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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23272

HEARING EXHIBITS

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Matt Solomon		
A-1	Application & Proposed Notice of Hearing		
A-2	C-102		
A-3	Plat of Tracts, Tract Ownership, Pooled Parties, Unit Recapitulation		
A-4	Sample Well Proposal Letter & AFE		
A-5	Chronology of Contact		
Exhibit B	Self-Affirmed Statement of Jason Asmus		
B-1	Resume of Jason Asmus		
B-2	Location Map		
B-3	Wolfcamp B Shale Structure Map		
B-4	Wolfcamp B Shale Structural Cross-Section		
B-5	Gun Barrel Development Proposal		
Exhibit C	Self-Affirmed Statement of Dana S. Hardy		
C-1	Sample Notice Letter to All Interested Parties		
C-2	Chart of Notice to All Interested Parties		
C-3	Copies of Certified Mail Receipts and Returns		
C-4	Affidavit of Publication of December 22, 2022		

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23272	APPLICANT'S RESPONSE
Date:	January 5, 2023
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 331165
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Earthstone Operating, LLC, for compulsory pooling in Lea County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Jade 34-3 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	TONTO;WOLFCAMP [59500]
Well Location Setback Rules:	Standard
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	319.86
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, standard
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Well #1	Jade 34-3 Fed WCB Com 25H (API #) SHL: 110' FNL & 680' FEL (Unit A), Section 34, T19S, R33E BHL: 50' FSL & 810' FEL (Unit P), Section 3, T20S, R33E Completion Target: Wolfcamp (Approx. 11,216' TVD)
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 \$	\$7,500
Production Isupervision Alton the PM	\$750

Received by OCD: 1/3/2023 4:07:19 PM Page 3 of 41

Received by OCD: 1/3/2023 4:07:19 PM	Page 3 of 4
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners) If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A 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	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibit 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-3
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-4
Celossesteriunasieuidiaze2023.8M	Exhibit B-4

Received by OCD: 1/3/2023 4:07:19 PM Additional Information	Page 4 of 41
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information prov	ided 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:	1/3/2023

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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23272

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

1. I am a Senior Landman with Earthstone Operating, LLC ("Earthstone"). 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 Earthstone'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. Earthstone applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 319.86-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the Jade 34-3 Fed WCB Com 25H well ("Well"), which will be completed in the Tonto; Wolfcamp Pool (Code 59500). The Well will be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South,

Earthstone Operating, LLC Case No. 23272 Exhibit A Range 33 East to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East.

6. **Exhibit A-2** contains the C-102 for the Well.

7. **Exhibit A-3** contains a plat that identifies ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Earthstone seeks to pool highlighted in yellow. All of the parties are locatable.

8. Earthstone has conducted a diligent search of all county public records including phone directories and computer databases.

9. **Exhibit A-4** contains a sample well proposal letter and AFE sent to the working interest owners for the Well. The estimated costs reflected on the AFE is 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. In my opinion, Earthstone 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**.

11. Earthstone requests overhead and administrative rates of \$7,500.00 per month while the Well is being drilled and \$750.00 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Earthstone and other operators in the vicinity.

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

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

14. I understand 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.

Matt Solomon

<u>/. 3. 2023</u> Date

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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23272

APPLICATION

Pursuant to NMSA 1978, § 70-2-17, Earthstone Operating, LLC (OGRID No. 331165) ("Earthstone" or "Applicant") applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 319.86-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico ("Unit"). In support of this application, Earthstone states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.

2. The Unit will be dedicated to the **Jade 34-3 Fed WCB Com 25H** well ("Well"), to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East.

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.

Earthstone Operating, LLC Case No. 23272 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 interests in the Unit should be pooled and Applicant should be designated as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, 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 charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated 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

<u>/s/ Dana S. Hardy</u> Dana S. Hardy Jaclyn M. McLean Yarithza Peña P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554

.

dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com *Counsel for Earthstone Operating, LLC* Application of Earthstone Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a 319.86-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the proposed Jade 34-3 Fed WCB Com 25H well ("Well"), to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East. 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 operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 30 miles southwest of Hobbs, New Mexico.

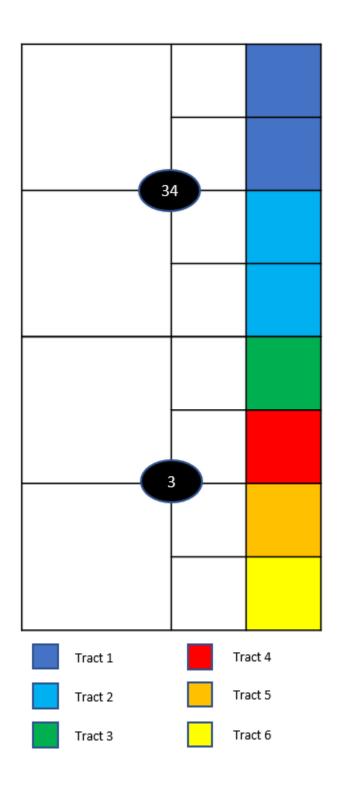
Received by OCD: 1/3/2023 DISTRICT I 1625 N. French Dr., Hobbs, NM 8824 Phone (575) 393-6161 Fax: (575) 393-072 DISTRICT II 811 S. First St., Artesia, NM 86 Phone (575) 748-1283 Fax: (575) 748-977 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM Phone (505) 334-6176 Fax: (505) 334-617 DISTRICT IV	0 0 0 0 87410	Energy, Miner L CONS 1226	ERVATI S South St.	Ca Ex	Sub	For Revised Aug omit one copy to a	rm C-102 ust 1, 2011
1226 S. St. Francis Dr., Santa Fe, Ni Phone (505) 476-3460 Fax: (505) 476-34	12		AND ACREA	GE DEDICATI		□ AMENDED	REPORT
API Number	API Number Pool 964				Pool Name T MESA; WOLF	IESA; WOLFCAMP	
Property Code		JADE 34	Property Nam -3 FED WC			Well Nu 251	
ogrid no. 372137		EARTHST	^{Operator Nam} ONE OPEI	RATING LLC		Elevat 3579	
			Surface Loc	ation			
UL or lot No. Section A 34	Township Range 19 S 33 E	Lot Idn	FEET from the 110	North/South line	FEET from the 680	East/West line EAST	^{County} LEA
				erent From Sur			
UL or lot No. Section P 3	TownshipRange20S33E	Lot Idn	FEET from the 50	North/South line SOUTH	FEET from the 810	East/West line EAST	County LEA
Dedicated Acres Joint or 320	Infill Consolidation	n Code Orde	er No.				
NO ALLOWABLE W				UNTIL ALL INTER APPROVED BY 1		EN CONSOLIDA	 ATED
N :: 591388.9 E :: 748762.4 (NAD 83) E :: 748772.3 E :: 748772.3 (NAD 83) N :: 586110.0 E :: 748783.6 (NAD 83)		NMNM09789	26N: 588773.0 E: 754053.5 (NAD 83)	SURFACE LOCATION Lat – N 32.623651 Long – W 103.64474 NMSPCE– N 591301.2 E 753335.7 (NAD-83) LANDING POINT <u>100 FNL & 920 FE</u> Lat – N 32.623680 Long – W 103.645421 NMSPCE– N 591311.1 MSPCE– N 591311.1 (NAD-83)	I hereby cer contained hereir the best of my if this organization interest or unlede land including t location or has of this location pur owner of such a or to a voluntar compulsory pooli the division. Jennited Signature JELROD@EAR Email Address SURVEYO I hereby certify on this plat wa actual surveys supervison, and	, THSTONEENERG	nation lete to , and that ting : in the bole well at with an interest, or a entered by 0/28/2022 Date 0/28/2022 Date GY.COM
N.: 580810.9 E.: 748776.2 (NAD 83)		— — — — — — — — — — — — — — — — — — —		PROPOSED BOTTOI HOLE LOCATION Lat – N 32.595177 Long – W 103.64555 NMSPCE– N 580941.0 E 753154.6 (NAD-83)	0' 500'	1000' 1500' ALE: 1" = 1000' Num.: 35499	2000'N

