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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 22812** 

#### **EXHIBIT INDEX**

#### Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Rex Barker
A-1	Application & Proposed Notice of Hearing
A-2	C102s for Wells
A-3	Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled
A-4	Sample Well Proposal Letter and AFEs
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of David Childers
B-1	Resume of David Childers
B-2	Project Location Map
B-3	Subsea Structure Map
B-4	Stratigraphic Cross-Section, Subsea Depth
B-5	Gross Isopach
Exhibit C	Affidavit of Dana S. Hardy
C-1	Sample Notice Letter to All Interested Parties
C-2	Chart of Notice to All Interested Parties and Certified Mail Receipts
C-3	Affidavit of Publication for May 11, 2022

Received by OCD: 5/31/2022 1:41:31 PM	Page 2 o
COMPULSORY POOLING APPLIC	CATION CHECKLIST
ALL INFORMATION IN THE APPLICATION MUS	T BE SUPPORTED BY SIGNED AFFIDAVITS
Case No.:	22812
Hearing Date:	6/2/2022
Applicant	BTA Oil Producers, LLC
Designated Operator & OGRID	260297
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea
	County, New Mexico
Entries of Appearance/Intervenors	None
Well Family	Bluebell
Formation/Pool	
Formation Name(s) or Vertical Extent	Pennsylvanian Shale Formation
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Pennsylvanian Shale Formation
Pool Name and Pool Code	Upper Penn Pool (Code 98333)
Well Location Setback Rules	Statewide
Spacing Unit Size	223.81-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	223.81-acre
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	Lots 1, 2, 3, and 4 (W/2 W/2 equivalent) of irregular Section 18 and Lots
	1 and 2 (W/2 NW/4 equivalent) of irregular Section 19, Township 17
	South, Range 36 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No,	Yes
describe	
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	,
Name & API (if assigned), surface and bottom hole	Add wells as needed
location, footages, completion target, orientation,	
completion status (standard or non-standard)	
Well #1	Bluebell 22115 19-18 State Com #2H (API # pending)
	SHL: 2,140' FSL & 1,320' FWL (Unit K) of Section 19, T17S-R36E
	BHL: 50' FNL & 660' FWL (Lot 1) of irregular Section 18, T17S-R36E
	Completion Target: Pennslyvania Shale (Approximately 11,545' TVD)
	Completion status: Standard
	completion status. Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
, <u></u>	
Proof of Mailed Notice of Hearing (20 days before hearing)	C-1, C-2
Proof of Published Notice of Hearing (10 days before	
Proof of Published Notice of Hearing (10 days before Released to Imaging: 5/31/2022 1:52:14 PM hearing)	C-3
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Received by OCD: 5/31/2022 1:41:31 PM	Page 3 of
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	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	Exhibit A-4
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	LATIBIL A 4
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-3
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4
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-2
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibits B-3
Cross Section Location Map (including wells)	Exhibit B-3
Geoss Isopach	Exhibit B-5
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
CERTIFICATION: I hereby certify that the information	
provided in this checklist is complete and accurate.	
promise in this electrical is complete and accorde.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/31/2022
Date.	3/31/2022

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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

**CASE NO. 22812** 

#### SELF-AFFIRMED STATEMENT OF REX D. BARKER

- 1. I am a landman at BTA Oil Producers, LLC ("BTA") 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 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 BTA's 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. BTA seeks an order pooling all uncommitted mineral interests in the Pennsylvanian Shale Formation, underlying a 223.81-acre, more or less, standard horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (W/2 W/2 equivalent) of irregular Section 18 and Lots 1 and 2 (W/2 NW/4 equivalent) of irregular Section 19, Township 17 South, Range 36 East, Lea County, New Mexico ("Unit").
- 5. The Unit will be dedicated to the Bluebell 22115 19-18 State Com #2H well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 19 to a bottom hole location in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18.

BTA Oil Producers, LLC Case No. 22812 Exhibit A

- 6. The completed interval of the Well will be orthodox.
- 7. The Well is located in the Upper Penn Pool (Code 98333).
- 8. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15.
  - 9. Exhibit A-2 contains the C-102 for the Well.
- 10. **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 BTA seeks to pool.
- 11. 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.
- BTA has conducted a diligent search of all public records in Lea County including phone directories and computer databases.
  - 13. All interest owners BTA seeks to pool are locatable.
- 14. In my opinion, BTA 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.
- 15. BTA requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by BTA and other operators in the vicinity.
- 16. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

- 17. In my opinion, the granting of BTA's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 18. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Rex D. Barker

5-19-7077 Date

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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO.** 22812

#### <u>APPLICATION</u>

Pursuant to NMSA § 70-2-17, BTA Oil Producers, LLC ("Applicant") applies for an order pooling all uncommitted interests in the Pennsylvanian Shale Formation, underlying a 223.81-acre, more or less, standard horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (W/2 W/2 equivalent) of irregular Section 18 and Lots 1 and 2 (W/2 NW/4 equivalent) of irregular Section 19, Township 17 South, Range 36 East, Lea County, New Mexico ("Unit"). In support of its application, Applicant states the following.

