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

CASE NO. 23325

## **EXHIBIT INDEX**

## Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Kristeen Ramos
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 David Childers
B-1	Project Location Map
B-2	Subsea Structure Map
B-3	Stratigraphic Cross-Section
B-4	Gross Isopach Map
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 Green Cards and White Slips
C-4	Affidavit of Publication for January 22, 2023

# **COMPULSORY POOLING APPLICATION CHECKLIST**

Case: 23325	APPLICANT'S RESPONSE
Date	March 2, 2023
Applicant	BTA Oil Producers, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 260297
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None
Well Family	Hideout
Formation/Pool	
Formation Name(s) or Vertical Extent:	Pennsylvanian Shale
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Pennsylvanian Shale
Pool Name and Pool Code:	Upper Pennsylvanian Pool (Code 98333)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acres
Building Blocks:	quarter-quarter
Orientation:	South/North
Description: TRS/County	E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, Township 17 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
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	Hideout 22115 24-13 State Com #1H (API #) SHL: 2400' FNL & 1305' FEL (Unit H), Section 24, T17S, R35E BHL: 50' FNL & 660' FEL (Unit A), Section 13, T17S, R35E Completion Target: Pennsylvanian Shale (Approx. 11,595' 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 \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Nustification for Supervision 2023 11:43:28 AM	Exhibit A

#### <u>Received by OCD: 2/28/2023 11:36:13 AM</u>

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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, Exhibit C-2, Exhibit 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)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
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	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-1
Gunbarrel/Lateral Trajectory Schematic	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-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in t	this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Dana S. Hardy

Released to Imaging: 2/28/2023 11:43:28 AM

<u>Received by OCD: 2/28/2023 11:36:13 AM</u>		Page 4 of 59
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy	
Date:		2/28/2023

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

#### CASE NO. 23325

## SELF-AFFIRMED STATEMENT OF KRISTEEN RAMOS

1. I am a landman at BTA Oil Producers, LLC ("BTA") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of BTA's application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. BTA seeks an order pooling all uncommitted mineral interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the **Hideout 22115 24-13 State Com #1H** well ("Well"), which will be completed in the Upper Pennsylvanian Pool (Code 98333). The Well will be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 24 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13.

## BTA Oil Producers, LLC - Case No. 23325 Exhibit A

6. The completed interval of the Well will be orthodox.

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

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests BTA seeks to pool highlighted in yellow. All of the parties are locatable in that BTA believes it located valid addresses for them.

9. To locate the interest owners, BTA conducted a diligent search of all county public records including phone directories and computer databases. BTA also performed internet searches on multiple databases, including LexisNexis Accurint, which is a paid subscription service.

10. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

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

12. BTA requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by BTA and other operators in the vicinity.

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

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

I understand this Self-Affirmed Statement will be used as written testimony in this 15. case. 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.

and Kristeen Ramos

2/24/23 Date

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

CASE NO. 23325

#### **APPLICATION**

Pursuant to NMSA 1978, § 70-2-17, BTA Oil Producers, LLC (OGRID No. 260297) ("BTA" or "Applicant") applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). In support of this application, BTA 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 **Hideout 22115 24-13 State Com #1H** well ("Well"), to be drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 24 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13.

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.

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 March 2, 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

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dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com *Counsel for BTA Oil Producers, LLC*  Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Hideout 22115 24-13 State Com #1H** well ("Well"), to be drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 24 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13. 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 9 miles southwest of Lovington, New Mexico.

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

District I

District II

Form C-102

Revised August 1, 2011

t <u>rict 11</u> I S. First St., Artesia, NM 88210 one: (575) 748-1283 Fax: (575) 748-9720 strict III						Sub	mit one c	opy to appropriate District Office	
District III 1000 Rio Brazos Road, Aztec, NM 87410			1220 South St. Francis Dr.						
Fax: (505) 334	-6170			Santa Fe NN	M 87505			AM	ENDED REPORT
Santa Fe NM	87505			Sunta I C, I (I)	107505				
	W	ELL LO	CATION	N AND ACR	EAGE DEDIC	ATION PLA	Т		
PI Number	r		<sup>2</sup> Pool Code						
			98333		Up	per Pennsylv	anian P	ool	
Code				<sup>5</sup> Property N	Name			<sup>6</sup> V	Vell Number
		H	HDEOU	JT 22115 24-	-13 STATE CC	DM			01H
No.				<sup>8</sup> Operator M	Name			9	Elevation
7			BTA	OIL PROD	UCERS, LLC		3903'		3903'
				<sup>10</sup> Surface I	Location				
Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East	/West line	County
24	17S	35E		2400	NORTH	1305	EAS	ST	LEA
		<sup>11</sup> Bot	tom Hol	e Location If	Different From	Surface			
Section	Township	Range			Feet from the	East	/West line	County	
13	17S	35E 50 NORTH 660 E				EAS	ST	LEA	
<sup>13</sup> Joint of	r Infill 14 C	Consolidation C	ode <sup>15</sup> Or	der No.		·			
	Fax: (575) 748 Aztec, NM 87 Fax: (505) 334 Santa Fe, NM Fax: (505) 476 API Number Code No. 7 Section 24 Section 13	Fax: (575) 748-9720 Aztec, NM 87410 Fax: (505) 334-6170 Santa Fe, NM 87505 Fax: (505) 476-3462 VAPI Number Code No. 7 Section Township 13 17S	Fax: (575) 748-9720 Aztec, NM 87410 Fax: (505) 334-6170 Santa Fe, NM 87505 Fax: (505) 476-3462 WELL LO VPI Number Code PI No. 7 Section Township Range 13 17S 35E PARENT PAR	Fax: (575) 748-9720     OIL CC       Aztec, NM 87410     12       Fax: (505) 334-6170     12       Santa Fe, NM 87505     Fax: (505) 476-3462       WELL LOCATION       API Number <sup>2</sup> Pool Code       983333     983333       Code       HIDEOU       No.     7       7     BTA       Section       Township     Range       Lot Idn     24       17S     35E       " Bottom Hol       Section Township       13     17S       35E     Lot Idn	Fax: (575) 748-9720 Aztec, NM 87410 Fax: (505) 334-6170 Santa Fe, NM Santa Fe, NM 87505 Fax: (505) 476-3462 WELL LOCATION AND ACR VI Number <sup>2</sup> Pool Code 98333 Code <sup>5</sup> Property N HIDEOUT 22115 24- No. <sup>8</sup> Operator 1 7 BTA OIL PROD <sup>10</sup> Surface I Section Township 24 17S 35E Lot Idn Feet from the 2400 <sup>11</sup> Bottom Hole Location Iff Section Township Range Lot Idn Feet from the 13 17S 35E 50	Fax: (575) 748-9720       1220 South St. Francis Dr.         Aztec, NM 87410       1220 South St. Francis Dr.         Fax: (505) 334-6170       Santa Fe, NM 87505         Santa Fe, NM 87505       Santa Fe, NM 87505         Fax: (505) 476-3462       WELL LOCATION AND ACREAGE DEDIC         VELL LOCATION AND ACREAGE DEDIC         VPOOL Code         98333         Operator Name         HIDEOUT 22115 24-13 STATE CC         No.         Surface Location         Vertice I         Surface Location         Section Township         Range         Lot Idn         Feet from the         North/South line         24 17S 35E         178         Section Township         Range         Lot Idn         Feet from the         NORTH	Fax: (575) 748-9720       1220 South St. Francis Dr.         Aztec, NM 87410       1220 South St. Francis Dr.         Fax: (505) 334-6170       Santa Fe, NM 87505         Santa Fe, NM 87505       Santa Fe, NM 87505         Fax: (505) 476-3462       WELL LOCATION AND ACREAGE DEDICATION PLA         XPI Number       2 Pool Code       3 Pool Nar         98333       Upper Pennsylv         Code       5 Property Name         HIDEOUT 22115 24-13 STATE COM         No.       8 Operator Name         7       BTA OIL PRODUCERS, LLC         Io Surface Location         Section       Township       Range         24       17S       35E       2400       NORTH       1305         I Bottom Hole Location If Different From Surface         Section Township       Range       Lot Idn       Feet from the       North/South line       Feet from the         13       17S       35E       50       NORTH       660	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $

State of New Mexico

Energy, Minerals & Natural Resources Department

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

SECTION 11 SECTION 14	SECTION 12 SECTION 13 BHL	100 <sup>.</sup>	660' section	N 7	SECTION 8 SECTION 17	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
SECTION 23	SECULION 34	2400' 2540' 253333	, 02/2615 - РІ <u>section</u> section	19 2540' FN 2400' FN NAI 25820 NAI 19 X:78 LAT:32.8207 F 2540' FI	EACE HOLE LOCATION NL 1305' FEL, SECTION 24 D 83, SPCS NM EAST 06018.34' / Y:663630.24' 1698N / LON:103.40663777W D 27, SPCS NM EAST 4839.56' / Y:663565.90' 79593N / LON:103.40614263W TIRST TAKE POINT NL 660' FEL, SECTION 24 D 83, SPCS NM EAST	Signature       Date         Printed Name
SHEET 1 OF JOB No. R4282_ REV 0 JCS 7/29/	001	FIRST	660' section Bection Section Section Section Section	LAT:32.8205 NAT X:781 LAT:32.8204 LAT:32.8204 LAT:32.8204 LAT:32.8204 LAT:32.8416 LAT:32.8416 S0' FN NAT S0' FN NAT X:821 LAT:32.8416 LAT:32.8416 LAT:32.8416 S0' FN NAT X:821 LAT:32.8416 S0' FN NAT X:822 LAT:32.8416 S0' FN NAT X:827 S0' FN NAT X:827 S0' FN NAT X:827 S0' FN NAT X:827 S0' FN NAT X:827 S0' FN NAT X:827 S0' FN NAT X:783 LAT:32.8416 S0' FN NAT X:783 LAT:32.817 S0' FN NAT X:783 S0' FN NAT X:778 S0' FN NAT X' FN NAT X' FN NAT X' FN NAT Y FN NAT	6664,72' / Y:663493.8' 52527 / LON:103.40453782W D 27, SPCS NM EAST 5485.93' / Y:663429.07' 10427 / LON:103.40404275W LAST TAKE POINT IL 660' FEL, SECTION 13 D 27, SPCS NM EAST 5409.94' / Y:671227.38' 78228N / LON:103.40456483W D 27, SPCS NM EAST 5409.94' / Y:671162.89' 70M HOLE LOCATION L 660' FEL, SECTION 13 D 83, SPCS NM EAST 6588.02' / Y:67127.38' 11970N / LON:103.40456481W D 27, SPCS NM EAST 5409.44' / Y:671212.89' 79888N / LON:103.40406890W	made by me or under my supervision, and that the same is true and correct to the best of my belief. SEPTEMBER 21, 2022 Date of Survey Signature and Seal of Professional Surveyor.

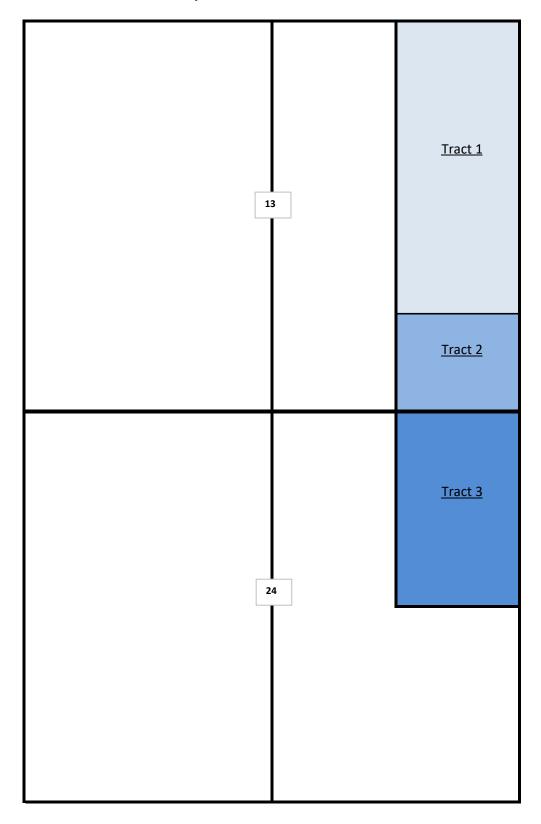
Distances/areas relative to NAD 83 Combined Scale Factor: 0.99981955 Convergence Angle: 00°30'16.81000"

Horizontal Spacing Unit 

## BTA Oil Producers, LLC - Case No. 23325 Exhibit A-2

## SECTION PLAT

## E/2 E/2 of Section 13 and E/2 NE/4 of Section 24, Township 17 South, Range 35 East, County of Lea, State of New Mexico



BTA Oil Producers, LLC - Case No. 23325 Exhibit A-3

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Tract 1: E/2 NE/4 and NE/4 SE/4 of Section 13 (120 acres) - State of NM VA-1351

BTA O Fuel Pi <mark>Sandhi</mark>	<mark>est Texas de la constanta de </mark>	pleum, Inc.	49.00000% WI 44.00000% WI 4.00000% WI 2.00000% WI 1.00000% WI
			Total: 100.000000% WI
Tract 2	2: SE/4 SE/4 of Section 13	(40 acres) - State of NM B-1861	
Maveri	ck Permian, LLC		100.000000% WI
			Total: 100.000000% WI
Tract 3	<b>3:</b> E/2 NE/4 of Section 24 (8	30 acres) - State of NM B-2531	
Maveri First C CBR C BTA O Fuel P Bernha PDIII E Tierra Clark F New M Bean F J&L Ex Highlar CLM P	Stephens, Inc. ck Permian, LLC entury Oil, Inc. Dil Properties, LLC il Producers, LLC roducts, Inc. ardt Oil Corporation Exploration, Ltd. Encantada, LLC Family LP lexico Western Minerals, In Family Limited Company coloration, LLC nd (Texas) Energy Compar roduction Co. Goperating Company		28.750000% WI 25.00000% WI 7.50000% WI 7.50000% WI 5.00000% WI 3.750000% WI 3.75000% WI 3.75000% WI 3.00000% WI 2.00000% WI 2.00000% WI 1.000000% WI 1.000000% WI 5.00000% WI
		RECAPITULATION	
	Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
	1	120	50.00000%
	2	40	16.666667%
	3	80	33.333333%
	TOTAL	240	100.00000%



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

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**BTA OIL PRODUCERS, LLC** 

104 SOUTH PECOS STREET MIDLAND, TEXAS 79701-5021 432-682-3753 FAX 432-683-0311

October 10, 2022

GULF COAST DISTRICT TOTAL PLAZA 1201 LOUISIANA STREET, STE. 3375 HOUSTON, TEXAS 77002 713-658-0077 FAX 713-655-0346

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

In re: Well Proposal Hideout 22115 24-13 State Com #1H SHL: 2,400' FNL & 1,305' FEL Section 24 BHL: 50' FNL & 660' FEL Section 13 FTP: 2,540' FNL & 660 FEL Section 24 LTP: 100' FNL & 660' FEL of Section 13 T-17-S, R-35-E Lea County, New Mexico BTA 22115 Village

Read & Stevens, Inc. 400 North Pennsylvania Avenue Roswell, New Mexico

Attn: Mrs. Betty Young

#### Dear Mrs. Young:

Under the terms of that certain Development Agreement dated effective September 1, 2022, between V-F Petroleum, Inc. and BTA Oil Producers, LLC ("BTA"), BTA, as Operator, proposes to drill the Hideout 22115 24-13 State Com #1H Well (the"Well"), a horizontal, Pennsylvanian Shale Well with a TVD of 11,595' and a MD of 19,068'. The Well will be drilled as a one and one/half mile horizontal well at the above captioned location (the "Operation"). The Cumulative Well Costs of the Operation are estimated to be \$10,553,148.00 as detailed in our enclosed Authority for Expenditure ("AFE").

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

- 300% / 100% / 300% non-consent penalty;
- \$8,000.00 / \$800.00 drilling and producing rates;
- Contract Area of 240.00 acres, being the E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, T17S, R35E, limited to the Pennsylvanian Shale Formation; and
- BTA Oil Producers, LLC named as Operator.

If you do not wish to participate in the proposed wells, BTA would like to acquire your interest within the spacing unit(s) under a term assignment. The assignment will contain these general provisions:

- Three Year Primary Term;
- \$1,500/net acre, delivering an effective 75% net revenue interest to BTA;
- ORRI reserved to assignor, equal to the positive difference between 25% and existing burdens.

Find enclosed two (2) copies of our AFE for the drilling of the Hideout 22115 24-13 State Com #1H Well. If you elect to participate in the drilling of the Well, please so indicate by returning a signed copy of this letter along with a signed copy of the AFE to this office using the enclosed envelope. Please note the Well is a horizontal well and there will not be a casing point election.