Page 12 of 41

Released to Imaging: 1/3/2023 4:09:03 PM

JADE 34-3 FED WCB COM 25H

Lot 1, SENE, E2SE of Section 34, Township 19 South – Range 33 East E2E2 of Section 3, Township 20 South – Range 33 East Lea County New Mexico



Earthstone Operating, LLC Case No. 23272 Exhibit A-3

TRACT 1 OWNERSHIP (NM-97896)

Earthstone Permian LLC	58.304444%
Devon Energy Production	12.00000%
FR Energy, LLC	22.000000%
Timothy R. MacDonald	0.146667%
Maverick Oil & Gas Corporation	0.048889%
Marathon Oil Permian, LLC	7.500000%
	100.000000%

TRACT 2 OWNERSHIP (NM-97896)

Earthstone Permian LLC	29.051111%
Legacy Reserves Operating, LP	29.250000%
Devon Energy Production	12.000000%
FR Energy, LLC	22.000000%
Timothy R. MacDonald	0.149167%
Maverick Oil & Gas Corporation	0.049722%
Marathon Oil Permian, LLC	7.500000%
	100.000000%

TRACT 3 OWNERSHIP (NM-17238)

Earthstone Permian LLC	63.599433%
COG Operating LLC	30.00000%
Chevron U.S.A `	6.389000%
Timothy R. MacDonald	0.006940%
Maverick Oil & Gas Corporation	0.004627%
	100.000000%

TRACT 4 OWNERSHIP (NM-17238)

Earthstone Permian LLC	63.599433%
COG Operating LLC	30.000000%
Chevron U.S.A `	6.389000%
Timothy R. MacDonald	0.006940%
Maverick Oil & Gas Corporation	0.004627%
	100.000000%

.

TRACT 5 OWNERSHIP (NM-17238)

Earthstone Permian LLC	70.00000%
COG Operating LLC	<u>30.00000%</u>
	100.00000%

TRACT 6 OWNERSHIP (NM-17238)

Earthstone Permian LLC	70.00000%
COG Operating LLC	30.00000%
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	55.235086%
Devon Energy Production Co. L.P.	6.002626%
FR Energy, LLC	11.004815%
Marathon Oil Permian, LLC	3.751641%
Legacy Reserves Operating, LP	7.315701%
Maverick Oil & Gas Corporation	0.025819%
Timothy R. MacDonald	0.075724%
Chevron U.S.A.	1.595153%
COG Operating LLC	14.993435%

PARTIES TO POOL

Devon Energy Production Co. L.P.
FR Energy, LLC
Marathon Oil Permian, LLC
Legacy Reserves Operating, LP
Maverick Oil & Gas Corporation
Timothy R. MacDonald
Chevron U.S.A.



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300 The Woodlands, TX 77380 Office: 281-298-4246 Fax: 832-823-0478

October 26, 2022

VIA FED-X

Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102

Re: Jade 34-3 Fed WCB Com 25H E2E2-Sec 34, T19S-R33E; Lot 1, SENE, E2SE-Sec 3, T2OS-R33E Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject well to test the Wolfcamp Formation. Enclosed find an Authority for Expenditure ("AFE") reflecting estimated costs to drill, test, complete, and equip the well.

The well will be drilled from a proposed surface hole location of 110' FNL & 680' FEL of Section 34, T19S-R33E to a proposed bottom hole location of 50' FSL & 810' FEL of Section 3, T20S-R33E with an expected TVD of 11,216' and expected MD of 21,400'.

Earthstone hereby proposes the creation of a 319.86 acre working interest unit consisting of the E2E2-Sec 34, T19S-R33E and Lot 1, SENE, E2SE-Sec 3, T2OS-R33E to be governed by a modified 1989 AAPL Model Form Operating Agreement with the following general provisions:

- Limited to the Wolfcamp Formation
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign and return one copy of the AFE.

Contact the undersigned with any questions or concerns.

Sincerely,

Matt Solomon Senior Landman 713-379-3083 <u>msolomon@earthstonenergy.com</u>

> Earthstone Operating, LLC Case No. 23272 Exhibit A-4

Devon Energy Production Company, L.P. hereby elects to:

Participate for its proportionate share in the drilling & completion of the Jade 34-3 Fed WCB Com 25H. Non-consent/farmout/assign its interest in the Jade 34-3 Fed WCB Com 25H, subject to acceptable terms.

