roswell Company, Ltd.; J. Curtis Henderson and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Steward Energy II, LLC (Case No. 22406). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 6, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant applies for an order pooling all uncommitted interests within the San Andres formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the SW/4NW/4 and W/2SW/4 of Section 23 and NW/4NW/4 of Section 26, Township 12 South, Range 38 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the following proposed initial well: Trinity State Com 26-23 #5H to be horizontally drilled from a surface hole location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 23 ("Well"). The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 14 miles Southeast of Tatum, New Mexico.
#37123

02107475

00261625

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504



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

APPLICATION OF STEWARD ENERGY II,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 22406

SELF-AFFIRMED STATEMENT
OF SHANE SEALS

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

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a location map for the proposed horizontal spacing unit (“Unit”) within the San Andres formation. The approximate wellbore path for the proposed **Trinity State Com 26-23 #5** well (“Well”) is represented by a green dashed line. Existing producing wells in the targeted interval are represented by solid lines.

4. **Exhibit B-1** also contains a subsea structure map for the top of the Pi Marker of the San Andres formation that is representative of the targeted interval within the formation. The data points are indicated by red circles. The approximate wellbore path for the Well is depicted by a green dashed line. The map demonstrates the formation is dipping to southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

STEWARD ENERGY II, LLC

Case No. 22406

Exhibit B

5. **Exhibit B-1** identifies three wells penetrating the targeted interval I used to construct a stratigraphic cross-section from A to A'. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

6. **Exhibit B-2** is a stratigraphic cross-section using the representative wells identified on **Exhibit B-1**. It contains gamma ray, resistivity and porosity logs. The proposed landing zone for the Well is labeled on the exhibit. This cross-section demonstrates the target interval is continuous across the Unit.

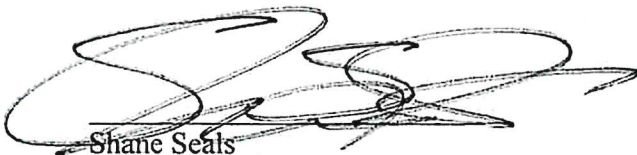
7. In my opinion, a standup orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and a slightly dominant stress regime that yields a preferred fracture orientation in this portion of the trend.

