

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

**APPLICATION OF STEWARD ENERGY
II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22192,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23220
ORDER NO. R-22192**

HEARING EXHIBITS

Compulsory Pooling Checklist

- | | |
|-----------|---|
| Exhibit A | Self-Affirmed Statement of Taylor Warren |
| A-1 | Application & Proposed Notice of Hearing |
| A-2 | Order No. R-22192 |
| A-3 | Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled |
| A-4 | Sample Well Proposal Letter & AFE |
| A-5 | Chronology of Contact |
| Exhibit B | Self-Affirmed Statement of Dana S. Hardy |
| B-1 | Sample Notice Letter to All Interested Parties |
| B-2 | Chart of Notice to All Interested Parties and Certified Mail Receipt |
| B-3 | Affidavit of Publication for December 20, 2022 |

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

**APPLICATION OF STEWARD ENERGY
II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22192,
LEA COUNTY, NEW MEXICO.**

**Case No. 23220
Order No. R-22192**

**SELF-AFFIRMED STATEMENT
OF TAYLOR WARREN**

1. I am a landman for Steward Energy II, LLC (“Steward”). I am over 18 years of age, 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 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. On July 25, 2022, the Division issued Order No. R-22192 in Case No. 22734 which pooled uncommitted interests in the San Andres formation underlying a 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”). The Order further dedicated the Unit to the Fring Fed #2H well (“Well”) and designated Steward as operator of the Unit and Well.

5. A copy of Order No. R-22192 is attached as **Exhibit A-2**.

**Steward Energy II, LLC
Case No. 23220
Exhibit A**

6. Since the Order was entered, Steward has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22192, which are highlighted in yellow.

8. Steward located an address for the additional party it seeks to pool, but it is unclear whether the address is valid since the hearing notice letter was returned as undeliverable. As discussed below, Steward conducted extensive research to locate the additional party it seeks to pool.

9. With respect to Steward's efforts to locate parties, Steward conducted a diligent search of all relevant county public records, phone directories and computer databases a landman in the normal course of business would search. Over the course of several years since leasing activity began, the lease broker, Shaw Interests, Inc., and our in-house Landman, Cooper Newlan, each conducted their own diligent searches, and worked in conjunction, to locate unlocatable parties. Each used <https://www.google.com/> to obtain as many details as possible prior to conducting searching on websites that included the following:

<https://accurint.com/> (a Lexis-Nexis paid subscription search service)

<https://www.ancestry.com/>

<https://www.familysearch.org/en/>

<https://www.findagrave.com/>

<https://www.legacy.com/>

<https://www.newspapers.com/>

<https://www.whitepages.com/>

10. Shaw Interests, Inc. sent correspondence and lease offer packages to confirmed and prospective addresses. Additionally, telephone calls were made in an attempt to reach the relatives/heirs.

11. **Exhibit A-4** is a well proposal letter and authorization for expenditure that I sent to the additional party to be pooled under the terms of Order No. R-22192.

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

13. Steward requests the additional uncommitted interests be pooled under the terms of Order No. R-22192.

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

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

16. I understand that this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony 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

12/20/2022
Date

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

**APPLICATION OF STEWARD ENERGY
II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22192,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23220
ORDER NO. R-22192**

APPLICATION

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC (“Applicant”) (OGRID No. 371682) files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-22192. Applicant states the following in support of its application.

1. On July 25, 2022, the Division entered Order No. R-22192 (“Order”) in Case No. 22734, which pooled all uncommitted interests in the San Andres formation underlying a 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”). The Order further dedicated the Unit to the Fring Fed #2H well (“Well”) and designated Applicant as operator of the Unit and Well.

2. Since the Order was entered, Applicant has identified additional interests in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

**Steward Energy II, LLC
Case No. 23220
Exhibit A-1**

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on January 5, 2022, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22192.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Steward Energy II, LLC

Application of Steward Energy II, LLC to Pool Additional Interests Under Order No. R-22192, Lea County, New Mexico. Applicant seeks an order pooling additional uncommitted interests under the terms of Division Order No. R-22192. Order No R-22192 (“Order”) pooled all uncommitted interests in the San Andres formation underlying a 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”). The Order further dedicated the Unit to the Fring Fed #2H well (“Well”) and designated Applicant as operator of the Unit and Well. Since entry of the Order, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 15 miles southeast of Tatum, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
STEWARD ENERGY II, LLC**