Devon Energy Production Company, L.P.

By:	
Name:	
Title:	
Date:	

•

	ARTHSTONE perating, LLC			Statement of Estimated Well (C
Well Nam	ne: Jade 34-3 Fed Com WCB 25H	Project Descript	ion:			
Field Nam	ne: Hat Mesa			of a 2.0 mile Wolfcamp B Shale lateral in Lea Coun		
Locatio	on: Lea Co., NM			ate section will be a 17-1/2" hole drilled to 3,400' M 4" drilled through the Capitan Reef and 10-3/4" Ca		
		3rd Intermeidate se	ction will be 9-7/8" drille	ed to 10,500' MD and 7-5/8" Casing set. A product	ion interva	al will be drilled
AFE	#: 22 - WC - XX		4" curve, and 6-3/4" lat e. Scheduled as 32 da	teral to TD at approximately 22,500 MD', ~10,400' \ ays to Rig Release.	VS. 5.5" p	roduction casir
CCOUNT CODE	DRILLING INTANGIBLE ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	COMPLETION INTANGIBLE		AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,00		LEASE / STAKE / PERMIT	\$	2,5
1420/ 16	INSPECTION	\$ 10,00		LOCATION AND ROADS	\$	10,0
1420/ 20	LOCATION AND ROADS	\$ 50,00	0 1432/70	COMPLETION/WORKOVER RIG	\$	46,
1420/ 25	SURFACE DAMAGES	\$ 22,50	0 1432/90	FUEL, POWER & WATER	\$	308,
1420/ 30	RIG MOBILIZATION	\$ 50,00		TRUCKING/VACUUM TRUCK	\$	15,
1420/ 50	DAYWORK	\$ 980,00		DRILLING/COMPLETION FLUIDS	\$	3,
1420/ 80 1420/ 90	BITS/ REAMERS FUEL, POWER & WATER	\$ 144,00 \$ 453,00		CEMENT AND PUMP SERVICE ELECTRIC LOGGING/PERFORATING	\$ \$	352.
1420/90	TRUCKING/VACUUM TRUCK	\$ 453,00	_	EQUIPMENT/TOOL RENTALS	۵ ۶	490,
1420/120	DRILLING/COMPLETION FLUIDS	\$ 467,00		COMPLETION HOUSING	\$	19,
1420/130	CEMENT AND PUMP SERVICE	\$ 390,00	_	WELL STIMULATION	\$	3,316,
1420/140	CASING CREWS AND TOOLS	\$ 65,00	0 1432/181	WELL TEST SERVICES	\$	100,
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$	60,
1420/160	MUD LOGGING	\$ 30,00	-	SLICKLINE SERVICES	\$	4
1420/170	EQUIPMENT/TOOL RENTALS	\$ 200,00		CONTRACT LABOR/CREW/ROUSTABOUT	\$	15
1420/174	DOWNHOLE RENTALS	\$ 128,00		WELLHEAD REPAIR & SERVICEMAN	\$	
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230		\$	18
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 256,00			\$	1
1420/195 1420/200	CONTRACT LABOR/CREW/ROUSTABOUT DIRECTION DRILLING/SURVEYING	\$ 65,00 \$ 395,00	_	SUPERVISION/ENGINEERING ADMINISTRATIVE/OVERHEAD	\$ \$	62
1420/200	INSURANCE	\$ 395,00	_	ADMINISTRATIVE/OVERHEAD PIT REMEDIATION	\$	15
1420/250	SUPERVISION/ENGINEERING	\$ 10,00	-	MISCELLANEOUS	\$	15
1420/200	ADMINISTRATIVE/OVERHEAD	\$ 12,00	-	FRESH WATER TRANSFER	\$	28
1420/315	PARTS	\$ 15,00		COMMUNICATIONS	\$	3
1420/350	COMMUNICATIONS	\$ 15,00		ARTIFICIAL LIFT	\$	50
1420/300	CONTINGENCY	\$ 79,50	0 1432/417	FRAC INCIDENTAL	\$	
			1432/300	CONTINGENCY	\$	162
			C0	OMPLETION INTANGIBLE TOTAL	\$	5,099,
			ACCOUNT CODE	COMPLETION TANGIBLE ITEM DESCRIPTION		AMOUNT
[DRILLING INTANGIBLE TOTAL	\$ 4,026,00	0 1433/300	VALVES/CONNECTIONS/FITTINGS	\$	45
-		¢ 1,020,00	1433/320	FLOWLINE	\$	5
			1433/370	TUBING	\$	174
			1433/380		\$	
CCOUNT CODE		AMOUNT	1433/400 0 1433/410	WELLHEAD EQUIPMENT DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ \$	50
1430/310 1430/320	CONDUCTOR CASING SURFACE CASING	\$ 50,00 \$ 184,00	-	SURFACE ARTIFICIAL LIFT EQUIP	۵ ۲	325
1430/330	INTERMEDIATE CASING	\$ 1,341,00	-	FRAC INCIDENTAL	\$	52
1430/340	DRILLING LINERS	\$ -			<u>^</u>	000
1430/350	PRODUCTION CASING	\$ 619,00	0	COMPLETION TANGIBLE TOTAL	\$	692,
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 95,00	0			
1430/405	DOWNHOLE TOOLS	\$ -		FACILITIES INTANGIBLE		
			ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
			1450/ 20	LOCATION AND ROADS	\$	13
			1450/ 90	FUEL, POWER & WATER	\$	1
	+		1450/110		\$ ¢	16
			1450/170 1450/195	EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$	50 100
			1450/195	SUPERVISION/ENGINEERING	\$	25
			1450/260	ADMINISTRATIVE/OVERHEAD	۵ ۶	25
			1450/290	MISCELLANEOUS	\$	10
				ACILITIES INTANGIBLE TOTAL	\$	215,
			- F			
			F			
			ACCOUNT CODE	FACILITIES TANGIBLE		AMOUNT
					\$	
			ACCOUNT CODE	ITEM DESCRIPTION	\$	55
			ACCOUNT CODE 1452/300	VALVES/CONNECTIONS/FITTINGS	-	AMOUNT 55 15 115
			ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER	\$ \$ \$	55 15 115
			ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE	\$ \$ \$ \$	55 15 115 45
			ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/355	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS	\$ \$ \$ \$ \$	55 15 115 45 110
			ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/365	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	55 15 115 45 110 70
			ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/345 1452/360 1452/365 1452/360	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	55 15 115 45 110 70 50
			ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/345 1452/360 1452/365 1452/360 1452/380 1452/390	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 15 115 45 110 70 50 45
			ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/365 1452/365 1452/380 1452/380 1452/390	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES FACILITES FACILITES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 15 115 45 110 70 50 45 505,
	DRILLING TANGIBLE TOTAL	\$ 2,289,00	ACCOUNT CODE 1452/300 1452/315 1452/345 1452/345 1452/355 1452/365 1452/365 1452/380 1452/380 1452/390	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 15 115 45 110 70 50 45
	DRILLING TANGIBLE TOTAL	\$ 2,289,00 \$ 6,315,000	ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/345 1452/365 1452/365 1452/380 1452/380 1452/390 0 0	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITES FACILITES FACILITES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 15 115 45 110 70 50 45 505,
			ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/360 1452/365 1452/365 1452/380 1452/390 0 TOTAL CO	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES FACILITIES TANGIBLE TOTAL FACILITIES TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 15 115 45 110 70 50 505, 720,
	DTAL DRILLING COSTS		ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/360 1452/360 1452/380 1452/380 1452/390 0 0 TOTAL CO TOTA	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES FACILITIES TOTAL FACILITIES TOTAL DMPLETION/FACILITIES COSTS L ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 115 115 45 110 70 50 505, 720, 6,512,3
TC Prator Approva ared By:	DTAL DRILLING COSTS		ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/360 1452/365 1452/365 1452/380 1452/390 0 TOTAL CO	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES FACILITIES TOTAL FACILITIES TOTAL DMPLETION/FACILITIES COSTS L ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 115 115 45 110 70 50 505, 720, 6,512,3
erator Approva	DTAL DRILLING COSTS	\$ 6,315,000	ACCOUNT CODE 1452/300 1452/315 1452/340 1452/345 1452/355 1452/360 1452/365 1452/360 1452/365 1452/380 1452/390 0 0 TOTAL CO TOTAL CO TOTAL CO	ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT SEPARATORS HEATER TREATER GATHERING LINE STOCK TANKS DIAGNOSTIC EQUIPMENT ELECTRICAL EQUIPMENT ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES FACILITIES TOTAL FACILITIES TOTAL DMPLETION/FACILITIES COSTS L ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	555 115 45 110 70 500 45 505, 720, 6,512,3 12,827,3