- 1. Applicant (OGRID No. 260297) is a working interest owner in the Unit and has the right to drill wells thereon.
- 2. The Unit will be dedicated to the **Bluebell 22115 19-18 State Com #2H** well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 19 to a bottom hole location in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18.
  - 3. The completed interval of the Well will be orthodox.
- 4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
- 5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

BTA Oil Producers, LLC Case No. 22812 Exhibit A-1 6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on June 2, 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 McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554 dhardy@hinklelawfirm.com

imclean@hinklelawfirm.com

Counsel for BTA Oil Producers, LLC

Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 223.81-acre, more or less, standard horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (W/2 W/2 equivalent) of irregular Section 18 and Lots 1 and 2 (W/2 NW/4 equivalent) of irregular Section 19, Township 17 South, Range 36 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Bluebell 22115 19-18 State Com #2H well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 19 to a bottom hole location in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 8 miles south of Lovington, 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

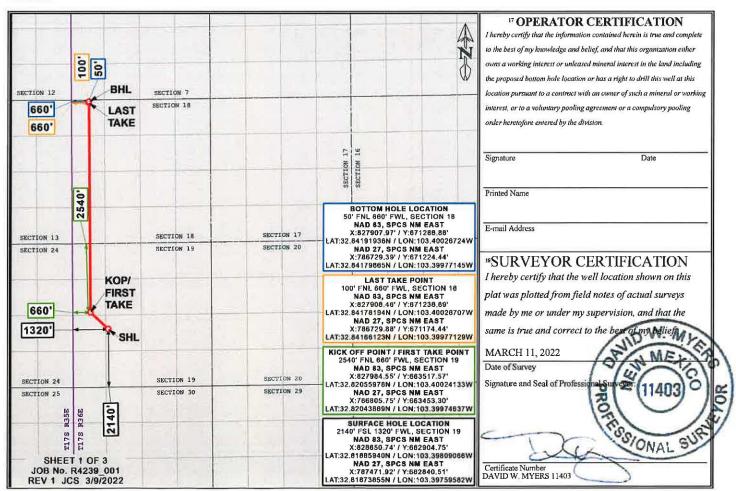
#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	98333	Upper Penn Pool		
<sup>4</sup> Property Code		roperty Name 15 19-18 STATE COM	<sup>6</sup> Well Number 2H	
<sup>7</sup> OGRID No. 260297	245	perator Name RODUCERS, LLC	<sup>9</sup> Elevation 3893'	

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	19	17S	36E		2140	SOUTH	1320	WEST	LEA
			<sup>п</sup> Bot	tom Hol	e 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
L1	18	17S	36E		50	NORTH	660	WEST	LEA
12 Dedicated Acre	s <sup>13</sup> Joint o	r Infill 14 C	onsolidation C	ode 15 Oro	der No.				
223.81									

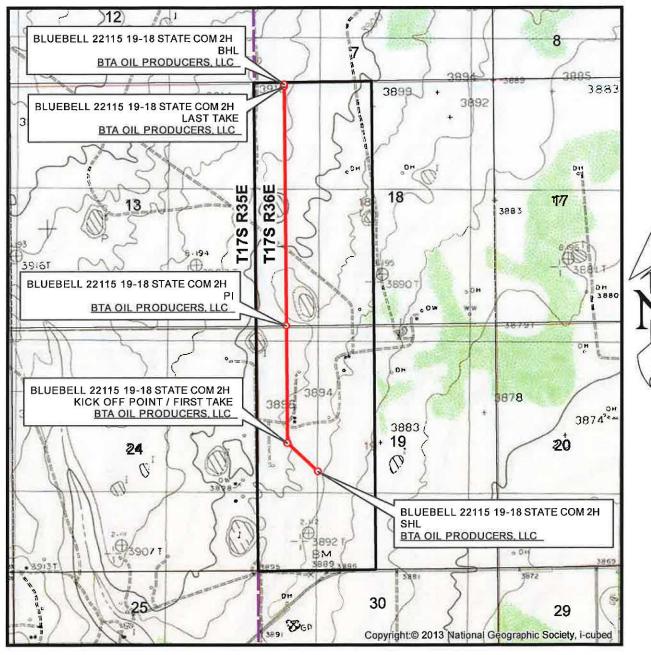
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99981955 Convergence Angle: 00°30'16.80998'

BTA Oil Producers, LLC Case No. 22812 Exhibit A-2

### LOCATION VERIFICATION MAP



SEC. 19 TWP. 17-S RGE. 36-E

SURVEY: N.M.P.M. COUNTY: LEA

OPERATOR: BTA OIL PRODUCERS, LLC DESCRIPTION: 2140' FSL & 1320' FWL

ELEVATION: 3893'

LEASE: BLUEBELL 22115 19-18 STATE COM

U.S.G.S. TOPOGRAPHIC MAP: LOVINGTON SW, NM.

1 " = 2,000 ' CONTOUR INTERVAL = 10'



SHEET 2 OF 3
PREPARED BY:
R-SQUARED GLOBAL, LLC
510 TRENTON ST., UNIT B,
WEST MONROE, LA 71291
318-323-6900 OFFICE
JOB No. R4239 001

BTA Oil Producers, LLC Case No. 22812 Exhibit A-3

### VICINITY MAP

33	<sup>34</sup> T16S R35E	35	36	31 T16S R36E	32	GRAHAM 33	34
4	T17S R35E	2	1	T17S R36E	5	4 STILES	SND 3
9		115 19-18 STA TA OIL PRODU	BHL	7	8	9	10
16	THE CONTRACTOR OF THE PARTY OF	14 115 19-18 STAT	PI	LAST	BELL 22115 19- TAKE DIL PRODUCER 17		1 2H 15
21	KICK	23 2115 19-18 STA OFF POINT / F TA OIL PRODU	IRST TAKE	19 SHL	BELL 22115 19 DIL PRODUCER 20 Q		22 UBAR
28	COM 27	26	Swamp 25	30	LEE RANCH NOGALE	28	MM HIGHWAY 483
33	हूँ 34	35 R35E	<sup>36</sup> T17S R35E	117S R36E	32	33 T17S	34 R36E
4	3	T18S R35E	1	6	5	T18S	<b>R36E</b> 3

SEC. 19 TWP. 17-S RGE. 36-E SURVEY: N.M.P.M. COUNTY: LEA OPERATOR: BTA OIL PRODUCERS, LLC DESCRIPTION: 2140' FSL & 1320' FWL ELEVATION: 3893' LEASE: BLUEBELL 22115 19-18 STATE COM U.S.G.S. TOPOGRAPHIC MAP: LOVINGTON SW, NM.