Your election must be received by BTA within 30 days of your receipt of this letter. In the event that there has been no election after 30 days from your receipt of this letter, BTA will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division.

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

Sincerely. Kristeen Ramos Landman

Elect to Participate in the Hideout 22115 24-13 State Com #1H Well (Send well information requirements to BTA)

Elect to not to participate in the Hideout 22115 24-13 State Com #1H Well

Read & Stevens, Inc.

By:	
Title:	
Date:	

BTA OIL PRODUCERS, LLC WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: Location:	Hideout 22115 24-13 State Com #01H (PSHA) SHL: 2400 FNL & 1305 FEL Sec 24, 17S, 35E FTP:  2540 FNL & 660 FEL Sec 24, 17S, 35E	Total Depth:	11,595' TVD 19,068' MD
	LTP: 100 FNL & 660 FEL Sec 13, 17S, 35E BHL: 50 FNL & 660 FEL, Sec 13, 17S, 35E, Lea County, NM	Formation:	Penn Shale

	Date Prepared: 7/13/2022				
		NE	Prepared By: NE	TW	
		DRY	CASED HOLE	COMPLETION	TOTAL COSTS.
CODE	FORMATION EVALUATION	\$	\$	\$	\$
2203 2204	Logs	8,000		20,000	28,000
2204	Cores DST				
2211	LOCATION & ACCESS Survey & Stake	5,000			5,000
2212	Damages	50,000		45.000	50,000
2213 2214	Road & Location Other Location	85,000 130,000		45,000	130,000 130,000
2223	DRILLING RIG Mobilization	205,000			205,000
2225 2226	Daywork Footage	583,000	106,000		689,000
2220	Turnkey				
2232	DRILLING SUPPLIES Bits	75,000			75,000
2233 2234	BHA Fuel	45,000 247,500	45,000	60,000	105,000 292,500
2236	Other Supplies	241,000	40,000		202,000
2241	MUD RELATED Mud Purchase	135,000	5,000		140,000
2242 2244	Mud Rental Fresh Water	55,000	1,000	500,000	556,000
2245	Brine	45,000			45,000
2246 2247	Solids Control (Closed Loop) Mud Monitor	33,000 28,000	6,000		39,000 28,000
2249	Mud Related Other DRILLING SERVICES	8,000			8,000
2252	BOP Related	15,000	4,000		19,000
2253 2254	Casing Related Welding	38,000 8,000	95,000 2,000	5,000	133,000 15,000
2255 2256	Trucking Rental Equipment	22,500 82,000	10,000 8,000	54,000 350,000	86,500 440,000
2257	Other Services (Direction/GR Services) CEMENT	297,000	-,		297,000
2261	Casing Cementing	115,000	165,000		280,000
2262	Other Cementing CONTRACT SERVICES			150,000	150,000
2266 2267	Engineering	8,000 22,000			8,000 22,000
2268	Geological Roustabout	6,000		45,000	51,000
2269 2270	Wellsite Supervision Other Contract Services	81,400 25,000	14,800	70,000	166,200 25,000
2272	COMPLETION SERVICES Pulling Unit			20,000	20,000
2273	Drilling Rig				
2276 2277	Perforate Stimulation			272,000 2,792,600	272,000 2,792,600
2278	Other Compl. Services OVERHEAD			200,000	200,000
2280	Drilling & Administrative	10,000		10,000	20,000
	TOTAL INTANGIBLE COSTS	\$ 2,467,400	\$ 461,800	\$ 4,593,600	\$ 7,522,800
CODE	TANGIBLE COSTS TUBULARS				
2311	Surface Casing (10 3.4" @ 2125')	148,000			148,000
2312 2313	Intermediate Casing (7 5/ミ"	645,000			645,000
2314 2315	Production Casing (5-1/2" x 5" @ TD) Production Liner & Hanger (10,000 - TD)		730,000		730,000
2316	Other Tubulars				
2321	WELL EQUIPMENT Well Head	25,000	27,000	85,000	137,000
2322 2325	Flowline Tubing			75,000 100,000	75,000 100,000
2326	Rods			,	,
2327 2328	Pumps Pumping Unit				
2329 2331	Subsurface Equipment Other Well Equipment	35,000	25,000	35,000 3,000	35,000 63,000
2361	LEASE EQUIPMENT Tanks			75.000	75,000
2362	Separators			100,000	100,000
2363 2364	Heater Treater Pumps			25,000 15,000	25,000 15,000
2365 2366	Electrical System Meters			100,000 20,000	100,000 20,000
2367	Connectors			65,000	65,000
2368 2369	Lact Equipment Other Lease Equipment			100,000	100,000
	SUBTOTAL - TANGIBLES	853,000	782,000	798,000	2,433,000
	SYSTEMS				
2353	Gas Line Tangibles				
2353 2381	Gas Line Intangibles Compresssor				
2382 2382	Gas Plant Tangibles Gas Plant Intangibles				
2384	Dehydrator				
	SUBTOTAL - SYSTEMS		·		
	TOTAL TANGIBLE COSTS	\$ 853,000	\$ 782,000	\$ 798,000	\$ 2,433,000
	GENERAL CONTINGENCIES			323,496	597,348
	· · · · · · · · · · · · · · · · · · ·	199,224	74,628		
	TOTALS BY PHASE	\$ 3,519,624	\$ 1,318,428	\$ 5,715,096	\$ 10,553,148
	CUMULATIVE WELL COSTS	\$ 3,519,624	\$ 4,838,052	\$ 10,553,148	
	Initial Routing Date:				
	NE RTW BMM, RB BRH, LJH, RMD, BBJ				
	Land Approval Block:				
	APPROVED BY:				

COMPANY: \_\_\_\_

C:\Users\kramos\Desktop\LAND FOLDER\22115 VIIage\Hideout Unit\Hideout 1H\A-15 Hideout 1H - AFE

Page 17 of 59

Maverick Permian, LLC	
	1) 10/10/22 -Emailed and sent via Federal Express Overnight service the well
	proposal to Emma Kelly.
	<ol> <li>2) 10/12/22 -Email correspondence with Emma Kelly discussing Maverick's WI/NRI in the Hideout 22115 24-13 State Com #1H.</li> </ol>
	3) 10/21/22 -Email correspondence with Emma Kelly regarding BTA's other
	development in the area. Emma suggest she would be will to execute Hideout well election and JOA after reviewing production on another BTA well in the area.
	4) 10/26/22 -Email correspondence with Emma Kelly proposing an agreement between BTA and Maverick to allow time to review the requested production and confirming the terms of the Hideout election and JOA.
	<ol> <li>5) 11/3/22 - Maverick Permian, LLC and BTA Oil Producers, LLC executed the Letter Agreement agreeing to the JOA and timeframe for electing on the Hideout 22115 24-13 State Com #1H.</li> </ol>
SBI West Texas I LLC	
	<ol> <li>11/30/22 -Well proposal and JOA emailed to Andrew Bishop. Spoke to Mr. Bishop by phone and discussed the leases involved and the interest that they owned. Mr. Bishop requested a technical contact. I provided him with Britton Mcquien's contact information.</li> </ol>
	<ul> <li>2) 12/7/22 - Sent an email to Andrew Bishop to ask if he had any questions regarding the well proposal and JOA and provided updated working interest and NRI.</li> </ul>
	<ol> <li>3) 12/14/22 -Spoke with Mr. Bishop. They will likely not participate and are more interested in selling all or part of their interest.</li> </ol>
	4) 1/5/23 -Spoke with Mr. Bishop about purchasing their interest.
	5) 1/12/23 - Contacted Andrew Bishop with an offer to purchase from BTA.
	6) 2/14/23 - Spoke with Andrew Bishop about selling their interest to BTA.
	7) 2/23/23 - Spoke with Andrew Bishop about purchasing their interest.
V-F Petroleum Inc, et al	
	1) 10/12/22 -Well proposal sent via Federal Express.
	<ol> <li>2) 10/17/22 -Fed Ex confirmed delivery.</li> <li>3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact</li> </ol>
	that the V-F Petroleum group is under a Development Agreement and JOA with BTA. I informed him that this proposal was informational only.
	4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our
	Compulsory Pooling Application. 5) 2/6/23 -Phone conversation with Jordan Shaw. He is would like V-F removed
	from Pooled Party List.
Read & Stevens, Inc.	
	<ol> <li>10/10/22 -Emailed and sent via Federal Express Overnight service the well proposal to Betty Young.</li> </ol>
	2) 10/11/22 - Email correspondence with Betty Young regarding their ownership
	in the well and the other working interest owners in the well that Betty represents. Forwarded the JOA by email to Betty.

