

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

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR
OF RECORD OF THE CHEM STATE #2,
CHEM STATE #5, AND CHEM STATE #6
WELLS, LEA COUNTY, NEW MEXICO.**

CASE NO. 23384

EXHIBIT INDEX

| | |
|-----------|---|
| Exhibit A | Self-Affirmed Statement of Ocean Munds Dry |
| A-1 | Application & Proposed Notice of Hearing |
| A-2 | C-102 |
| A-3 | Copy of the New Mexico Commissioner of Public Lands Order to Cease and Desist |
| A-4 | Copy of SLO's Letter Demanding Remediation |
| A-5 | Copy of Pyrite/Cambrian's Letter to SLO with Intent to Begin Remediation |
| A-6 | Copy of ConocoPhillips' Attempts to Contact Pyrite/Cambrian |
| A-7 | Copy of ConocoPhillips' Letter to Octane Energy |
| A-8 | C-145s |
| Exhibit B | Self-Affirmed Statement of Dana S. Hardy |
| B-1 | Sample Notice Letter to All Interested Parties |
| B-2 | Chart of Notice to All Interested Parties |
| B-3 | Copies of Certified Mail Green Cards and White Slips |
| B-4 | Affidavit of Publication for February 8, 2023 |

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

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23384

**SELF-AFFIRMED STATEMENT
OF OCEAN MUNDS-DRY**

1. I am employed by ConocoPhillips Company (“ConocoPhillips”) as Managing Counsel Lower 48 Regulatory. I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement.

2. I am familiar with the facts and circumstances underlying the application filed by ConocoPhillips in this case. Copies of ConocoPhillips’ application and proposed hearing notice are attached as **Exhibit A-1**.

3. No party has objected to this case proceeding by affidavit, and I do not expect any opposition at hearing.

4. ConocoPhillips seeks an order removing Cambrian Management, Ltd. as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells, and designating ConocoPhillips as operator of record. ConocoPhillips (OGRID No. 217817) is an operator in good standing with the Division.

5. ConocoPhillips is the record title owner of State Lease #B0-9680, dated June 10, 1942.

6. The Lease covers the following lands in Lea County: Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4 SE/4 of Township 15 South, Range 32 East, N.M.P.M.

7. Phillips Petroleum Company (“Phillips”) and Riverhill Energy Corporation (“Riverhill”) entered into an Agreement of Purchase and Sale effective September 30, 1994 (“Phillips PSA”), in which Phillips agreed to assign to Riverhill certain interests in oil and gas leases in New Mexico, including State Lease #B0-9680.

8. Pursuant to the Phillips PSA, Phillips assigned certain depths of the Lease to Riverhill but retained record title to the Lease.

9. ConocoPhillips is the successor in interest to Phillips, and Pyrite Investments, Ltd., is the successor in interest to Riverhill.

10. Cambrian Management, Ltd. (“Cambrian”) (OGRID No. 198688) is the operator of record of the Chem State #2, Chem State #5, and Chem State #6 Wells (“Wells”) located on the Lease at the following locations:

- a. Chem State #2 (API #30-025-00336) 2240 feet from the north line and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County;
- b. Chem State #5 (API #30-025-23273) 1980 feet from the south line and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County; and
- c. Chem State #6 (API #30-025-23273) 2229 feet from the north line and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County.

11. The Wells were completed in the Tulk; Wolfcamp Pool (Code 60420).

12. **Exhibit A-2** contains the C-102s for the Wells.

13. On July 16, 2020, the New Mexico Commissioner of Public Lands notified ConocoPhillips, Pyrite, and Cambrian to cease and desist operations on the Lease due to cancellation of the Lease in September 2018. A copy of that correspondence is attached as **Exhibit A-3**.

14. On August 6, 2020, the New Mexico State Land Office (“SLO”) sent a letter to ConocoPhillips, Pyrite, and Cambrian demanding remediation for a site on the Lease. A copy of that correspondence is attached as **Exhibit A-4**.

15. On or about January 19, 2021, Alan Means, President of both Pyrite and Cambrian, sent a letter to the SLO stating that Cambrian was planning to begin remediation, and asked the SLO to reinstate the Lease before Pyrite/Cambrian performed any remediation. A copy of that correspondence is attached as **Exhibit A-5**.

16. ConocoPhillips attempted to contact Pyrite/Cambrian in June 2021, July 2021, April 2022, and November 2022 to request that Pyrite/Cambrian perform the remediation that Pyrite/Cambrian agreed to complete. A copy of the correspondence is attached as **Exhibit A-6**.

17. In December 2022, ConocoPhillips learned that Octane Energy (“Octane”) had acquired Cambrian.

18. ConocoPhillips attempted to contact Octane to preform the agreed-upon remediation on the Lease. A copy of the letter is attached as **Exhibit A-7**.

19. To date, ConocoPhillips has received no response from Cambrian, Pyrite, or Octane.

20. As explained above, ConocoPhillips has made multiple attempts to contact Cambrian and its affiliated entities regarding the issues related to the Wells and the Lease but has received no response. As a result, Cambrian is unavailable.

21. Cambrian is not in good standing with the Division, as it is non-compliant with the Division's regulations regarding spills and inactive wells. Division records indicate Cambrian has made no attempt to resolve its outstanding compliance issues.

22. As operator of record of the Wells, the Oil and Gas Act and Division regulations obligate Cambrian to properly plug and abandon the Wells and perform necessary remediation.

23. Because ConocoPhillips is record title owner of the Lease, the SLO has informed ConocoPhillips that it is responsible for certain oil and gas operations on the Lease, including remediation and ensuring wells on the lease are properly plugged and abandoned.

24. Accordingly, ConocoPhillips seeks to acquire operatorship of the Wells so it can properly plug and abandon the Wells.

25. Pursuant to Rule 19.15.9.9(B) NMAC, ConocoPhillips may apply to the Division for approval of change of operator without a joint application since Cambrian is unavailable. ConocoPhillips, as the record title owner, has the right to assume operations for plugging and reclamation purposes. Accordingly, completed forms C-145 are attached as **Exhibit A-8**.

26. ConocoPhillips has notified the SLO of its application in this case, and the SLO supports the approval of ConocoPhillips' application.

27. ConocoPhillips' request will prevent surface and environmental waste and, accordingly, comports with the requirements of the Oil and Gas Act.

28. The exhibits attached hereto were compiled from company business records.

29. In order to serve the interests of conservation, the protection of correlative rights, and the prevention of waste, Cambrian should be removed as operator of the Wells and ConocoPhillips should be designated as operator of record so it can properly plug and abandon the Wells.

30. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in the paragraphs 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.

Ocean Munds-Dry
Ocean Munds-Dry

2/23/23
Date

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

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23384

APPLICATION

Pursuant to NMSA 1978 § 70-2-11(A) and Rule 19.15.9.9(B) NMAC, ConocoPhillips Company (“ConocoPhillips” or “Applicant”) (OGRID No. 217817) applies for an order removing Cambrian Management, Ltd. as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells and designating ConocoPhillips as operator of record. Applicant states the following in support of its application.

1. ConocoPhillips is a registered operator in good standing with the Oil Conservation Division (“Division”).
2. ConocoPhillips is record title owner of State Lease #B0-9680, dated June 10, 1942 (“Lease”).
3. The Lease covers the following lands in Lea County: Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4, SE/4 of Township 15 South, Range 32 East, N.M.P.M.
4. Phillips Petroleum Company (“Phillips”) and Riverhill Energy Corporation (“Riverhill”) entered into an Agreement of Purchase and Sale effective September 30, 1994 (“Phillips PSA”), in which Phillips agreed to assign to Riverhill certain interests in oil and gas leases in New Mexico, including State Lease #B0-9680.