1"=1 MILE



SHEET 3 OF 3

PREPARED BY: R-SQUARED GLOBAL, LLC 510 TRENTON ST., UNIT B, WEST MONROE, LA 71291 318-323-8900 OFFICE

JOB No. R4239\_001

#### 223.81 Acre Spacing Unit for the Bluebell 22115 19-18 State Com #2H

#### Township 17 South, Range 36 East, Lea County, New Mexico

	18
Tract 1 - 33.37% 74.69 Acres State of New Mexico OGL VC-0266 Lots 1 & 2 Section 18	
Tract 2 - 33.31% 74.55 Acres State of New Mexico OGL VC-0277 Lots 3 & 4 Section 18	
Tract 3 - 33 32% 74.57 Acres State of New Mexico OGL B0-2287 Lots 1 & 2 Section 19	19

#### Bluebell 22115 19-18 State Com #2H Unit Recapitulation

Tract 1	Leasehold Owner	WI	74.69 Acres
State of New Mexico OGL VC-0266 Lots 1 & 2 Section 18, T17S, R36E, Lea County, New Mexico	BTA Oil Producers, LLC	100.0000%	74.6900
Tract 2	Leasehold Owner	WI	74.55 Acres
State of New Mexico OGL VC-0277 Lots 3 & 4 Section 18, T17S, R36E, Lea County, New Mexico	BTA Oil Producers, LLC	100.0000%	74.5500
Tract 3	Leasehold Owner	WI	74.57 Acres
State of New Mexico OGL B0-2287 Lots 1 & 2 Section 19, T17S, R36E, Lea County, New Mexico	BTA Oil Producers, LLC  Maverick Permian LLC	6.2500% 93.7500%	4.6606 69.9094
Recapitulation	Leasehold Owner	WI	223.81 Acres
Bluebell 22115 19-18 State Com #2H	BTA Oil Producers, LLC  Maverick Permian LLC	68.7625% 31.2375%	153.8974 69.9126
Total		100.0000%	223.8100



CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.
ASHLEY BEAL LAFEVERS
ALEX BEAL

#### BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET MIDLAND, TEXAS 79701-5021 432-682-3753 FAX 432-683-0311 GULF COAST DISTRICT TOTAL PLAZA 1201 LOUISIANA STREET, STE. 570 HOUSTON, TEXAS 77002 713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT 600 17TH STREET, STE. 2230 SOUTH DENVER, COLORADO 80202 303-534-4404 FAX 303-534-4661

March 2, 2022

Federal Express 7761 8956 9924

In re: Well Proposal - Bluebell 22115 19-18 State Com #2H

Township 17 South. Range 36 East, N.M.P.M.

Section 18: Lots 1, 2, 3 & 4 Section 19: Lots 1 & 2 Lea County, New Mexico

SHL: Section 19 - 2140' FSL & 1320' FWL BHL: Section 18 - 50' FNL & 660' FWL

BTA 22115 Village

COG Operating LLC 600 W. Illinois Avenue Midland, TX 79701

Attn: Mr. Adam C. Reker

Dear Adam:

BTA Oil Producers, LLC, as Operator, hereby proposes the drilling of the Bluebell 22115 19-18 State Com #2H Well (the "Well"), a horizontal Pennsylvanian Shale communitized well with a TVD of 11,545' and a MD of 19,018' (the "Operation"), at the above referenced location. The anticipated spud date for the Well will be July 24, 2022. The Cumulative Well Costs of the Operation are estimated to be \$9,315,598.00, as detailed in our enclosed Authority for Expenditure.

BTA proposes drilling the Well under the terms of a modified AAPL Form 610-2015 Model Form Operating Agreement with the following general provisions:

- 300% / 100% / 300% non-consent penalty
- \$8,000.00 / \$800.00 drilling and producing overhead rates

BTA Oil Producers, LLC Case No. 22812 Exhibit A-4

- Contract Area of 223.81 acres, being Lots 1, 2, 3 and 4 of Section 18 and Lots 1 and 2 of Section 19, T17S, R36E, Lea County, New Mexico, limited to the Pennsylvanian Shale Formation
- BTA Oil Producers, LLC named as Operator

Should you elect to participate in the drilling of the Well, please indicate so by returning a signed copy of this letter along with a signed copy of the AFE to my attention within thirty (30) days. Be advised that in the near term, BTA will submit an application for a Compulsory Pooling Hearing with the New Mexico Oil Conservation Division to pool any uncommitted working interest owners.

If you have any questions or require further information, please let me know.