## **Summary of Communications**

- 3) 10/18/22 -Email correspondence with Lydia Dominguez at Read & Stevens regarding their working interest and net revenue interest and 30 day time frame for electing.
- 4) 11/29/22 -Emailed Betty Young and Lydia Lara to discuss BTA not receiving their well proposal election.
- 5) 12/1/2022 -Received a phone call from James Read requesting a phone call with our team to discuss geology, etc. Provided Mr. Read with Britton McQuien's contact information. Britton spoke with Mr. Read and discussed the well in detail.
- 6) 12/28/22 -Received an email from Mr. Read letting me know that they are still reviewing the proposal and would elect right after the first of the year.
- 7) 1/11/23 -Emailed Mr. Read to see if Read & Stephens had come to a decision on participation in the well.
- 8) 1/12/23 -Mr. Read emailed me to say they were meeting on 1/13/23 to discuss and make a decision.
- 9) 1/20/23 -Was informed via email from David Dagian that Permian Resources acquired Read & Stevens, Inc. He asked for interest amount in each well and had questions on the AFE for and the proposed JOA.

#### Fuel Products, Inc.

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact that the V-F Petroleum group is under a Development Agreement and JOA with BTA and that that Fuel Products is part of the V-F Petroleum group.
- 4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our Compulsory Pooling Application. Discussed by phone that Fuel Products, Inc. is not named in the Development Agreement between BTA and VF and that we needed to work on an Amendment or Letter Agreement including them.
- 5) 2/6/23 -Phone conversation with Jordan Shaw. He is working on a Letter Agreement that would make Fuel Products subject to the BTA/VF Development Agreement and JOA.
- 2/20/23 -Emailed Jordan Shaw to inquire on Letter Agreement. He informed me that VF Petroleum may be acquiring Fueld Products, Inc.'s interest in this well. He promised to be back in touch on 2/21/23.
- 7) 2/23/23 Received a Letter Agreement from Fuel Products, Inc. agreeing to execute the JOA attached to the Letter Agreement.

#### First Century Oil, Inc.

- 1) 10/10/22 -Emailed and sent via Federal Express Overnight service the well proposal to Betty Young.
- 2) 10/11/22 Email correspondence with Betty Young regarding their ownership in the well and the other working interest owners in the well that Betty represents. Forwarded the JOA by email to Betty.
- 3) 10/18/22 -Email correspondence with Lydia Dominguez regarding their working interest and net revenue interest and 30 day time frame for electing.

## **Summary of Communications**

- 4) 11/29/22 -Emailed Betty Young and Lydia Lara to discuss BTA not receiving their well proposal election.
- 5) 12/1/2022 -Received a phone call from James Read requesting a phone call with our team to discuss geology, etc. Provided Mr. Read with Britton McQuien's contact information. Britton spoke with Mr. Read and discussed the well in detail.
- 6) 12/28/22 -Received an email from Mr. Read letting me know that they are still reviewing the proposal and would elect right after the first of the year.
- 7) 1/11/23 -Emailed Mr. Read to see if they had come to a decision on participation in the well.
- 8) 1/12/23 -Mr. Read emailed me to say they were meeting on 1/13/23 to discuss and make a decision.
- 9) 1/20/23 -Was informed via email from David Dagian that Permian Resources acquired First Century Oil, Inc. He asked for interest amount in each well and had questions on the AFE for and the proposed JOA.

#### CBR Oil Properties, LLC

- 1) 10/10/22 -Emailed and sent via Federal Express Overnight service the well proposal to Betty Young.
- 2) 10/11/22 Email correspondence with Betty Young regarding their ownership in the well and the other working interest owners in the well that Betty represents. Forwarded the JOA by email to Betty.
- 3) 10/18/22 -Email correspondence with Lydia Dominguez regarding their working interest and net revenue interest and 30 day time frame for electing.
- 4) 11/29/22 -Emailed Betty Young and Lydia Lara to discuss BTA not receiving their well proposal election.
- 5) 12/1/2022 -Received a phone call from James Read requesting a phone call with our team to discuss geology, etc. Provided Mr. Read with Britton McQuien's contact information. Britton spoke with Mr. Read and discussed the well in detail.
- 6) 12/28/22 -Received an email from Mr. Read letting me know that they are still reviewing the proposal and would elect right after the first of the year.
- 7) 1/11/23 -Emailed Mr. Read to see if they had come to a decision on participation in the well.
- 8) 1/12/23 -Mr. Read emailed me to say they were meeting on 1/13/23 to discuss and make a decision.
- 9) 1/27/23 -Received CBR's election to participate.
- 10) 1/31/23 -Emailed Betty Young another copy of the proposed JOA.
- 11) 2/21/23 -Emailed Lydia Domingues a copy of the proposed JOA. Spoke with Lydia by phone who said that Mrs. Young would execute the JOA on 2/23/23 and would send to me by overnight service.
- 12) 2/23/23 Received executed JOA.

#### HHB Limited Partnership

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/17/22 -Fed Ex confirmed delivery.

- 3) 11/29/22 -Spoke with Robert Bass. He had not seen well proposal and provided me with a mailing address and email adress to send to. Emailed and sent well proposal by Federal Express overnight service.
- 4) 12/5/22 -Spoke with Robert Bass. He indicated that he would prefer to term assign this interest to BTA.
- 5) 1/20/23 -Robert Bass emailed well proposal election to not participate and reiterated that he would like to term assign. I let him know that I was verifying title and that I would forward a proposed Term Assignment to him as soon as possible.
- 6) 2/17/2023 -Emailed our proposed Term Assignment to Robert Bass.
- 7) 2/20/2023 -Robert Bass emailed copy of executed Term Assignment and stated that he forwarded the orginial by mail.
- 8) 2/24/23 Executed Term Assignment was received and sent for recording.

#### Tierra Encantada , LLC

- 1) 10/10/22 -Emailed and sent via Federal Express Overnight service the well proposal to Betty Young.
- 2) 10/11/22 Email correspondence with Betty Young regarding their ownership in the well and the other working interest owners in the well that Betty represents. Forwarded the JOA by email to Betty.
- 3) 10/18/22 -Email correspondence with Lydia Dominguez regarding their working interest and net revenue interest and 30 day time frame for electing.
- 4) 11/29/22 -Emailed Betty Young and Lydia Lara to discuss BTA not receiving their well proposal election.
- 5) 12/1/2022 -Received a phone call from James Read requesting a phone call with our team to discuss geology, etc. Provided Mr. Read with Britton McQuien's contact information. Britton spoke with Mr. Read and discussed the well in detail.
- 6) 12/28/22 -Received an email from Mr. Read letting me know that they are still reviewing the proposal and would elect right after the first of the year.
- 7) 1/11/23 -Emailed Mr. Read to see if they had come to a decision on participation in the well.
- 8) 1/12/23 -Mr. Read emailed me to say they were meeting on 1/13/23 to discuss and make a decision.
- 9) 1/27/23 -Received Tierra Encantada's election to participate.
- 10) 1/31/23 -Emailed Betty Young another copy of the proposed JOA.
- 11) 2/21/23 -Emailed Lydia Domingues a copy of the proposed JOA. Spoke with Lydia by phone who said that Mrs. Young would execute the JOA on 2/23/23 and would send to me by overnight service.

#### Bernhardt Oil Corporation

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 10/27/22 -Spoke with Valerie Lorenz regarding interest owned. I emailed her a copy of the proposed JOA.
- 4) 11/21/22 -Received election to participate.
- 5) 2/21/23 -Emailed another copy of the JOA to Valerie Lorenz.
- 6) 2/23/23 Received executed JOA.

#### Summary of Communications

Laura K. Read, LLC/PDIII Exploration, LTD

- 1) 10/12/22 -Well proposal sent via Federal Express to Mrs. Read and emailed to her accountant Deborah Goluska.
- 2) 10/14/22 -Fed Ex confirmed delivery.
- 3) 10/19/22 -Spoke with Randy Watts, Laura Reed's landman, regarding interest owned.
- 4) 11/7/22 -Received an email from PDIII Exploration with attached Assignments from Laura K. Read to PDIII. Emailed well proposals to PDIII Exploration. Received PDIII's election to participate.
- 5) 2/21/23 -Emailed another copy of the proposed JOA.
- 6) 2/22/23 Received executed JOA.