ConocoPhillips Company
Case No. 23384
Exhibit A-1

5. Pursuant to the Phillips PSA, Phillips assigned certain depths of the Lease to Riverhill, but retained record title to the Lease.

6. ConocoPhillips is the successor in interest to Phillips, and Pyrite Investments, Ltd., is the successor in interest to Riverhill.

7. Cambrian Management, Ltd. (“Cambrian”) (OGRID No. 198688) operates certain wells and facilities on the Lease on behalf of Pyrite.

8. Cambrian is the operator of record of the Chem State #2, Chem State #5, and Chem State #6 Wells (“Wells”) located on the Lease at the following locations:

- a. Chem State #2 (API # 30-025-00336) – 2240 feet from the north line (Unit H) and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico;
- b. Chem State #5 (API # 30-025-23273) – 1980 feet from the south line (Unit K) and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; and
- c. Chem State #6 (API # 30-025-27977) – 2229 feet from the north line (Unit E) and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico.

9. The Wells were completed in the Tulk; Wolfcamp Pool (Pool No. 60420).

10. By letter dated July 16, 2020, the New Mexico Commissioner of Public Lands (“Commissioner”) notified ConocoPhillips, Pyrite, and Cambrian to cease and desist operations on the Lease due to cancellation of the Lease in September 2018.

11. On August 6, 2020, the State Land Office (“SLO”) sent a letter to ConocoPhillips, Pyrite, and Cambrian, demanding full remediation for a site on the Lease and payment of all outstanding trespass penalties.

12. On or about January 19, 2021, Alan Means, President of both Pyrite and Cambrian, sent a letter to the SLO acknowledging that Cambrian was planning to begin remediation, and asked the SLO to reinstate the Lease before Pyrite/Cambrian performed any remediation.

13. ConocoPhillips attempted to contact Pyrite/Cambrian in January 2021, June 2021, July 2021, April 2022, October 2022, and November 2022 to request that Pyrite/Cambrian perform the remediation that Pyrite/Cambrian agreed to complete.

14. In December 2022, ConocoPhillips learned that Octane Energy (“Octane”) had acquired Cambrian. ConocoPhillips attempted to contact Octane to perform the agreed-upon remediation on the Lease.

15. To date, ConocoPhillips has received no response from Cambrian, Pyrite, or Octane.

16. ConocoPhillip has made multiple attempts to contact Cambrian, the operator of record, regarding the Wells and remediation, but has received no response. As a result, Cambrian is unavailable.

17. Cambrian is not in good standing with the Division.

18. As operator of record of the Wells, Cambrian has the obligation under the Oil and Gas Act and Division regulations to properly plug and abandon the Wells. As record title owner of the Lease, ConocoPhillips is responsible for certain oil and gas operations on the Lease.

19. Accordingly, ConocoPhillips intends to properly plug and abandon the Wells.

20. In order to prevent waste and protect correlative rights and comply with the SLO’s requirements, Cambrian should be removed as operator of the Well by the Division and ConocoPhillips should be designated as operator of record of the Wells so that it may properly plug and abandon the Wells.

WHEREFORE, Applicant requests this application be set for hearing on March 2, 2023, and after notice and hearing, the Division enter an order removing Cambrian as operator of the Wells and

approving a change of operator to ConocoPhillips and granting such further relief as the Division deems proper.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy _____

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for ConocoPhillips Company

Application of ConocoPhillips Company to Remove Cambrian Management, Ltd as Operator of Record of the Chem State #2, Chem State #5, and Chem State #6 Wells, Lea County, New Mexico. Applicant seeks an order: (1) removing Cambrian Management, Ltd as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells (“Wells”); and (2) designating ConocoPhillips Company (“ConocoPhillips”) as the operator of record. ConocoPhillips is a registered operator in good standing with the Oil Conservation Division (“Division”). ConocoPhillips is record title owner of State Lease #B0-9680 (“Lease”) covering lands in Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4, SE/4 of Township 15 South, Range 32 East, N.M.P.M. Cambrian Management, Ltd. (“Cambrian”) (OGRID No. 198688) is the operator of record of the Wells located on the Lease at the following locations: Chem State #2 (API # 30-025-00336) – 2240 feet from the north line (Unit H) and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; Chem State #5 (API # 30-025-23273) – 1980 feet from the south line (Unit K) and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; and Chem State #6 (API # 30-025-27977) – 2229 feet from the north line (Unit E) and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico. The Wells were completed in the Tulk; Wolfcamp Pool (Pool No. 60420). As operator of record of the Well, Cambrian has the obligation under the Oil and Gas Act and Division regulations to properly plug and abandon the Wells but is unavailable and unlocatable. As record title owner of the Lease, ConocoPhillips intends to properly plug and abandon the Wells. The Wells are located approximately 20 miles northeast of Lovington, New Mexico.

DUPLICATE

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MISCELLANEOUS NOTICES

Form C-102
RECEIVED
SEP 18 1952

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work mentioned is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered, or the rejection by the Commissioner or agent, of the plan submitted. The plan as approved should be approved and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

| | | | |
|---|-------------------------------------|---|--------------------------|
| NOTICE OF INTENTION TO TEST CASING SHUT-OFF | <input checked="" type="checkbox"/> | NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL | <input type="checkbox"/> |
| NOTICE OF INTENTION TO CHANGE PLANS | <input type="checkbox"/> | NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING | <input type="checkbox"/> |
| NOTICE OF INTENTION TO REPAIR WELL | <input type="checkbox"/> | NOTICE OF INTENTION TO PLUG WELL | <input type="checkbox"/> |
| NOTICE OF INTENTION TO DEEPEN WELL | <input type="checkbox"/> | | <input type="checkbox"/> |

Hobbs, New Mexico
Place

9-17-52
Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico

Gentlemen:

Following is a notice of intention to do certain work as described below at the.....

Phillips Chemical Company Green State "A" Well No. 1 in SE/4 NE/4
Company or Operator Lease
of Sec. 3, T. 15S, R. 32E, N. M. P. M. Wildcat Field.
Lea County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Drill well to 9965', run 5-1/2" casing to 9911', cement with 1320 sacks cement and test for casing shut-off.