	Rex D. Barker Landman
	Elect to participate in the Bluebell 22115 19-18 State Com #2H Well (Send Well Information Requirements to BTA Oil Producers, LLC)
	Elect to go non-consent in the Bluebell 22115 19-18 State Com #2H Well
COG Opera	ting LLC
Ву:	
Title:	
Date:	
RB/HW	
Enclosure	

C:\Users\hwhipple\Documents\Land\Letters\Rex Barker\Well Proposal Ltr - COG - Bluebell #2H.docx

### BTA OIL PRODUCERS WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: Location:

Bluebell 22115 13-18 State Com #02H SHL: 2140 FSL 8 1320 FWL Sec 19, 17S, 36E FTP: 2540 FNL & 660 FWL Sec 19, 17S, 36E LTP: 100 FNL & 660 FWL, Sec 18, 17S, 36E BHL: 50 FNL & 660 FWL, Sec 18, 17S, 36E Lee County, NM 2/2/2022

Total Depth:

Formation:

11,545' TVD 19,018' MD

Penn Shale

	Date Prepared: 2/2/2022				
	Suit Freparas. Dezote		Prepared By:		
		NE THATE DRIVEN	NE CASED HOLE	COMPLETION	TOTAL COSTS
	DITANGIBLE COSTS	Turner payers and	ATTENDED TO SECURITION OF THE PARTY OF THE P	1 COMPLETION	[ IDINE SOCIO
CODE	FORMATION EVALUATION	\$	S	5	5
2203	Logs Cores	8,000		20,000	26,090
2205	DST				
	LOCATION & ACCESS				****
2211	Survey & Stake Damaces	5,000 45,000			5,000 45,000
2213	Road & Location	80,000		45,000	125,600
2214	Other Location	130,000			130,000
2223	DRILLING RIG Nobilization	135,000			135,000
2225	Daywork	517,000	94,000		611,000
2226	Foolage Turnkey				
2221	DRILLING SUPPLIES				
2232	Bits	75.000		to recover on	75,000
2233	SHA Fuel	45,000 145,200	26_400	60,000	105,000
2236	Other Supplies	142,200	20,400		171,600
3	MUD RELATED				
2241	Mud Purchase Mud Rental	115,000	5,000		120,000
2244	Fresh Water	55,600	1.000	450,000	506,000
2245	Brine	45,000	0.000		45,000
2246	Solids Control (Closed Lazp) Wud Monitor	33,900 28,000	6,000		39,000 39,000
2249	Mud Related Other	6,000			8,000
anda	DRILLING SERVICES	45.000	4 202		40.000
2252 2253	BOP Retailed Casing Related	15,000 39,000	4,000 95,000		19,000
2254	Welding	8,000	2,000	5,000	15,000
2255 2256	Trucking Rental Equipment	22,560	10,000	54,000	86,500
2257	Other Services (Direction/GR Services)	82,000 253,000	B,000	350,000	440,000 253,000
	CEMENT				
2261 2262	Casing Cementing Other Cementing	115,000	165,000	150,000	280,000
3202	CONTRACT SERVICES			150,000	150,000
2266	Engineering	3,000			6,000
2267	Geological	22,000		VE 1905	22,000
2258	Roustabout Wellsite Supervision	5,000 81,400	14,600	45,009 70,000	51,000 166,200
2270	Other Contract Services	25,000			25,000
2272	COMPLETION SERVICES			20,000	20 000
2273	Pulling Unit Drilling Rig			20,000	20,000
2275	Perforate			272,000	272,000
2277	Stimulation Other Compt. Services			2,304,000	2,304,0G0 200,000
	OVERHEAD			210,140	200,000
2250	Drilling & Administrative	10,000	12	10,000	30,000
	TOTAL INTANGIBLE COSTS	\$ 2,155,100	\$ 431,200	\$ 4,055,000	\$ 6,641,300
	TANGELE COSTS				
CODE	TUBULARS				.335.203
2311	Surface Casing (19 3/4" @ 2125") Intermediate Casing (7 5/8" @ 11,408")	125,000 533,000			125,000 533,000
2313	Orlg Liner & Hanger				
2314	Production Casing (5-1/2" x 5" @ TD)		599,000		569,000
2315	Production Liner & Hanger (10,000 - TD) Other Tubulars				
	WELL EQUIPMENT				
2321	VVali Head Flowline	25.000	27,000	65,000 75,000	137,000 75,000
2325	Tuping			100,000	100,000
2326	Rods				
2327 2326	Pumps Pumping Unit				
2329	Subsurface Equipment			25,000	25,000
2331	Other Well Equipment	35 000	25,000	3,000	63,500
2361	LEASE EQUIPMENT Tenks			75,000	75,000
2362	Separators			100,000	100 000
2363	Heater Treater			25,000	25,000
2364	Pumps Electrical System			15,000 100,000	15,000 100,000
2366	Meters			20,000	20,000
2367	Connectors Lact Equipment			65,000	65,000
2368	Cliner Leake Equipment			100,000	100,500
10000000		+			
	SUBTOTAL - TANGIBLES	718,000	641,000	788,000	2.147,000
	SYSTEMS				
2353	Gas Line Tangibles				
2353	Gas Line Intangibles Compressor				
2382	Gas Plan! Tang/bles				
2382	Gas Plant Intangibles				
7085	Denydrator				
	SUSTOTAL - SYSTEMS			-	
	TOTAL TANGIBLE COSTS	9-0-200	\$ 541,500	788.000	5 2.147.600
	And a respect of the second se	\$ 718,600	\$ 541,000	1 78B 900	5 2,147,600
	GENERAL CONTINGENCIES	172,366	64,337	290 560	527,298
	TOTALS BY PLASE?	\$ 3,045,488	3 1,155,532	\$ 5,133,560	\$ 9,316,396
			.00000000		2010,039
	GLIMULATIVE WELL COSTS	3 3,045,485	3 4,182,015	\$ 9,315,592	
	analisi Prouting Date				
	NE RTW BMM SB CR UH RMD SEB BBJ				
	Land Approval Block				
	APPROVED BY				
	CONFANY				
		-			
	DATE				