#### Sandhills Oil Company

- 1) 12/1/22 -Well proposal sent via Federal Express.
- 2) 12/5/22 -Fed Ex confirmed delivery.
- 3) 12/14/22 -Spoke with John Herbig. He would like to term assign his interest to BTA.
- 2/21/23 -Left a voice message and emailed Mr. Herbig with proposed Term Assignment. Received an email from Mr. Herbig who said he was reviewing the Term Assignment.

Clark Family, LP

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/14/22 -Fed Ex confirmed delivery.
- 3) 12/14/22 -Spoke with Betty Young with Read & Stevens regarding Clark Family, LP's contact information. This family is a former investor of Read & Steven's and Mrs. Young provided the most recent contact information she had.
- 4) 12/15/22 -Tried to reach Clark Family, LP by phone. No response.

New Mexico Western Minerals, Inc.

- 1) 10/12/22 -Well proposal sent via certified mail.
- 2) 10/18/22 -Certified mail delivery confirmed.
- 3) 10/20/22 -Spoke with Sandra Carrica regarding the interest owned. She suggested that they will likely participate.
- 4) 10/25/22 -Received their election to participate.
- 5) 2/1/23 -Emailed a copy of proposed JOA.
- 6) 2/21/23 -Emailed another copy of proposed JOA

#### Bean Family Limited Company

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/19/22 -Fed Ex was returned as undeliverable. Contacted Betty Young who provided a PO Box to mail to.
- 3) 10/20/22 -Spoke with Sandra Carrica who confirmed that she represented Bean Family Limited Company.
- 4) 10/24/22 -Certified mail delivery confirmed.
- 5) 10/25/22 -Received their election to participate.

- 6) 2/1/23 -Emailed a copy of proposed JOA.
- 7) 2/21/23 -Emailed another copy of proposed JOA

Sandra Lawlis

	) 10/12/22 -Well proposal sent via Federal Express.
	<ul> <li>10/17/22 -Fed Ex confirmed delivery.</li> <li>12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact that the V-F Petroleum group is under a Development Agreement and JOA with BTA and that that Sandra Lawlis is part of the V-F Petroleum group.</li> </ul>
4	) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our Compulsory Pooling Application. Discussed by phone that Sandra Lawlis is not named in the Development Agreement between BTA and VF and that we
5	needed to work on an Amendment or Letter Agreement including them. ) 2/6/23 -Phone conversation with Jordan Shaw. He is working on a Letter Agreement that make Sandra Lawlis subject to the BTA/VF Development Agreement and JOA.
6	) 2/20/23 -Emailed Jordan Shaw to inquire on Letter Agreement. He informed me that VF Petroleum may be acquiring Sandra Lawlis's interest in this well. He promised to be back in touch on 2/21/23.
7	) 2/23/23 - Received email from Jordan Shaw stating that Sandra Lawlis would be executing an ABOS from herself to Fuel Products, Inc.
J&L Exploration, LLC	
1	) 10/12/22 -Well proposal sent via Federal Express.
2	) 10/14/22 -Fed Ex confirmed delivery.
3	) 12/14/22 -Spoke with Betty Young with Read & Stevens regarding J&L
	Exploration's contact information. This entity is a former investor of Read &
	Steven's and Mrs. Young provided the most recent contact information she had.
4	) 12/15/22 -Tried to reach J&L Exploration, LLC by phone. No response.
Highland Texas Energy Company	
1	) 10/12/22 -Well proposal sent via Federal Express.
	) 10/14/22 -Fed Ex confirmed delivery.
3	) 10/28/22 -Received an email from Gary Richardson with their election to participate.
4	) 1/31/23 -Emailed a copy of proposed JOA to Gary Richardson.
5	) 2/16/23 -Received a scanned copy of executed JOA. Mr. Richardson said he will forward original signatures by mail.
CLM Production Company	
1	) 10/12/22 -Well proposal sent via Federal Express.
	) 10/21/22 - Well proposal sent to a second address via Federal Express.
	) 10/24/22 -Fed Ex confirmed delivery.
4	) 10/25/22 -Spoke with John Maxey. He requested a copy of the JOA. JOA was

- 5) 11/9/22 Received election to participate.
- 6) 2/20/23 -Received an email from John Maxey stating that he would be executing the JOA and returning it to me this week.

## **Summary of Communications**

**Cactus Operating Company** 

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/14/22 -Fed Ex confirmed delivery.
- 3) 12/14/22 -Spoke with Betty Young with Read & Stevens regarding Cactus Operating's contact information. This entity is a former investor of Read & Steven's and Mrs. Young provided the most recent contact information she had.
- 4) 12/15/22 -Tried to reach Cactus Operating Company by phone. No response.

#### Estate of William A. Bradshaw, III

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 11/15/22 -Received an email from Gary Richardson with a notification of sale from the Estate of William A. Bradshaw, III to Highland Texas Energy Company. I was informed that the assignments were pending recording. Received an election to participate.
- 4) 1/31/23 -Emailed a copy of the proposed JOA to Gary Richardson. Asked about recorded Assignments.
- 5) 2/16/23 -Received a scanned copy of executed JOA. Mr. Richardson said he will forward original signatures by mail.

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

#### CASE NO. 23325

## SELF-AFFIRMED STATEMENT OF DAVID CHILDERS

1. I am a geologist with BTA Oil Producers, LLC ("BTA") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the Division and my credentials as an expert in geology were accepted as a matter of record.

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

3. Exhibit B-1 is a project location map that shows the location of the proposed Hideout 22115 24-13 State Com #1H well.

4. BTA is targeting the Pennsylvanian Shale Formation. **Exhibit B-2** is a subsea structure map that I prepared for this interval with 100-foot contours. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a **BLACK** dashed line. The structure map shows the Pennsylvanian Shale Formation. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells in this area.

5. **Exhibit B-2** also shows a cross-section line in **BLUE** running North to South reflecting **THREE** wells penetrating the Pennsylvanian Shale Formation that I used to construct a stratigraphic cross-section from A to A'. These wells contain good logs and I consider them representative of the geology in the subject area.

BTA Oil Producers, LLC - Case No. 23325 Exhibit B

1

6. **Exhibit B-3** is a stratigraphic cross-section that I prepared using the logs from the **THREE** wells noted on Exhibit B-2. Each well in the cross-section contains the gamma ray in the first track and resistivity in the second track. The initial target interval is labeled and marked. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

7. Exhibit B-4 is a Gross Isopach map of the Pennsylvanian Shale Formation interval. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a BLACK dashed line. The anticipated gross thickness of the Pennsylvanian Shale Formation interval is 375 to 440 ft. The gross isopach map demonstrates that the Pennsylvanian Shale Formation interval is present across the proposed spacing unit. The location of the previous crosssection from A-A' in Exhibit B-3 is also shown as a BLUE line on this map.

8. In my opinion, a stand-up orientation for the 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.

9. Based on my geologic study, the Pennsylvanian Shale Formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will be productive and contribute proportionately to the production from the well.

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

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

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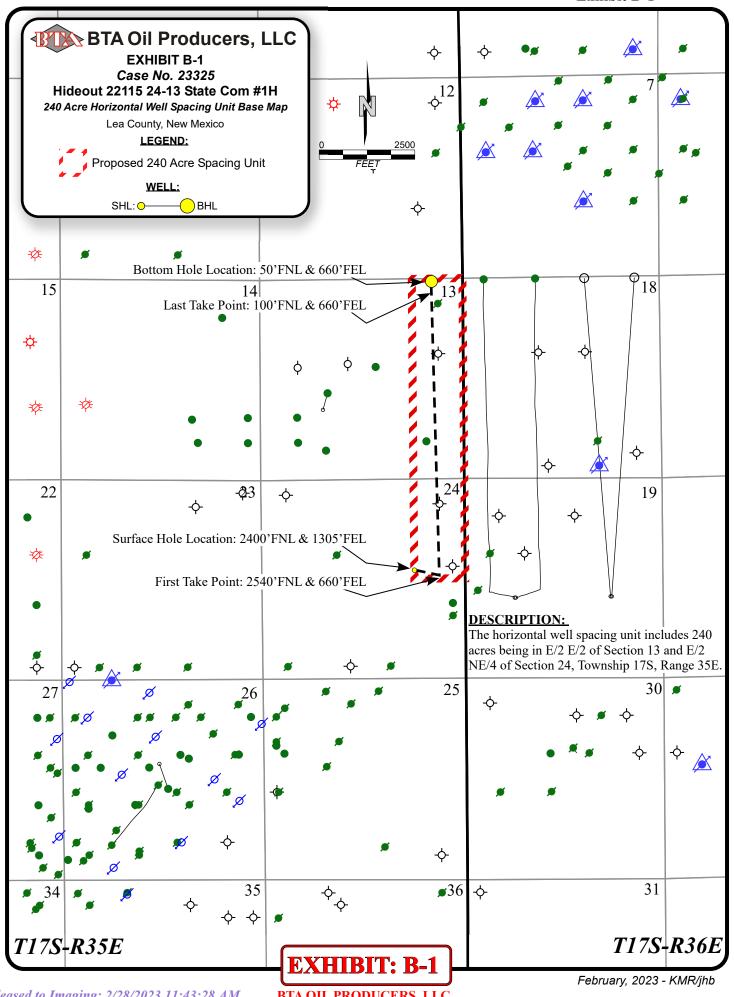
I understand this Self-Affirmed Statement will be used as written testimony in this 12. case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