Case 23272

Company	Contact	Date
Devon Energy Production Company	Email	12/1/2022
		12/20/2022
FR Energy, LLC	Email	11/14/2022
		11/15/2022
		11/21/2022
		11/28/2022
		11/30/2022
		12/12/2022
		12/20/2022
Maverick Oil and Gas Corporation	Email	11/22/2022
		12/20/2022
Legacy Reserves Opearating, LLC	Email	11/19/2022
		12/1/2022
		12/7/2022
		12/10/2022
	Phone Calls	4/8/2022
		12/1/2022
		12/8/2022
Chevron USA, Inc.	Email	11/14/2022
		11/17/2022
		12/20/2022
Timothy R. MacDonald	non-consent letter	11/3/2022
Marathon Oil Permian, LLC	Email	12/20/2022
COG Operating LLC	Email	11/10/2022
		11/15/2022
		11/28/2022
		12/2/2022
		12/6/2022
		12/20/2022
	Phone Calls	12/21/2022
		12/20/2022
		-,,
EOG Resources, Inc.	Email	12/1/2022
		12/2/2022
		12/20/2022

Earthstone Operating, LLC Case No. 23272 Exhibit A-5

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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23272

SELF-AFFIRMED STATEMENT OF JASON ASMUS

1. I am a geologist for Earthstone Operating, LLC ("Earthstone"). 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 not previously testified before the New Mexico Oil Conservation Division ("Division"). I have a Masters in Geology and 10 years of experience in the petroleum industry. My experience has focused on exploration and asset exploitation related to carbonate and siliciclastic reservoirs of both conventional and unconventional nature. A copy of my resume is attached as **Exhibit B-1**.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-2** is a location map of the proposed horizontal spacing unit comprised of the E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East, Lea County, New Mexico ("Unit").

4. **Exhibit B-3** is a structure map for the top of the Wolfcamp B Shale formation in subsea TVD with contour intervals of 25 ft. Map control points are shown in red. The approximate wellbore path for the proposed **Jade 34-3 Fed WCB Com 25H** is represented by an orange dashed line. The map demonstrates that the formation is gently dipping to the south to southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted interval with horizontal wells. The map also identifies the location of a three well cross-section

Earthstone Operating, LLC Case No. 23272 Exhibit B running from A-A', which penetrates the targeted interval and is in proximity to the proposed well. I used these well logs because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the area.

5. **Exhibit B-4** is a structural cross-section using the representative wells identified on **Exhibit B-3**. It contains gamma ray and resistivity 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.

6. **Exhibit B-5** is a gun barrel, or cross-sectional view of the proposed development plan for this Unit. This shows vertical and horizontal spacing within the unit.

7. In my opinion, a stand-up orientation for the proposed well is appropriate to properly develop the subject acreage because of an established directional pattern and the known fracture orientation in this portion of the trend. Stand-up orientation is also supported by a study of the production of stand-up vs laydown orientation in the area, with stand-up well results being significantly better.

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 equally to the production of the wells.

9. In my opinion, the granting of Earthstone's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

10. The attached exhibits 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 above is true and correct and is made under penalty of perjury under

Released to Imaging: 1/3/2023 4:09:03 PM

2

the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

Juson Asmys

12-28-22 Date

JASON J. ASMUS

Midland, TX | 419-308-7778 | jasonasmus20@gmail.com

www.linkedin.com/in/jasonasmus

GEOLOGIST: Enhancing field development and conceptualizing actionable exploration prospects

Ardent geoscientist with extensive regional exploration and field development expertise related to carbonate, siliciclastic, and mudrock reservoirs across the Permian Basin. Proven track record of delivering comprehensive geologic analyses as part of multi-disciplinary collaboration efforts yielding actionable and economic exploration prospects, field development strategies, and asset acquisitions. Proficient with a diverse range of software and large data sets relating to geologic mapping and modelling, advanced well log evaluation, seismic and geophysical interpretation, wellbore geosteering, drilling and completions engineering, data analytics. Adept written/oral technical communicator with strong leadership and problem-solving skills, and a passion for driving personal and cultural innovation and growth.