SEP 18 1952

Approved....., 19.....
except at follows:

Phillips Chemical Company
Company or Operator

By [Signature]

Position Representative of Phillips Petroleum
Send communications regarding well to
Company - Operator under Contract

Name H. G. Crocker

Address Box 2105 Hobbs, New Mexico

OIL CONSERVATION COMMISSION,

By [Signature]
Engineer District 1

Title

ConocoPhillips Company
Case No. 23384
Exhibit A-2

DUPLICATE

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

RECORDED
SEP 18 1952
OIL CONSERVATION COMMISSION

MISCELLANEOUS REPORTS ON WELLS

Submit this report in **TRIPLICATE** to the District Office, Oil Conservation Commission, within 10 days after the work specified is completed. It should be signed and filed as a report on Beginning Drilling Operations, Results of test of casing shut-off, result of plugging or well repair, result of well repair, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate Nature of Report by Checking Below

| | | | | | |
|---|--|---|----------|--------------------------|--|
| REPORT ON BEGINNING DRILLING OPERATIONS | | REPORT ON RESULT OF TEST OF CASING SHUT-OFF | X | REPORT ON REPAIRING WELL | |
| REPORT ON RESULT OF PLUGGING WELL | | REPORT ON RECOMPLETION OPERATION | | REPORT ON (Other) | |

9-17-52
(Date)

Hobbs, New Mexico
(Place)

Following is a report on the work done and the results obtained under the heading noted above at the

Phillips Chemical Company
(Company or Operator)

Chem State #A
(Lease)

(Contractor)

Well No. 1 in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 3

T. 158, R. 32E NMPM, Wildcat Pool, Lee County.

The Dates of this work were as follows: 6-26-52

Notice of intention to do the work (was) (was not) submitted on Form C-102 on 9-17-52, 19____, and approval of the proposed plan (~~was~~) (was not) obtained.
(Cross out incorrect words)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Drilled well to 4220', ran 4110' of 8-5/8" casing set at 4120'. Cemented with 2650 sacks 8% gel cement followed by 150 sacks neat. Pumped plug to 4076'. Cement circulated to surface. Tested casing with 1000# for 30 minutes before and after drilling plug.

Witnessed by La. L. Estell (Name) Phillips Petroleum Company (Company) Foreman (Title)

Approved: OIL CONSERVATION COMMISSION

[Signature]
(Name)

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name W. H. [Signature]

Position Dist. Chief Clerk

Representing Phillips Petroleum Company, Operator

Address [Signature]

Engineer District 6 SEP 18 1952

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-11
Supersedes O-12K
Effective 1-1-65

All distances must be from the outer boundaries of the Section

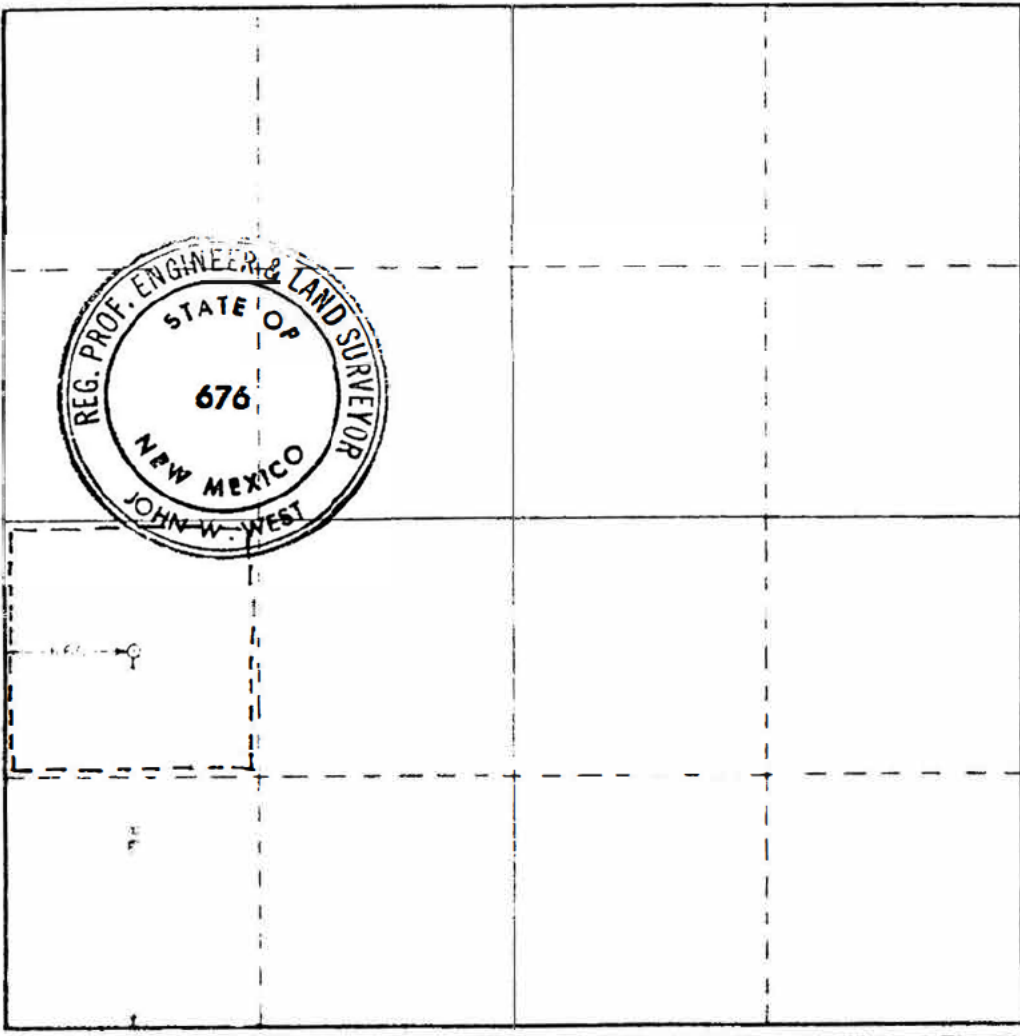
| | | | | | |
|---|---|-----------------------------|--|----------------------|---------------------------------------|
| Operator Continental Oil Co. | | Lease Warren Unit | | | Well No. 71 |
| Section Letter L | Section 25 | Township 20 South | Range 38 East | County Lea | |
| Actual Plot Size Location of Well: 1980 feet from the South line and 660 feet from the West line | | | | | |
| Ground Level Elev 3565.2 | Producing Formation Blinchley + Tubbs | | Pool BLINCHLEY OIL SEAS + WARREN TUBBS OIL | UNDESIGNATED | Dedicated Acreage: 40 Acres |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Wm G. Butterfield*
 Position *Administrative Supervisor*
 Company *Continental Oil Company*
 Date *Feb 14, 1979*

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **January 10, 1979**
 Registered Professional Engineer and/or Land Surveyor
John W. West
 Certificate No. **John W. West 676**
Ronald J. Eldred 1239

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-11
Supersedes O-12K
Effective 1-1-65

