

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JANUARY 20, 2022**

CASE NOS. 22265-22266

*MARGARITA 36 STATE COM #601H WELL
MARGARITA 36 STATE COM #603H WELL*

LEA COUNTY, NEW MEXICO



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

**APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NO. 22265 & 22266

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 - Centennial Exhibit C-2: Land Tract Map
 - Centennial Exhibit C-3: Working Interest Ownership
 - Centennial Exhibit C-4: Sample Well Proposal Letter with AFE
 - Centennial Exhibit C-5: Chronology of Contacts
- **Centennial Exhibit D:** Affidavit of Isabel Harper, Geologist
 - Centennial Exhibit D-1: Locator Map
 - Centennial Exhibit D-2: Subsea structure map
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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22265	APPLICANT'S RESPONSE
Date	January 20, 2022
Applicant	Centennial Resource Production, LLC
Designated Operator & OGRID (affiliation if applicable)	Centennial Resource Production, LLC (OGRID No. 372165)
Applicant's Counsel:	Holland & Hart LLP
Case Title: <p style="text-align: center;">BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: Centennial Resource Production, LLC Hearing Date: January 20, 2022 Case Nos. 22265-22266</p>	APPLICATION OF CENTENNIAL RESOURCE PRODUCTION, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	V-F Petroluem
Well Family	Margarita 36 State Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Pool
Pool Name and Pool Code:	Gamma Ridge Bone Spring Northeast Pool (Pool Code 28435)
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	242.57 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	242.57 acres
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	W/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 2, the SW/4 NE/4, W/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Margarita State Com #601H well (API No. 30-025-Pending) SHL: Unit A of Section 12, T22S, R34E, Lea County BHL: Unit J of Section 36, T21S, R34E, Lea County FTP: 100 feet FSL, 1870 feet FEL, Sec. 1, T22S, R34E LTP: 2543 feet FSL, 1870 feet FEL, Sec. 36, T21S, R34E Target: Bone Spring formation Orientation: South-North Completions: Standard Location
Well #2	
Well #3	
Horizontal Well First and Last Take Points	FTP: 100 feet FSL, 1870 feet FEL, Sec. 1, T22S, R34E LTP: 2543 feet FSL, 1870 feet FEL, Sec. 36, T21S, R34E
Completion Target (Formation, TVD and MD)	See Exhibit D-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
Released to Imaging: 1/19/2022 8:04:43 AM List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3


Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	1/20/2022

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22266	APPLICANT'S RESPONSE
Date	January 20, 2022
Applicant	Centennial Resource Production, LLC
Designated Operator & OGRID (affiliation if applicable)	Centennial Resource Production, LLC (OGRID No. 372165)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF CENTENNIAL RESOURCE PRODUCTION, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	V-F Petroluem
Well Family	Margarita 36 State Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Pool
Pool Name and Pool Code:	Gamma Ridge Bone Spring Northeast Pool (Pool Code 28435)
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	242.64 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	242.64 acres
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	E/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 1, the SE/4 NE/4, E/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea 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
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Margarita State Com #603H well (API No. 30-025-Pending) SHL: Unit A of Section 12, T22S, R34E, Lea County BHL: Unit I of Section 36, T21S, R34E, Lea County FTP: 100 feet FSL, 770 feet FEL, Sec. 1, T22S, R34E LTP: 2543 feet FSL, 770 feet FEL, Sec. 36, T21S, R34E Target: Bone Spring formation Orientation: South-North Completions: Standard Location
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Completion Target (Formation, TVD and MD)	See Exhibit D-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
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Requested Risk Charge	200%
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HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A
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Cross Section Location Map (including wells)	Exhibit D-3
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Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	1/20/2022

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

APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO. 22265

APPLICATION

Centennial Resource Production, LLC (“Centennial” or “Applicant”) (OGRID No. 372165), 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 242.57-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 2, the SW/4 NE/4, W/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Centennial states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the proposed initial **Margarita 36 State Com #601H well** to be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 36, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1.
3. The completed interval for the well will comply with statewide setbacks for oil wells.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working 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 wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 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 and approving the initial well thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. 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

- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
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kaluck@hollandhart.com

**ATTORNEYS FOR
CENTENNIAL RESOURCE PRODUCTION, LLC**

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

**APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NO. 22266

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1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the proposed initial **Margarita 36 State Com #603H well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 36, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1.
3. The completed interval for the well will comply with 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 working 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 wells and spacing unit.

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- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

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**ATTORNEYS FOR
CENTENNIAL RESOURCE PRODUCTION, LLC**

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

**APPLICATIONS OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NOS. 22265 & 22266

AFFIDAVIT OF GAVIN SMITH

Gavin Smith, of lawful age and being first duly sworn, states the following:

1. My name is Gavin Smith and I am employed by Centennial Resource Production, LLC (“Centennial”) as a Senior Landman.

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

3. I am familiar with the applications filed by Centennial in these consolidated cases and the status of the lands in the subject area.

4. None of the uncommitted parties in this case has indicated opposition to these pooling cases proceeding by affidavit and, therefore, I do not expect opposition at the hearing.

5. In **Case No. 22265**, Centennial seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 242.57-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 2, the SW/4 NE/4, W/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to be dedicated to the proposed initial **Margarita 36 State Com #601H well** to be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 36, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1.

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

Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266

6. In **Case No. 22266**, Centennial seeks an order: pooling all uncommitted interests in the Bone Spring formation underlying a standard 242.64-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 1, the SE/4 NE/4, E/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to be dedicated to the proposed initial **Margarita 36 State Com #603H** well to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 36, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1.

7. **Centennial Exhibit C-1** contains draft Form C-102s 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.

8. For Case Nos. 22265 and 22266, Centennial understands that these Bone Spring formation wells will be placed in the Gramma Ridge Bone Spring Northeast Pool (Pool Code 28435).

9. **Centennial Exhibit C-2** identifies the tracts of land comprising each of the proposed horizontal spacing units, the working interest ownership in each tract, and their interest in the horizontal spacing unit. There are no unleased mineral interest owners. The subject acreage is comprised of state lands.

10. No depth severances exist within the Bone Spring formation underlying this acreage.

11. **Centennial Exhibit C-3** identifies the working interest owners that Centennial is seeking to pool in each of the proposed horizontal spacing units.

12. Centennial 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 owner. As indicated in **Exhibit C-5**, Centennial has been able to locate and has had discussions with each party that it seeks to pool in these cases in an effort to reach voluntary joinder.

13. **Centennial Exhibit C-4** contains a sample of the well proposal letters and AFEs sent to the working interest owners. The costs reflected in these AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area in these formations.

14. **Centennial Exhibit C-5** contains a general summary of the contacts with the uncommitted owners. In my opinion, Centennial has undertaken good faith efforts to reach an agreement with the uncommitted owners.

15. Centennial 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 other operators are charging in this area for similar wells.

16. Centennial has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Centennial seeks to pool and instructed that they be notified of this hearing.

17. **Centennial Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


Gavin Smith

STATE OF COLORADO)
)
COUNTY OF DENVER)

SUBSCRIBED and SWORN to before me this 18th day of January 2022 by
Gavin Smith.


NOTARY PUBLIC

My Commission Expires:
10/07/2025

Frances M. Ivers
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20214039707
MY COMMISSION EXPIRES October 07, 2025

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name MARGARITA 12 STATE COM		⁶ Well Number 601H	
⁷ OGRID No.		⁸ Operator Name CENTENNIAL RESOURCE PRODUCTION, LLC		⁹ Elevation 3588.9'	

