

**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. 22734

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Taylor Warren
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
Exhibit B	Self-Affirmed Statement of Shane Seals
B-1	Location Map, Structure Map, Gunbarrel Schematic
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C-1	Sample Notice Letter
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C-4	April 13, 2022 Affidavit of Publication

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case No.:	22734
Hearing Date:	5/5/2022
Applicant	Steward Energy II, LLC
Designated Operator & 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	Fring
Formation/Pool	
Formation Name(s) or Vertical Extent	San Andres
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Entire formation
Pool Name and Pool Code	Bronco, San Andres, South (7500)
Well Location Setback Rules	Standard
Spacing Unit Size	253.52
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	253.52
Building Blocks	40 acre tracts
Orientation	North/South
Description: TRS/County	W/2 E/2 and Lots 1, 2, 3, and 4 (E/2 equivalent) of irregular Section 14, Township 13 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	Yes, Lots 1, 2, 3, and 4 of Section 14, Township 13 South, Range 38 East, Lea County, New Mexico.
Proximity Defining Well: if yes, description	Fring Fed #2H.
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	Fring Federal #2H (no API assigned); SHL: 275' FNL, 345' FEL, Lot 1, Section 23, T13S - R38E; BHL: 100' FNL, 1050' FEL, Unit B, Section 14, T13S - R38E; Well orientation: South to North.
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	San Andres, TVD: 5,500'; MD: 10,880'.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,000.00
Production Supervision/Month \$	\$700.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4

Ownership Determination	
Land 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	None
Ownership Depth Severance (including percentage above & below)	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
Gross Isopach	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):	/s/ Dana S. Hardy
Date:	5/3/2022

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

CASE NO. 22734

**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 within the San Andres formation underlying a 253.5 acre standard horizontal spacing unit comprised of the W/2 E/2 and Lots 1, 2, 3, and 4 (E/2 equivalent) of irregular Section 14, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Fring Fed #2H** well (“Well”) to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 23 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 14.

6. The completed interval of the Well will be within 330' of the line separating the W/2 E/2 and E/2 E/2 of Section 14 to allow for the formation of a 253.5 standard horizontal spacing unit. As such, 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. None of the interest owners Steward seeks to pool are unlocatable.

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. 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**.

12. 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.

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

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

15. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 14 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

04/27/2022

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. 22734

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 253.5-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 and Lots 1, 2, 3, and 4 (E/2 equivalent) of irregular Section 14, Township 13 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 Fring Fed #2H well (“Well”), which will be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 23 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 14.
3. The completed interval of the Well will be within 330’ of the line separating the W/2 E/2 and E/2 E/2 of Section 14 to allow for the formation of a 253.5-acre standard horizontal spacing unit.
4. The completed interval of the Well will be orthodox.
5. 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.

Steward Energy II LLC
Case No. 22734
Exhibit A-1

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

7. 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 May 5, 2022 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

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@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 mineral interests in the San Andres formation underlying a 253.5-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 and Lots 1, 2, 3, and 4 (E/2 equivalent) of irregular Section 14, Township 13 South, Range 38 East, Lea County, New Mexico. The Unit will be dedicated to the Fring Fed #2H well ("Well"), which will be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 23 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 14. The completed interval of the Well will be within 330' of the line separating the W/2 E/2 and E/2 E/2 of Section 14 to allow for the formation of a 253.5-acre standard horizontal spacing unit. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 15 miles southeast of Tatum, New Mexico.

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 7500		³ Pool Name BRONCO; SAN ANDRES, SOUTH					
⁴ Property Code		⁵ Property Name FRING FEDERAL						⁶ Well Number 2H	
⁷ OGRID No. 371682		⁸ Operator Name STEWARD ENERGY II, LLC						⁹ Elevation 3797'	
¹⁰ Surface Location									
UL or lot no. L 1	Section 23	Township 13S	Range 38E	Lot Idn	Feet from the 275	North/South line NORTH	Feet from the 345	East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 14	Township 13S	Range 38E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 1050	East/West line EAST	County LEA
¹² Dedicated Acres 253.52		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.

	CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 930659.48' / Y: 802289.73' B - X: 930628.68' / Y: 797037.07' C - X: 928579.01' / Y: 797007.20' D - X: 928512.97' / Y: 802258.45'	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: <i>[Signature]</i> Date: 3-19-21 Printed Name: Ben Barton E-mail Address: ben.barton@stewardenergy.com	
	CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 889483.60' / Y: 802226.96' B - X: 889452.78' / Y: 796974.46' C - X: 887403.12' / Y: 796944.49' D - X: 887337.10' / Y: 802195.59'		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. March 19, 2021 Date of Survey Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: David W. Myers, 11403
	LAST TAKE POINT/BOTTOM HOLE LOCATION 100' FNL 1050' FEL, SECTION 14 NAD 83, SPCS NM EAST X: 929608.78' / Y: 802174.41' LAT: 33.19867115N / LON: 103.06404865W NAD 27, SPCS NM EAST X: 888432.91' / Y: 802111.60' LAT: 33.19856445N / LON: 103.06354985W		19 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. March 19, 2021 Date of Survey Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: David W. Myers, 11403
	FIRST TAKE POINT 100' FSL 1050' FEL, SECTION 14 NAD 83, SPCS NM EAST X: 929579.16' / Y: 797121.79' LAT: 33.18478852N / LON: 103.06434573W NAD 27, SPCS NM EAST X: 888403.26' / Y: 797059.12' LAT: 33.18468179N / LON: 103.06384706W		KICK OFF POINT 771' FNL 1050' FEL, SECTION 23 NAD 83, SPCS NM EAST X: 928573.99' / Y: 796250.51' LAT: 33.18239459N / LON: 103.06439714W NAD 27, SPCS NM EAST X: 888398.09' / Y: 796187.87' LAT: 33.18228786N / LON: 103.06389848W
SURFACE HOLE LOCATION 275' FNL 345' FEL, SECTION 23 NAD 83, SPCS NM EAST X: 930282.03' / Y: 796756.99' LAT: 33.18376269N / LON: 103.06206333W NAD 27, SPCS NM EAST X: 889106.13' / Y: 796694.37' LAT: 33.18365604N / LON: 103.06156472W		DAVID W. MYERS NEW MEXICO PROFESSIONAL SURVEYOR 11403	

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99990013 Convergence Angle: 00°41'16.54001"