All distances must be from the outer boundaries of the Section

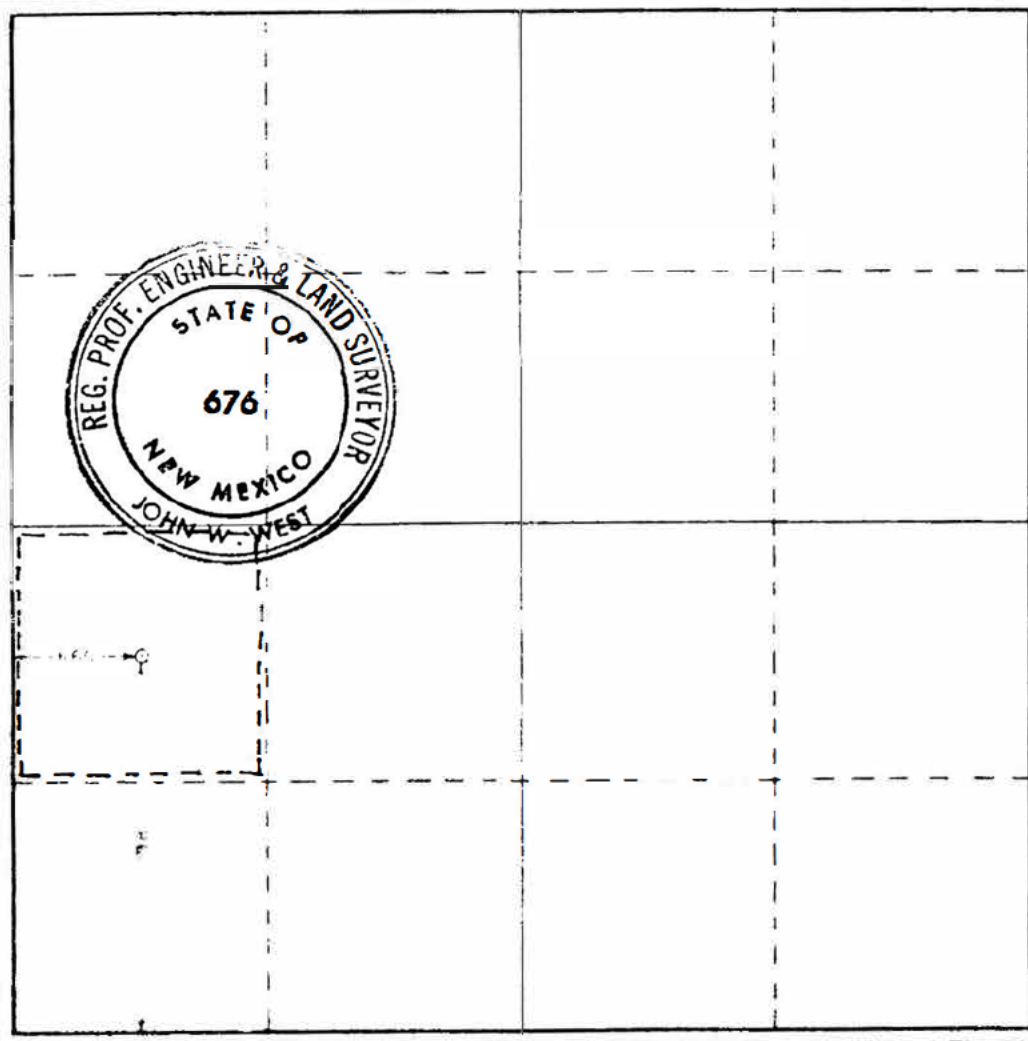
| | | | | | |
|---|---|-----------------------------|--|----------------------|---------------------------------------|
| Operator Continental Oil Co. | | Lease Warren Unit | | | Well No. 71 |
| Section Letter L | Section 25 | Township 20 South | Range 38 East | County Lea | |
| Actual Plot Size Location of Well: 1980 feet from the South line and 660 feet from the West line | | | | | |
| Ground Level Elev 3565.2 | Producing Formation Blinchley + Tubbs | | Pool BLINCHLEY OIL SEAS + WARREN TUBBS OIL | UNDESIGNATED | Dedicated Acreage: 40 Acres |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Wm. G. Butterfield*
 Position *Administrative Supervisor*
 Company *Continental Oil Company*
 Date *Feb 14, 1979*

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
January 10, 1979
 Registered Professional Engineer
and/or Land Surveyor

John W. West
 Certificate No. **John W. West 676**
Ronald J. Eldred 1239

| | |
|------------------------|--|
| NO. OF COPIES RECEIVED | |
| DISTRIBUTION | |
| SANTA FE | |
| FILE | |
| U.S.G.S. | |
| LAND OFFICE | |
| OPERATOR | |

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-102
Supersedes C-101
C-102 and C-103
Effective 1-1-65

5a. indicate Type of Lease
State Fed. Fee

5. State Oil & Gas Lease No.
LC 063458

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
SEE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.

| | |
|--|--|
| 1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> | 7. Unit Agreement Name |
| 2. Name of Operator <u>Conoco Inc.</u> | 8. Farm or Lease Name <u>Warren Unit</u> |
| 3. Address of Operator <u>Box 460, Hobbs, New Mexico 88240</u> | 9. Well No. <u>71</u> |
| 4. Location of Well UNIT LETTER <u>L</u> <u>1980</u> FEET FROM THE <u>S</u> LINE AND <u>660</u> FEET FROM THE <u>W</u> LINE, SECTION <u>25</u> TOWNSHIP <u>20</u> RANGE <u>38</u> N.M.P.M. | 10. Field and Pool, or Wildcat <u>Blinbery Oil & Gas</u> <u>Warren Tub (Oil)</u> |
| 11. Elevation (Show whether DF, RT, GR, etc.) | 12. County <u>LEC</u> |

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

| | | | |
|--|---|---|---|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | OTHER <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | OTHER <u>Change of corporate name</u> <input checked="" type="checkbox"/> |

17. Describe proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
 Continental Oil Company, a Delaware corporation, amended its Articles of Incorporation to change its corporate name to Conoco Inc., effective July 1, 1979.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED [Signature] TITLE Division Manager DATE 6-20-79

APPROVED BY [Signature] TITLE District Supervisor DATE JUN 20 1979

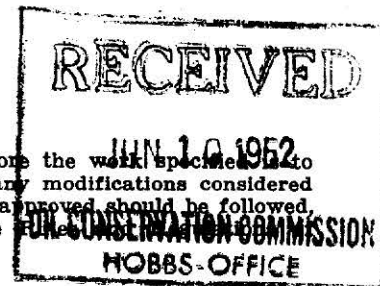
RECEIVED

JUN 2 1 1979

**OIL CONSERVATION COMM.
HOBBS, N. M.**

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

MISCELLANEOUS NOTICES



Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

| | | | |
|---|-------------------------------------|---|--|
| NOTICE OF INTENTION TO TEST CASING SHUT-OFF | <input checked="" type="checkbox"/> | NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL | |
| NOTICE OF INTENTION TO CHANGE PLANS | <input type="checkbox"/> | NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING | |
| NOTICE OF INTENTION TO REPAIR WELL | <input type="checkbox"/> | NOTICE OF INTENTION TO PLUG WELL | |
| NOTICE OF INTENTION TO DEEPEN WELL | <input type="checkbox"/> | | |

Hobbs, New Mexico

June 9, 1952

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Phillips Chemical Company

Chem-State "A"

Well No. 1 in SE NE

Company or Operator

Lease

of Sec. 2, T. 15S, R. 32E, N. M. P. M., Tulsa Field.

Lea County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Drill to 500', run 13-3/8" casing, circulate with cement and test for casing shut off.

Approved JUN 10 1952, 19.....
except at follows:

Phillips Chemical Company
Company or Operator

By [Signature]
Representative of Phillips Petroleum Company
Position Operator under Contract
Send communications regarding well to

Name M. G. Croston

Address Box 2105, Hobbs, New Mexico

OIL CONSERVATION COMMISSION,

By [Signature]

Title Oil & Gas Inspector



2020 JUL 21 10 15 AM

Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

OFFICE OF THE
GENERAL COUNSEL
Ari Biernoff
General Counsel
Phone (505) 827-5756
abiernoff@slo.state.nm.us

July 16, 2020

Via Certified Mail (# 7017 1070 0000 9134 5276)

ConocoPhillips Company
P.O. Box 7500
Bartlesville, OK 74005

Notice to Cease and Desist Operations on New Mexico State Land Office Oil and Gas Lease No. B0-9680-0002

To whom it may concern:

By notice dated June 22, 2018, the New Mexico State Land Office (“State Land Office”) notified ConocoPhillips Company (“ConocoPhillips”) that the above-referenced lease (the “Lease”) would be cancelled for non-payment of rent if ConocoPhillips did not respond within 30 days. The State Land Office did not receive a response, and accordingly on September 5, 2018, notified ConocoPhillips that the Lease had been cancelled. ConocoPhillips did not challenge this determination or otherwise respond to the State Land Office. Copies of both notices are attached.