COMPETENCIES & SKILLS

TECHNICAL COMPETENCIES

Data Analysis | 2D/3D Geological Mapping and Modeling | Conventional & Unconventional Reservoirs | Sequence Stratigraphy Rock Mechanics | Advanced Petrophysics & Log Analysis | Seismic Interpretation | Source Rock Oil Maturity | Enhanced Oil Recovery Geosteering | Well Planning & Regulatory | Drilling, Completions & Production Operations | Mergers, Acquisitions & Divestitures Prospect Generation | Competitor Monitoring & Analysis | Life Cycle Field Development

PROFESSIONAL COMPETENCIES

Independent and Critical Thinking | Problem Solving | Interpersonal Skills | Time Management | Written and Oral Communication skills Innovative | Technical Presentation skills | Multi-Disciplinary Collaboration | Team Leadership | Continued Education

SOFTWARE

Petra | Kingdom | Spotfire | ArcGIS | IHS Markit | Enverus | Microsoft Office Suite | IHS Market State & Federal databases (e.g. TRRC, NMOCD, CRC, CONTINUUM) | Outlook | StarSteer | OFM

PROFESSIONAL EXPERIENCE

Senior Geologist, Earthstone Energy, Midland, TX

Senior geologist tasked with delivering actionable and economic field development strategies and asset acquisitions across the Delaware Basin as part of a multi-disciplinary team

Exploration Geologist, Cimarex Energy Co., Denver, CO

Senior exploration geologist for Permian Basin New Ventures and Asset Evaluation Team. Conceptualized and advanced regional and local exploration prospects across legacy (including EOR) and unproven (wildcat) fields and trend areas of Permian Basin utilizing diverse software and datasets including Petra, Kingdom, ArcGIS, Spotfire, 2D/3D seismic/geophysical, advanced petrophysics, core and cuttings, mud and sample logs and formation and completion tests

- Generated actionable, high rate of return exploration prospects grounded in meticulous technical analyses detailing geologic concept, • reservoir-source-trap attributes, risk factors, and life cycle development and production potential (Delaware Basin Province -San Andres, Yeso Group, Strawn, Wolfcamp, Bone Spring, Brushy Canyon; Midland Basin Province - Clearfork, Spraberry, Dean, Wolfcamp, Cisco, Canyon, Strawn, Devonian; Central Basin Platform Province - Clearfork, Wichita-Albany, Devonian, Silurian)
- Proficiently evaluated and integrated large data sets from multiple sources into pitch book portfolios
- Furnished hierarchized profit ranking of A&D portfolios to executive management via presenting executive summaries and recommendation proposals in collaboration with engineers, geophysicist, petrophysicist, landman, and corporate finance/planning
- Championed development and implementation of innovative geological workflows resulting in expedited prospect identification and risk mitigation
- Provide geological expertise & economic analysis on business development opportunities such as land acquisitions, corporate mergers, acreage trades, and land divestitures
- Geological mentor for young professionals and geoscience interns within both Permian and Anadarko region offices (provided inperson & remote guidance to four young professionals and one intern within Permian office)

Geologist, Cimarex Energy Co., Midland, TX

Lead exploitation geologist for Delaware Basin Wolfcamp and Bone Spring asset teams comprising 100,000+ acres

- Implemented aggressive 6+ multi-rig horizontal drilling programs exceeding 40 wells per year and \$600MM D&C capital and oversaw all aspects of well planning and permitting to operational drilling and completion
- Maximized formation targets and drilling locations, increased total potential reserve estimates, and reduced finding costs through exploitation of breakthroughs in reservoir characterization, and drilling and completions technology

01/2015-06/2019

03/2022 – Present

06/2019-09/2020

Page 23 of 41 Earthstone Operating, LLC Case No. 23272 Exhibit B-1

Received by OCD: 1/3/2023 4:07:19 PM Advanced implementation of best practices for future horizontal development patterns (surface and subsurface), exploratory step-

- out tests, multi-well pilot projects, and injection SWD's by utilizing all applicable geologic, completions, and production data
 Enhanced the accuracy and detail of geologic evaluation and recommendation proposals via iterative generation of key geologic maps including structure, isopach, net pay, lithologic, mechanical properties, OOIP, OGIP, & GOR; in addition to, integration and evaluation of 2D & 3D Seismic (time/depth amplitude, coherency/incoherency and Young's Modulus & Poisson's Ratios from inversions)
- Conducted proposal-interpretation-application of advanced petrophysical logs, rock and fluid data (i.e. whole core, SWC, and thinsection based facies integration with sequence stratigraphic framework; digital image logs (FMI, OBMI, Quanta GEO), nuclear magnetic resonance and combinable magnetic resonance logs, litho scanner, elemental spectroscopy log, and dipole sonic logs for analysis of lithologic and geomechanical rock facies and associated fluids and porosity; Mohr's circle rock mechanics analysis, Core and cuttings analysis; PVT and DST Fluid Sampling)
- Promoted operational efficiencies and field development strategies (both near and long term) via daily review of drilling and completions, as well as flow back results with multi-disciplinary team members
- Monitored and evaluated competitor activity (leasing, drilling, targeting, completions, and production)
- Ensured successful and economic project execution by providing weekly updates to senior and executive management entailing development timelines, project execution summaries and go forward recommendations based on pre, and post, D&C results
- Generated recommendations for over 50 non-operated well proposals by assessing geologic attributes and expected economic return
- Geologic mentor to young professionals and geoscience interns

Geologist, Cimarex Energy Co., Midland, TX

Lead geologist for multi-disciplinary Acquisition and Divestiture team as part of special assignment within Permian Basin Region

- Augmented clarity of executive management on strategic acquisition and divestiture opportunities by presenting comprehensive value and risk assessments within geologic context
- Generated and presented evaluation portfolios of 54 real-time, and 41 look-back competitor acquisition opportunities to region and executive management

Project Geologist, EOG Resources, Inc., Midland, TX

Lead exploitation geologist for Delaware Basin Bone Spring and Wolfcamp shales, and Midland Basin Wolfcamp shale asset teams