Steward Energy II LLC
Case No. 22734
Exhibit A-2

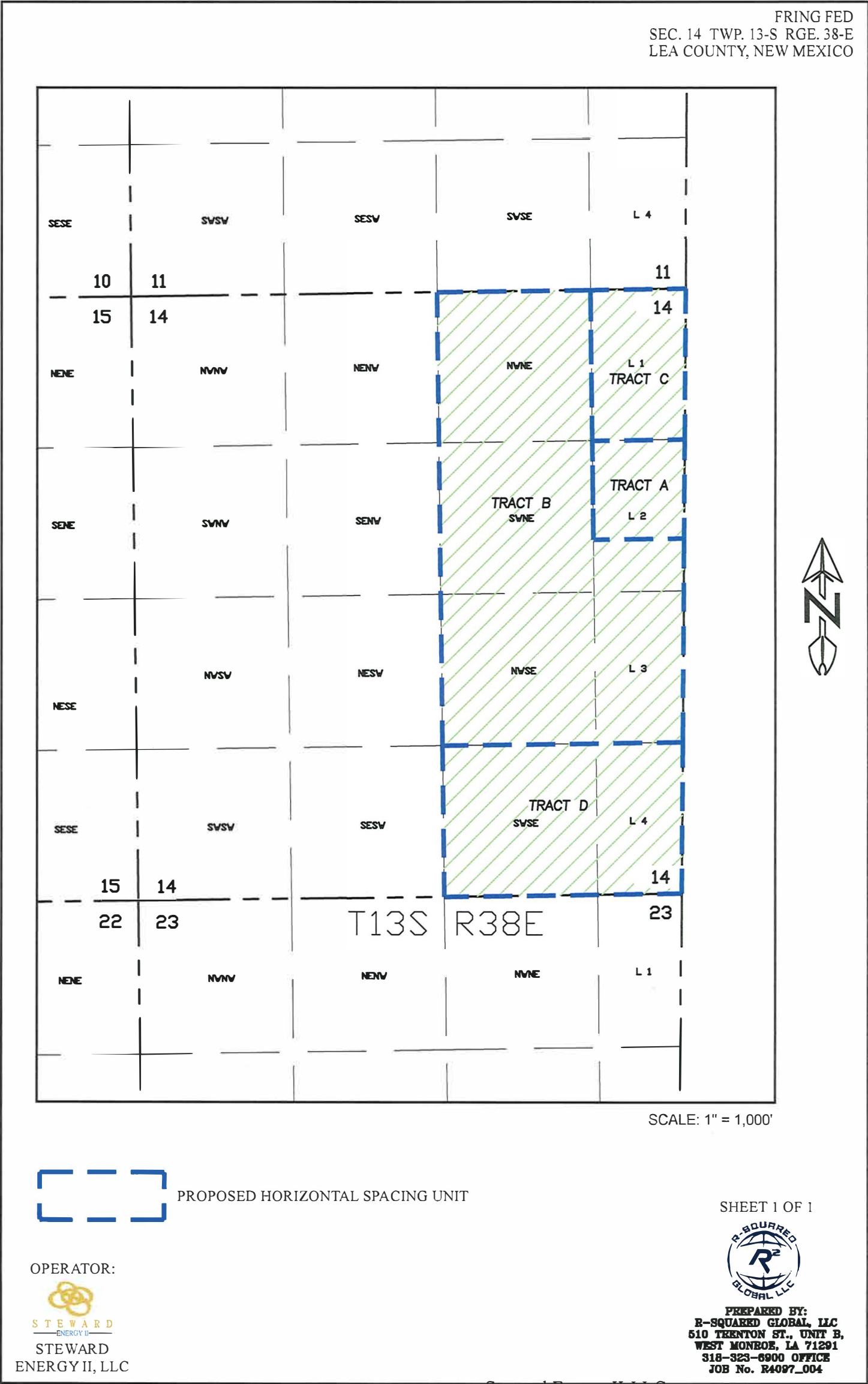


EXHIBIT A-3

Tract A

(N/15.54 acres of Lot 2 of Section 14, T13S-R38E, being 15.54 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	45.911668%	Committed JOA executed
G.O. Basic Energy I LLC	WI	24.721667%	Committed JOA executed
Total:		70.633333%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	16.606665%	Uncommitted
Marshall & Winston, Inc.	WI	12.760000%	AFE executed
Total:		29.36667%	
Grand Total:		100.00000%	

Tract B

(South 8.20 acres of Lot 2, Lot 3, NW/4NE/4, SW/4NE/4, and the NW/4SE/4 of Section 14, T13S-R38E, being 151.22 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	45.911668%	Committed JOA executed
G.O. Basic Energy I LLC	WI	24.721667%	Committed JOA executed
Total:		70.633333%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	16.606665%	Uncommitted
Marshall & Winston, Inc.	WI	12.760000%	AFE executed
Total:		29.36667%	
Grand Total:		100.00000%	

Tract C

(Lot 1, also being described as the NE/4NE/4, of Section 14, T13S-R38E, being 24.46 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	45.911668%	Committed JOA executed
G.O. Basic Energy I LLC	WI	24.721667%	Committed JOA executed
Total:		70.633333%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	16.606665%	Uncommitted
Marshall & Winston, Inc.	WI	12.760000%	AFE executed
Total:		29.36667%	
Grand Total:		100.00000%	

Tract D

(Lot 4 and the SW/4SE/4 of Section 14, T13S-R38E, being 62.30 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	65.000000%	Committed JOA executed
G.O. Basic Energy I LLC	WI	35.000000%	Committed JOA executed
Total:		100.000000%	
Grand Total:		100.000000%	

Recapitulation

Committed

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>
Steward Energy II, LLC	WI	50.602434%
G.O. Basic Energy I LLC	WI	27.247464%
Total:		77.849899%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>
Betelgeuse Trust	WI	12.525743%
Marshall & Winston, Inc.	WI	9.624358%
Total:		22.150101%
Grand Total:		100.000000%



*****VIA CERTIFIED U.S.P.S. MAIL #7021 0950 0000 0550 7069*****

December 2, 2021

**Re: Steward Energy II, LLC
Well Proposal – Fring Fed #2H
E/2 Section 14, Township 13 South, Range 38 East, N.M.P.M.
Lea County, New Mexico**

Marshall & Winston, Inc.
6 Desta Drive
Suite 3100
Midland, TX 79705

Dear Working Interest Owner,

This letter will serve as notice regarding the plans of Steward Energy II, LLC ("Steward") to drill the Fring Fed #2H ("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 345 feet from the east boundary line and 275 feet from the north boundary line of Section 23, Township 13 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 East Half of Section 14, Township 13 South, Range 38 East, Lea County New Mexico ("Spacing Unit"). The Well's first take point will be located approximately 100 feet from the south boundary line and 1,050 feet from the east boundary line of Section 14, and the Well's last take point will be located approximately 100 feet from the north boundary line and 1,050 feet from the east boundary line of Section 14.

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 \$938,010.00, with an additional \$2,364,606.00 to complete the well, for a total cost of \$3,302,616.00 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 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.

Well Proposal
Fring Fed #2H
December 2, 2021

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: 2.013253%

The undersigned elects to ☐ not to ☐ participate in the Fring Fed #2H well with their proportionate interest.

Marshall & Winston, Inc.

