

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

**APPLICATION OF STEWARD ENERGY II,  
LLC FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22406**

**STEWARD ENERGY II, LLC'S RESPONSE TO THE  
OIL CONSERVATION DIVISION'S INQUIRY**

Steward Energy II, LLC ("Steward") hereby provides the following response in support of the above-referenced application:

1. In the above-referenced case, Steward seeks 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 and seeks to dedicate this unit to its Trinity State Com 26-23 #5H well.

2. The above-referenced case was heard and taken under advisement at the Oil Conservation Division ("Division") hearing held on January 6, 2022. During the hearing, the Division inquired regarding the status of the acreage in the NW/4NW/4 of Section 23 and the SW/4NW/4 of Section 26.

3. The NW/4 NW/4 of Section 23 is a separate tract that is included in a separate lease, and Steward intends to include and develop that tract within a separate spacing unit. Similarly, the SW/4 SW/4 of Section 26 is a separate tract that is included in a separate lease, and Steward intends to include and develop that tract within a separate spacing unit. Accordingly, the NW/4NW/4 of Section 23 and the SW/4 NW/4 of Section 26 will not be stranded.

Respectfully submitted,

HINKLE SHANOR LLP

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