- Oversaw D&C planning and execution, science acquisition and analyses of a multi-rig horizontal drilling program for Wolfcamp and Leonard shale assets across Midland and Delaware Basin leaseholds consisting of 15 Midland Basin Wolfcamp wells, 20 Delaware Basin Leonard Shale wells, and 9 Delaware Basin Wolfcamp shale wells totaling \$300MM in capital budget
- Generated recommendations for over 20 non-operated well proposals by assessing geologic attributes and expected economic return
- Monitored and evaluated competitor activity (leasing, drilling, targeting, completions, and production)
- Optimized near-, and long-term field development strategies within Wolfcamp and Bone Spring prospects through identification of key geomechanical rock properties impacting 3D well spacing and targeting, completions designs, and production volumes

EDUCATION AND PROFESSIONAL MEMBERSHIPS

Master of Science: Geology cum laude

Western Michigan University, Kalamazoo, MI

Thesis Title: Characterizing the Internal Architecture of Upper Bone Spring Limestone Turbidites and Mass-Transport Deposits (MTDs) Utilizing High-Resolution Image Log Technology; Thesis Advisor: Dr. G.M. Grammer

Bachelor of Science: Geology cum laude

Western Michigan University, Kalamazoo, MI

- American Association of Petroleum Geologists (AAPG)
- West Texas Geological Society (WTGS)
- Society for Sedimentary Geology (SEPM)
- Geological Society of America (GSA)

Advanced Professional Training and Development

- Guadalupe Mountains Field Course: XEC
- Geophysics for Subsurface Professionals: Nautilus (N080)
- Mudstone Diagenesis Hedberg Research Conf.: SEPM-AAPG
- Log Analysis of Hydrocarbon-Bearing Shales: PPDC
- Petrophysical Evaluation of Mudstone Reservoirs: AAPG
- Applied Subsurface Geological Mapping: SCA
- Well Log Sequence Stratigraphy: EOG
- Shale Field Course: EOG
- The Bakken Petroleum System: Nautilus (M271)
- Tectonic Controls on Basin Dev. and Petrol. Systs.:

- Geological Interpretation of Well Logs: Nautilus (F003)
- Structural Geology for Petrol. Exploration: Nautilus (M016)
- Distribution and Geometry of Potential Carbonate Reservoir Facies, Great Bahama Bank: WMU-OSU
- Capitan Shelf Margin, Gulf PDB-04 Core: PBS-SEPM
- YPE Field Trip Guadalupe Mountains, TX & NM: PBS-SEPM