Despite the cancellation of the Lease, the State Land Office recently has learned that ConocoPhillips is still occupying and conducting operations on the Lease, including ongoing oil and gas production from at least two wells – Chem State #2 (API 30-025-00336) and Chem State #6 (API 30-025-27977). Since 2018, these operations have been and continue to be in trespass. ConocoPhillips owes the State Land Office full compensation for all oil and gas extraction during the period of trespass.

By this letter, NMSLO directs you and your operators and agents to immediately cease all oil and gas operations on the Lease No. B0-9680-0002 site.

In addition, and of great concern to the State Land Office, the Lease site evidences pervasive environmental compliance problems that ConocoPhillips must address immediately. A recent site inspection by State Land Office staff revealed pipeline leaks and multiple spills at the Chem State #2 well; debris and evidence of a major spill at the Chem State #6 well; leaks and scarring at the central tank battery; and overgrown pad sites throughout the Lease

ConocoPhillips Company
Case No. 23384
Exhibit A-3

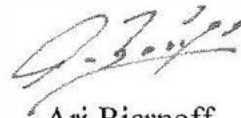
ConocoPhillips Company
July 16, 2020
Page 2

lands. This list is not exhaustive.

The State Land Office expects that in addition to ceasing its ongoing unlawful operations on the Lease, ConocoPhillips will honor its obligations under State Land Office rules to remove debris, remediate spills, and reclaim the Lease site. Because the Lease is no longer in effect, ConocoPhillips' presence on the Lease site to conduct delineation, cleanup and site closure activities will require a right of entry permit from the State Land Office.

ConocoPhillips must contact the State Land Office immediately to coordinate its orderly and responsible departure from the Lease site and its full compliance with applicable State Land Office rules. Thank you for your attention to this letter and your anticipated cooperation.

Sincerely,



Ari Biernoff
General Counsel

Enclosures

cc:

Via Certified Mail (# 7017 1070 0000 9134 5252)
ConocoPhillips Company
P.O. Box 50688
10 Desta Dr., Suite 440e
Midland, TX 79710

Via Certified Mail (#7017 1070 0000 9134 5269)
Cambrian Management, Ltd.
415 W. Wall St., #900
Midland, TX 79701



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

OFFICE OF THE
GENERAL COUNSEL
Ari Biernoff
General Counsel
Phone (505) 827-5756
abiernoff@slo.state.nm.us

August 6, 2020

Via Certified Mail (#7017 1070 0000 9134 5351)

Wyn E. McCubbin
ConocoPhillips Company
16930 Park Row Dr.
Houston, TX 77084

Via Certified Mail (#7017 1070 0000 9134 5368)

Alan D. Means
Cambrian Management, Ltd.
P.O. Box 272
Midland, TX 79702

Re: New Mexico State Land Office Oil and Gas Lease No. B0-9680-0002

Dear Ms. McCubbin and Mr. Means:

Thank you for your responses to my July 16, 2020 letter, which instructed Conoco Phillips and its operators/agents (including Cambrian Management) to cease oil and gas operations on the expired New Mexico State Land Office lease B0-9680-0002.

From your letters to me, I understand Cambrian Management's proposal to be that Pyrite Investments, Ltd. Will pay outstanding rental fees, secure an assignment of B0-9680-0002, and make future rental payments. I further understand ConocoPhillips to agree with Cambrian Management's proposal.

Neither of your responses addresses the two items of greatest significance to the State Land Office first, payment of full compensation to the State Land Office for all production that took place in trespass; and second, immediate action to remediate the leaks, spills, and other environmental damage that I outlined in my July 16, 2020 letter. Will your companies assume these responsibilities?

Full remediation of the B0-9680-0002 lease site, and payment of all outstanding trespass royalties, are preconditions to any consideration of reinstatement (and assignment) of

ConocoPhillips Company
Case No. 23384
Exhibit A-4

ConocoPhillips Company, et al.
August 6, 2020
Page 2

the lease. Please let me know what your companies are prepared to do to make the State Land Office whole for the trespass and damage that it has suffered.

Sincerely,



Ari Biernoff
General Counsel

From: [Alan Means](#)
To: [Biernoff, Ari](#)
Cc: [Andy Rickard](#); [Nathan Braden](#); [McCubbin, Wyn E](#); [Pruett, Maria](#); [Mann, Ryan](#); [Heltman, Elaine G.](#); [Cowling, Clay](#); [Patterson, Beth B \(LDZX\)](#); [Salazar, Louis C](#)
Subject: Re: [EXTERNAL] RE: Chem State Lease
Date: Thursday, February 18, 2021 3:48:35 PM
Attachments: [image001.jpg](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Ari,

We were asked by the SLO to shut down the #1 and #4 wells in October since the producing facilities were on the lease that was lost. The production runs you are seeing are probably from October production month. Oil payments are delayed to the producers for about a month and gas about two months. We would love to start the 1 and 4 back up.

There is only one battery on the two leases. The two leases have always been operated as one lease even before they were purchased from Phillips in 1994. When the leases were purchased from Phillips for whatever reason they elected to make rentals on one of the leases, I assume deep rights.

Can we start up the wells off the lease to the battery on the lost lease?

Thanks

Sent from my iPad

On Feb 18, 2021, at 3:40 PM, Biernoff, Ari <abiernoff@slo.state.nm.us> wrote:

First of all, I'm sorry to hear you're affected by the outages. I hope you get power back soon and that the extreme weather eases up too.

I'm a little confused about the status of B0-9642. Our records show that the lease is active and producing. The Chem State #1 and #4 wells, which I think are on that lease, posted production as recently as December 2020. Are you saying that Cambrian/Pyrite shut those wells in after Dec. 2020? Why were the wells shut in?

From our initial review, there don't appear to be any tanks on the adjacent lease (B0-9642; Chem State #1 and #4), but there do appear to be pipelines linking wells on that lease to the central bank battery on the lease that we're focused on, the lease that requires remediation (B0-9680). Have the tanks at the central tank battery received product from wells on B0-9642 in the past? Are the tanks receiving product from the wells on B0-9642 now?

From: Alan Means [<mailto:ameans@cambrianmgmt.com>]
Sent: Wednesday, February 17, 2021 2:53 PM

ConocoPhillips Company
Case No. 23384
Exhibit A-5

To: Biernoff, Ari <abiernoff@slo.state.nm.us>
Cc: Andy Rickard <arickard@Cambrianmgmt.com>; Nathan Braden <NBraden@Cambrianmgmt.com>; McCubbin, Wyn E <Wyn.E.McCubbin@conocophillips.com>; Pruett, Maria <mpruett@slo.state.nm.us>; Mann, Ryan <rmann@slo.state.nm.us>; Heltman, Elaine G. <eheltman@slo.state.nm.us>; Cowling, Clay <Clay.Cowling@conocophillips.com>; Patterson, Beth B (LDZX) <Beth.B.Patterson@conocophillips.com>; Salazar, Louis C <Louis.C.Salazar@conocophillips.com>
Subject: [EXTERNAL] RE: Chem State Lease

Ari,

I apologize for the delayed response we are struggling with lack of power here in Texas. The battery is completely shut down there is no production being processed at the battery. The Pyrite wells on the adjoining lease are shut in as well.

