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

**CASE NO. 23662** 

#### **HEARING EXHIBITS**

#### Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Adams Davenport
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, 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	Location Map of the Capitan 22301 28-21 State Com #17H well
B-2	Pennsylvanian Shale Subsea Structure Map, Cross-Section Line
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 Receipts and Returns
C-4	Affidavit of Publication for July 14, 2023

### COMPULSORY POOLING APPLICATION CHECKLIST

Page 2 of 40

ΔΙΙ	INFORMATION IN THE	APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
ALL	INFORMATION IN THE	APPLICATION MOST DE SUPPORTED DE SIGNED APPLDANTIS	,

Case: 23662	APPLICANT'S RESPONSE
Date	August 3, 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	Capitan
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:	WC025 G09 S173615C; Upper Penn Pool (Code 98333)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	W/2 E/2 of Sections 21 and 28, Township 16 South, Range 36 East, Lea County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is	Yes.
approval of non-standard unit requested in this application?	
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	Capitan 22301 28-21 State Com #17H (API #) SHL: 250' FSL & 1330' FEL (Unit O), Section 28, T16S, R36E BHL: 50' FNL & 1980' FEL (Unit B), Section 21, T16S, R36E Completion Target: Pennsylvanian Shale (Approx. 11,515' 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 \$	\$12,000.00
Production Supervision/Month \$	\$1,200.00
Justification for Supervision Costs	Exhibit A

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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	
f 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-3	
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-3	
Cross Section (including Landing Zone)	Exhibit B-3	
Gross Isopach Map	Exhibit B-4	
Additional Information	Entitle D T	
Special Provisions/Stipulations	N/A	

Praced wate QARO ME POP & ARY REP Pelentative):	Dana S. Hardy Page 4	of 40
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy	
Date:	8/1/2023	

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

**CASE NO. 23662** 

## SELF-AFFIRMED STATEMENT OF ADAMS DAVENPORT

- 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 land matters were accepted as 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 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 28 and the W/2 E/2 of Section 21, Township 16 South, Range 36 East, Lea County, New Mexico ("Unit").
- 5. The Unit will be dedicated to the Capitan 22301 28-21 State Com #17H well ("Well"), which will be completed in the WC025 G09 S173615C; Upper Penn Pool (Code 98333). The Well will be horizontally drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 28 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 21.
  - 6. The completed interval of the Well will be orthodox.

BTA Oil Producers, LLC Case No. 23662 Exhibit A

- 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.
- 9. BTA has conducted a diligent search of all county public records including phone directories and computer databases.
- 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 \$12,000 per month while the Well is being drilled and \$1,200 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.
- 15. I understand this Self-Affirmed Statement will be used as written testimony in this 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.

Adams Davenport

08/01/2023 Date

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

**CASE NO. 23662** 

#### **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 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 21 and 28, Township 16 South, Range 36 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 **Capitan 22301 28-21 State Com #17H** well ("Well"), to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 28, to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 21.
  - 3. The completed interval of the Well will be orthodox.
- 4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
- 5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

BTA Oil Producers, LLC Case No. 23662 Exhibit A-1

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant

should be designated as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an

Examiner of the Oil Conservation Division on August 3, 2023, and, after notice and hearing as

required by law, the Division enter an order:

Pooling all uncommitted interests in the Unit; A.

Approving the Well in the Unit; B.

C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping and completing the

Well;

E. Approving the actual operating charges and costs of supervision while drilling and

after completion, together with a provision adjusting the rates pursuant to the

COPAS accounting procedures; and

F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and

completing the Well against any working interest owner who does not voluntarily

participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com Counsel for 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 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 21 and 28, Township 16 South, Range 36 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Capitan 22301 28-21 State Com #17H well ("Well"), to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 28, to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 21. 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 3 miles south of Lovington, New Mexico.