#### CHRONOLOGY OF CONTACT

Bluebell 22115 19-18 State Com #2H

3/2/2022	Sent Bluebell 22115 19-18 State Com #2H Well Proposal and AFE to COG Operating LLC by Fedex Envelope, Tracking #776189569924. Lea County Records reflect COG Operating LLC as current leasehold owner.
3/3/2022	Fedex Tracking # 776189569924 indicates COG Operating LLC received Bluebell 22115 19-18 State Com #2H Well Proposal and AFE this date.
3/23/2022	Emailed Adam Reker, Land Supervisor, COG Operating LLC/ConocoPhillips, requesting contact information for Maverick Natural Resources, LLC, leasehold purchaser under Bluebell 22115 19-18 State Com #2H Well.
3/23/2022	Received email response from Adam Reker, Land Supervisor, COG Operating LLC/ConocoPhillips, containing contact information for Kitt Jordan, Land Manager, Non-Op, Maverick Natural Resources, LLC, leasehold purchaser under Bluebell 22115 19-18 State Com #2H Well.
3/24/2022	Contacted Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
3/25/2022	Spoke with Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
3/31/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
4/5/2022	Zoom Meeting with Kitt Jordan, Emma Kelly and Jeff Darakhshan of Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
4/7/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
4/8/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
4/22/2022	Received email from Kitt Jordan at Maverick Natural Resources, LLC, stating Maverick is planning on participating in the well with part, possibly all their interest. Kitt Jordan also requested BTA submit farmout terms for evaluation.
4/25/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC, notifying him that we were working on terms as per his email of 4/22/2022.

# CHRONOLOGY OF CONTACT continued

4/26/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC, proposing basic terms for a BTA/Maverick Development Agreement covering Sections 18, 19 & 30, T17S, R36E, Lea County, New Mexico.
5/3/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.
5/16/2022	Emailed Kitt Jordan at Maverick Natural Resources, LLC about Bluebell 22115 19-18 State Com #2H Well Proposal and AFE.

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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 22812** 

# SELF-AFFIRMED STATEMENT OF DAVID CHILDERS

- I am a geologist at BTA Oil Producers, LLC ("BTA") 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.
- 2. I have not previously testified before the New Mexico Oil Conservation Division ("Division"). A copy of my resume is attached as **Exhibit B-1**.
  - 3. I am familiar with the geological matters that pertain to the above-referenced case.
- 4. **Exhibit B-2** is a project location map that shows the location of the proposed horizontal well spacing unit.
- 5. BTA is targeting the Pennsylvanian Shale Formation. **Exhibit B-3** is a subsea structure map that I prepared for this interval with 100-foot contours. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a black line. The structure map shows the Pennsylvanian Strawn Formation. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells in the proposed unit.
- 6. **Exhibit B-3** also shows a cross-section line in red running West to East reflecting three wells penetrating the Pennsylvanian Shale Formation that I used to construct a stratigraphic

BTA Oil Producers, LLC Case No. 22812 Exhibit B cross-section from A to A'. These wells contain good logs and I consider them representative of the geology in the subject area.

- 7. **Exhibit B-4** is a stratigraphic cross-section that I prepared using the logs from the three wells noted on Exhibit B-3. Each well in the cross-section contains the gamma ray in the first track, resistivity in the second track, and porosity curves in the third track. The initial target interval is labeled and marked. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.
- 8. **Exhibit B-5** is a Gross Isopach map of the Pennsylvanian Shale Formation interval. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a black line. The anticipated gross thickness of the Pennsylvanian Shale Formation interval is 400 to 450 ft. The gross isopach map demonstrates that the Pennsylvanian Shale Formation interval is present across the proposed spacing unit. The location of the previous cross-section from A-A' in Exhibit B-4 is also shown as a red line on this map.
- 9. In my opinion the stand-up orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.
- 10. Based on my geologic study, the Pennsylvanian Shale Formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will be productive and contribute proportionately to the production from the well.
- 11. In my opinion, the granting of BTA's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

- 12. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 12 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.

David Childers

#### **David W. Childers**

Address: 10619 Gawain Lane, Houston, Texas 77024

Telephone: Cell: 713-715-8044 Work: 432-682-3753 e-mail: dchilders@btaoil.com

Professional Experience:

BTA Oil Producers. Houston, Texas (1999 - Present)

Geologist (1999 - 2008)

Provided geological support for BTA's Gulf Coast exploration program.

Gulf Coast Exploration Manager (2008 – Present). Directed BTA's Gulf Coast exploration program from 2008 – 2016. Currently responsible for geological aspects of BTA's Wolfcamp exploitation program in the Delaware Basin (2016 – present).

#### PetroCorp, Inc. Houston, Texas (1994 - 1999) Exploration Manager

Built and managed a Gulf Coast and Rocky Mountain exploration program and supervised the drilling of twenty-two wells resulting in five new field discoveries in Mississippi, Texas, and Colorado.

Shell Oil Company. Houston, Texas (1979 – 1994)

1991 – 1994: South Vermilion Parish exploration group.

1988 – 1991: Project leader for the Anadarko Basin exploration team.

1984 – 1988: Stratigraphic Prediction Group, Bellaire Research Center. Worked extensively with New Orleans staff in the Louisiana shelf and slope. Integrated prospect-scale work of shelf and slope exploration staff into a regional overview of Miocene/Pliocene stratigraphy. Identified seismic stratigraphic means to predict presence of turbidite reservoirs in the Miocene, Pliocene, and Pleistocene sections of the Gulf of Mexico deep water exploration area.

1979 – 1984: Rocky Mountain Exploration district.

#### **Education:**

B.S. Geology: University of Oklahoma (1977). M.S. Geology: University of Oklahoma (1979).