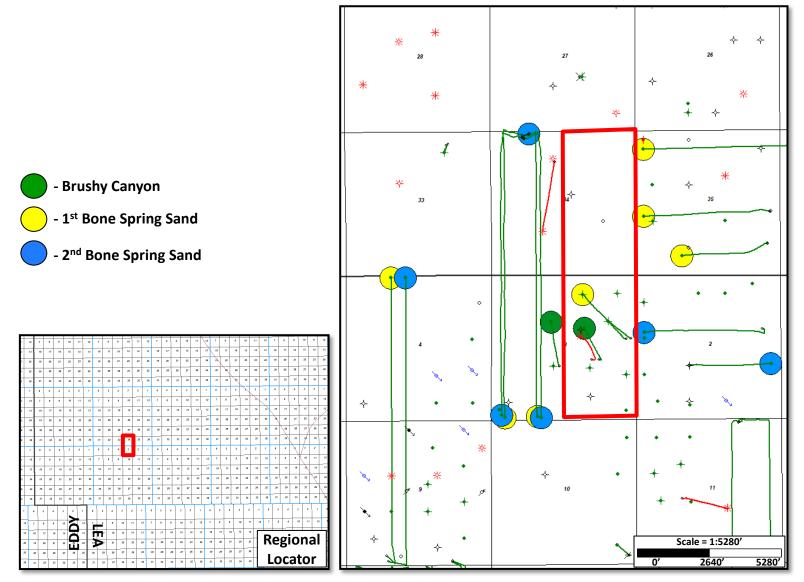
11/2012 – 12/2014

12/2012

05/2010

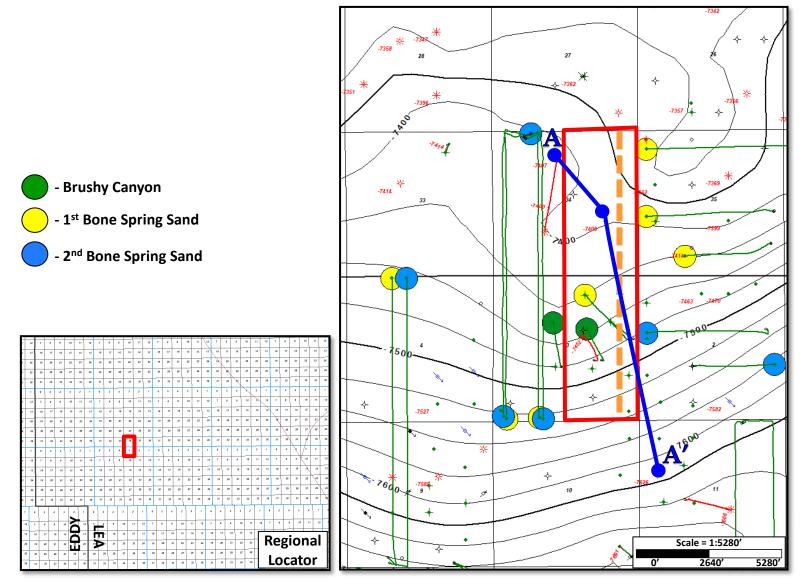
02/2016-08/2016

Received by OCD: 1/3/2023 4:07:19 PM Exhibit B-2 Locator Map



Earthstone Operating, LLC Case No. 23272 Exhibit B-2





Earthstone Operating, LLC Case No. 23272 Exhibit B-3

2

Exhibit B-4 Structural Cross Section A-A': Wolfcamp B Shale

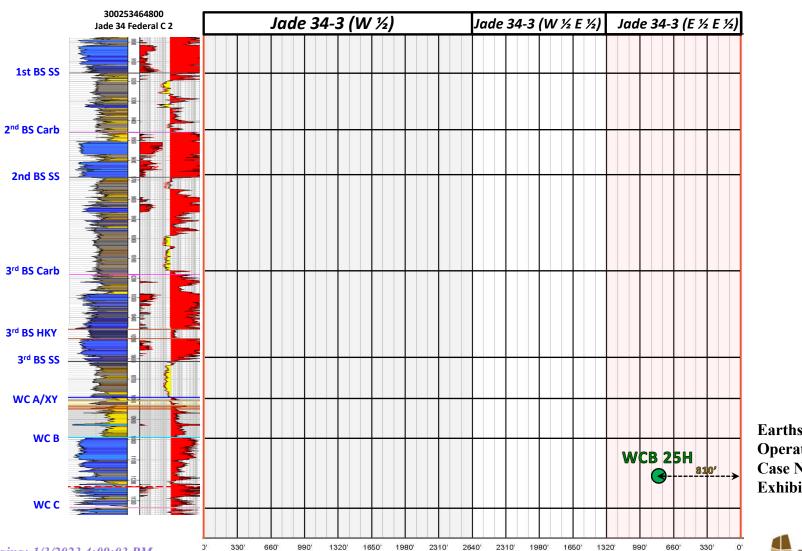
Earthstone Operating, LLC Case No. 23272 Exhibit B-4

Page 27 of 41

300253464800 300253439000 300252681000 Jade 34 Federal C 2 Jade 34 Federal 1 Smith Ranch 11 Federal 1 9406' 2938' RD 0.20 2000 RD RD GR GR GR 0.20 2000 0.00 0.20 2000 0.00 0.00 150 150 150 £ 3rd Bone Spring Harkey Sand . 3rd Bone Spring Sand F 000 10900 Wolfcamp B Shale Wolfcamp B Target Wolfcamp C Shale

Released to Imaging: 1/3/2023 4:09:03 PM





Proposed Locations

Earthstone Operating, LLC Case No. 23272 Exhibit B-5



4

Released to Imaging: 1/3/2023 4:09:03 PM

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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23272

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Earthstone Operating, LLC the Applicant herein.

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

as Exhibit C-2.

3. 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 December 22, 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**.

6. I understand 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 it 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 30, 2022 Date

> Earthstone Operating, LLC Case No. 23272 Exhibit C



HINKLE SHANOR LLP

ATTORNEYS AT LAW P.O. BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

December 14, 2022

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

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

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23272 – Application of Earthstone Operating, LLC for Compulsory Pooling, 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: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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 Matt Solomon, Senior Landman for Earthstone Operating, LLC by phone at (713) 379-3083 if you have questions regarding this matter.

Sincerely,

<u>/s/ Dana S. Hardy</u> Dana S. Hardy

Earthstone Operating, LLC Case No. 23272 Exhibit C-1

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

Enclosure

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

APPLICATION OF EARTHSTONE OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

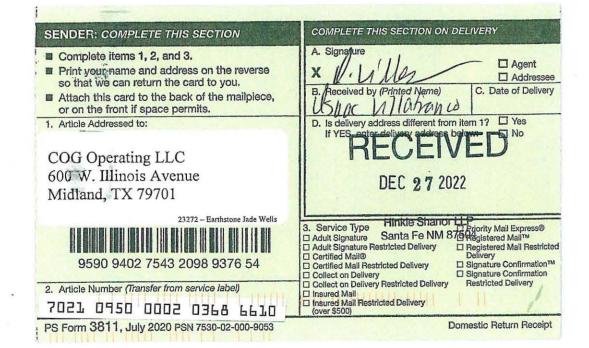
CASE NO. 23272

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
COG Operating LLC	12/14/22	12/27/22
600 W. Illinois Avenue		
Midland, TX 79701		
Chevron USA, Inc.	12/14/22	Per USPS Tracking (Last
1400 Smith Street		Checked 12/29/22):
Houston, TX 77002		
		12/29/22 – Individual
		picked up at post office.
Devon Energy Production	12/14/22	12/27/22
Company, LP		
333 W. Sheridan Avenue		
Oklahoma City, OK 73102		
EOG Resources, Inc.	12/14/22	12/27/22
P.O. Box 4362		
Houston, TX 77210-4362		
FR Energy, LLC	12/14/22	12/20/22
55 Waugh Dr., Suite 1200		
Houston, TX 77007		
Legacy Reserves Operating, LP	12/14/22	12/21/22
15 Smith Road, Suite 3000		
Midland, TX 79705		
Timothy R. MacDonald	12/14/22	12/27/22
3003 Paleo Point		
College Station, TX 77845		
Marathon Oil Permian, LLC	12/14/22	12/27/22
990 Town and Country Blvd.		
Houston, TX 77024		
Maverick Oil & Gas Corporation	12/14/22	12/21/22
1001 W. Wall St.		
Midland, TX 79701		

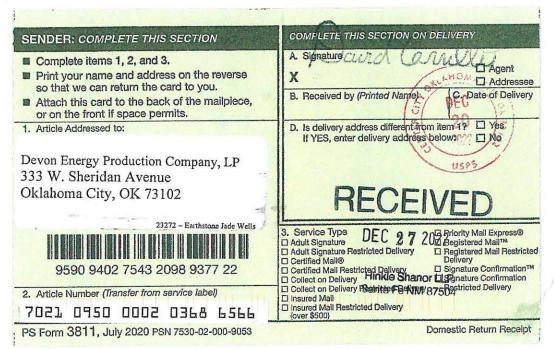
Earthstone Operating, LLC Case No. 23272 Exhibit C-2