Can we get a work permit or work lease to start up the wells on the adjoining lease? We are a small company and we are spending a lot of money on the delineation plans and will be spending even more on the remediation. It would be nice to have some income to offset the costs.

Thanks!

Alan Means- Owner/Engineer

<image001.jpg>

P.O. Box 272, Midland, TX 79702
415 W. Wall, Suite 900, Midland, TX 79701
Phone: 432-620-9181
Cell: 432-664-7052

From: Biernoff, Ari <abiernoff@slo.state.nm.us>
Sent: Monday, February 15, 2021 10:35 PM
To: Alan Means <ameans@Cambrianmgmt.com>
Cc: Andy Rickard <arickard@Cambrianmgmt.com>; Nathan Braden <NBraden@Cambrianmgmt.com>; McCubbin, Wyn E <Wyn.E.McCubbin@conocophillips.com>; Pruett, Maria <mpruett@slo.state.nm.us>; Mann, Ryan <rmann@slo.state.nm.us>; Heltman, Elaine G. <eheltman@slo.state.nm.us>
Subject: [EXTERNAL] RE: Chem State Lease

Thanks for the note last month. We're glad to see the remediation plans that Hungry Horse has submitted on behalf of Cambrian/Conoco, and our remediation staff have been providing guidance on necessary adjustments to those plans. We look forward to work commencing soon.

Meanwhile, I have a question for Cambrian and Conoco. The remediation plan for the central tank battery refers to an “active” tank. What does that mean? Is the tank accepting product from somewhere else, like the adjacent Pyrite Investments lease B0-9642-6? (I’m assuming no production is taking place from this lease, B0-9680). Please give us more details about this.

Thanks/Ari

From: Alan Means [<mailto:ameans@Cambrianmgmt.com>]
Sent: Tuesday, January 19, 2021 8:16 AM
To: Biernoff, Ari <abiernoff@slo.state.nm.us>
Cc: Andy Rickard <arickard@Cambrianmgmt.com>; Nathan Braden <NBraden@Cambrianmgmt.com>; McCubbin, Wyn E <Wyn.E.McCubbin@conocophillips.com>
Subject: [EXTERNAL] Chem State Lease

Mr. Biernoff,

COP has paid the value of the trespass production on the subject lease and Cambrian is working to get the clean-up started. We have two more sites to complete the delineation and are currently submitting work plans to the NMSLO for approval to commence the clean-up. I am requesting that the NMSLO start the process to re-instate the lease. At a minimum we would like to get a work permit to start the two wells that are currently shut-in which are not on the subject the lease. Cambrian will work diligently to clean-up the lease however, a little income from the lease would go a long way to help us offset the cost of the clean-up and allowing the SLO to receive royalty payments from the lease.

If you have any questions please call or email me.

Thanks

Alan Means- Owner/Engineer

<image001.jpg>

P.O. Box 272, Midland, TX 79702
415 W. Wall, Suite 900, Midland, TX 79701
Phone: 432-620-9181
Cell: 432-664-7052

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ConocoPhillips
925 N. Eldridge Parkway
Houston, TX 77079
www.conocophillips.com

June 24, 2021

Via Email Only

Alan Means (ameans@Cambrianmgmt.com)
Owner, Cambrian Management, Ltd. ("Cambrian")
415 W. Wall Street, Suite 900
Midland, Texas 79701

Re: Obligations of Cambrian and Pyrite Investments, Ltd. ("Pyrite") Under NM Lease #B0-9680
(the "Lease") [REDACTED]

Dear Mr. Means:

I am writing to you today in response to your May 3, 2021 email sent to Sean Johnson, COPC's
Delaware Basin East Land Manager. [REDACTED]

[REDACTED]

By contrast, Cambrian/Pyrite has so far failed to meet its [REDACTED] Remediation Actions for the Lease, [REDACTED] based solely on allegations that the site will cost more to remediate than it anticipated, [REDACTED]

COPC demands that you perform the Remediation Actions [REDACTED]

[REDACTED] Please respond to this letter and acknowledge these obligations by no later than Friday, July 2, 2021.

Lastly, please refer all further inquiries directed to COPC regarding these issues to my attention at David.Schwan@conocophillips.com. [REDACTED]

Very truly yours,

David L. Schwan

David L. Schwan
Senior Counsel

ConocoPhillips Company
Case No. 23384
Exhibit A-6



ConocoPhillips
925 N. Eldridge Parkway
Houston, TX 77079
www.conocophillips.com

July 23, 2021

Via Email Only

Alan Means (ameans@Cambrianmgmt.com)
Owner, Cambrian Management, Ltd. ("Cambrian")
415 W. Wall Street, Suite 900
Midland, Texas 79701

Re: Obligations of Cambrian and Pyrite Investments, Ltd. ("Pyrite") Under NM Lease #B0-9680 (the "Lease") [REDACTED]

Dear Mr. Means:

I am writing to you today in response to your July 2, 2021 letter regarding the current Lease status and remedial obligations. First, you mentioned that Cambrian began bidding out the Remediation Actions [REDACTED]. This is good news; please expedite the remediation process to meet the State Land Office's ("SLO") expectations.

Second, regarding your request about Lease reinstatement, that has not yet occurred because you have not completed the Remediation Actions. The SLO's General Counsel stated in his August 6, 2020 letter that "Full remediation of the B0-9680-0002 lease site, and payment of all outstanding trespass royalties, are *preconditions* to any consideration of reinstatement (and assignment) of the [L]ease." (Emphasis added). Once you have notified us that the Remediation Actions are completed [REDACTED] we will work with Pyrite/Cambrian to request lease reinstatement from the SLO.

[REDACTED]

Please let me know as soon as the Remediation Actions are complete, [REDACTED] and COPC will work with Pyrite to secure Lease reinstatement and assignment.

Very truly yours,

David L. Schwan

David Schwan
Senior Counsel



ConocoPhillips
925 N. Eldridge Parkway
Houston, TX 77079
www.conocophillips.com

April 26, 2022

Via Email Only

Alan Means (ameans@Cambrianmgmt.com)
Owner, Cambrian Management, Ltd. ("Cambrian")
415 W. Wall Street, Suite 900
Midland, Texas 79701

Re: Obligations of Cambrian and Pyrite Investments, Ltd. ("Pyrite") Under NM Lease #B0-9680 (the "Lease")

Dear Mr. Means:

I am writing to you today to follow up on my previous email requests to you regarding Cambrian's statutory remediation and reclamation obligations. You had informed me that you had engaged an attorney to negotiate the clean-up process with the SLO, but to date you have not followed up on the status of those discussions.

Further, Cambrian [REDACTED] agreed with ConocoPhillips to satisfy these obligations. Accordingly, COPC demands that you perform these remediation obligations without further delay, to begin no later than May 27, 2022 and completed no later than June 30, 2022.