By: _____ Date: _____



AUTHORIZATION FOR EXPENDITURE

Well Name: Fring Fed #2H

Operator: Steward Energy II, LLC

Well Type: Horizontal Oil

AFE Type: New Drill

AFE Number: 2204017DR

AFE Date: 11/5/2021

Legal E/2 of Section 14, Township 13 South,
Description: Range 38 East, N M P M

Prop. Depth: Approx. 5,500' TVD; 10,880' MD

County, State: Lea County, NM

Field: Bronco, San Andres, South

Prep. By: Tim Hilton

Surface Location: Long. 103 06206333

Lat. 33 18376269

XLoc: 930282 03

YLoc: 796756 99

Bottom Hole Location: Long. 103 06404865

Lat. 33 19867115

XLoc: 929608 78

YLoc: 802174 41

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	\$50,000				\$50,000
8200.101	Abstract, Title & Permit	\$50,000				\$50,000
8200.102	ROW & Surface Damages	\$18,000				\$18,000
8200.103	Road, Pad Location & Pit Building	\$30,000				\$30,000
8200.104	Environ, Reg & Safety	\$5,250				\$5,250
8200.105	Well Insurance	\$2,200				\$2,200
8200.113	Contract Labor	\$5,950				\$5,950
8200.114	Consulting Services & Contract Supervision	\$45,500				\$45,500
8200.120	Vacuum & Pump Truck	\$2,500				\$2,500
8200.122	Material Transportation	\$8,400				\$8,400
8200.126	Fuel	\$34,600				\$34,600
8200.131	Chemical-Downhole Treating	\$2,160				\$2,160
8200.132	Mud & Additives	\$31,800				\$31,800
8200.140	Mob/Demob	\$14,500				\$14,500
8200.141	Mud Disposal/Pit Closure	\$150,500				\$150,500
8200.142	Trailer Rental, Camp & Catering	\$22,700				\$22,700
8200.144	Drilling Rig - Daywork or Footage	\$140,000				\$140,000
8200.149	Bits, Mills & Reamers	\$23,800				\$23,800
8200.151	Directional Services	\$95,000				\$95,000
8200.160	Casing Crews & Services	\$8,700				\$8,700
8200.161	Cementing Services	\$73,000				\$73,000
8200.169	Water Transfer	\$4,000				\$4,000
8200.170	Water Purchase	\$22,000				\$22,000
8200.175	Surface Equipment Rental & Services	\$68,800				\$68,800
8200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$18,650				\$18,650
8200.301	Overhead	\$10,000				\$10,000
IDC Total:		\$938,010				\$938,010
Drilling Total:						\$938,010
8250.200	Conductor/Drive Pipe			\$15,800		\$15,800
8250.201	Surface Casing			\$99,696		\$99,696
8250.203	Production Casing			\$354,530		\$354,530
8250.205	Wellhead Equipment, Flow Tee & Meter Run			\$14,680		\$14,680
8250.214	Other Downhole Equipment			\$32,000		\$32,000
TDC Total:				\$516,706		\$516,706
8300.114	Consulting Services & Contract Supervision			\$60,000		\$60,000
8300.120	Vacuum & Pump Truck			\$6,000		\$6,000
8300.122	Material Transportation			\$10,000		\$10,000
8300.126	Fuel			\$3,000		\$3,000
8300.131	Chemicals - Downhole Treating			\$3,500		\$3,500
8300.142	Trailer Rental, Camp & Catering			\$4,000		\$4,000
8300.143	Well Control - BOP, Isolation Assy			\$95,000		\$95,000
8300.146	Completion/Workover Rig			\$25,450		\$25,450
8300.148	Reverse Unit			\$15,000		\$15,000