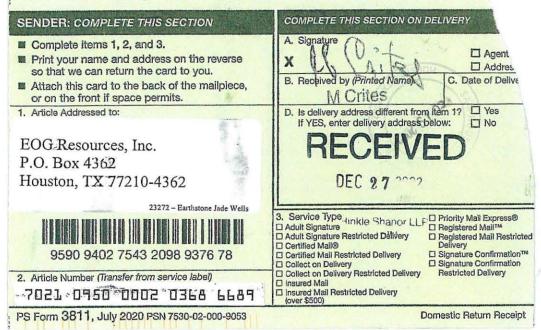


Earthstone Operating, LLC Case No. 23272 Exhibit C-3

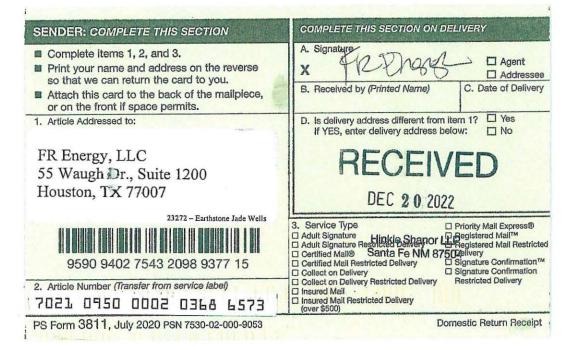




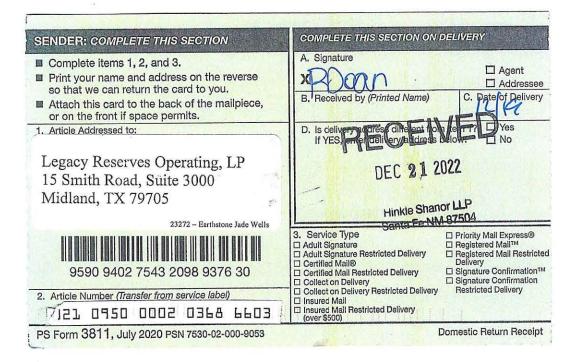






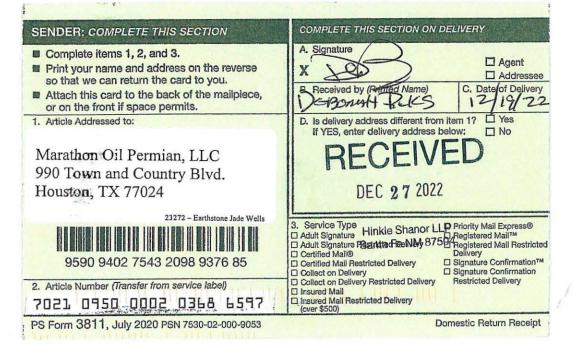








Domestic Mail Only For delivery information, visit our website at www.usps.com ⁹ . OFFICLASS FileSection Sector		U.S. Postal Service [™] CERTIFIED MAIL [®] RECEIPT
For delivery information, visit our website at www.usps.com [®] .	r-	Domestic Mail Only
Image: Second Stress (check bax, add fee as appropriate) Pattern Receipt (lardcopy) Return Receipt (electronic) Return Receipt (electronic) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery Postage \$ Total Postage and Fees VSPS \$ Yearthon Oil Permian, LLC Yearthon Oil Permian, LC Yearthon Oil	E.	
Certified Mail Fee Certified Mail Fee Extra Services & Fees (check bax, add fee as appropriate) Return Receipt (actcopy) Return Receipt (actcopy) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery \$ Total Postage and Fees Sourt Te Marathon Oil Permian, LLC 900 Town and Country Blvd. Houston, TX 77024		
\$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) Return Receipt (lactronic) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery Postage \$ Somet To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024		OFFICIAN
\$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) Return Receipt (lactronic) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery Postage \$ Somet To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024	50	Certified Mail Fee
Baturn Receipt (hardcopy) Return Receipt (hardcopy) Return Receipt (actionalc) Certified Mail Restricted Delivary \$ Adult Signature Restricted Delivary \$ Adult Signature Restricted Delivary \$ Total Postage and Fees VSPS Sonet To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024	H	
Baturn Receipt (hardcopy) Return Receipt (hardcopy) Return Receipt (actionalc) Certified Mail Restricted Delivary \$ Adult Signature Restricted Delivary \$ Adult Signature Restricted Delivary \$ Total Postage and Fees VSPS Sonet To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024		Extra Services & Fees (check box, add fee as appropriate)
Postage S Cont To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024		Return Receipt (hardcopy) \$
Postage S Cont To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024	n	
Postage S Cont To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024		
Postage \$ Total Postage and Feos \$ Sout To Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024		
Cont To U Marathon Oil Permian, LLC 990 Town and Country Blvd. P Houston, TX 77024		
Cont To U Marathon Oil Permian, LLC 990 Town and Country Blvd. P Houston, TX 77024	5	s
Cont To U Marathon Oil Permian, LLC 990 Town and Country Blvd. P Houston, TX 77024	Г	Total Postage and Fees
		\$
	F	Sant To
	LU	
23272 – Earthstone Jade Wells		***************************************
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruction		PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions







Rec 2299	U.S. Postal Service CERTIFIED MAIL [®] RECEIPT Domestic Mail Only
1	For delivery information, visit our website at www.usps.com®.
	OFFICIALE
036å	Certified Mail Fee
	Extra Services & Fees (check box, add fee as appropriate)
2000	Return Receipt (electronic) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery
0450	Postage
	Total Postage and Fees
7021	Sent To Chevron USA, Inc. 1400 Smith Street Houston, TX 77002 23272 - Earthstone Jade Wells
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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 22, 2022 and ending with the issue dated December 22, 2022.

Juse Ol

Publisher

Sworn and subscribed to before me this 22nd day of December 2022.

Business Manager

My commission expires January 29, 2023 (Seal)

GUSSIE BLACK Notary Public - State of New Mexico Commission # 1087526 My Comm. Expires Jan 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

02107475

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

00274116

Earthstone Operating, LLC Case No. 23272 Exhibit C-4

LEGAL NOTICE December 22, 2022

December 22, 2022 This is to notify all interested parties, including Devon Energy Production Company, L.P.: FR Energy, LLC; Timothy R. MacDonald; Maverick Oil & Gas Corporation; Marathon Oil Permian, LLC; Legacy Reserves Operating, LP; COG Operating LLC; Chevron USA, Inc.; EOG Resources, Inc.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Earthstone Operating, LLC (Case No. 23272). Applicant applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 319.86-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 34, Township 19 South, Range 33 East, and Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of irregular Section 3, Township 20 South, Range 33 East. Lea County, New Mexico ("Unit"). The Unit will be dedicated to the proposed Jade 34-3 Fed WCB Com 25H well ("Well"), to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East. The completed interval of the Weil 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 operator of the Well, and a 200% charge for the risk cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 30 miles southwest of Hobbs, New Mexico. #00274116