¹⁰ Surface Location

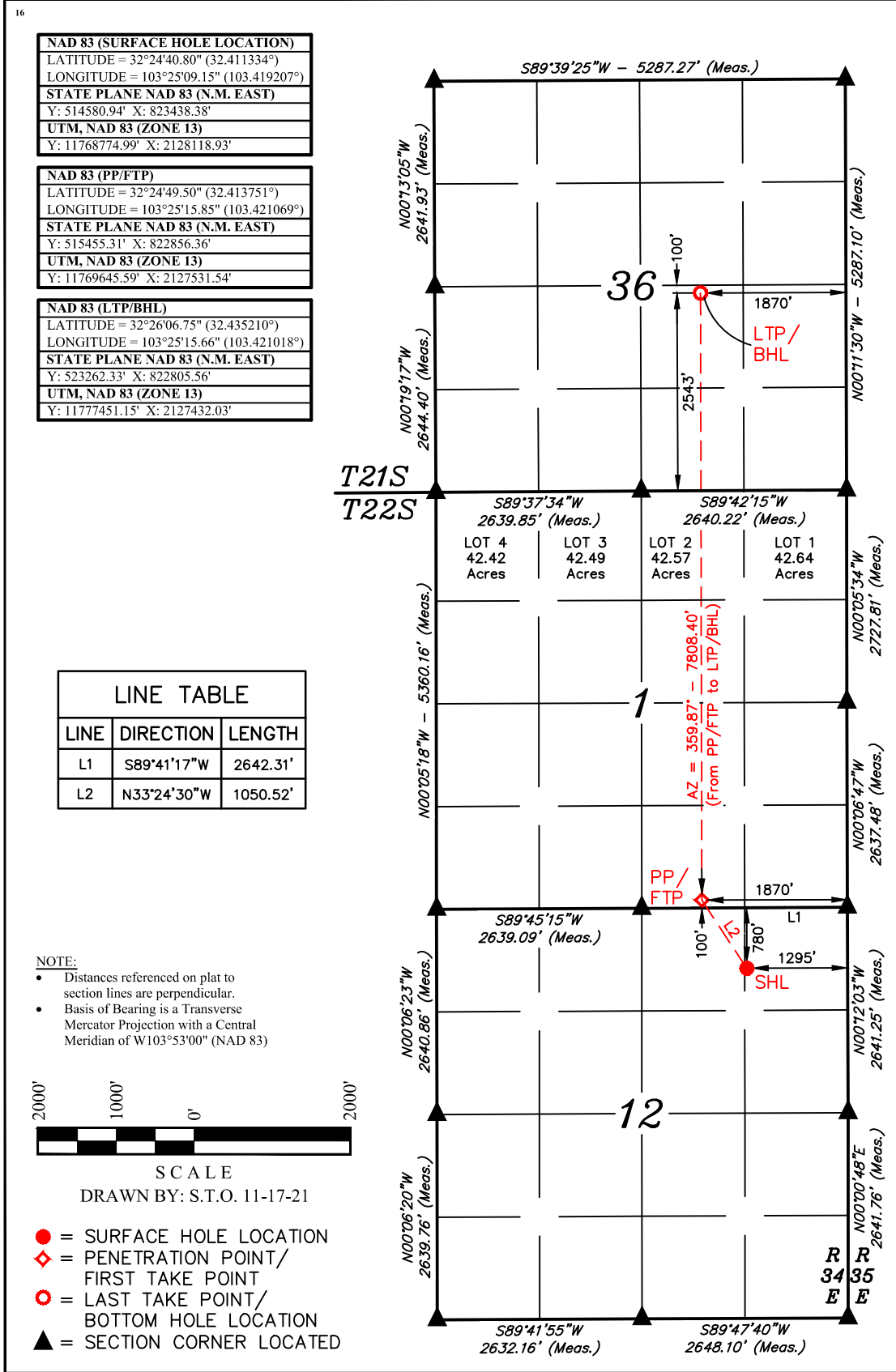
UL or lot no. A	Section 12	Township 22S	Range 34E	Lot Idn	Feet from the 780	North/South line NORTH	Feet from the 1295	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. J	Section 36	Township 21S	Range 34E	Lot Idn	Feet from the 2543	North/South line SOUTH	Feet from the 1870	East/West line EAST	County LEA
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¹² Dedicated Acres 242.57	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.



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

November 15, 2021
Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number: _____

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 MARGARITA 12 STATE COM		⁶ Well Number 603H	
⁷ OGRID No.		⁸ Operator Name CENTENNIAL RESOURCE PRODUCTION, LLC		⁹ Elevation 3588.9'	

Released to Image

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
A	12	22S	34E		780	NORTH	1265	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	36	21S	34E		2543	SOUTH	770	EAST	LEA

¹² Dedicated Acres 242.64	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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

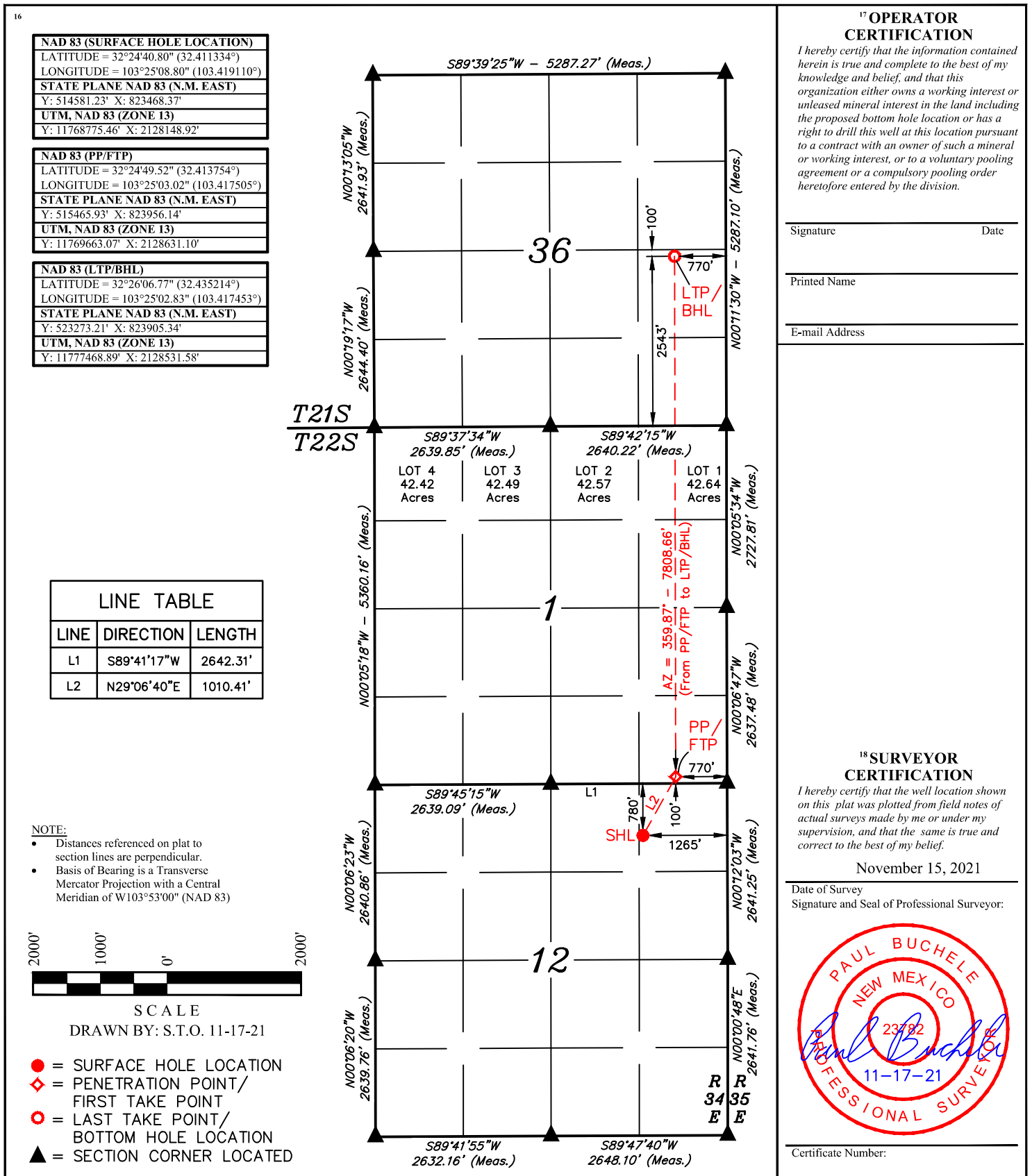
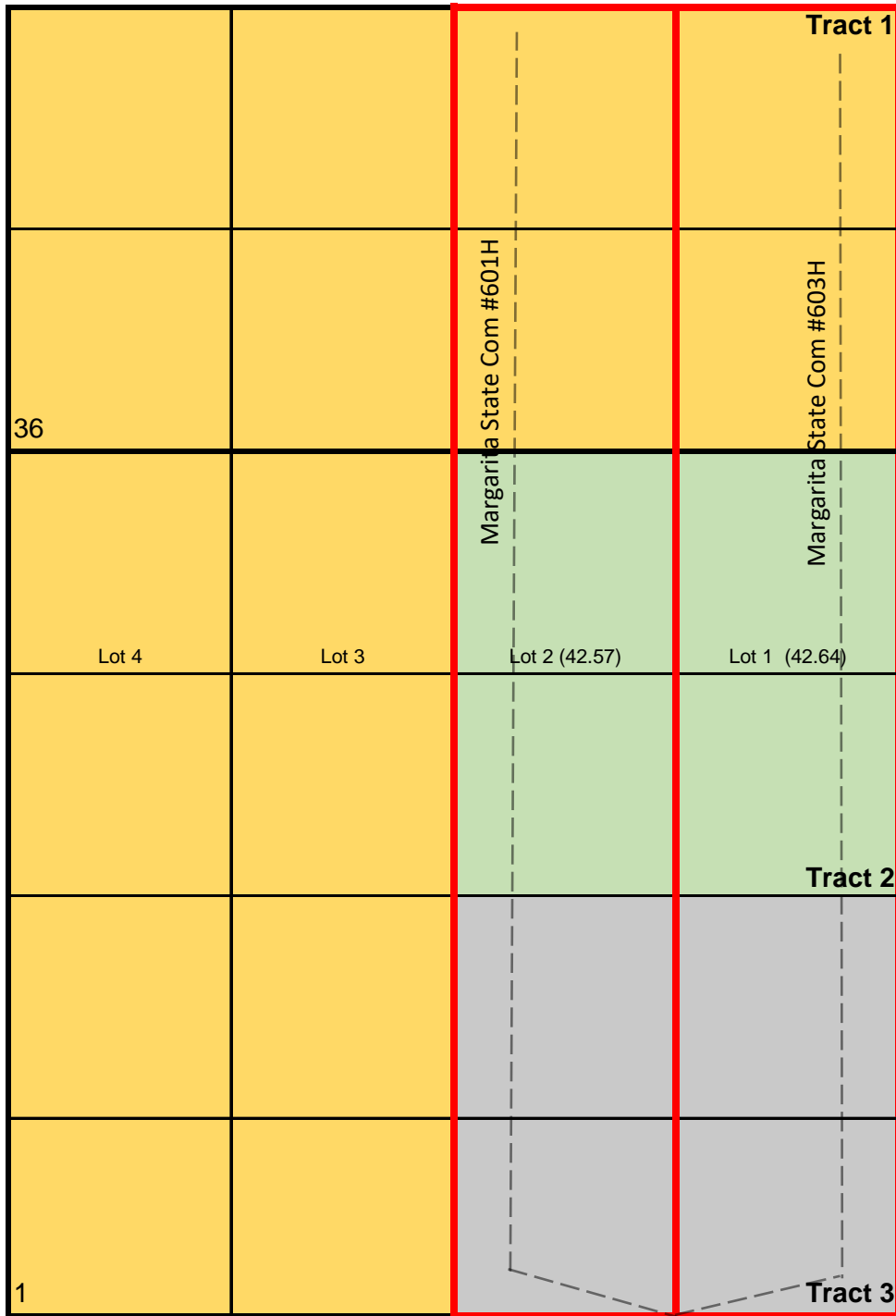