Shell Oil Company Training: Taught Shell training courses and symposia in Houston, La Jolla, California, and The Hague concerning carbonate sequence stratigraphy, deep water clastics, and applied seismic stratigraphy. Guest lecturer at the University of Texas, Louisiana State University, the West Texas Geological Society, AAPG, and the Mississippi Geological Survey.

#### **Awards and Professional Affiliations:**

A.I. Levorsen Memorial Award (1993). Member Sigma Xi, Sigma Gamma Epsilon, AAPG, HGS.

#### Selected Publications:

Childers, D.W. (1987), Depositional History of the Mississippi Fan Complex, Technical Progress Report, BRC 77-87, Shell Development, Bellaire Research Center, Houston.

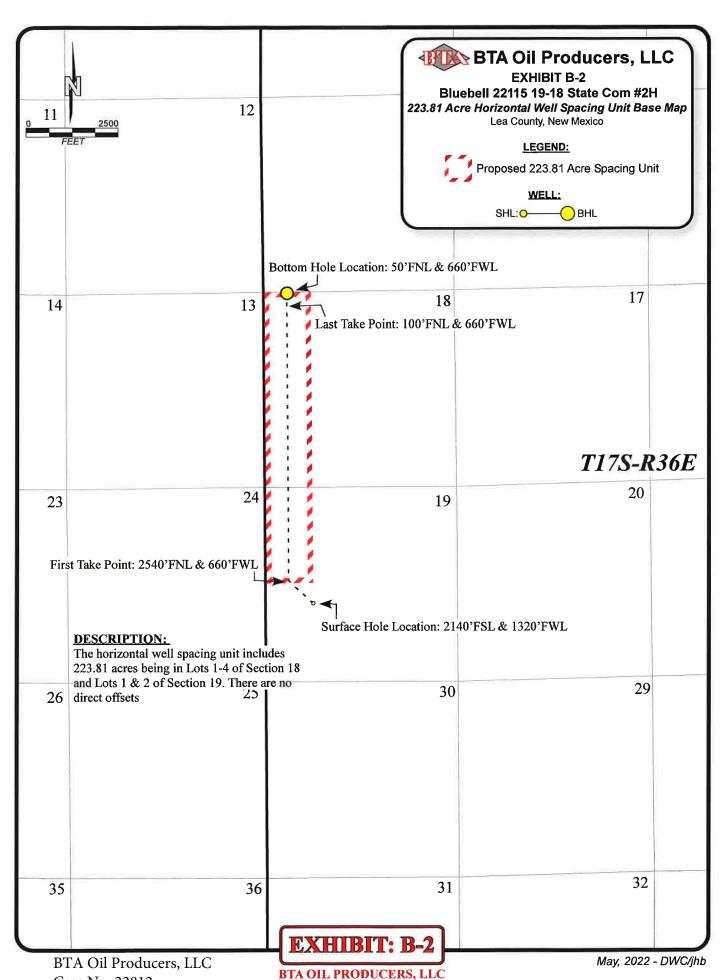
Childers, D.W. (1988), Miocene Stratigraphy of Offshore and Coastal Louisiana, Gulf of Mexico, Technical Progress Report, BRC 123-88, Shell Development, Bellaire Research Center, Houston.

Childers, D.W. (1992), Resolution of Morrowan Stratigraphy in the Western Anadarko Basin, Exploration Bulletin, Special Issue Summer, 1992, Shell International Petroleum Maatschappij b.v., The Hague.

Childers, D.W. (1992), Eustatic Signatures in Carbonate Sequences of the Permian Basin, Exploration Bulletin, Special Issue Summer, 1992, Shell International Petroleum Maatschappij b.v., The Hague.

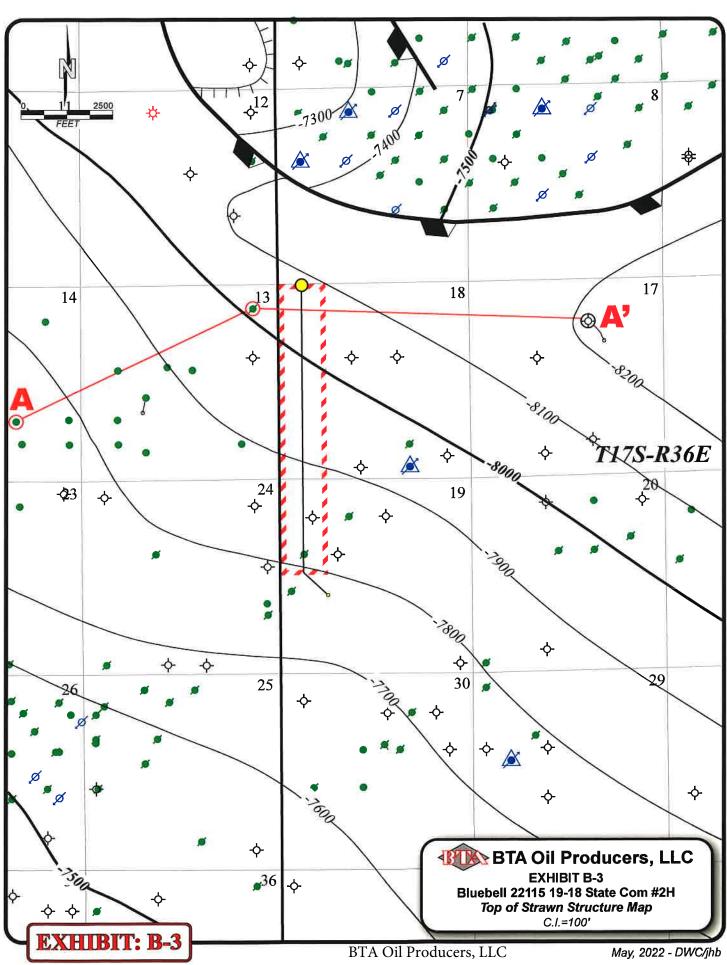
Childers, D.W. (1997), Maynor Creek Field: 3-D seismic resolution of an Upper Cotton Valley Stratigraphic Trap. <u>Cotton Valley Formation in Mississippi</u>: <u>A Symposium</u>. Mississippi Geological Society pub., S.M. Oivanki ed., 1997.