LA

David Childers

2/23/2023 Date

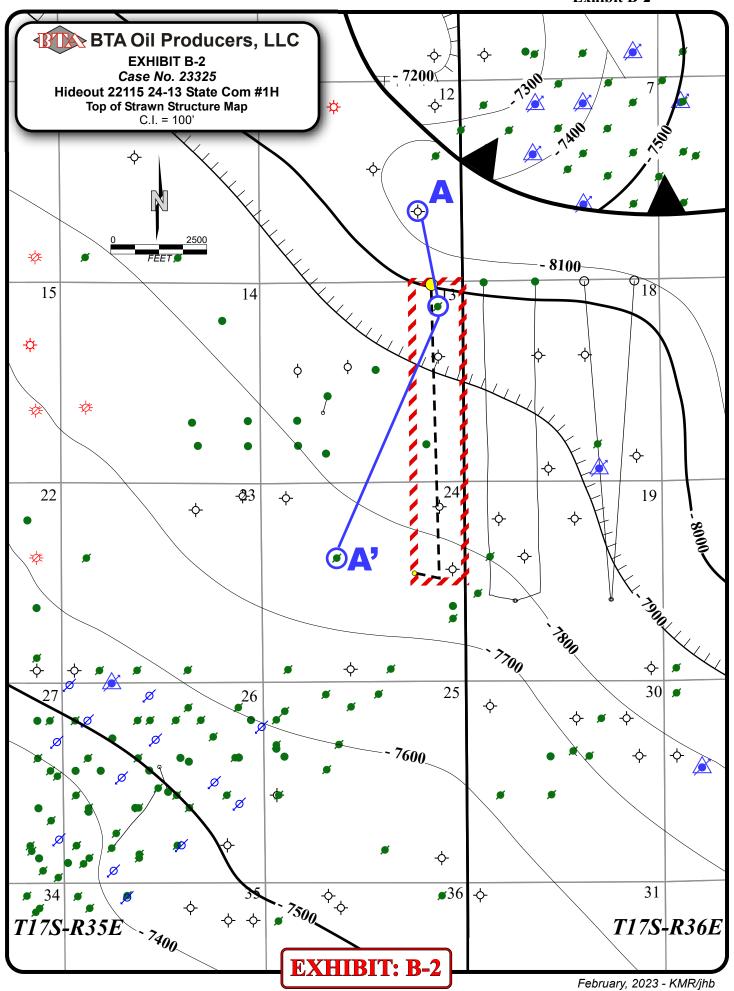
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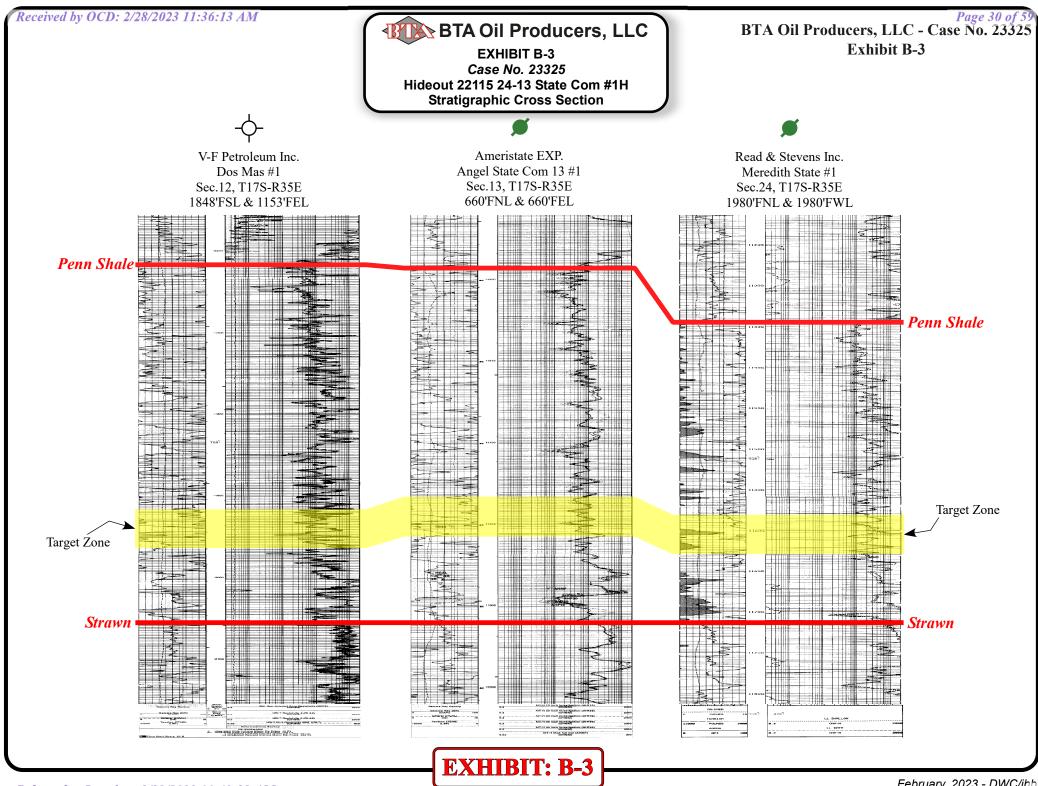
**BTA OIL PRODUCERS, LLC** 

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**BTA OIL PRODUCERS, LLC** 

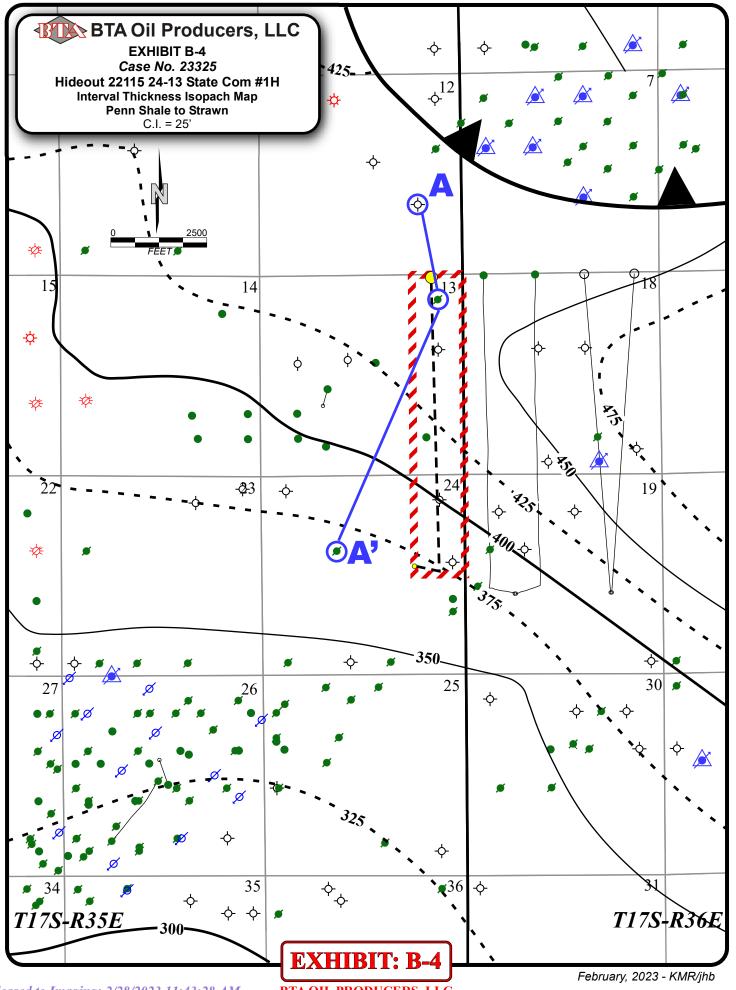


**BTA OIL PRODUCERS, LLC** 

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February, 2023 - DWC/jhb

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Released to Imaging: 2/28/2023 11:43:28 AM

**BTA OIL PRODUCERS, LLC** 

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

#### CASE NO. 23325

## SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of BTA Oil Producers, LLC the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit C-1** 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 January 22, 2023, 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.