Exhibit C-2

Section 1, T22S R34E, Section 36, T21S R34E , Lea County, New Mexico



Centennial

VC-599, VC181

V-F Petroleum

VC-181

Centennial/Apache

B0-1040

[Red outlined box]

Margarita Units

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C2

Submitted by: Centennial Resource Production, LLC

Hearing Date: January 20, 2022

Case Nos. 22265-22266

Exhibit C-3
Margarita 36 State Com #601H
Ownership Schedule

Name	Interest Type	Working Interest
Tract 1 - W/2 SE/4 Section 36, T21S R34E - 80 acres		
Centennial Resource Production, LLC	Working Interest	1.00000000
Tract 2 - W/2 NE/4 Section 1, T22S R34E - 82.57 acres		
LeaCo New Mexico Exploration and Production, LLC	Working Interest	0.50000000
Centennial Resource Production, LLC	Working Interest	0.50000000
Total:		1.00000000
Tract 3 - W/2 SE/4 Section 1, T22S R34E - 80 acres		
Fuel Products, Inc.	Working Interest	0.45416667
Gahr Energy Company	Working Interest	0.45416667
V-F Petroleum, Inc.	Working Interest	0.04000000
HFLP E&P, LLC	Working Interest	0.02000000
Mark K. Nearburg	Working Interest	0.02000000
Sandra K. Lawlis	Working Interest	0.00500000
Lodge Exploration, LLC	Working Interest	0.00666666
Total:		1.00000000
Owners to be Pooled in 242.57 acre spacing unit		
Fuel Products, Inc.	Working Interest	0.14978494
Gahr Energy Company	Working Interest	0.14978494
V-F Petroleum, Inc.	Working Interest	0.01319207
HFLP E&P, LLC	Working Interest	0.00659603
Mark K. Nearburg	Working Interest	0.00659603
Sandra K. Lawlis	Working Interest	0.00164901
Lodge Exploration, LLC	Working Interest	0.00219868
LeaCo New Mexico Exploration and Production, LLC	Working Interest	0.17019829
Total:		0.50000000
ADD ORRI		
Owners NOT being Pooled		
Centennial Resource Production, LLC	Working Interest	0.50000000
Total:		0.50000000
Total Working Interest:		1.00000000

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266

Exhibit C-3
Margarita 36 State Com #603H
Ownership Schedule

Name	Interest Type	Working Interest
Tract 1 - E/2 SE/4 Section 36, T21S R34E - 80 acres		
Centennial Resource Production, LLC	Working Interest	1.00000000
Tract 2 - E/2 NE/4 Section 1, T22S R34E - 82.64 acres		
LeaCo New Mexico Exploration and Production, LLC	Working Interest	0.50000000
Centennial Resource Production, LLC	Working Interest	0.50000000
Total:		1.00000000
Tract 3 - E/2 SE/4 Section 1, T22S R34E - 80 acres		
Fuel Products, Inc.	Working Interest	0.45416667
Gahr Energy Company	Working Interest	0.45416667
V-F Petroleum, Inc.	Working Interest	0.04000000
HFLP E&P, LLC	Working Interest	0.02000000
Mark K. Nearburg	Working Interest	0.02000000
Sandra K. Lawlis	Working Interest	0.00500000
Lodge Exploration, LLC	Working Interest	0.00666666
Total:		1.00000000
Owners to be Pooled in 242.64 acre spacing unit		
Fuel Products, Inc.	Working Interest	0.14974173
Gahr Energy Company	Working Interest	0.14974173
V-F Petroleum, Inc.	Working Interest	0.01318826
HFLP E&P, LLC	Working Interest	0.00659413
Mark K. Nearburg	Working Interest	0.00659413
Sandra K. Lawlis	Working Interest	0.00164853
Lodge Exploration, LLC	Working Interest	0.00219804
LeaCo New Mexico Exploration and Production, LLC	Working Interest	0.17029344
Total:		0.50000000
Owners NOT being Pooled		
Centennial Resource Production, LLC	Working Interest	0.50000000
Total:		0.50000000
Total Working Interest:		1.00000000



August 23, 2021

RE: Margarita 36 State Com #601H
SHL: 2,458' FSL Sec. 36 & 1,378' FEL Sec. 36 T21S R34E
BHL: 100' FSL Sec. 1 & 2,099' FEL Sec. 1 T22S R34E
Lea County, New Mexico

To Whom it May Concern:

Centennial Resource Production, LLC ("CRP") proposes to drill and complete the Margarita 36 State Com #601H as a horizontal well to test the Bone Spring Formation at a TVD of 11,200 feet. The W/2 SE/4 of the referenced Section 36 and Lot 2, SW/4 NE/4, W/2 SE/4 of Section 1 will be dedicated to the well as the proration unit being a total of 242.57 acres. Please see the enclosed AFE in the amount of \$7,588,617.00.

Upon your response we will send a Joint Operating Agreement ("JOA") with an effective date of August 1, 2021. The JOA contains a proposed overhead rate of \$8,000 per day for drilling and \$800 per day for producing and provides for a 100%/300%/300% non-consent penalty.

In the space provided below, please indicate your election and return one original copy of this letter along with an original copy of the enclosed AFE or email a copy to gavin.smith@cdevinc.com. Should you have any questions, please call me at (720) 499-1474.

Best Regards

A handwritten signature in black ink, appearing to read 'Gavin Smith', is written over a light blue horizontal line.

Gavin Smith, CPL
Senior Landman

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266



THE UNDERSIGNED HEREBY ELECTS **TO PARTICIPATE** IN THE CAPTIONED MARGARITA 36 STATE COM #601H WELLBORE AND TO WAIVE THE NEED FOR A COMPLETION ELECTION.

AGREED TO and ACCEPTED this ____ day of _____, 2021.

Owner Name: _____

Signature: _____

By: _____

Title: _____

THE UNDERSIGNED HEREBY ELECTS **NOT TO PARTICIPATE** IN THE CAPTIONED MARGARITA 36 STATE COM #601H WELLBORE, AND TO GO NONCONSENT.

AGREED TO and ACCEPTED this ____ day of _____, 2021.

Owner Name: _____

Signature: _____

By: _____

Title: _____



AFE Number	400433	Original
Drilling Total (\$)	\$2,733,650	
Completion Total (\$)	\$2,683,701	
Facilities Total (\$)	\$1,322,499	
Flowback Total (\$)	\$848,767	
AFE Total (\$)	\$7,588,617	

Authorization for Expenditure

AFE Description

Property Name	Well: Margarita 36 State Com 601H	State	New Mexico
AFE Type	Drill and Complete		
Operator	Centennial Resource Production, LLC	Field	Delaware Basin - NM
Scheduled Spud Date	November 17, 2021	Estimated TVD (ft)	
Target Zone	TBSG SAND	Estimated MD (ft)	

Non Operator Approval

Company	
Approved By	
Title	
Date	

Cost Estimate

Account	Description	Total (\$)	Account	Description	Total (\$)
8015.1000	IDC - PERMITS,LICENSES,ETC	\$10,000.00	8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$10,000.00	8015.1300	IDC - SURFACE DAMAGE / ROW	\$15,000.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$90,000.00	8015.1500	IDC - RIG MOB / TRUCKING	\$80,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$25,000.00	8015.1700	IDC - DAYWORK CONTRACT	\$294,000.00
8015.1800	IDC - FOOTAGE CONTRACT	\$.00	8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$182,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$27,500.00	8015.2100	IDC - WIRELINE SVCS CASED&OPEN	\$.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$127,000.00	8015.2300	IDC - FUEL / POWER	\$130,500.00
8015.2400	IDC - RIG WATER	\$16,000.00	8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$164,000.00
8015.2600	IDC - MUD LOGGING	\$.00	8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$35,000.00
8015.2800	IDC - CORE ANALYSIS	\$.00	8015.2900	IDC - OPEN/CASED HOLE LOGGING	\$.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$175,000.00	8015.3100	IDC - CASING CREW & TOOLS	\$53,000.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$30,000.00	8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$25,500.00	8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$51,250.00
8015.3700	IDC - DISPOSAL	\$100,000.00	8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$22,500.00
8015.3900	IDC - FISHING TOOLS & SERVICES	\$.00	8015.4100	IDC - RENTAL EQUIPMENT	\$43,000.00
8015.4200	IDC - MANCAMP	\$26,000.00	8015.4300	IDC - WELLSITE SUPERVISION	\$83,000.00
8015.4400	IDC - SUPERVISION/ENGINEERING	\$12,000.00	8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$11,400.00
8015.4800	IDC - OVERHEAD	\$.00	8015.5000	IDC - WELL CONTROL INSURANCE	\$11,092.08
8015.5200	IDC - CONTINGENCY	\$132,252.87	8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8020.1000	TDC - CASING - CONDUCTOR	\$.00	8020.1100	TDC - CASING - SURFACE	\$58,968.75
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$166,600.00	8020.1300	TDC - CASING - INTERMEDIATE 2	\$.00
8020.1400	TDC - CASING - PRODUCTION	\$358,211.25	8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
8020.1700	TDC - PACKER/DOWNHOLE TOOLS	\$70,000.00	8020.1800	TDC - CONTINGENCY	\$.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8025.1000	ICC - STAKING & SURVEYING	\$.00	8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.1200	ICC - COMPLETION RIG	\$.00	8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$20,000.00
8025.1500	ICC - FUEL / POWER	\$196,448.00	8025.1600	ICC - COILED TUBING	\$72,350.00