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8300.149	Bits, Mills & Reamers			\$3,600		\$3,600
8300.164	Wireline & Perforating			\$52,000		\$52,000
8300.169	Water Transfer			\$30,000		\$30,000
8300.170	Water Purchase			\$102,250		\$102,250
8300.171	Stimulation - Frac, Acid, Gravel Pack			\$760,000		\$760,000
8300.175	Surface Equipment Rental & Services			\$45,000		\$45,000
8300.176	Downhole Equipment Rental & Services			\$20,000		\$20,000
8300.179	Elect & Generator R&M			\$17,000		\$17,000
ICC Total:				\$1,251,800		\$1,251,800
8350.205	Wellhead Equipment, Flow Tee & Meter Run			\$14,000		\$14,000
8350.206	Tubing			\$43,000		\$43,000
8350.211	Electric Submersible Pumps			\$245,500		\$245,500
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors			\$19,000		\$19,000
8350.221	Surface VSD, Transformer, POC & Associated Equipment			\$25,000		\$25,000
8350.234	Surface Pump & LACT's			\$1,600		\$1,600
TCC Total:				\$348,100		\$348,100
8600.100	Land, Surveying, & Legal			\$1,000		\$1,000
8600.102	ROW & Surface Damages			\$21,500		\$21,500
8600.111	Company Supervision			\$6,500		\$6,500
8600.120	Vacuum & Pump Truck			\$4,000		\$4,000
8600.122	Material Transportation			\$2,000		\$2,000
8600.175	Surface Equipment Rental & Services			\$2,000		\$2,000
IFC Total:				\$37,000		\$37,000
8650.222	Instrumentation & Meters			\$6,500		\$6,500
8650.223	SCADA & Communications			\$5,000		\$5,000
8650.224	Electrial Installation & Power Generation			\$10,000		\$10,000
8650.229	Prod & SWD Facility Inst.			\$45,000		\$45,000
8650.231	Separator, Heater Treater, FWKO			\$69,000		\$69,000
8650.233	Flowline & Gethering Lines			\$35,500		\$35,500
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings			\$40,000		\$40,000
TFC Total:				\$211,000		\$211,000
					Drilling Total:	\$2,364,606
					Drilling & Completion Total:	\$3,302,616
Owner %:		2.013253%		Owner Net Cotst :		\$66,490
Approved by:		Signature				

Marshall & Winston, Inc.:

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

- November 2017 – Steward Energy II, LLC acquired title to two (2) HBP'd oil and gas leases, from PPC Operating Company LLC, effective 11/1/2017, and begins to acquire oil and gas leases from the remaining unleased mineral owners. There were originally 2 unleased mineral owners located in Tracts A-D.
- December 2, 2021 – Steward Energy II, LLC sends the Fring Fed #2H well proposals to the uncommitted owners via certified U.S. Mail.
- January 4, 2022 – After a title review, Steward Energy II, LLC sends the Fring Fed #2H well proposal to an additional uncommitted owner via certified U.S. Mail.
- February 7, 2022 – Steward Energy II, LLC has received 1 executed election letter from uncommitted owners who chose to participate in the drilling and completion of the Fring Fed #2H.

Steward Energy II LLC
Case No. 22734
Exhibit A-5

**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. 22734

**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 **Fring Fed #2H** well ("Well") is represented by a light green line. Existing producing wells in the targeted interval are represented by thin, light blue solid lines.

4. **Exhibit B-1** also contains a subsea structure map for the top of the Pi Marker in 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 light green line. The map demonstrates the formation is gently dipping to the south in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

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 slightly dominant stress regime that yields a preferred fracture orientation in this portion of the trend.

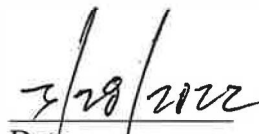
8. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

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.

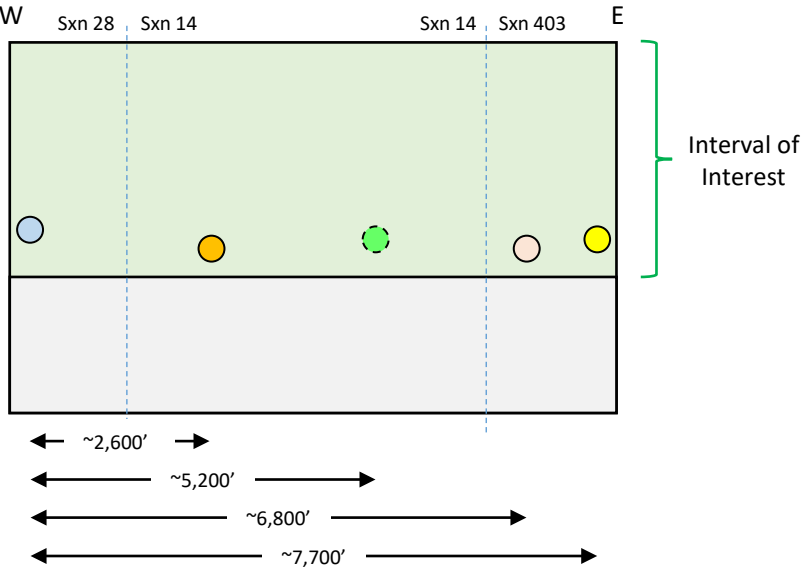
11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 10 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next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