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

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

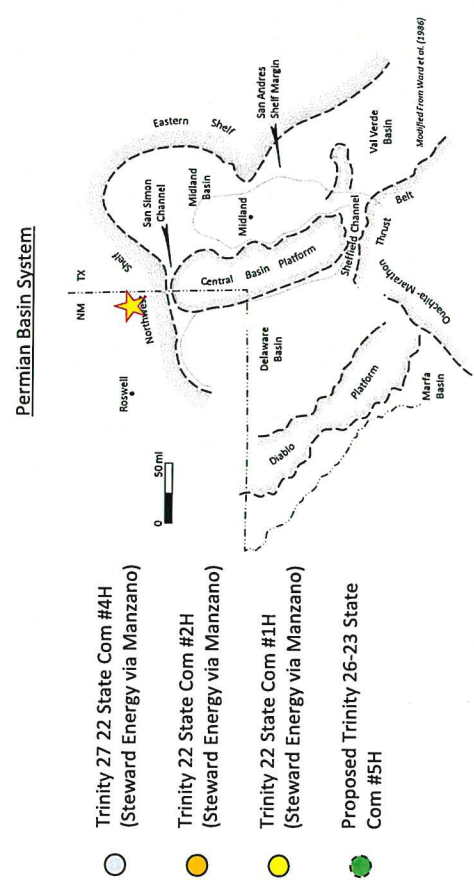
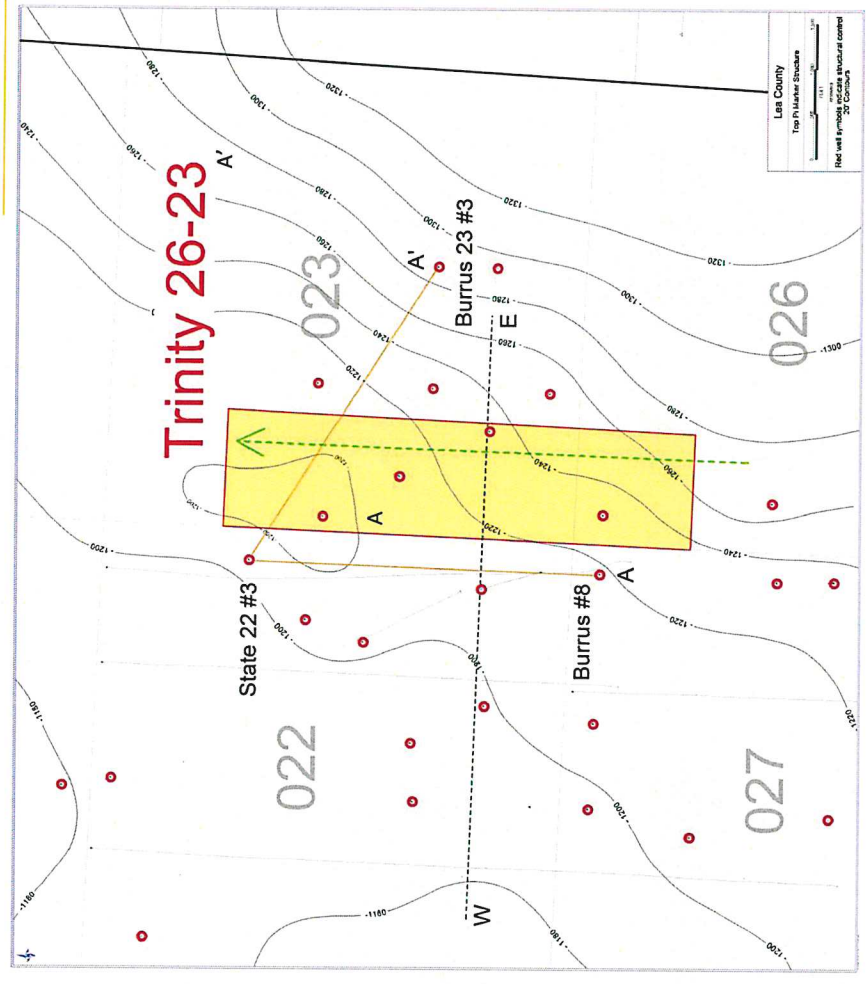
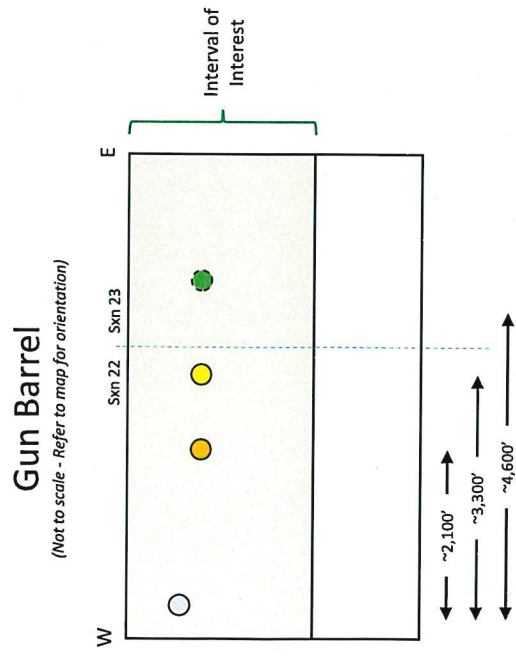
10. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 10 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