<u>/s/ Dana S. Hardy</u> Dana S. Hardy February 26, 2023 Date

BTA Oil Producers, LLC – Case No. 23325 Exhibit C



## HINKLE SHANOR LLP

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

January 12, 2023

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. 23325 – Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **March 2, 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.nm.gov/OCD/OCDPermitting/default.aspx) 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 Kristeen Ramos, Landman for BTA Oil Producers, LLC, by phone at (432) 682-3753 if you have questions regarding this matter.

Sincerely,

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

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

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BTA Oil Producers, LLC – Case No. 23325 Exhibit C-1

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

CASE NO. 23325

## NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Bean Family Limited Company	01/12/23	01/20/23
PO Box 45750		
Rio Rancho, New Mexico 87174		
Bernhardt Oil Corporation	01/12/23	01/23/23
12170 Jacie Circle		
Oklahoma City, Oklahoma 73130		
CBR Oil Properties, LLC	01/12/23	01/20/23
PO Box 1518		
Roswell, New Mexico 88202		
CLM Production Company	01/12/23	01/20/23
PO Box 881		
Roswell, New Mexico 88201		
Cactus Operating Company	01/12/23	01/25/23
1907 West Jefferson Avenue		
Lovington, New Mexico 88260		Return to Sender
Clark Family, LP	01/12/23	01/23/23
21966 Windrose Point		
New Caney, Texas 77357	01/12/22	01/02/02
Estate of William A. Bradshaw, III	01/12/23	01/23/23
PO Box 778		
Roswell, New Mexico 88202	01/12/22	01/20/22
First Century Oil, Inc. PO Box 1518	01/12/23	01/20/23
Roswell, New Mexico 88202	01/12/23	01/30/23
Fuel Products, Inc. PO Box 3098	01/12/23	01/30/23
Midland, Texas 79702		
HHB Limited Partnership	01/12/23	02/07/23
1414 East 39th Street, #437	01/12/23	02/07/23
Tulsa, Oklahoma 74105		
John F. Herbig, Jr.	01/12/23	01/30/23
306 West Wall Street, Suite 720		01/00/20
Midland, Texas 79701		
Highland Texas Energy Company	01/12/23	01/20/23
11886 Greenville Avenue, Suite 106		01120125
Dallas, Texas 75243		
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BTA Oil Producers, LLC – Case No. 23325 Exhibit C-2

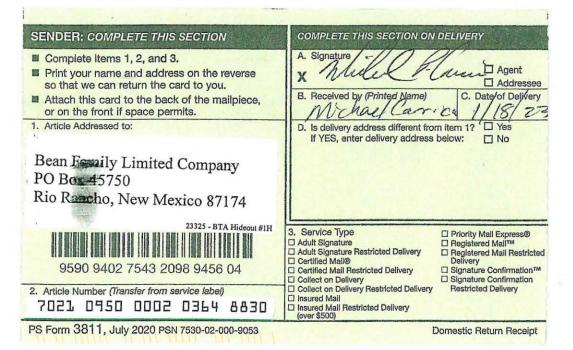
## APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23325

## NOTICE LETTER CHART

J&L Exploration, LLC	01/12/23	01/23/23
2610 Gaye Drive		
Roswell, New Mexico 88201		Return to Sender
Laura K. Read, LLC	01/12/23	02/06/23
1217 West Third Street		
Roswell, New Mexico 88203		
Sandra Lawlis	01/12/23	01/23/23
500 West Texas Avenue, Suite 350		
Midland, Texas 79701		
Marcus Wayne Luna	01/12/23	01/23/23
500 West Texas Avenue, Suite 350		
Midland, Texas 79701		
New Mexico Western Minerals, Inc.	01/12/23	01/20/23
PO Box 45750		
Rio Rancho, New Mexico 87174		
PDIII Exploration, LTD.	01/12/23	01/26/23
PO Box 871		
Midland, Texas 79702		
Read & Stevens, Inc.	01/12/23	01/23/23
400 North Pennsylvania Avenue		
Roswell, New Mexico 88201		
SBI West Texas I LLC	01/12/23	01/23/23
6702 Broadway		
Galveston, Texas 77554		
Sandhills Oil Company	01/12/23	01/30/23
306 West Wall Street, Suite 720		
Midland, Texas 79701		
Tierra Encantada, LLC	01/12/23	01/20/23
PO Box 811		
Roswell, New Mexico 88202		
V-F Petroleum Inc.	01/12/23	01/23/23
500 West Texas Avenue, Suite 350		
Midland, Texas 79701		

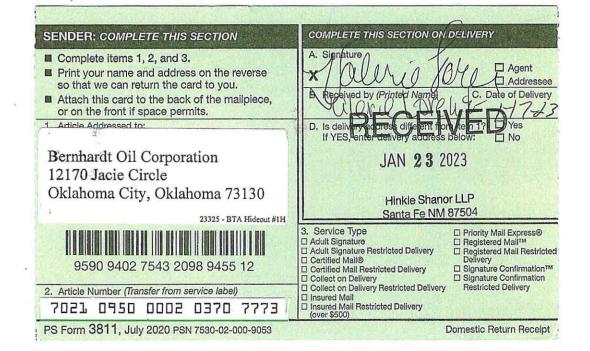




BTA Oil Producers, LLC – Case No. 23325 Exhibit C-3

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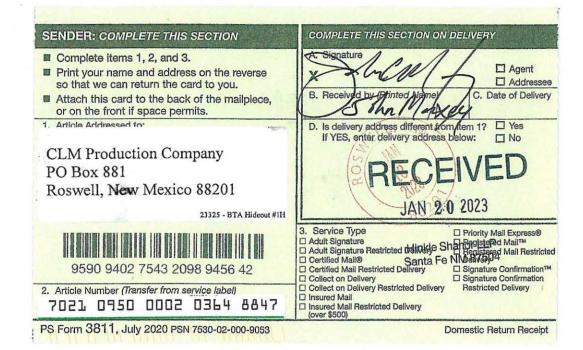
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7027	Bernhardt Oil Corporation 12170 Jacie Circle Oklahoma City, Oklahoma 73130 23325 - BTA Hideout #1H PS Form 38900, April 2015 PSN /2590-92470 See Reverse for Instructions



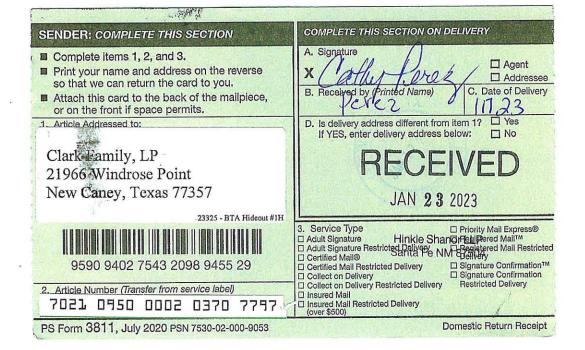








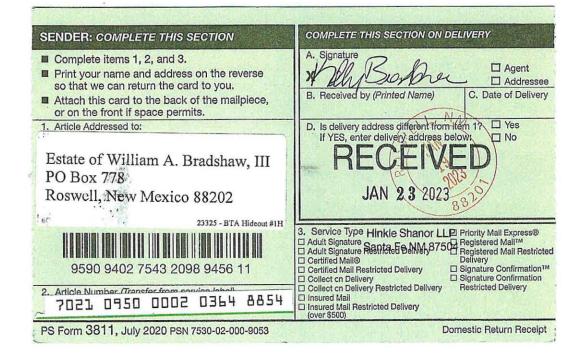
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0450	Postage \$ Total Postage and Fees
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	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



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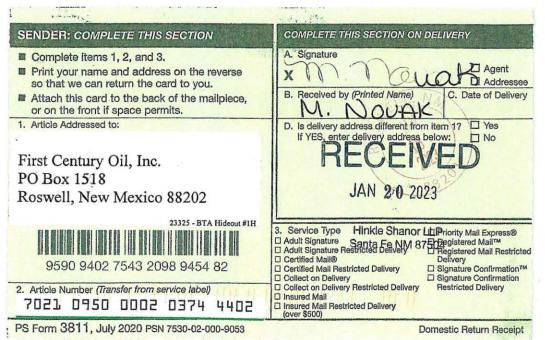