Shane Seals


Date

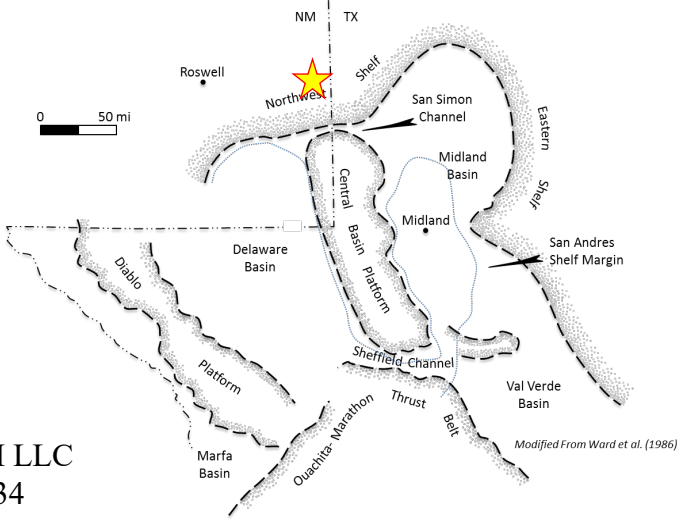
Gun Barrel

(Not to scale - Refer to map for orientation)



- Babineaux Fee #2H (Steward Energy)
- Gustavo Fee #5H (Steward Energy)
- Proposed Fring Fed #2H (Steward Energy)
- Chop Suey 403 #6H (Steward Energy)
- Chop Suey 403 #5H (Steward Energy)

Permian Basin System



Steward Energy II LLC
Case No. 22734

Exhibit B-1



Top San Andres Pi
Marker Present



Proposed Fring Fed 2H
(Arrow towards BHL)



Steward Energy (Fring)
Acreage



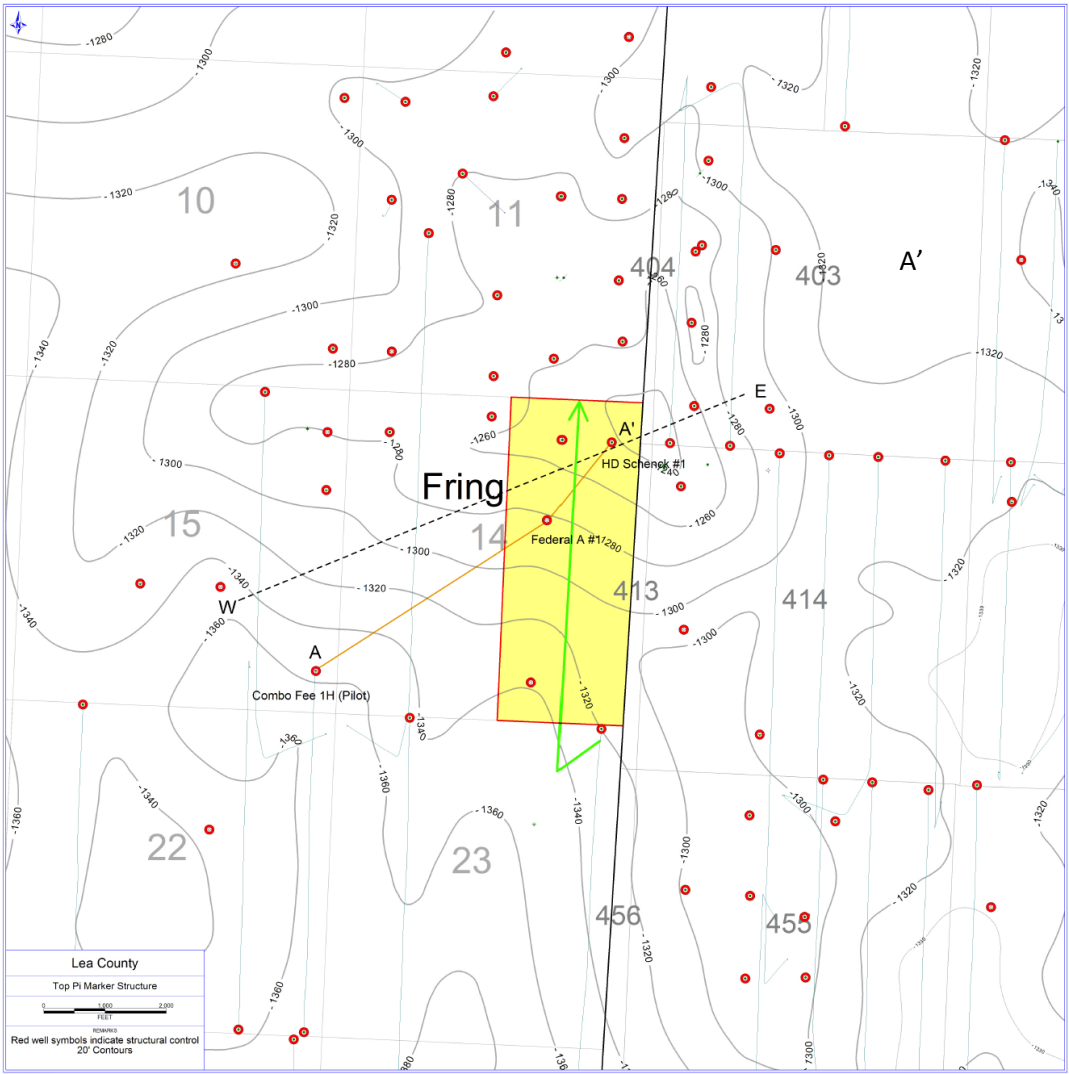
Producing Horizontal San
Andres Well
(Well Symbol at BHL)