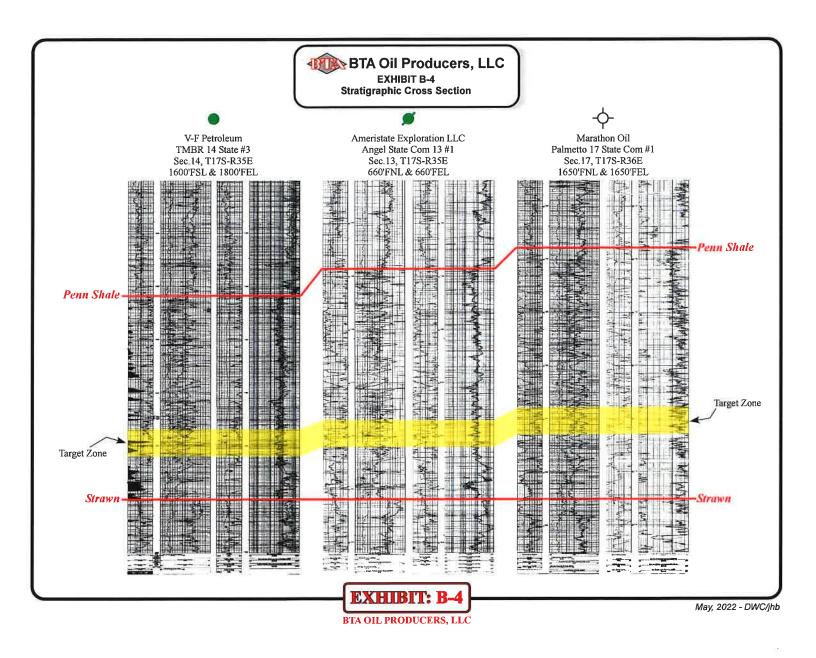


Case No. 22812

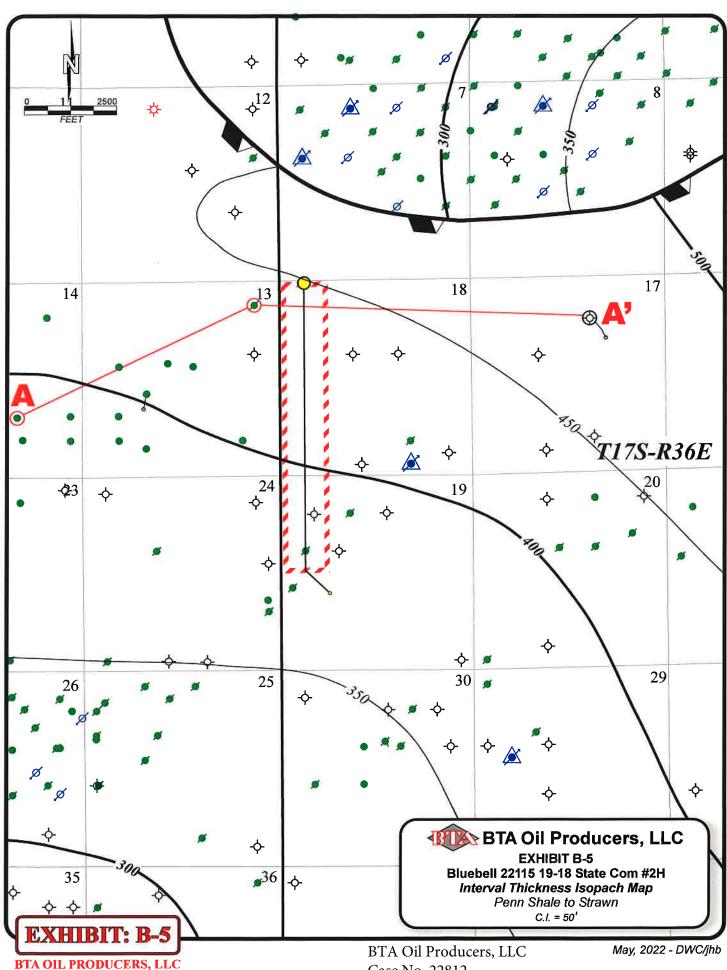
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Exhibit B-2



BTA OIL PRODUCERS, LLC Released to Imaging: 5/31/2022 1:52:14 PM Case No. 22812 Exhibit B-3



BTA Oil Producers, LLC Case No. 22812 Exhibit B-4



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BTA Oil Producers, LLC Case No. 22812 Exhibit B-5

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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 22812** 

#### SELF-AFFIRMED STATEMENT OF DANA S. HARDY

- I am attorney in fact and authorized representative of BTA Oil Producers, LLC, the Applicant herein.
  - 2. I am familiar with the Notice Letter attached as Exhibit C-1.
- 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 and includes copies of the certified mail green cards and white slips as supporting documentation for proof of mailing.
- 4. On May 11, 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-3.
- 5. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 4 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.