**CASE NO. 22734
ORDER NO. R-22192**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 5, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Steward Energy II, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

**Steward Energy II, LLC
Case No. 23220
Exhibit A-2**

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22734
ORDER NO. R-22192

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- well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR

AES/jag

Date: 7/25/2022

CASE NO. 22734
ORDER NO. R-22192

Exhibit A

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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

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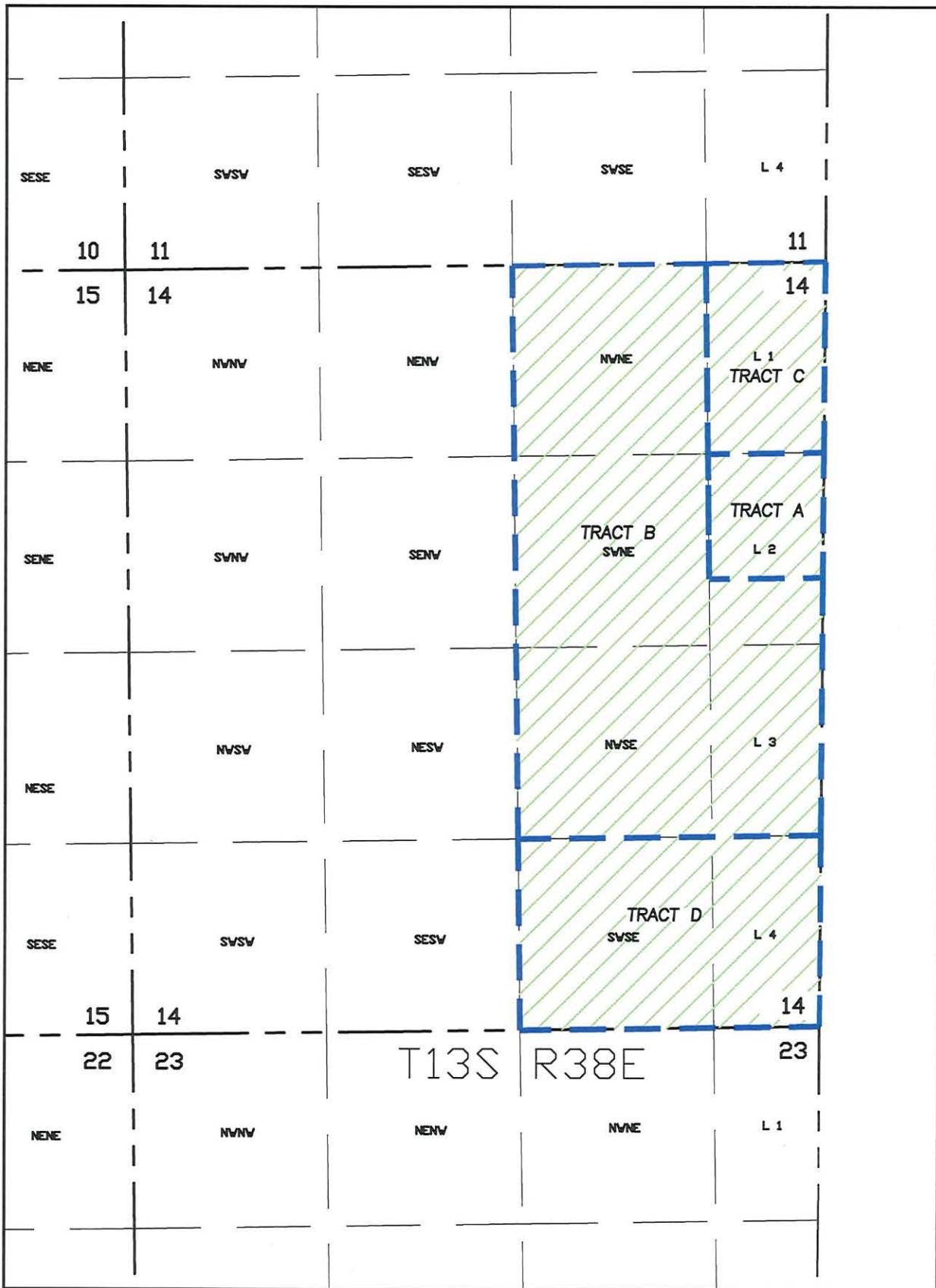
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
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