Please respond to this letter and acknowledge these obligations by **Friday, April 29, 2022**. If you fail to perform your obligations timely as demanded above, ConocoPhillips will assume your clean-up responsibilities and remediate the Lease consistent with New Mexico law. [REDACTED]

Very truly yours,

David L. Schwan

David L. Schwan
Senior Counsel



HINKLE SHANOR LLP
 ATTORNEYS AT LAW
 400 PENN PLAZA, SUITE 640
 PO BOX 10
 ROSWELL, NEW MEXICO 88202
 575-622-6510 (FAX) 575-623-9332

WRITER:
 Andrew (Drew) J. Cloutier
 acloutier@hinklelawfirm.com

November 30, 2022

Matthew French, Esq.
 French Benton, PLLC
 415 West Wall Street, Suite #1505
 Midland, TX 79701
matt@frenchbenton.com

Via-E-Mail

Mr. Alan Means
 Cambrian Management, Ltd.
 Pyrite Investments, Ltd.
 415 West Wall Street, Suite #900
 Midland, TX 79701
ameans@cambrianmgmt.com

Via-E-Mail

Re: Cambrian and Pyrite Obligations Regarding State of New Mexico Lease No. BO-9680

Dear Mr. Means and Mr. French:

I represent ConocoPhillips Company ("ConocoPhillips") regarding the December 2, 2020 Agreement between ConocoPhillips, Pyrite Investments, Ltd. ("Pyrite") and Cambrian Management, Ltd. ("Cambrian"). David Schwan of ConocoPhillips informs me that Mr. French was representing Cambrian and Pyrite approximately six months ago with respect to this matter. My inquiries via e-mail to Mr. French if he is still representing Cambrian and Pyrite have gone unanswered.

[REDACTED]

In May of this year, Mr. French made some contact with Ari Biernoff at the New Mexico State Land Office ("SLO") but, to ConocoPhillips' knowledge and based on what the SLO is telling ConocoPhillips, the Remediation Actions remain unfulfilled. [REDACTED] It is well past time for Pyrite and Cambrian to conduct and complete the Remediation Actions to the satisfaction of the SLO and New Mexico Oil Conservation Division. [REDACTED]

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

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

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

Page 2 of 2
November 30, 2022

Cambrian and Pyrite Obligations Regarding State of New Mexico
Lease No. BO-9680

[REDACTED] there is no chance that the subject Oil and Gas Lease will be reinstated by the SLO absent successful completion of the Remediation Actions. ConocoPhillips again demands that Pyrite and Cambrian complete the Remediation Actions.

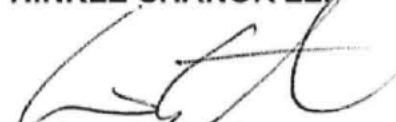
The SLO is now asking ConocoPhillips to undertake the Remediation Actions. While ConocoPhillips would much prefer Pyrite and Cambrian to fulfill their obligations [REDACTED] promptly and thoroughly, ConocoPhillips will be forced to undertake the Remediation Actions as record title owner of the Oil and Gas Lease if Pyrite and Cambrian continue to fail to act. [REDACTED]

[REDACTED] ConocoPhillips, alternatively, demands that Cambrian execute a change of operator form so that ConocoPhillips can lawfully undertake the Remediation Actions with respect to the wells and the subject Oil and Gas Lease. If Pyrite and Cambrian prefer the latter option, please provide contact information for the appropriate person at Cambrian so that a non-attorney regulatory person at ConocoPhillips can coordinate electronic submission of the Form C-145 Change of Operator form (copy enclosed) to the NMOCD.

[REDACTED]

Very truly yours,

HINKLE SHANOR LLP



Andrew J. Cloutier

AJC/cg
Encl. (1)
xc (w/encl.): Client (Via-E-Mail)

HINKLE SHANOR LLP



HINKLE SHANOR LLP

ATTORNEYS AT LAW
400 PENN PLAZA, SUITE 640
PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510 (FAX) 575-623-9332

WRITER:

Andrew (Drew) J. Cloutier
acloutier@hinklelawfirm.com

December 22, 2022

Octane Energy
Attn: Land Department
310 West Wall Street, Suite #810
Midland, TX 79701

Via-U.S. Mail

Re: Demands on Cambrian Management, Ltd.

Dear Sir or Madam:

I understand from a posting on LinkedIn that you have recently acquired Cambrian Management, Ltd. We represent ConocoPhillips Company with regard to its demands on Cambrian Management, Ltd. ("Cambrian") and Pyrite Investments, Ltd. ("Pyrite")

[REDACTED]

[REDACTED] Enclosed please find a copy of my November 30, 2022 letter demanding immediate performance.

Please contact me at your earliest convenience to discuss your plans to discharge Cambrian's duties under the Agreement promptly.

Sincerely,

HINKLE SHANOR LLP

Andrew J. Cloutier

AJC/cg
Encls.
xc (w/encls.): Client (Via-E-Mail)

ConocoPhillips Company
Case No. 23384
Exhibit A-7

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

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

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

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

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Form C-145
Revised May 19, 2017

Permit 335062

Previous Operator Information

New Operator Information

| | | |
|--|--|--|
| | Effective Date: | <div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div> |
| OGRID: <u>198688</u> | OGRID: <u>217817</u> | |
| Name: <u>CAMBRIAN MANAGEMENT LTD</u> | Name: <u>CONOCOPHILLIPS COMPANY</u> | |
| Address: <u>P.O. Box 272</u> | Address: <u>600 W. Illinois Avenue</u> | |
| City, State, Zip: <u>Midland, TX 79701</u> | City, State, Zip: <u>Midland, TX 79701</u> | |

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, CONOCOPHILLIPS COMPANY certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

CONOCOPHILLIPS COMPANY understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

ConocoPhillips Company
Case No. 23384
Exhibit A-8

As the operator of record of wells in New Mexico, CONOCOPHILLIPS COMPANY agrees to the following statements:

1. Initials _____ I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials _____ I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials _____ I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials _____ I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials _____ I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials _____ I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials _____ I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials _____ For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials _____ I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials _____ If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials _____ No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials _____ NMOCD Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

New Operator

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____ Phone: _____

Date: _____ Phone: _____

Permit 335062

District I

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

District II

811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico
 Energy, Minerals and Natural
 Resources
 Oil Conservation Division
 1220 S. St Francis Dr.
 Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 335062

1 Well Selected for Transfer

| | |
|----------------------------------|------------------|
| From: CAMBRIAN MANAGEMENT LTD | OGRID: 198688 |
| To: CONOCOPHILLIPS COMPANY | OGRID: 217817 |

OCD District Hobbs (1 Well selected)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Pool ID | Pool Name | Well Type | Last Prod/Inj | Single Well Bond Required for Inactive Well |
|----------|-----------------|------------|--------------|----------|--------------|---------|----------------|-----------|---------------|---|
| 28869 | CHEM STATE #002 | S | H-03-15S-32E | H | 30-025-00336 | 60420 | TULK; WOLFCAMP | O | 08/20 | 44930 |

| | |
|---|-------|
| Total of Single Well Bonds Required for Inactive Wells | 44930 |
|---|-------|

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

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Previous Operator Information

New Operator Information

| | |
|--|--|
| Effective Date: | <div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div> |
| OGRID: <u>198688</u> | OGRID: <u>217817</u> |
| Name: <u>CAMBRIAN MANAGEMENT LTD</u> | Name: <u>CONOCOPHILLIPS COMPANY</u> |
| Address: <u>P.O. Box 272</u> | Address: <u>600 W. Illinois Avenue</u> |
| City, State, Zip: <u>Midland, TX 79701</u> | City, State, Zip: <u>Midland, TX 79701</u> |

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, CONOCOPHILLIPS COMPANY certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

CONOCOPHILLIPS COMPANY understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, CONOCOPHILLIPS COMPANY agrees to the following statements:

1. Initials _____ I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials _____ I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials _____ I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials _____ I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials _____ I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials _____ I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials _____ I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials _____ For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials _____ I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials _____ If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials _____ No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials _____ NMOCD Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