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

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

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

Dedicated Acres

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

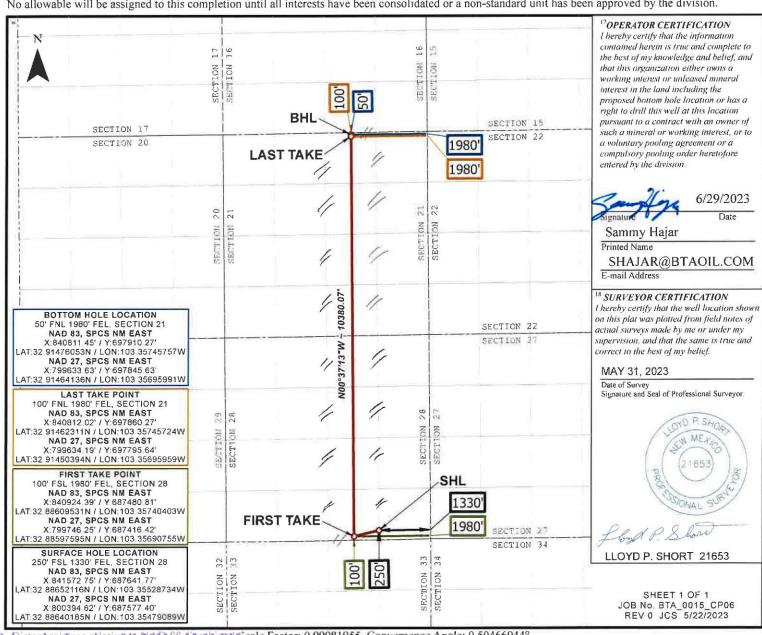
■ AMENDED REPORT

**BTA Oil Producers, LLC** Case No. 23662 Exhibit A-2

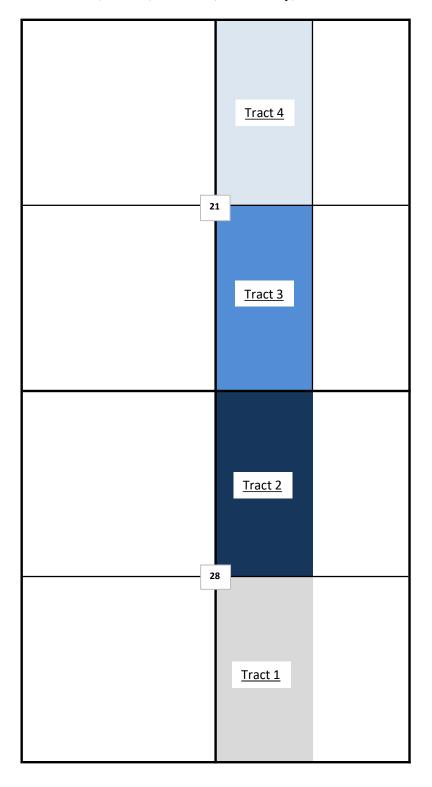
#### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			<sup>1</sup> Pool Code 98333		WC025 G09	9 S173615C ; UI	PPER PENN			
*Property Name CAPITAN 22301 28-21 STATE COM					OM		" Well Number 17H			
26029				BTA OIL PRODUCERS, LLC					"Elevation 3898"	
					<sup>10</sup> Surface Lo	ocation				
UL or lot no.	Section 28	Township 16S	Range 36E	Lot Idn	Feet from the 250	North/South line South	Feet from the 1330	East/West line East	County LEA	
			11 B	ottom I	Hole Location	n If Different F	rom Surface			
UL or lot no.	Section 21	Township 16S	Range 36E	Lot Ida	Feet from the 50	North/South fine North	Feet from the 1980	East/West line East	LEA	

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.