8025.1700	ICC - CEMENTING & SERVICES	\$.00	8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$12,915.00
8025.1900	ICC - INSPECTION & TESTING	\$.00	8025.2000	ICC - TRUCKING	\$13,125.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$182,300.00	8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2400	ICC - CASING CREW AND TOOLS	\$.00	8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,344,949.61
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00	8025.3000	ICC - WATER HANDLING	\$107,663.69
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00	8025.3200	ICC - FISHING TOOLS & SERVICES	\$.00
8025.3300	ICC - COMMUNICATIONS	\$.00	8025.3400	ICC - RENTAL EQUIPMENT	\$188,110.00
8025.3500	ICC - WELLSITE SUPERVISION	\$37,800.00	8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00	8025.3800	ICC - OVERHEAD	\$10,000.00
8025.4000	ICC - WELL CONTROL INSURANCE	\$.00	8025.4200	ICC - CONTINGENCY	\$.00
8025.3050	ICC - SOURCE WATER	\$355,290.18	8025.4400	ICC - COMPANY LABOR	\$.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8030.1000	TCC - CASING - PRODUCTION	\$.00	8030.1600	TCC - PROD LINER & EQUIPMENT	\$.00
8030.1700	TCC - PACKER/DOWNHOLE TOOLS	\$.00	8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8035.1400	FAC - ROAD LOCATIONS PITS	\$20,000.00	8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$177,500.00	8035.2400	FAC - SUPERVISION	\$16,000.00
8035.2700	FAC - P-LINE F-LINE LINEPIPE	\$243,040.00	8035.2900	FAC - TANK BATTERY	\$180,750.00
8035.3000	FAC - HEATER TREATER/SEPERATOR	\$76,500.00	8035.3200	FAC - VALVES FITTINGS & PIPE	\$225,000.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$16,250.00	8035.3400	FAC - METER & LACT	\$123,750.00
8035.3600	FAC - ELECTRICAL	\$47,500.00	8035.3700	FAC - COMM TELEMETRY & AUTOMAT	\$45,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$18,750.00	8035.4500	FAC - CONTINGENCY	\$64,599.50
8035.1300	FAC - SURFACE DAMAGE / ROW	\$.00	8035.1500	FAC - MATERIALS & SUPPLIES	\$15,000.00
8035.1700	FAC - RENTAL EQUIPMENT	\$26,950.00	8035.1800	FAC - FUEL / POWER	\$.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$.00	8035.2000	FAC - WASTE DISPOSAL	\$.00
8035.2100	FAC - INSPECTION & TESTING	\$.00	8035.2300	FAC - FRAC TANK RENTAL	\$.00
8035.2500	FAC - CONSULTING SERVICES	\$.00	8035.2600	FAC - INJECTION PUMP	\$.00
8035.3100	FAC - DEHYDRATOR EQUIPMENT	\$.00	8035.3500	FAC - COMPRESSOR	\$.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$5,000.00	8035.4100	FAC - OVERHEAD	\$.00
8035.4300	FAC - INSURANCE	\$.00	8035.1310	FAC - PEMANENT EASEMENT	\$10,909.00
8035.4400	FAC - COMPANY LABOR	\$.00			
Account	Description	Total (\$)	Account	Description	Total (\$)
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00	8040.1200	IFC - COMPLETION RIG	\$16,000.00
8040.1400	IFC - WIRELINE OPEN/CASED HOLE	\$5,000.00	8040.1500	IFC - FUEL / POWER	\$.00
8040.1600	IFC - COILED TUBING	\$.00	8040.1700	IFC - CEMENTING & SERVICES	\$.00
8040.1899	IFC - FRAC WATER RECOVERY	\$178,267.00	8040.1900	IFC - INSPECTION & TESTING	\$.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00	8040.2200	IFC - ELECTRIC LOGGING/PERFORATING	\$.00
8040.2300	IFC - COMPLETION FLUID	\$.00	8040.2400	IFC - CASING CREW AND TOOLS	\$.00
8040.2600	IFC - CONTRACT LABOR/ROUSTABOUT	\$5,000.00	8040.2800	IFC - MATERIAL & SUPPLIES	\$.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$180,000.00	8040.3100	IFC - WELLHEAD/FRAC TREE REPAIR	\$.00
8040.3200	IFC - FISHING TOOLS & SERVICES	\$.00	8040.3400	IFC - RENTAL EQUIPMENT	\$85,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$5,000.00	8040.3700	IFC - SAFETY / ENVIRONMENTAL	\$25,000.00
8040.4200	IFC - CONTINGENCY	\$.00	8040.4400	IFC - COMPANY LABOR	\$.00
8040.4500	IFC - SWABBING	\$.00			
Account	Description	Total (\$)	Account	Description	Total (\$)
8045.1100	TFC - TUBING	\$65,000.00	8045.1200	TFC - SUCKER RODS & ACCESSORY	\$.00
8045.1300	TFC - DOWNHOLE ARTIFICIAL LIFT EQPT	\$25,000.00	8045.1500	TFC - SUBSURFACE PUMPS	\$.00
8045.1600	TFC - PROD LINER & EQUIPMENT	\$.00	8045.1700	TFC - PACKER/DOWNHOLE TOOLS	\$8,500.00
8045.1900	TFC - PUMPING UNITS /SURFACE LIFT EQUIPMENT	\$.00	8045.2000	TFC - WELLHEAD EQUIPMENT	\$18,000.00
8045.2500	TFC - VALVES / CONNECTIONS / FITINGS	\$125,000.00	8045.3100	TFC - MEASURMENT EQUIPMENT	\$23,000.00
8045.3200	TFC - COMM, TELEMETRY & AUTOMATION	\$.00	8045.3400	TFC - CONTRACTOR LABOR INSTALL	\$55,000.00
8045.3500	TFC - CONTINGENCY	\$5,000.00	8045.4400	TFC - COMPANY LABOR	\$.00



August 23, 2021

RE: Margarita 36 State Com #603H
SHL: 2,458' FSL Sec. 36 & 1,318' FEL Sec. 36 T21S R34E
BHL: 100' FSL Sec. 1 & 330' FEL Sec. 1 T22S R34E
Lea County, New Mexico

To Whom it May Concern:

Centennial Resource Production, LLC ("CRP") proposes to drill and complete the Margarita 36 State Com #603H as a horizontal well to test the Bone Spring Formation at a TVD of 11,200 feet. The E/2 SE/4 of the referenced Section 36 and Lot 1, SE/4 NE/4, E/2 SE/4 of Section 1 will be dedicated to the well as the proration unit being a total of 242.64 acres. Please see the enclosed AFE in the amount of \$7,325,440.00.

Upon your response we will send a Joint Operating Agreement ("JOA") with an effective date of August 1, 2021. The JOA contains a proposed overhead rate of \$8,000 per day for drilling and \$800 per day for producing and provides for a 100%/300%/300% non-consent penalty.

In the space provided below, please indicate your election and return one original copy of this letter along with an original copy of the enclosed AFE or email a copy to gavin.smith@cdevinc.com. Should you have any questions, please call me at (720) 499-1474.

Best Regards

A handwritten signature in black ink, appearing to read 'Gavin Smith', is written over a faint, larger version of the signature.

Gavin Smith, CPL
Senior Landman



THE UNDERSIGNED HEREBY ELECTS **TO PARTICIPATE** IN THE CAPTIONED MARGARITA 36 STATE COM #603H WELLBORE AND TO WAIVE THE NEED FOR A COMPLETION ELECTION.

AGREED TO and ACCEPTED this ____ day of _____, 2021.

Owner Name: _____

Signature: _____

By: _____

Title: _____

THE UNDERSIGNED HEREBY ELECTS **NOT TO PARTICIPATE** IN THE CAPTIONED MARGARITA 36 STATE COM #603H WELLBORE, AND TO GO NONCONSENT.

AGREED TO and ACCEPTED this ____ day of _____, 2021.