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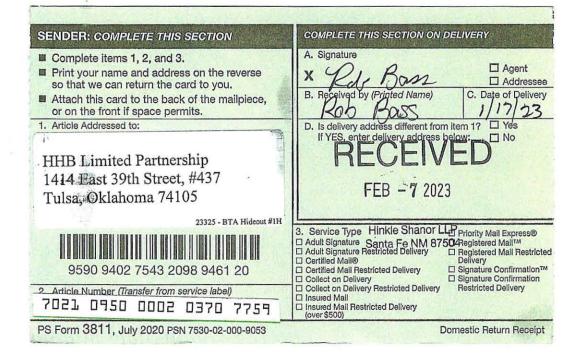




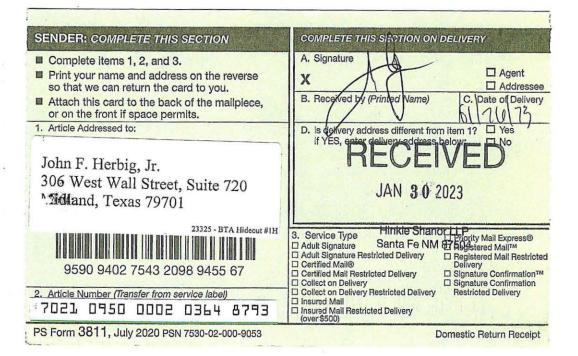
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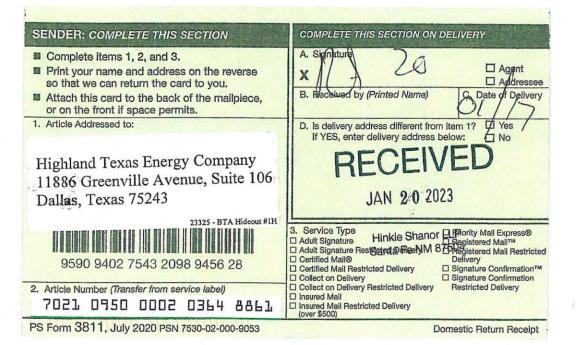
















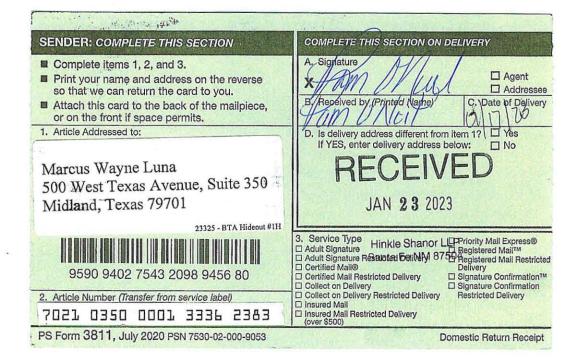






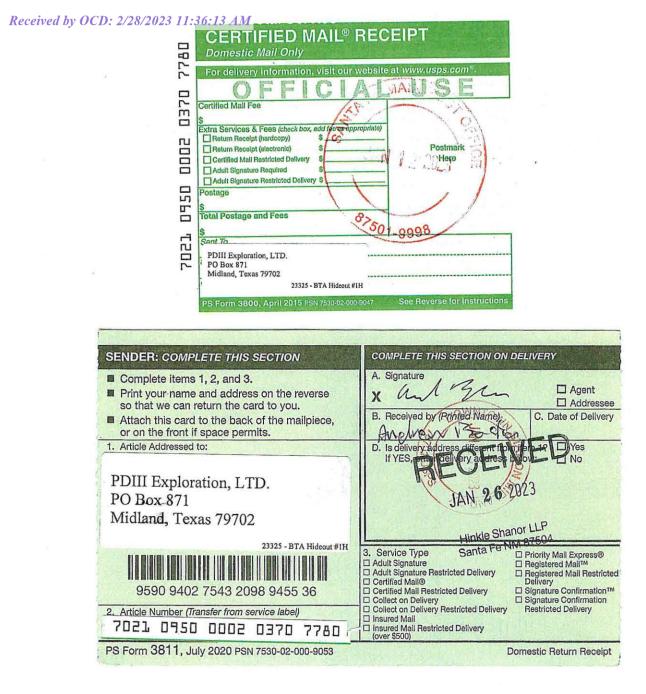


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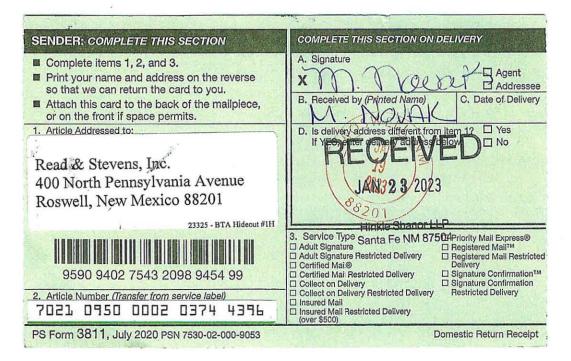








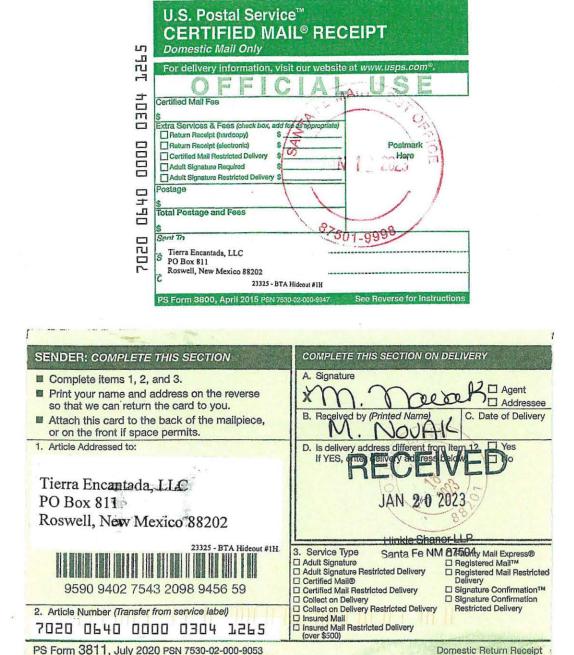






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Hinkle Shanor LLP Santa Fe NM 87504



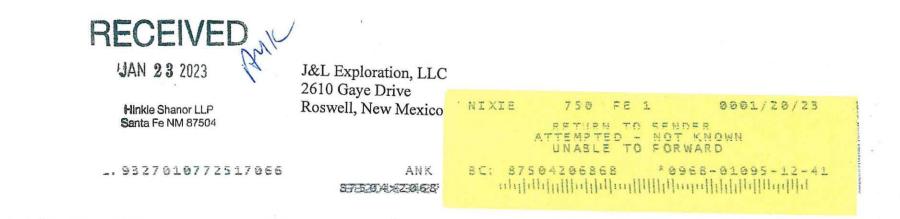


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## Affidavit of Publication

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 January 22, 2023 and ending with the issue dated January 22, 2023.

Publisher

Sworn and subscribed to before me this 22nd day of January 2023.

Ruth Black

**Business Manager** 

My commission expires January 29, 2027

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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

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

LEGAL NOTICE January 22, 2023

This is to notify all interested parties, including Read & Stevens, Inc., First Century Oil, Inc., CBR Oil Properties, LLC, Tierra Encantada, LLC, HHB Properties, LLC, Tierra Encantada, LLC, HHB Limited Partnership, Fuel Products, Inc., Bernhardt Oil Corporation, PDIII Exploration, LTD., Clark Family, LP, New Mexico Western Minerals, Inc., Bean Family Limited Company, J&L Exploration, LLC, Highland Texas Energy Company, Estate of William A. Bradshaw, III, CLM Production Company, Cactus Operating Company, SBI West Texas I LLC, Sandhills Oil Company, John F. Herbig, Jr., Laura K. Read, LLC, Sandra Lawlis, V-F Petroleum Inc., Marcus Wayne Luna; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by BTA Oil Producers, LLC (Case No. 23325). The hearing will be conducted remotely on March 2, 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/. https://www.emnrd.nm.gov/ocd/hearing-info/ Applicant applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 13 and the E/2 NE/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Hideout 22115 24-13 State Com #1H well ("Well"), to be drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 24 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and complete the Well and the allocation of the post Also to be considered will be the cost of drining 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 9 miles southwest of Lovington, New Modified Mexico. #00275100

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BTA Oil Producers, LLC – Case No. 23325 Exhibit C-4