320 Acre Spacing Unit for the Capitan 22301 28-21 State Com #17H Well Covering the W/2 E/2 of Section 28 and W/2 E/2 of Section 21, T-16-S, R-36-E, N.M.P.M., Lea County, New Mexico



BTA Oil Producers, LLC Case No. 23662 Exhibit A-3

#### Capitan 22301 28-21 State Com #17H Unit Recapitulation

Tract 1	Leasehold Owner	WI	80 Acres
State of New Mexico OGL VC-0807 W/2 SE/4 Section 28, T16S, R36E, Lea County, New Mexico	BTA Oil Producers, LLC	100.0000%	80.0000
Tract 2	Leasehold Owner	WI	80 Acres
Fee	BTA Oil Producers, LLC	85.4167%	68.3333
W/2 NE/4	Broughton Petroleum Inc.	11.2500%	9.0000
Section 28, T16S-R36E, Lea County, New Mexico	Hay Family Trust dated 06/24/2005	3.3333%	2.6667
Tract 3	Leasehold Owner	WI	80 Acres
Fee	BTA Oil Producers, LLC	87.5000%	70.0000
W/2 SE/4	First Roswell Company	4.1667%	3.3333
Lea County, New Mexico	John Albert Ellett	8.3333%	6.6667
Tract 4	Leasehold Owner	WI	80 Acres
Fee W/2 NE/4 Section 21, T16S-R36E, Lea County, New Mexico	BTA Oil Producers, LLC	100.0000%	80.0000
Lea County, New Mexico			
Recapitulation	Leasehold Owner	WI	320 Acres
Capitan 22301 28-21 State Com #17H	BTA Oil Producers, LLC	93.2292%	298.3333
	Broughton Petroleum Inc.	2.8125%	9.0000
	First Roswell Company	1.0417%	3.3333
	Hay Family Trust dated 06/24/2005	0.8333%	2.6667
	John Albert Ellett	2.0833%	6.6667
Total		100.0000%	320.0000

<sup>\*</sup>Parties seeking to pool are highlighted in yellow.



BTA OIL PRODUCERS, LLC

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

104 SOUTH PECOS STREET MIDLAND, TEXAS 79701-5021 432-682-3753 FAX 432-683-0314 **GULF COAST DISTRICT** 

TOTAL PLAZA
1201 LOUISIANA STREET, STE. 3375
HOUSTON, TEXAS 77002
713-658-0077

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

April 20, 2023

In re: Well Proposal

Capitan 22301 28-21 State Com #17H

SHL: 250' FSL & 1,330' FEL Section 28, T16S, R36E BHL: 50' FNL & 1,980' FEL Section 21, T16S, R36E

Lea County, New Mexico

BTA 22300 Arbor 2

John Albert Ellett 585 Duarte Rd, Unit #19 Arcadia, California 91007-7343

Mr. Ellett:

BTA Oil Producers, LLC ("BTA") proposes to drill the Capitan 22301 28-21 State Com #17H (the "Well"), a horizontal, communitized, Pennsylvanian Shale Well with a TVD of 11,515' and a MD of 21,770'. The Well will be drilled as a two mile horizontal well at the above captioned location (the "Operation"). The Cumulative Well Costs of the Operation are estimated to be \$13,946,261.00 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;
- \$12,000.00 / \$1,200.00 drilling and producing rates;
- Contract Area of 320 acres, being the W2 E2 of Section 28, T16S-R36E and W2 E2 of Section 21, T16S, R36E, 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 lease your interest. The Oil, Gas and Mineral Lease will contain these general provisions:

- Three Year Primary Term;
- \$200/net acre
- 20% Royalty

BTA Oil Producers, LLC Case No. 23662 Exhibit A-4 Page 2

Find enclosed a copy of our AFE for the drilling of the Capitan 22301 28-21 State Com #17H. 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,
		adams B. Davenport
		Adams B. Davenport
		Business Development 432-553-5049
	Elect to Participate in the Capitan 2 (Send well information requirement	
	Elect to not to participate in the Cap	oitan 22301 28-21 State Com #17H Well
John Albe	ert Ellett	
By:		
Title:		<u></u>
Date:		

~11,515' TVD ~21,770' MD

Total Depth:

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

Well Name: Location: Capitan 22301 28-21 State Come #17H (PSOB) SHL: 250 FSL & 1330 FEL Sec 28, 16S, 36E FTP: 100 FSL & 1980 FEL Sec 28, 16S, 36E LTP: 100 FNL & 1980 FEL Sec 21, 16S, 36E BHL: 50 FNL & 1980 FEL, Sec 21, 16S, 36E

Lea County, NM Formation: Penn Shale Date Prepared

	Date Prepared: 4/14/2023				
	,	NE	Prepared By: NE	TW	
	INTANGIBLE COSTS	DRY	CASED HOLE	COMPLETION	TOTAL COSTS
ODE	FORMATION EVALUATION	\$	\$	\$	\$
2203	Logs Cores	8,000		20,000	28,00
205	DST				
211	LOCATION & ACCESS Survey & Stake	5,000			5,00
212 213	Damages Road & Location	50,000 85,000		100,000	50,00 185,00
214	Other Location	130,000		,	130,00
223	DRILLING RIG Mobilization	205,000			205,00
225 226	Daywork Footage	971,500	134,000		1,105,50
227	Turnkey DRILLING SUPPLIES				
232	Bits	115,000			115,00
233	BHA Fuel	55,000 282,750	39,000	65,000	120,00 321,75
236	Other Supplies MUD RELATED				
2241	Mud Purchase	135,000	5,000		140,00
242	Mud Renta <b>l</b> Fresh Water	55,000	1,000	720,000	776,00
245 246	Brine Solids Control (Closed Loop)	45,000 43,500	6,000		45,00 49,50
247	Mud Monitor	28,000	0,000		28,00
249	Mud Related Other DRILLING SERVICES	8,000			8,00
252	BOP Related	15,000	4,000		19,00
2253 2254	Casing Related Welding	38,000 8,000	95,000 2,000	15,000	133,00 25,00
255 256	Trucking Rental Equipment	22,500 82,000	10,000 8,000	70,000 400,000	102,50 490,00
257	Other Services (Direction/GR Services)	391,500	2,222	100,000	391,50
2261	CEMENT Casing Cementing	115,000	185,000		300,00
262	Other Cementing CONTRACT SERVICES			150,000	150,00
266	Engineering	8,000			8,00
267 268	Geological Roustabout	22,000 6,000		80,000	22,00 86,00
269 270	Wellsite Supervision Other Contract Services	107,300 25,000	14,800	70,000	192,10 25,00
	COMPLETION SERVICES	25,000			
272 273	Pulling Unit Drilling Rig			20,000	20,00
276 277	Perforate Stimulation			364,000 3,840,000	364,00 3,840,00
278	Other Compl. Services			220,000	220,00
280	OVERHEAD Drilling & Administrative	10,000		10,000	20,00
	TOTAL INTANGIBLE COSTS	\$ 3,072,050	\$ 503,800	\$ 6,144,000	\$ 9,719,85
	TANGIBLE COSTS				
ODE 2311	TUBULARS Surface Casing (13 3/8" @ 2125')	201,000			201,00
2312	Intermediate Casing (9 5/8" @ 4,650')	390,000			390,00
313	Drig Liner & Hanger (7-5/8" 4600' - 11100') Production Casing (5-1/2" x 5" @ TD)	440,000	915,000		440,00 915,00
315 316	Production Liner & Hanger (10,000 - TD) Other Tubulars				
2321	WELL EQUIPMENT Well Head	25,000	27,000	85,000	137,00
2322	Flowline	25,000	21,000	225,000	225,00
325 326	Tubing Rods			135,000	135,00
327 328	Pumps Pumping Unit				
329	Subsurface Equipment			35,000	35,00
331	Other Well Equipment  LEASE EQUIPMENT	115,000	25,000	3,000	143,00
361	Tanks			173,000	173,00
362 363	Separators Heater Treater			113,000	113,00
364 365	Pumps Electrical System			5,000 75,000	5,00 75,00
366	Meters			35,000	35,00
367 368	Connectors Lact Equipment			250,000 65,000	250,00 65,00
369	Other Lease Equipment			100,000	100,00
	SUBTOTAL - TANGIBLES	1,171,000	967,000	1,299,000	3,437,00
	SYSTEMS				
353 353	Gas Line Tangibles Gas Line Intangibles				
381	Compresssor				
382 382	Gas Plant Tangibles Gas Plant Intangibles				
384	Dehydrator				
	SUBTOTAL - SYSTEMS				
	TOTAL TANGIBLE COSTS	\$ 1,171,000	\$ 967,000	\$ 1,299,000	\$ 3,437,00
	GENERAL CONTINGENCIES	254,583	88,248	446.580	789,4
	TOTALS BY PHASE	\$ 4,497,633	\$ 1,559,048	\$ 7,889,580	\$ 13,946,26
	CUMULATIVE WELL COSTS	\$ 4,497,633	\$ 6,056,681	\$ 13,946,261	
	Initial Routing Date:				
	NE RTW BMM SB, CR, LJH, RMD, SEB, BBJ				
	Land Approval Block:				
	APPROVED BY:				
	COMPANY:				