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FRING FED
SEC. 14 TWP. 13-S RGE. 38-E
LEA COUNTY, NEW MEXICO



SCALE: 1" = 1,000'



PROPOSED HORIZONTAL SPACING UNIT

OPERATOR:



Steward Energy II, LLC
Case No. 23220
Exhibit A-3

SHEET 1 OF 1



PREPARED BY:
R-SQUARED GLOBAL, LLC
510 TRENTON ST., UNIT B,
WEST MONROE, LA 71291
318-323-6900 OFFICE
JOB No. R4097_004

EXHIBIT A-3

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

Steward Energy II, LLC	WI	24.3750%
------------------------	----	----------

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)

Steward Energy II, LLC	WI	57.789062%
------------------------	----	------------

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

Steward Energy II, LLC	WI	47.185620%
------------------------	----	------------

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

Steward Energy II, LLC	WI	47.185620%
------------------------	----	------------

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	55.877247%	Committed JOA executed
G.O. Basic Energy I LLC	WI	30.087748%	Committed JOA executed
		Total:	85.964996%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	12.525745%	Uncommitted
Paula Francis Edwards	WI	1.509260%	Uncommitted
Marshall & Winston, Inc.	WI	0.000000%	AFE executed
		Total:	14.035004%
		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	55.877247%	Committed JOA executed
G.O. Basic Energy I LLC	WI	30.087748%	Committed JOA executed
		Total:	85.964996%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	12.525745%	Uncommitted
Paula Francis Edwards	WI	1.509260%	Uncommitted
Marshall & Winston, Inc.	WI	0.000000%	AFE executed
		Total:	14.035004%
		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	55.877247%	Committed JOA executed
G.O. Basic Energy I LLC	WI	30.087748%	Committed JOA executed
		Total:	85.964996%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
Betelgeuse Trust	WI	12.525745%	Uncommitted
Paula Francis Edwards	WI	1.509260%	Uncommitted
Marshall & Winston, Inc.	WI	0.000000%	AFE executed
		Total:	14.035004%
		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

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>	<u>Status</u>
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	58.119072%
G.O. Basic Energy I LLC	WI	31.294885%
		Total:
		89.413957%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>Ownership</u>
Betelgeuse Trust	WI	9.447669%
Paula Francis Edwards	WI	1.138374%
Marshall & Winston, Inc.	WI	0.000000%
		Total:
		10.586043%
		Grand Total:
		100.000000%



STEWARD
ENERGY

*****VIA CERTIFIED U.S.P.S. MAIL #7022 0410 0003 5082 9751*****

August 31, 2022

**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**

Paula Francis Edwards
3142 Chimney Circle
Abilene, TX 79606

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 \$1,867,090, with an additional \$2,616,900 to complete the well, for a total cost of \$4,483,990. 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.

**Steward Energy II, LLC
Case No. 23220
Exhibit A-4**

Well Proposal
Fring Fed 2H
August 31, 2022

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: 1.509260%

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

Paula Francis Edwards

By: _____ Date: _____



AUTHORIZATION FOR EXPENDITURE

Well Name: Fring Fed 2H					
Operator: Steward Energy II, LLC				AFE Number: 2204017DR	
Well Type: Horizontal Oil		AFE Type: Development Drig/Comp		AFE Date: 11/5/2021	
Legal: E/2 Section 14, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico		Prop. Depth: 5233.00 TVD, 10980.00 MD		County, State: Lea, NM	
		Field: Bronco, San Andres, South		Prep. By: Tim Hilton	
Surface Location:	Long.: -103.06206333	Lat.: 33.18376269	XLoc.: 888398.09	YLoc.: 796187.87	
Bottom Hole Location:	Long.: -103.0640487	Lat.: 33.19867115	XLoc.: 929608.78	YLoc.: 802174.41	
Project Description: Drill & Complete a 1 mile San Andres horizontal					