20' Contour Interval

0 ft 2,000 ft

Gun Barrel

Cross Section



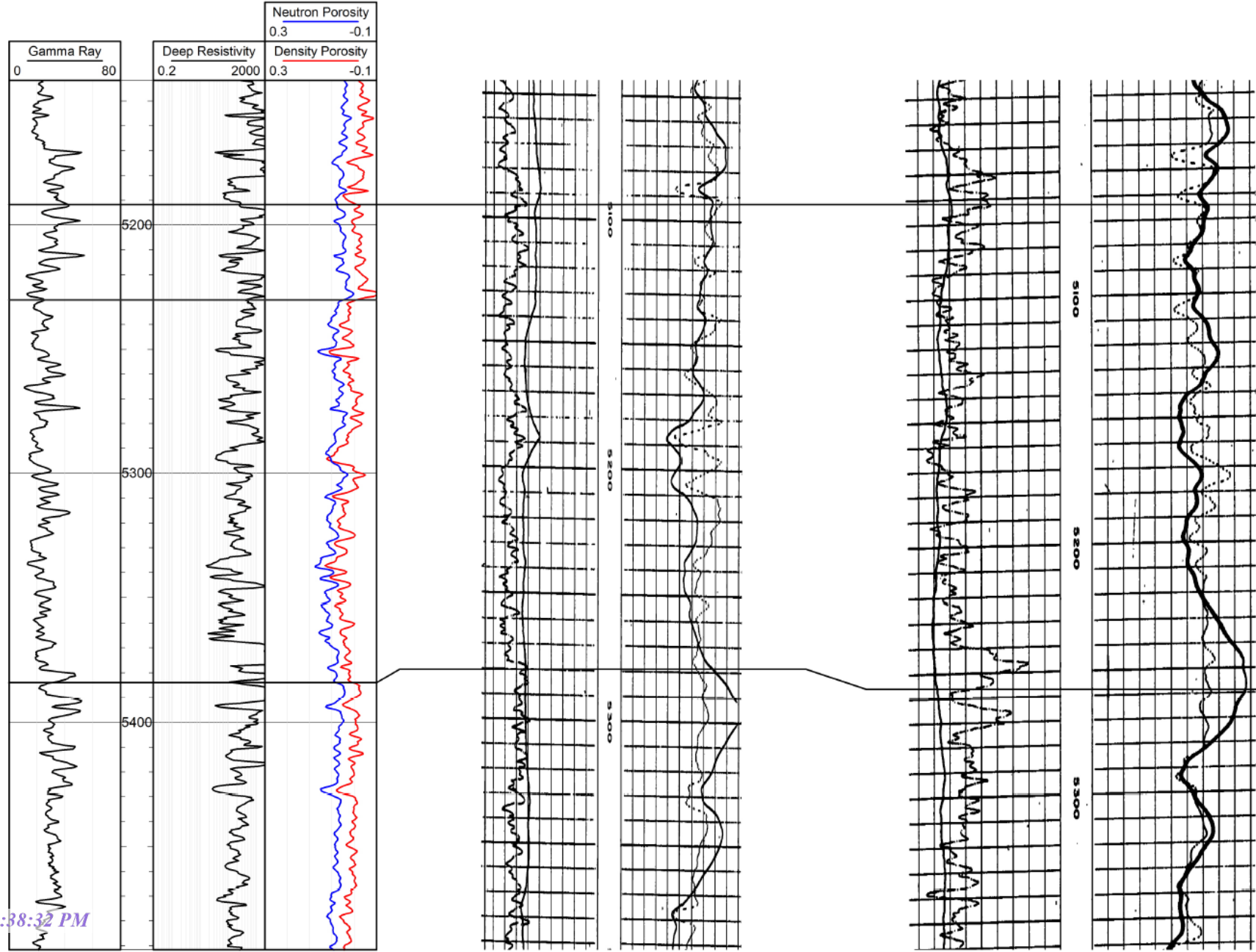
COMBO FEE 1H (PILOT)
30025474750001
STEWARD ENERGY II

FEDERAL A
30025072380000
AMERADA HESS CORP

HD SCHENCK
30025072420000
APACHE CORP

A'

Interval
of
Interest



Steward Energy II LLC
Case No. 22734
Exhibit B-2

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. 22734

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Steward Energy II, LLC, the Applicant herein, and being first duly sworn, upon oath, state as follows.