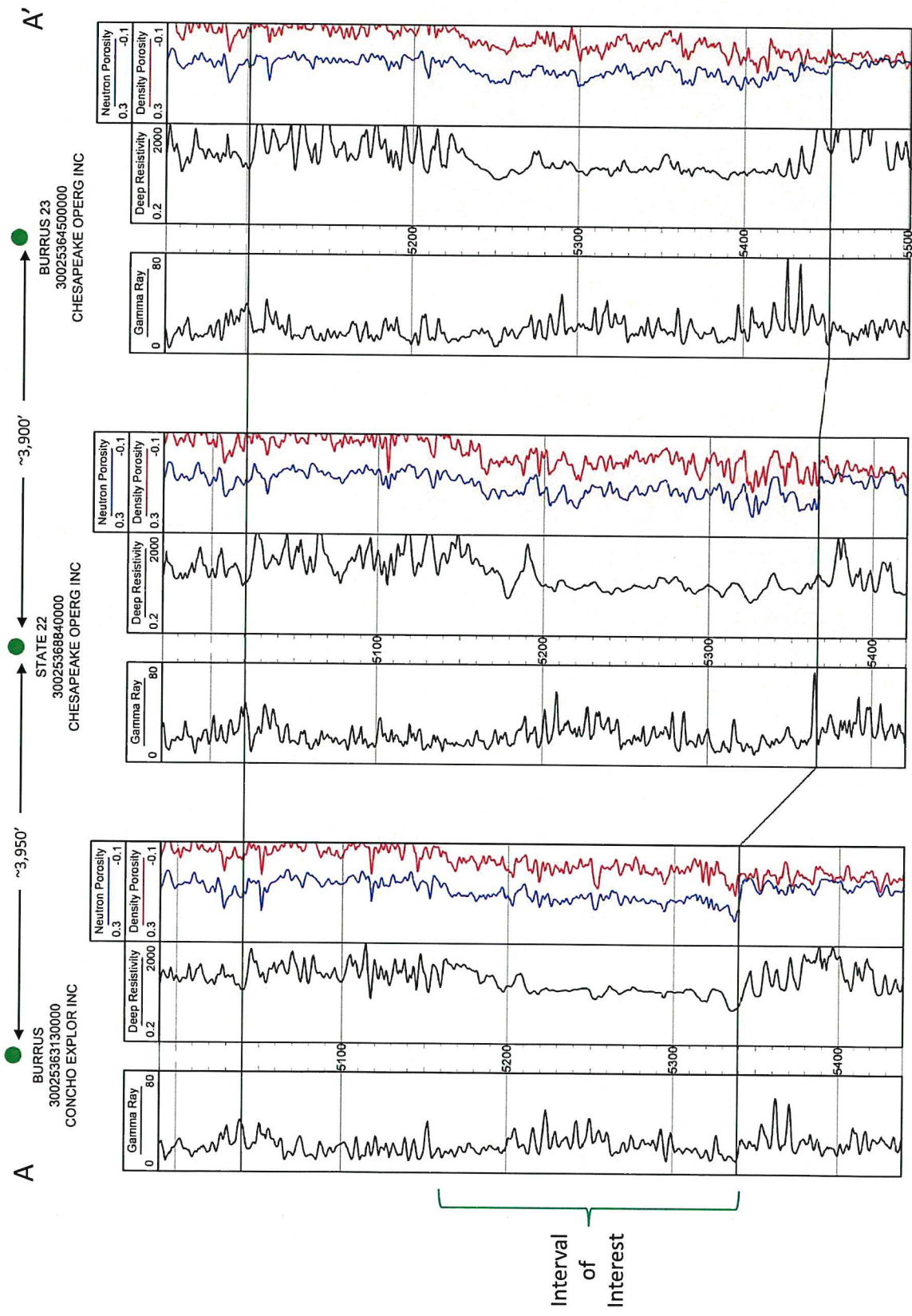

Shane Seals

12/21/2021
Date

- Top San Andres Pi Present
- Steward Energy Trinity 26-23 Acreage
- Proposed Trinity 26-23 State Com #5H (Arrow towards BHL)
- Producing Horizontal San Andres Well (Well-Symbol at BHL)
- 20' Contour Interval
- 0 ft 750 ft
- Gun Barrel
- Cross Section



STEWARD ENERGY II, LLC
 Case No. 22406
 Exhibit B-1



STEWART ENERGY II, LLC
 Case No. 22406
 Exhibit B-2