Owner Name: _____

Signature: _____

By: _____

Title: _____



AFE Number	400435	Original
Drilling Total (\$)	\$2,722,424	
Completion Total (\$)	\$2,681,902	
Facilities Total (\$)	\$1,072,347	
Flowback Total (\$)	\$848,767	
AFE Total (\$)	\$7,325,440	

Authorization for Expenditure

AFE Description

Property Name	Well: Margarita 36 State Com 603H	State	New Mexico
AFE Type	Drill and Complete		
Operator	Centennial Resource Production, LLC	Field	Delaware Basin - NM
Scheduled Spud Date	December 1, 2021	Estimated TVD (ft)	
Target Zone	TBSG SAND	Estimated MD (ft)	

Non Operator Approval

Company	
Approved By	
Title	
Date	

Cost Estimate

Account	Description	Total (\$)	Account	Description	Total (\$)
8015.1000	IDC - PERMITS,LICENSES,ETC	\$10,000.00	8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$10,000.00	8015.1300	IDC - SURFACE DAMAGE / ROW	\$15,000.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$90,000.00	8015.1500	IDC - RIG MOB / TRUCKING	\$80,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$25,000.00	8015.1700	IDC - DAYWORK CONTRACT	\$294,000.00
8015.1800	IDC - FOOTAGE CONTRACT	\$.00	8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$182,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$27,500.00	8015.2100	IDC - WIRELINE SVCS CASED&OPEN	\$.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$127,000.00	8015.2300	IDC - FUEL / POWER	\$130,500.00
8015.2400	IDC - RIG WATER	\$16,000.00	8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$164,000.00
8015.2600	IDC - MUD LOGGING	\$.00	8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$35,000.00
8015.2800	IDC - CORE ANALYSIS	\$.00	8015.2900	IDC - OPEN/CASED HOLE LOGGING	\$.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$175,000.00	8015.3100	IDC - CASING CREW & TOOLS	\$53,000.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$30,000.00	8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$25,500.00	8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$51,250.00
8015.3700	IDC - DISPOSAL	\$92,000.00	8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$22,500.00
8015.3900	IDC - FISHING TOOLS & SERVICES	\$.00	8015.4100	IDC - RENTAL EQUIPMENT	\$43,000.00
8015.4200	IDC - MANCAMP	\$26,000.00	8015.4300	IDC - WELLSITE SUPERVISION	\$83,000.00
8015.4400	IDC - SUPERVISION/ENGINEERING	\$12,000.00	8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$11,400.00
8015.4800	IDC - OVERHEAD	\$.00	8015.5000	IDC - WELL CONTROL INSURANCE	\$11,090.14
8015.5200	IDC - CONTINGENCY	\$129,372.71	8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8020.1000	TDC - CASING - CONDUCTOR	\$.00	8020.1100	TDC - CASING - SURFACE	\$58,968.75
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$166,600.00	8020.1300	TDC - CASING - INTERMEDIATE 2	\$.00
8020.1400	TDC - CASING - PRODUCTION	\$357,867.00	8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
8020.1700	TDC - PACKER/DOWNHOLE TOOLS	\$70,000.00	8020.1800	TDC - CONTINGENCY	\$.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8025.1000	ICC - STAKING & SURVEYING	\$.00	8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.1200	ICC - COMPLETION RIG	\$.00	8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$20,000.00
8025.1500	ICC - FUEL / POWER	\$196,448.00	8025.1600	ICC - COILED TUBING	\$72,170.00

8025.1700	ICC - CEMENTING & SERVICES	\$.00	8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$12,915.00
8025.1900	ICC - INSPECTION & TESTING	\$.00	8025.2000	ICC - TRUCKING	\$13,125.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$182,300.00	8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2400	ICC - CASING CREW AND TOOLS	\$.00	8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,344,949.61
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00	8025.3000	ICC - WATER HANDLING	\$107,395.83
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00	8025.3200	ICC - FISHING TOOLS & SERVICES	\$.00
8025.3300	ICC - COMMUNICATIONS	\$.00	8025.3400	ICC - RENTAL EQUIPMENT	\$187,642.00
8025.3500	ICC - WELLSITE SUPERVISION	\$37,800.00	8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00	8025.3800	ICC - OVERHEAD	\$10,000.00
8025.4000	ICC - WELL CONTROL INSURANCE	\$.00	8025.4200	ICC - CONTINGENCY	\$.00
8025.3050	ICC - SOURCE WATER	\$354,406.25	8025.4400	ICC - COMPANY LABOR	\$.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8030.1000	TCC - CASING - PRODUCTION	\$.00	8030.1600	TCC - PROD LINER & EQUIPMENT	\$.00
8030.1700	TCC - PACKER/DOWNHOLE TOOLS	\$.00	8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
Account	Description	Total (\$)	Account	Description	Total (\$)
8035.1400	FAC - ROAD LOCATIONS PITS	\$30,000.00	8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$111,666.67	8035.2400	FAC - SUPERVISION	\$11,333.33
8035.2700	FAC - P-LINE F-LINE LINEPIPE	\$129,520.67	8035.2900	FAC - TANK BATTERY	\$143,333.33
8035.3000	FAC - HEATER TREATER/SEPERATOR	\$138,000.00	8035.3200	FAC - VALVES FITTINGS & PIPE	\$166,666.67
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$16,160.00	8035.3400	FAC - METER & LACT	\$86,666.67
8035.3600	FAC - ELECTRICAL	\$53,666.67	8035.3700	FAC - COMM TELEMETRY & AUTOMAT	\$36,166.67
8035.3800	FAC - FLARE/COMBUSTER	\$33,333.33	8035.4500	FAC - CONTINGENCY	\$66,666.67
8035.1300	FAC - SURFACE DAMAGE / ROW	\$.00	8035.1500	FAC - MATERIALS & SUPPLIES	\$.00
8035.1700	FAC - RENTAL EQUIPMENT	\$10,000.00	8035.1800	FAC - FUEL / POWER	\$.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$.00	8035.2000	FAC - WASTE DISPOSAL	\$.00
8035.2100	FAC - INSPECTION & TESTING	\$2,500.00	8035.2300	FAC - FRAC TANK RENTAL	\$.00
8035.2500	FAC - CONSULTING SERVICES	\$.00	8035.2600	FAC - INJECTION PUMP	\$.00
8035.3100	FAC - DEHYDRATOR EQUIPMENT	\$.00	8035.3500	FAC - COMPRESSOR	\$.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$6,666.67	8035.4100	FAC - OVERHEAD	\$.00
8035.4300	FAC - INSURANCE	\$.00	8035.1310	FAC - PEMANENT EASEMENT	\$20,000.00
8035.4400	FAC - COMPANY LABOR	\$.00			
Account	Description	Total (\$)	Account	Description	Total (\$)
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00	8040.1200	IFC - COMPLETION RIG	\$16,000.00
8040.1400	IFC - WIRELINE OPEN/CASED HOLE	\$5,000.00	8040.1500	IFC - FUEL / POWER	\$.00
8040.1600	IFC - COILED TUBING	\$.00	8040.1700	IFC - CEMENTING & SERVICES	\$.00
8040.1899	IFC - FRAC WATER RECOVERY	\$178,267.00	8040.1900	IFC - INSPECTION & TESTING	\$.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00	8040.2200	IFC - ELECTRIC LOGGING/PERFORATING	\$.00
8040.2300	IFC - COMPLETION FLUID	\$.00	8040.2400	IFC - CASING CREW AND TOOLS	\$.00
8040.2600	IFC - CONTRACT LABOR/ROUSTABOUT	\$5,000.00	8040.2800	IFC - MATERIAL & SUPPLIES	\$.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$180,000.00	8040.3100	IFC - WELLHEAD/FRAC TREE REPAIR	\$.00
8040.3200	IFC - FISHING TOOLS & SERVICES	\$.00	8040.3400	IFC - RENTAL EQUIPMENT	\$85,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$5,000.00	8040.3700	IFC - SAFETY / ENVIRONMENTAL	\$25,000.00
8040.4200	IFC - CONTINGENCY	\$.00	8040.4400	IFC - COMPANY LABOR	\$.00
8040.4500	IFC - SWABBING	\$.00			
Account	Description	Total (\$)	Account	Description	Total (\$)
8045.1100	TFC - TUBING	\$65,000.00	8045.1200	TFC - SUCKER RODS & ACCESSORY	\$.00
8045.1300	TFC - DOWNHOLE ARTIFICIAL LIFT EQPT	\$25,000.00	8045.1500	TFC - SUBSURFACE PUMPS	\$.00
8045.1600	TFC - PROD LINER & EQUIPMENT	\$.00	8045.1700	TFC - PACKER/DOWNHOLE TOOLS	\$8,500.00
8045.1900	TFC - PUMPING UNITS /SURFACE LIFT EQUIPMENT	\$.00	8045.2000	TFC - WELLHEAD EQUIPMENT	\$18,000.00
8045.2500	TFC - VALVES / CONNECTIONS / FITINGS	\$125,000.00	8045.3100	TFC - MEASURMENT EQUIPMENT	\$23,000.00
8045.3200	TFC - COMM, TELEMETRY & AUTOMATION	\$.00	8045.3400	TFC - CONTRACTOR LABOR INSTALL	\$55,000.00
8045.3500	TFC - CONTINGENCY	\$5,000.00	8045.4400	TFC - COMPANY LABOR	\$.00

Exhibit C-5

Date	Action
August 23, 2021	Sent well proposals to working interest owners
September 9, 2021	Discussed proposals and sent JOA to V-F Petroleum, Inc., et al
September 9, 2021	Sent JOA and discussed proposals with LeaCo
October 5, 2021	Filed for compulsory pooling hearing

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C5

Submitted by: Centennial Resource Production, LLC

Hearing Date: January 20, 2022

Case Nos. 22265-22266

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

**APPLICATIONS OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NOS. 22265 & 22266

AFFIDAVIT OF ISABEL HARPER

Isabel Harper, of lawful age and being first duly sworn, declares as follows:

1. My name is Isabel Harper. I work for Centennial Resource Production, LLC (“Centennial”) as a geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Centennial in these cases and I have conducted a geologic study of the lands in the subject area.
4. Centennial is targeting the Bone Spring formation in these consolidated cases.
5. **Centennial Exhibit D-1** is a locator map. It shows Centennial’s acreage in yellow and the paths of the proposed wellbores, with the surface hole and bottom hole locations, as well as the outline of the proposed spacing units in blue.
6. **Centennial Exhibit D-2** is a subsea structure map that I prepared off the top of the Third Bone Spring Sand. The contour interval is 50 feet. The structure map shows the Bone Spring dipping gently to the southwest. The structure appears consistent across the proposed wellbore paths. Based on this subsea structure map, I do not observe

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

**Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266**

any faulting, pinchouts, or other geologic impediments to developing the targeted interval with horizontal wells in this area.