2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit C-2**.

3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.

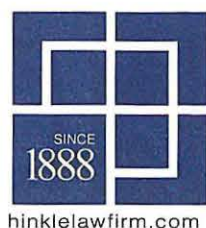
4. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

5. On April 13, 2022, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

/s/ Dana S. Hardy
Dana S. Hardy

May 3, 2022
Date

Steward Energy II, LLC
Case No. 22734
Exhibit C



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

April 5, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 22734 - 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 Steward Energy II, LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **May 5, 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: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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 electronically submitted to ocd.hearings@state.nm.us 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

Steward Energy II LLC
Case No. 22734
Exhibit C-1

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

PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

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. 22734

NOTICE LETTERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Betelgeuse Trust Attn: Ms. Karen Edwards P.O. Box 1937 Fredericksburg, TX 78624	04/05/22	4/21/22
Marshall & Winston, Inc. 6 Desta Drive, Suite 3100 Midland, TX 79705	04/05/22	4/11/22

Steward Energy II LLC
Case No. 22734
Exhibit C-2

7021 0950 0002 0364 5389

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee
 \$

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
 \$

Total Postage and Fees
 \$

Sent To
 Betelgeuse Trust
 Attn: Ms. Karen Edwards
 P.O. Box 1937
 Fredericksburg, TX 78624

Postmark Here
 APR 05 2022

USPS

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Betelgeuse Trust
 Attn: Ms. Karen Edwards
 P.O. Box 1937
 Fredericksburg, TX 78624

2. Article Number (Transfer from service label)
 9590 9402 6746 1074 2377 79
 7021 0950 0002 0364 5389

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X [Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)
 K Edwards

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

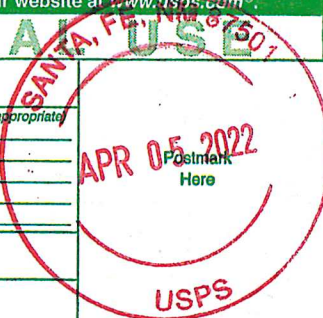
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Collect on Delivery Restricted Delivery	
<input type="checkbox"/> Insured Mail	
<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	



PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

Steward Energy II LLC
 Case No. 22734
 Exhibit C-3

7021 0950 0002 0364 5396

U.S. Postal Service CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Marshall & Winston, Inc.
Street at	6 Desta Drive, Suite 3100
City, Sta	Midland, TX 79705
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature </p> <p>B. Received by (Printed Name) K. Atkins</p> <p>C. Date of Delivery 4/8</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p></p>
<p>1. Article Addressed to:</p> <p>Marshall & Winston, Inc. 6 Desta Drive, Suite 3100 Midland, TX 79705</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p>7021 0950 0002 0364 5396</p>	
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt</p>	



9590 9402 6746 1074 2377 62

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
April 13, 2022
and ending with the issue dated
April 13, 2022.

Daniel Russell

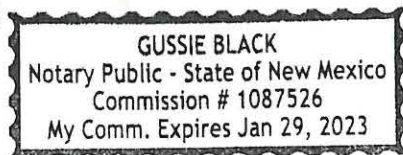
Publisher

Sworn and subscribed to before me this
13th day of April 2022.

Gussie Black

Business Manager

My commission expires
January 29, 2023
(Seal)



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 April 13, 2022

This is to notify all interested parties, including Betelgeuse Trust, Marshall & Winston, Inc., 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. 22734). 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 May 5, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant applies for an order pooling all uncommitted mineral interests in the San Andres formation underlying a 253.5-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 and Lots 1, 2, 3, and 4 (E/2 equivalent) of irregular Section 14, Township 13 South, Range 38 East, Lea County, New Mexico. The Unit will be dedicated to the Fring Fed #2H well ("Well"), which will be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 23 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 14. The completed interval of the Well will be within 330' of the line separating the W/2 E/2 and E/2 E/2 of Section 14 to allow for the formation of a 253.5-acre standard horizontal spacing unit. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 15 miles southeast of Tatum, New Mexico.
#37542

02107475

00265805

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

Steward Energy II LLC
Case No. 22734
Exhibit C-4