> BTA Oil Producers, LLC Case No. 22812 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

May 4, 2022

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

#### TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 22812, 22811

Applications of BTA Oil Producers, LLC for Compulsory Pooling, Lea

County, New Mexico

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **June 2**, **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: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<a href="https://www.apps.emnrd.state.nm.us/ocd/ocdpermitting/">https://www.apps.emnrd.state.nm.us/ocd/ocdpermitting/</a>) 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 contact Rex D. Barker at (432) 682-3753 or rbarker@btaoil.com if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

BTA Oil Producers, LLC Case No. 22812 Exhibit C-1

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332
Released to Imaging: 5/31/2022 1:52:14 PM

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

APPLICATIONS OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 22812, 22811

#### **NOTICE LETTERS**

PARTY	NOTICE LETTER	RETURN RECEIVED
	SENT	
Dollyworks Partners, LP	5/4/22	Per USPS Tracking –
777 Main Street, Suite 3250		Delivered, Front Desk
Fort Worth, TX 76102		5/9/22
Attn: Larry W. Farris		
Marlu Partners, LP	5/4/22	05/17/22
777 Main Street, Suite 3250		
Fort Worth, TX 76102		
Attn: Larry W. Farris		
Maverick Natural Resources, LLC	5/4/22	05/13/22
1111 Bagby Street, Suite 1600		
Houston, TX 77002		
Attn: Kitt Jordan		

BTA Oil Producers, LLC Case No. 22812 Exhibit C-2

9574	U.S. Postal Service™ CERTIFIED MAIL® RECEIPT  Domestic Mail Only		
5	For delivery information, visit our website at www.usps.com®.		
0368	OFFICIASANIA MA		
	Certified Mail Fee \$ Extra Services & Feas (check box, add fee as eppropriate)		
2000	Return Receipt (electronic)   Certified Mail Restricted Delivery   Adult Signature Required   Certified Mail Restricted Signature Required   Certified Mail Restricted Delivery   Certified Mail R		
	Adult Signature Restricted Delivery \$		
0420			
	Total Postage and Fees		
7057	Total Postage and Fees  Sent To ATTN Larry W. Farris		
	Sureer and Ant. No. of PO Hot No.		
1-	777 Main St. Suite 3250		
	City, State, ZIP+4°		
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions		
	Occ neverse for mistractions		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature  X	
1. Article Addressed to:	D. Is delivery address different from item 1? ☐ Yes  If YES, enter delivery address below: ☐ No	
Marlu Partners, LP 777 Main Street, Suite 3250 Fort Worth, TX 76102 Attn: Larry W. Farris		
9590 9402 6746 1074 2336 10  2. Article Number (Transfer from service label). 7021 0950 0002 10948 1574	3. Service Type  □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail Restricted Delivery □ Certified Mail Restricted Delivery □ Collect on Delivery Restricted Delivery □ Inhibited Mail Restricted Delivery	
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt	







# **USPS Tracking®**

FAQs >

#### Track Another Package +

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Remove X

Your item was delivered to the front desk, reception area, or mail room at 1:19 pm on May 9, 2022 in FORT WORTH, TX 76102.

USPS Tracking Plus<sup>®</sup> Available ✓

## **⊘** Delivered, Front Desk/Reception/Mail Room

May 9, 2022 at 1:19 pm FORT WORTH, TX 76102 геепрас

Get Updates ✓

#### **Text & Email Updates**



#### **Tracking History**



May 9, 2022, 1:19 pm

Delivered, Front Desk/Reception/Mail Room

FORT WORTH, TX 76102

Your item was delivered to the front desk, reception area, or mail room at 1:19 pm on May 9, 2022 in FORT WORTH, TX 76102.

May 9, 2022, 1:18 pm

Delivery Attempted - No Access to Delivery Location FORT WORTH, TX 76102

#### May 7, 2022, 3:00 pm

Delivery Attempted - No Access to Delivery Location 76102

#### May 7, 2022, 9:56 am

Out for Delivery FORT WORTH, TX 76102

#### May 7, 2022, 9:45 am

Arrived at Post Office FORT WORTH, TX 76102

#### May 6, 2022, 11:35 pm

Departed USPS Regional Facility
FORT WORTH TX DISTRIBUTION CENTER

#### May 6, 2022, 8:26 am

Arrived at USPS Regional Facility
FORT WORTH TX DISTRIBUTION CENTER

#### May 5, 2022

In Transit to Next Facility

#### May 4, 2022, 9:41 pm

Departed USPS Facility ALBUQUERQUE, NM 87101

#### May 4, 2022, 9:00 pm

Arrived at USPS Facility ALBUQUERQUE, NM 87101

#### **USPS Tracking Plus®**

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#### **Product Information**

V

#### See Less ∧

## Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

**FAQs** 

Feedbacl

### **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 May 11, 2022 and ending with the issue dated May 11, 2022.

Publisher

Sworn and subscribed to before me this 11th day of May 2022.

Business Manager

My commission expires

January 29, 2023 (Seal)

GUSSIE BLACK Notary Public - State of New Mexico Commission # 1087526 Commission # 29, 2023

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

### May 11, 2022

This is to notify all interested parties, including Dollyworks Partners, LP; Marlu Partners, LP; Maverick Natural Resources, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by BTA Oil Producers, LLC (Case No. 22812). 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 June 2, 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 interests in the Pennsylvanian Shale formation underlying a 223.81-acre, more or less, standard horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (W/2 W/2 equivalent) of irregular Section 18 and Lots 1 and 2 (W/2 NW/4 equivalent) of irregular Section 19, Township 17 South, Range 36 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Bluebell 22115 19-18 State Com#2H well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 19 to a bottom hole location in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 18. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 8 miles south of Lovington, New Mexico. #37640

02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504 00266670

BTA Oil Producers, LLC Case No. 22812 Exhibit C-3