New Operator

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____ Phone: _____

Date: _____ Phone: _____

Permit 335063

District I

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

District II

811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico
 Energy, Minerals and Natural
 Resources
 Oil Conservation Division
 1220 S. St Francis Dr.
 Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 335063

1 Well Selected for Transfer

| | |
|----------------------------------|------------------|
| From: CAMBRIAN MANAGEMENT LTD | OGRID: 198688 |
| To: CONOCOPHILLIPS COMPANY | OGRID: 217817 |

OCD District Hobbs (1 Well selected)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Pool ID | Pool Name | Well Type | Last Prod/Inj | Single Well Bond Required for Inactive Well |
|----------|-----------------|------------|--------------|----------|--------------|---------|----------------|-----------|---------------|---|
| 28869 | CHEM STATE #005 | S | K-03-15S-32E | K | 30-025-23273 | 60420 | TULK; WOLFCAMP | O | 12/16 | 45010 |

| | |
|---|-------|
| Total of Single Well Bonds Required for Inactive Wells | 45010 |
|---|-------|

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

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Form C-145
Revised May 19, 2017

Permit 335065

Previous Operator Information

New Operator Information

| | |
|--|--|
| Effective Date: | <div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div> |
| OGRID: <u>198688</u> | OGRID: <u>217817</u> |
| Name: <u>CAMBRIAN MANAGEMENT LTD</u> | Name: <u>CONOCOPHILLIPS COMPANY</u> |
| Address: <u>P.O. Box 272</u> | Address: <u>600 W. Illinois Avenue</u> |
| City, State, Zip: <u>Midland, TX 79701</u> | City, State, Zip: <u>Midland, TX 79701</u> |

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, CONOCOPHILLIPS COMPANY certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

CONOCOPHILLIPS COMPANY understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, CONOCOPHILLIPS COMPANY agrees to the following statements:

1. Initials _____ I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials _____ I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials _____ I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials _____ I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials _____ I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
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7. Initials _____ I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
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9. Initials _____ I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials _____ If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials _____ No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials _____ NMOCD Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

New Operator

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____ Phone: _____

Date: _____ Phone: _____

Permit 335065

District I

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

District II

811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico
 Energy, Minerals and Natural
 Resources
 Oil Conservation Division
 1220 S. St Francis Dr.
 Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 335065

1 Well Selected for Transfer

| | |
|----------------------------------|------------------|
| From: CAMBRIAN MANAGEMENT LTD | OGRID: 198688 |
| To: CONOCOPHILLIPS COMPANY | OGRID: 217817 |

OCD District Hobbs (1 Well selected)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Pool ID | Pool Name | Well Type | Last Prod/Inj | Single Well Bond Required for Inactive Well |
|----------|-----------------|------------|--------------|----------|--------------|---------|----------------|-----------|---------------|---|
| 28869 | CHEM STATE #006 | S | E-03-15S-32E | E | 30-025-27977 | 60420 | TULK; WOLFCAMP | O | 08/20 | 49940 |

| | |
|---|-------|
| Total of Single Well Bonds Required for Inactive Wells | 49940 |
|---|-------|

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

APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.

CASE NO. 23384

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of ConocoPhillips Company, the Applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter to be sent to the parties identified in the chart attached as **Exhibit B-2**.
3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit B-2.
4. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received.
5. Copies of the certified mail green cards and white slips are attached as **Exhibit B-3** as supporting documentation for proof of mailing and the information provided on Exhibit B-2.
6. On February 8, 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 B-4**.
7. 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

ConocoPhillips Company
Case No. 23384
Exhibit B

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

February 27, 2023
Date



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

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

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

February 3, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23384 – Application of ConocoPhillips Company to Remove Cambrian Management, Ltd as Operator of Record of the Chem State #2, Chem State #5, and Chem State #6 Wells, 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 8:15a.m.

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

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.nm.gov/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 do not hesitate to contact me if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

ConocoPhillips Company
Case No. 23384
Exhibit B-1

PO BOX 10
ROSWELL, NEW MEXICO 88202
(575) 622-6510
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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL
CONSERVATION DIVISION**

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23384

NOTICE LETTER CHART

| PARTY | NOTICE LETTER SENT | RETURN RECEIVED |
|--|---------------------------|---|
| Cambrian Management, Ltd. 218 W. Illinois Ste 100 Midland, Tx 79701 | 02/03/23 | 02/08/23 |
| Cambrian Management, Ltd. c/o Alan Means 415 West Wall Street, Suite #900 Midland, Tx 79701 | 02/03/23 | 02/08/23 |
| Cambrian Management, Ltd. c/o Paracorp Inc. 1012 Marquez Place Ste 106B Santa Fe, NM 87505 | 02/03/23 | 02/08/23 |
| New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504 | 02/03/23 | 02/08/23 |
| Octane Energy Attn: Land Department 310 West Wall Street, Suite #810 Midland, Tx 79701 | 02/03/23 | 02/08/23 |
| Pyrite Investments, Ltd 218 W. Illinois Ste 100 Midland, Tx 79701 | 02/03/23 | 02/08/23 |
| Pyrite Investments, Ltd c/o Alan Means 415 West Wall Street, Suite #900 Midland, Tx 79701 | 02/03/23 | Latest USPS Update (Last Checked 02/27/23): 02/16/23 – Item in transit to next facility. |
| Pyrite Investments, Ltd c/o Paracorp Inc. 1012 Marquez Place Ste 106B Santa Fe, NM 87505 | 02/03/23 | 02/08/23 |

**ConocoPhillips Company
Case No. 23384
Exhibit B-2**

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
February 08, 2023
and ending with the issue dated
February 08, 2023.



Publisher

Sworn and subscribed to before me this
8th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) **STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027**

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

LEGAL NOTICE
February 8, 2023

This is to notify all interested parties, including Octane Energy, Cambrian Management, Ltd., Pyrite Investments, Ltd., and the New Mexico State Land Office, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by ConocoPhillips Company (Case No. 23384). 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/>. Applicant seeks an order: (1) removing Cambrian Management, Ltd as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells ("Wells"); and (2) designating ConocoPhillips Company ("ConocoPhillips") as the operator of record. ConocoPhillips is a registered operator in good standing with the Oil Conservation Division ("Division"). ConocoPhillips is record title owner of State Lease #B0-9680 ("Lease") covering lands in Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4, SE/4 of Township 15 South, Range 32 East, N.M.P.M. Cambrian Management, Ltd. ("Cambrian") (OGRID No. 198688) is the operator of record of the Wells located on the Lease at the following locations: Chem State #2 (API # 30-025-00336) - 2240 feet from the north line (Unit H) and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; Chem State #5 (API # 30-025- 23273) - 1980 feet from the south line (Unit K) and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; and Chem State #6 (API # 30-025-27977) - 2229 feet from the north line (Unit E) and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico. The Wells were completed in the Tulk; Wolfcamp Pool (Pool No. 60420). As operator of record of the Wells, Cambrian has the obligation under the Oil and Gas Act and Division regulations to properly plug and abandon the Wells but is unavailable and unlocatable. As record title owner of the Lease, ConocoPhillips intends to properly plug and abandon the Wells. The Wells are located approximately 20 miles northeast of Lovington, New Mexico.
#00275575

02107475

00275575

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

ConocoPhillips Company
Case No. 23384
Exhibit B-4