7. **Centennial Exhibit No. D-3** shows a line of cross-section in blue consisting of three wells penetrating the Bone Spring formation that I used to construct a stratigraphic cross-section from A to A'. I consider these wells to be representative of the geology in the area.

8. **Centennial Exhibit No. D-4** is a stratigraphic cross-section that I prepared displaying open-hole logs run over the Bone Spring from the three representative wells denoted from A to A'. For each well in the cross-section, the exhibit shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and marked. The logs in the cross-section demonstrate that the target interval, within the Second Bone Spring, is consistent in thickness, across the entire spacing unit.

9. In my opinion, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to develop the subject acreage efficiently and effectively.

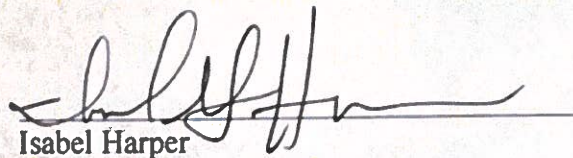
10. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbores. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing units proposed in these cases.

11. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery,

and the granting of Centennial's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

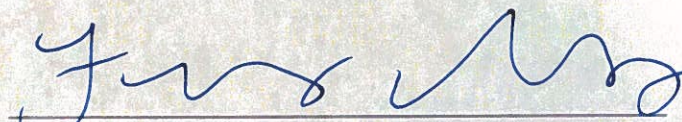
12. **Centennial Exhibit Nos. D-1 through D-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


Isabel Harper

STATE OF COLORADO)
)
COUNTY OF DENVER)

SUBSCRIBED and SWORN to before me this 18th day of January, 2022 by ~~December 2021~~
Isabel Harper.


NOTARY PUBLIC

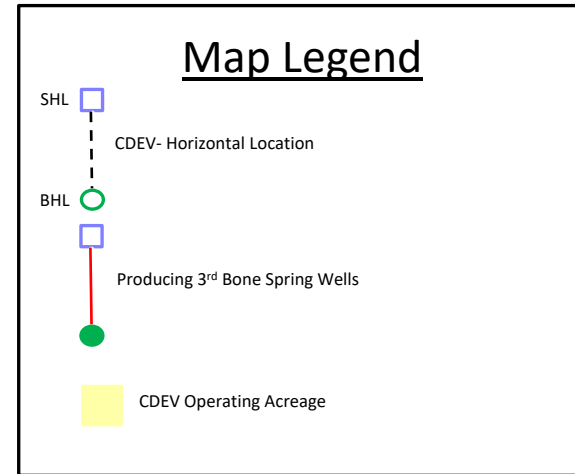
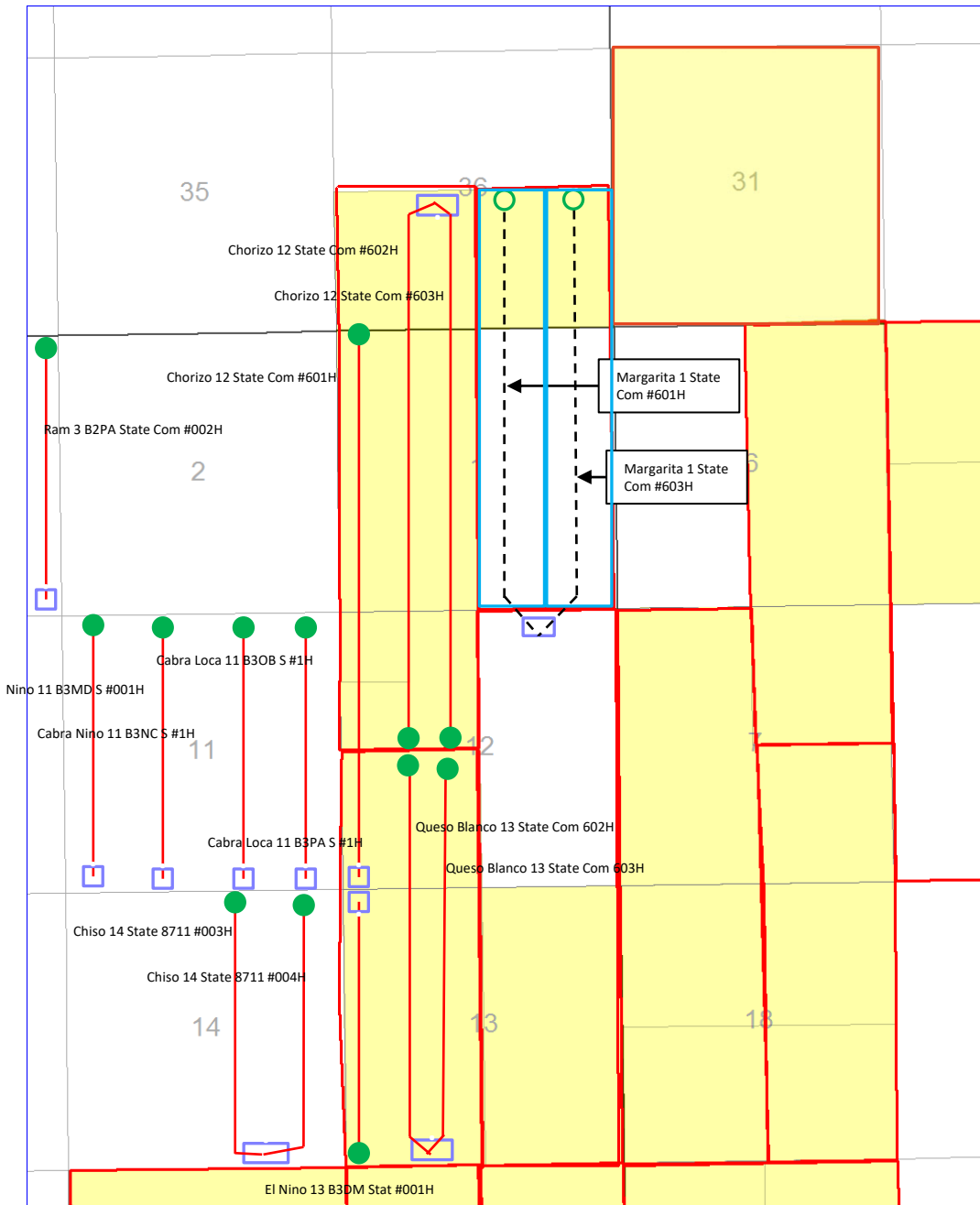
My Commission Expires:

10/07/2025

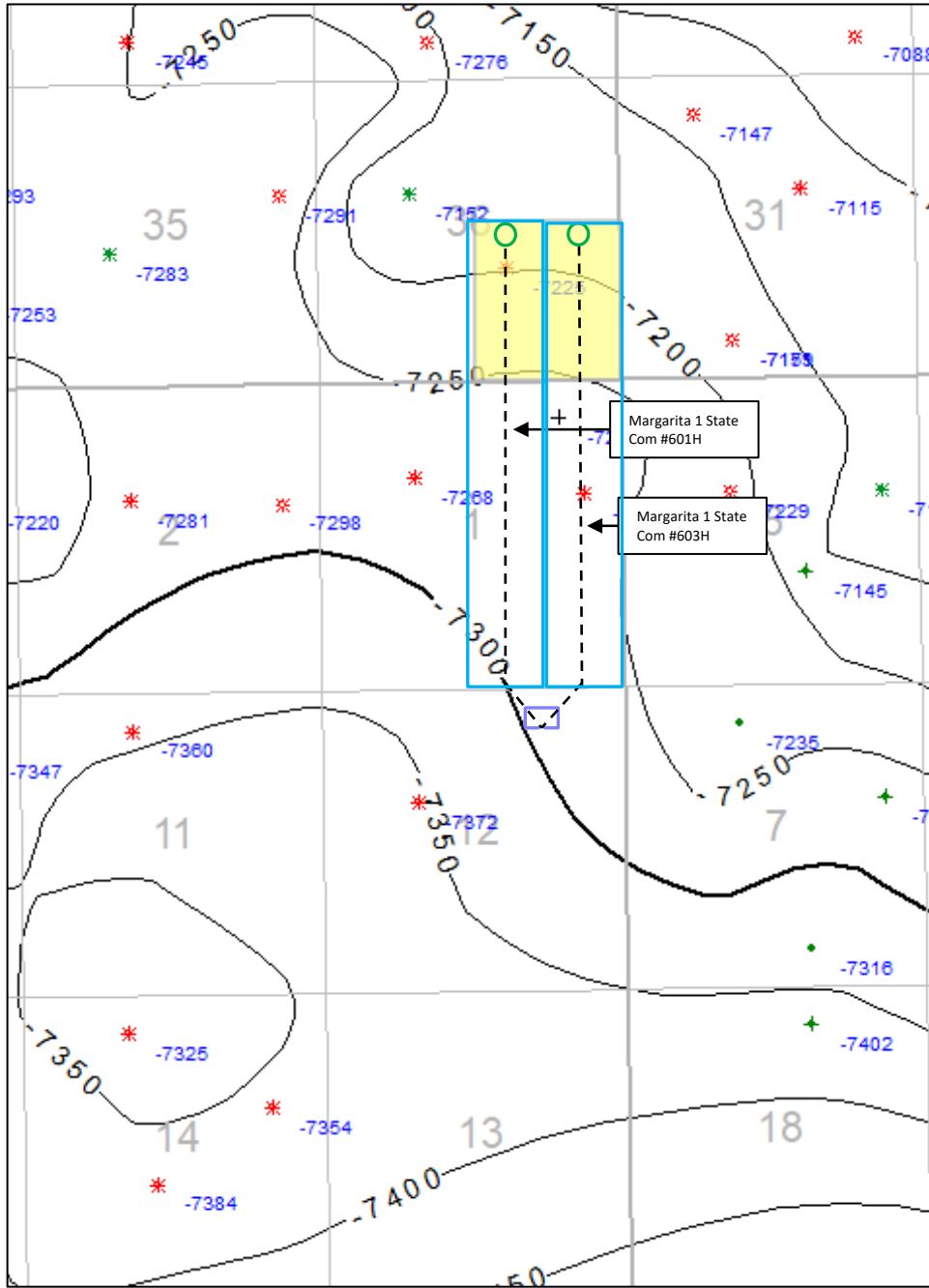
Frances M. Ivers
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20214039707
MY COMMISSION EXPIRES October 07, 2025