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8200.100	Land, Surveying & Legal	\$70,000	\$70,000			\$70,000
8200.101	Abstract, Title & Permit	\$60,000	\$60,000			\$60,000
8200.102	ROW & Surface Damages	\$20,000	\$20,000			\$20,000
8200.103	Road, Pad Location & Pit Building	\$32,000	\$32,000			\$32,000
8200.104	Environ, Reg & Safety	\$5,250	\$5,250			\$5,250
8200.105	Well Insurance	\$2,200	\$2,200			\$2,200
8200.113	Contract Labor	\$5,950	\$5,950			\$5,950
8200.114	Consulting Services & Contract Supervision	\$50,500	\$50,500			\$50,500
8200.120	Vacuum & Pump Truck	\$2,500	\$2,500			\$2,500
8200.122	Material Transportation	\$8,400	\$8,400			\$8,400
8200.126	Fuel	\$44,600	\$44,600			\$44,600
8200.131	Chemical-Downhole Treating	\$2,160	\$2,160			\$2,160
8200.132	Mud & Additives	\$31,800	\$31,800			\$31,800
8200.140	Mob/Demob	\$20,500	\$20,500			\$20,500
8200.141	Mud Disposal/Pit Closure	\$150,500	\$150,500			\$150,500
8200.142	Trailer Rental, Camp & Catering	\$22,700	\$22,700			\$22,700
8200.144	Drilling Rig - Daywork or Footage	\$159,000	\$159,000			\$159,000
8200.149	Bits, Mills & Reamers	\$23,800	\$23,800			\$23,800
8200.151	Directional Services	\$95,000	\$95,000			\$95,000
8200.160	Casing Crews & Services	\$10,700	\$10,700			\$10,700
8200.161	Cementing Services	\$105,000	\$105,000			\$105,000
8200.169	Water Transfer	\$4,000				\$4,000
8200.170	Water Purchase	\$22,000	\$22,000			\$22,000
8200.175	Surface Equipment Rental & Services	\$68,800	\$68,800			\$68,800
8200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$18,650	\$18,650			\$18,650
8200.301	Overhead	\$10,000	\$10,000			\$10,000
	IDC Total:	\$1,042,010	\$1,042,010			\$1,046,010
8250.200	Conductor/Drive Pipe	\$19,800	\$19,800			\$19,800
8250.201	Surface Casing	\$141,600	\$141,600			\$141,600
8250.203	Production Casing	\$616,000	\$616,000			\$616,000
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$16,680	\$16,680			\$16,680
8250.214	Other Downhole Equipment	\$27,000	\$27,000			\$27,000
	TDC Total:	\$821,080	\$821,080			\$821,080
	Development Drig/Comp Total:	\$1,863,090	\$1,863,090			\$1,867,090
8300.114	Consulting Services & Contract Supervision					\$60,000
8300.120	Vacuum & Pump Truck					\$6,000
8300.122	Material Transportation					\$10,000
8300.126	Fuel					\$3,000
8300.131	Chemicals - Downhole Treating					\$3,500
8300.142	Trailer Rental, Camp & Catering					\$4,000

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8300.143	Well Control - BOP, Isolation Assy					\$90,000
8300.146	Completion/Workover Rig					\$25,450
8300.148	Reverse Unit					\$15,000
8300.149	Bits, Mills & Reamers					\$3,600
8300.164	Wireline & Perforating					\$86,000
8300.169	Water Transfer	\$30,000				\$30,000
8300.170	Water Purchase					\$125,250
8300.171	Stimulation - Frac, Acid, Gravel Pack					\$1,400,000
8300.175	Surface Equipment Rental & Services					\$55,000
8300.176	Downhole Equipment Rental & Services					\$25,000
8300.179	Elect & Generator R&M					\$17,000
ICC Total:						\$1,958,800
8350.205	Wellhead Equipment, Flow Tee & Meter Run	\$16,000				\$16,000
8350.206	Tubing					\$58,000
8350.211	Electric Submersible Pumps					\$265,500
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors					\$20,000
8350.221	Surface VSD, Transformer, POC & Associated Equipment					\$28,000
8350.234	Surface Pump & LACT's					\$1,600
TCC Total:						\$389,100
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	Vaccum & 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
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.	\$50,000				\$50,000
8650.231	Separator, Heater Treater, FWKO	\$75,000				\$75,000
8650.233	Flowline & Gethering Lines	\$35,500				\$35,500
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings	\$50,000				\$50,000
TFC Total:						\$232,000
Development Drlg/Comp Total:						\$2,616,900
					Development Drlg/Comp Total:	\$4,483,990
		Net %:	1.509260%			Net Total:
						\$67,675
Approved by:		Signature				

Paula Francis Edwards

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.
- July 25, 2022 – Steward Energy II, LLC receives Pooling Order from the NMOCD for the Fring Fed 2H in Case No. 22734, Order No. R-22192
- August 31, 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. Additionally, a Purchase Offer was sent covering the subject acreage. Lexis Nexus was used to confirm the additional uncommitted owner's address.

**Steward Energy II, LLC
Case No. 23220
Exhibit A-5**

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

APPLICATION OF STEWARD ENERGY
II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22192,
LEA COUNTY, NEW MEXICO.

CASE NO. 23220
ORDER NO. R-22192

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am the attorney in fact and authorized representative of Steward Energy II, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1**.

3. The above-referenced Application was provided, along with the Notice Letter, to the recipient listed in **Exhibit B-2**. Exhibit B-2 also provides the date the Notice Letter was sent and the date the return was received and includes a copy of the certified mail green card and white slip as supporting documentation for proof of mailing.

4. On December 20, 2022, I caused a notice to be published 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 B-3**.

5. I understand that this Self-Affirmed Statement will be used as written testimony in the subject cases. 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.

/s/ Dana S. Hardy
Dana S. Hardy

December 28, 2022
Date

Steward Energy II, LLC
Case No. 23220
Exhibit B



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:
Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

November 29, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23220 - Application of Steward Energy II, LLC to Pool Additional Interests Under Order No. R-22192, Lea County New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 5, 2023** beginning at 8:15 a.m.

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

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) or via e-mail to ocd.hearings@emnrd.nm.gov 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 Landman, Cooper Newlan at 214-297-0500 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Steward Energy II, LLC
Case No. 23220
Exhibit B-1

Enclosure

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

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

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

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

**APPLICATION OF STEWARD ENERGY
II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22192,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23220
ORDER NO. R-22192**

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Paula Francis Edwards 3142 Chimney Circle Abilene, TX 79606	11/29/22	12/14/22 Return to sender.

**Steward Energy II, LLC
Case No. 23220
Exhibit B-2**

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

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

Abilene, TX 79606

7020 0090 0000 0867 3851

Certified Mail Fee	\$4.00
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$0.60
Total Postage and Fees	\$7.85

Postmark Here
 NOV 29 2022

Paula Francis Edwards
 3142 Chimney Circle
 Abilene, TX 79606

23220 Steward - Fring Fed

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

HINKLE SHANOR LLP
 ATTORNEYS AT LAW
 POST OFFICE BOX 2068
 SANTA FE, NEW MEXICO 87504

CERTIFIED MAIL®



7020 0090 0000 0867 3851

ALBUQUERQUE NM 870
 2022 NOV 29 11:41

FIRST-CLASS



US POSTAGE™ PITNEY BOWES

ZIP 87501 **\$ 007.82⁰**
 02 7H
 0006052409 NOV 29 2022

RECEIVED

DEC 14 2022

Hinkle Shanor LLP
 Santa Fe NM 87504

Paula Francis Edwards
 3142 Chimney Circle
 Abilene, TX 79606



U.S. POSTAGE PAID
 FCM LETTER
 SANTA FE, NM
 87504

NIXIE 756 FE 1 0012/06/22

2322

RETURN TO SENDER
 NOT DELIVERABLE AS ADDRESSED
 UNABLE TO FORWARD

BC: 87504206868 *0768-04550-20-43

957000000000000000

75006-065748 8

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

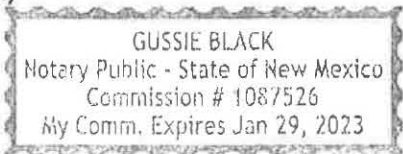
Beginning with the issue dated
December 20, 2022
and ending with the issue dated
December 20, 2022.


Publisher

Sworn and subscribed to before me this
20th day of December 2022.


Business Manager

My commission expires
January 29, 2023
(Seal)



LEGAL NOTICE
December 20, 2022

This is to notify all interested parties, including Paula Francis Edwards; and her 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. 23220). The hearing will be conducted remotely on January 5, 2023, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant applies for an order pooling additional uncommitted interests under the terms of Division Order No. R-22192. Order No R-22192 ("Order") pooled all uncommitted interests in the San Andres formation underlying a 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"). The Order further dedicated the Unit to the Fring Fed #2H well ("Well") and designated Applicant as operator of the Unit and Well. Since entry of the Order, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 15 miles southeast of Tatum, New Mexico.
#00274027

02107475

00274027

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

Steward Energy II, LLC
Case No. 23220
Exhibit B-3

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