Bone Spring Pool

Margarita 1 State Com #601H & #603H

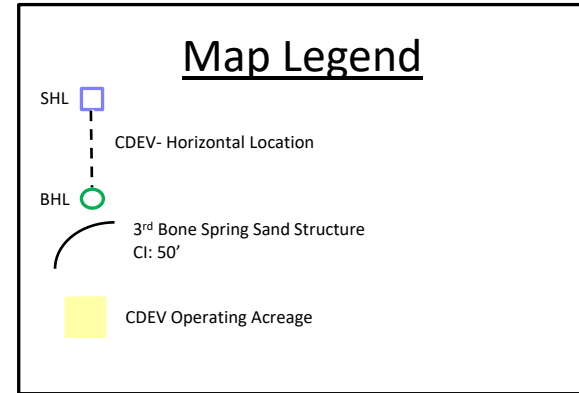


BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D1
 Submitted by: Centennial Resource Production, LLC
 Hearing Date: January 20, 2022
 Case Nos. 22265-22266



Bone Spring Pool

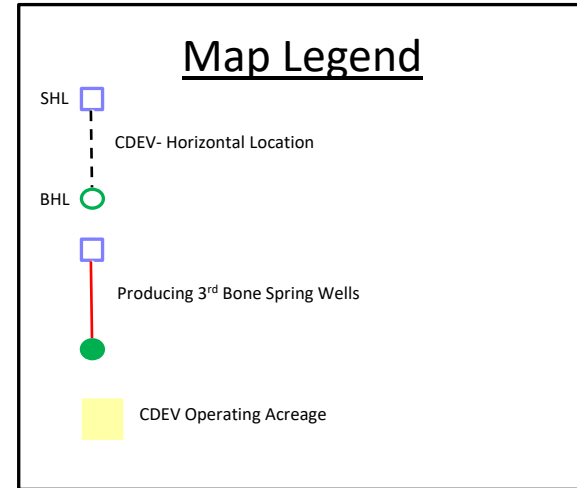
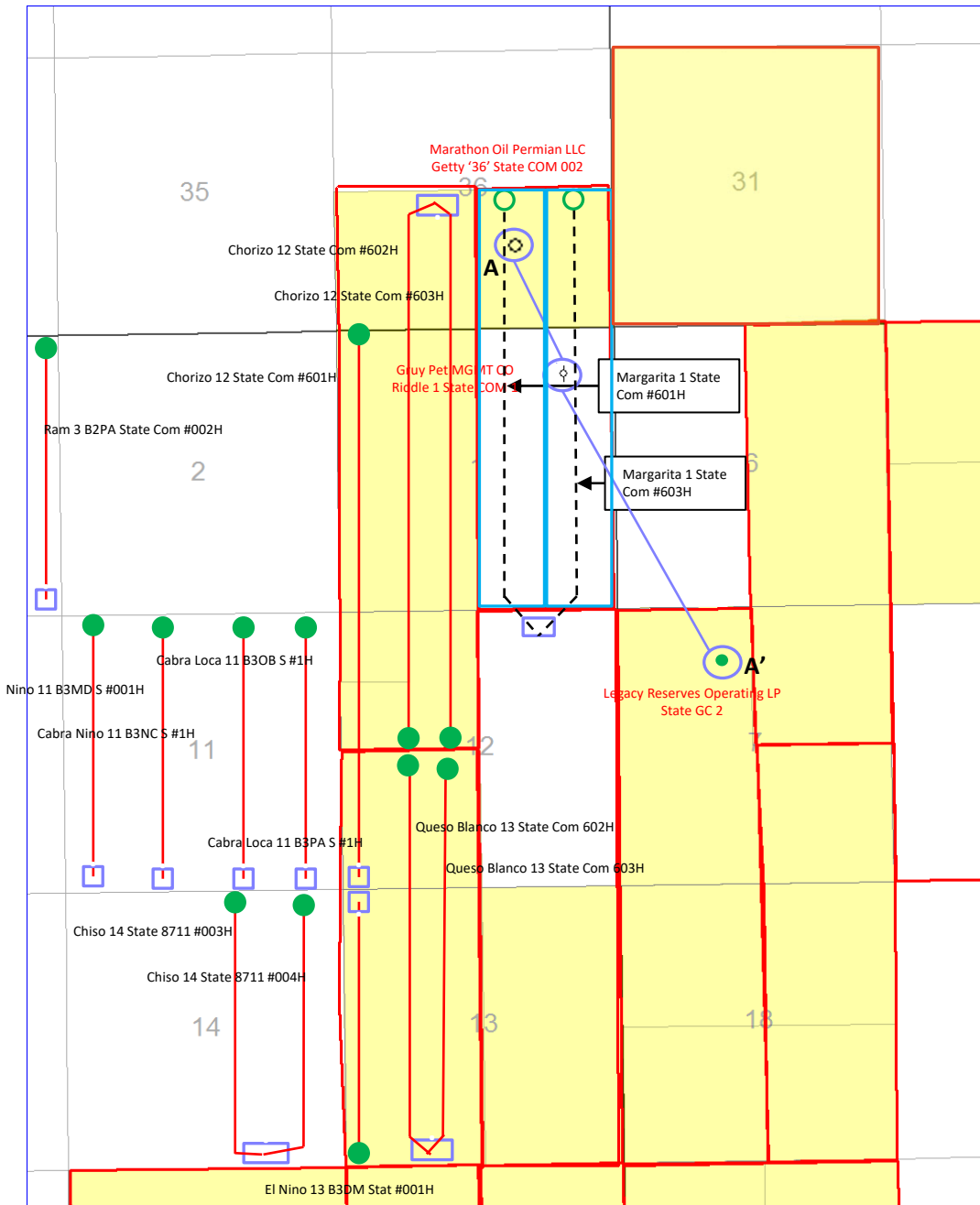
3RD Bone Spring Sand Structure Map



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D2
 Submitted by: Centennial Resource Production, LLC
 Hearing Date: January 20, 2022
 Case Nos. 22265-22266

Bone Spring Pool

Margarita 1 State Com #601H & #603H



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D3

Submitted by: Centennial Resource Production, LLC

Hearing Date: January 20, 2022

Case Nos. 22265-22266

CENTENNIAL

A

A'

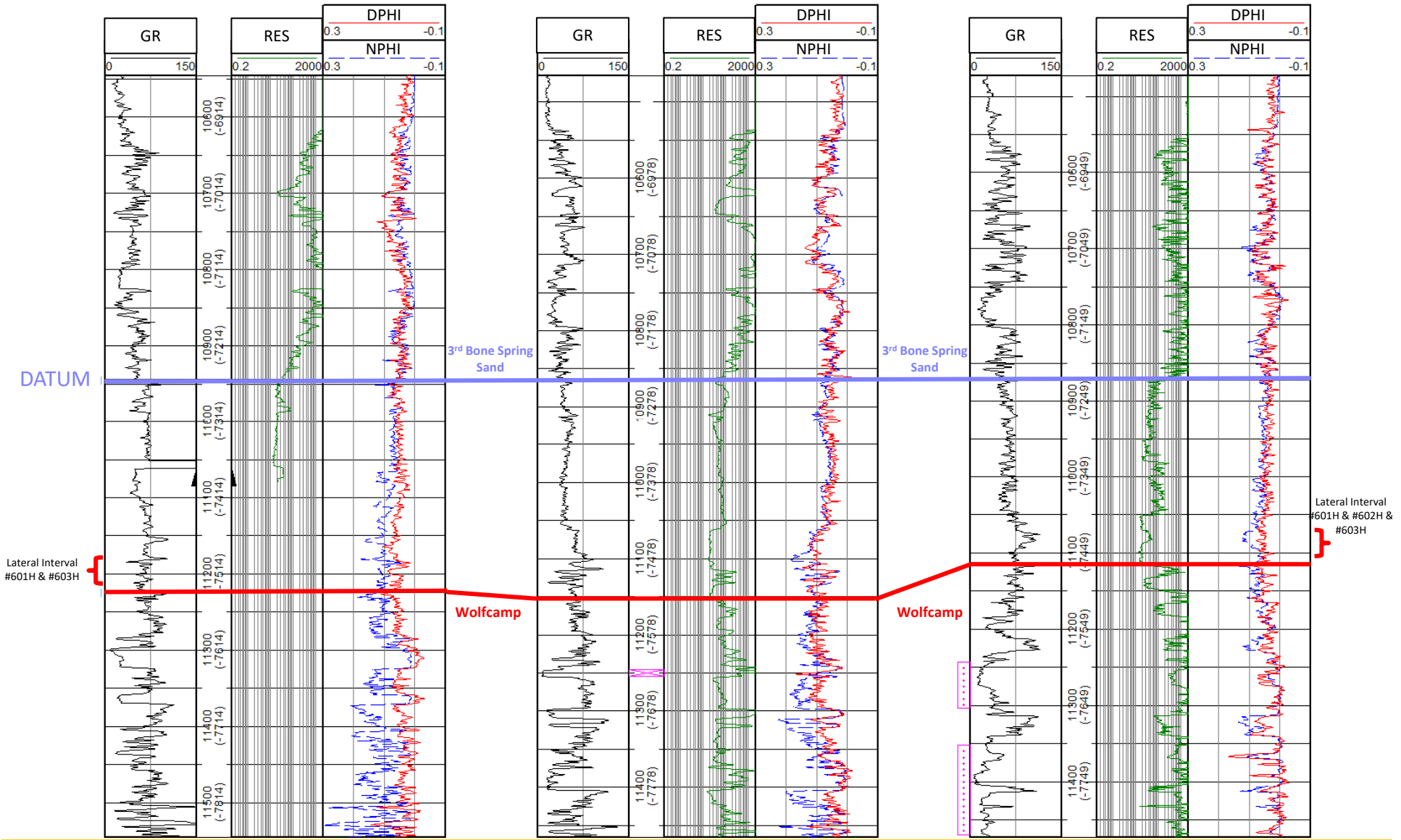
30025265410000
 MARATHON OIL PERMIAN LLC
 GETTY '36' STATE COM 002
 TWP: 21S – Range 34E- Sec.36

<0.53MI>

30025362320000
 GRUY PET MGMT CO
 RIDDLE 1 STATE COM 1
 TWP: 22S – Range 34E- Sec. 1

<1.17MI>

30025386170000
 LEGACY RESERVES OPERATING LP
 STATE GC 2
 TWP: 22S – Range 35E- Sec. 7



TD= 14,205.00

TD= 13,914.00

TD= 14,200.00

CENTENNIAL

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

APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO. 22265 & 22266

AFFIDAVIT

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

Adam G. Rankin, attorney in fact and authorized representative of Chevron U.S.A. Inc., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



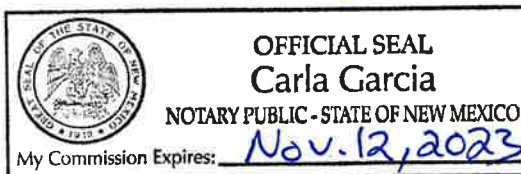
Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 18th day of January, 2022 by Adam G. Rankin.


Notary Public

My Commission Expires:

Nov. 12, 2023



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266



Kaitlyn A. Luck
Associate
Phone (505) 988-4421
kaluck@hollandhart.com

October 15, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea County, New Mexico.
Margarita 36 State Com #601H well

Ladies & Gentlemen:

This letter is to advise you that Centennial Resource Production, LLC, has filed the enclosed application with the New Mexico Oil Conservation Division.

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 November 4, 2021 beginning at 8:15 a.m., until it is concluded. 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. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division’s Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Gavin Smith, at (720) 499-1474, or Gavin.Smith@cdevinc.com.

Sincerely,

Kaitlyn A. Luck
**ATTORNEY FOR CENTENNIAL RESOURCE
PRODUCTION, LLC**

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

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



Kaitlyn A. Luck
Associate
Phone (505) 988-4421
kaluck@hollandhart.com

October 15, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea County, New Mexico.
Margarita 36 State Com #603H well**

Ladies & Gentlemen:

This letter is to advise you that Centennial Resource Production, LLC, has filed the enclosed application with the New Mexico Oil Conservation Division.

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 November 4, 2021 beginning at 8:15 a.m., until it is concluded. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info>.

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If you have any questions about this matter, please contact Gavin Smith, at (720) 499-1474, or Gavin.Smith@cdevinc.com.

Sincerely,

K
**ATTORNEY FOR CENTENNIAL RESOURCE
PRODUCTION, LLC**

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

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

Centennial Margarita 601H, 603H
Case Nos. 22265-22266 Postal Delivery Report

Tracking Number	Recipient	Status
9214890194038354176224	VF Petroleum Inc 500 W Texas Ave Midland TX 79702	In-Transit
9214890194038354176231	Fuel Products Inc PO BOX 3098 Midland TX 79702	Delivered Signature Received
9214890194038354176248	Gahr Energy Company PO BOX 1889 Midland TX 79702	Delivered Signature Received
9214890194038354176255	Mark K Nearburg 710 Dragon Lakeway TX 78734	In-Transit
9214890194038354176262	Sandra K Lawlis PO BOX 1889 Midland TX 79702	Delivered Signature Received
9214890194038354176279	HFLP E&P LLC PO BOX 8122 Midland TX 79708	In-Transit
9214890194038354176286	Lodge Exploration Company LLC 203 West Wall Suite 920 Midland TX 79701	Delivered Signature Received
9214890194038354176293	LeaCo New Mexico Exploration and Production LLC 2000 Post Oak Blvd Suite 100 Houston TX 77056-4400	Delivered Signature Received
9214890194038354176309	Thomas M Beall PO BOX 3098 Midland TX 79702	Delivered Signature Received
9214890194038354176316	Gahr Ranch & Investments Partnership Ltd PO BOX 1889 Midland TX 79702	Delivered Signature Received

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
October 22, 2021
and ending with the issue dated
October 22, 2021.




Publisher

Sworn and subscribed to before me this
22nd day of October 2021.



Circulation Clerk

My commission expires
October 29, 2022

(Seal)

OFFICIAL SEAL
Amity E. Hipp
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: 10/29/22

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 October 22, 2021

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, November 4, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/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 **October 24, 2021**.

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

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e12bd776b32e14edf7ddee3425ea99347>
Event number: 2497 665 1056
Event password: JYvf8wjp55w

Join by video: 24976651056@nmemnrd.webex.com
Numeric Password: 256526
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: 2497 665 1056

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 overriding royalty interest owners and pooled parties, including: VF Petroleum, Inc.; Fuel Products, Inc.; Gahr Energy Company; Mark K. Nearburg, his heirs and devisees; Sandra K. Lawlis, her heirs and devisees; HFLP E&P, LLC; Lodge Exploration Company, LLC; LeaCo New Mexico Exploration and Production, LLC; Thomas M. Beall, his heirs and devisees; and Gahr Ranch & Investments Partnership, Ltd.

Case No. 22265: Application of Centennial Resource Production, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 242.57-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 2, the SW/4 NE/4, W/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to the proposed initial **Margarita 36 State Com #601H well** to be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 36, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles east of Loving, New Mexico.
#36954

67100754

00259776

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

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

Submitted by: Centennial Resource Production, LLC
Hearing Date: January 20, 2022
Case Nos. 22265-22266

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

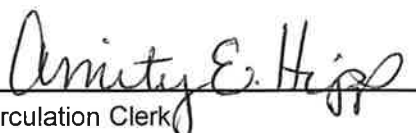
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 22, 2021
and ending with the issue dated
October 22, 2021.




Publisher

Sworn and subscribed to before me this
22nd day of October 2021.



Circulation Clerk

My commission expires
October 29, 2022

(Seal)
 OFFICIAL SEAL
Amity E. Hipp
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: 10/29/22

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 October 22, 2021

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

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

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e12bd776b32e14edf7deee3425ea99347>
Event number: 2497 665 1056
Event password: JYvf8wjp55w

Join by video: 24976651056@nmemnrd.webex.com
Numeric Password: 256526
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: 2497 665 1056

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 overriding royalty interest owners and pooled parties, including: VF Petroleum, Inc.; Fuel Products, Inc.; Gahr Energy Company; Mark K. Nearburg, his heirs and devisees; Sandra K. Lawlis, her heirs and devisees; HFLP E&P, LLC; Lodge Exploration Company, LLC; LeaCo New Mexico Exploration and Production, LLC; Thomas M. Beall, his heirs and devisees; and Gahr Ranch & Investments Partnership, Ltd.

Case No. 22266: Application of Centennial Resource Production, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 242.64-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 36, Township 21 South, Range 34 East, and Lot 1, the SE/4 NE/4, E/2 SE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to the proposed initial **Margarita 36 State Com #603H well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 36, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles east of Loving, New Mexico.
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