#### CHRONOLOGY OF CONTACT

Capitan 22301 28-21 State Com #17H

#### Hay Family Trust dated 06/24/2005

08/10/2022	Sent via Certified USPS Mail (Tracking No. 7021 2720 0000 4599 0253) lease offer to the Hay Family Trust dated 06/24/2005.
08/12/2022	E. L. Mainor signed for the packet as Agent of the Hay Family Trust dated 06/24/2005. No response received by BTA.
03/14/2023	Found a phone number for E. L. Mainor. Called listed phone number with no answer.
03/15/2023	found a phone number for Norman Hay, Jr. Called listed phone number with no answer. No voicemail option available.
03/27/2023	Called Louise Hay at two possible phone numbers – no answer and no call back. Called and left message for Christine Goldstein (daughter of Norman and Louise Hay) - no call back. Called Brandt Goldstein (Christine's husband) – answered and said he would have Christine call back.
04/19/2023	Called Brandt Goldstein. Explained that BTA is interested in leasing his wife's family's minerals. Mr. Goldstein said he would talk to his wife and have her call.
04/24/2023	Sent via Certified USPS Mail (Tracking No. 9214 8969 0099 9790 1824 4284 80) the well proposal/lease offer to the Hay Family Trust dated 06/24/2005. No response received by BTA.
04/27/2023	Packet was signed for. Signature is illegible.
04/28/2023	Spoke with Christine Goldstein. She said that her family is interested in leasing. She is getting in contact with their attorney to work through Trust Agreement.
05/01/2023	Left a message with Ms. Goldstein to discuss leasing. Ms. Goldstein is working through the Trust Agreement with their attorney and has been advised not to lease at this time.

#### **John Albert Ellett**

04/24/2023 Sent via Certified USPS Mail (Tracking No. 9214 8969 0099 9790 1824 4284 97) the well proposal/lease offer to John Albert Ellett at 585 Duarte Road, Unit #19,

BTA Oil Producers, LLC Case No. 23662 Exhibit A-5

	Arcadia, California 91007-7343. Mail was returned to sender as unclaimed and unable to forward.
7/12/2023	John Albert Ellett appears to be deceased as of 11/29/2017. Called and left a voice message on a number listed for Mr. Ellett's widow. Received no response.
8/1/2023	Called and left a voice message on a number listed for Mr. Ellett's widow. Received no response.

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

CASE NO. 23662

## SELF-AFFIRMED STATEMENT OF DAVID CHILDERS

- 1. I am a geologist at BTA Oil Producers, LLC ("BTA") and am over 18 years of age.
  I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. 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 Capitan 22301 28-21 State Com #17H 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.

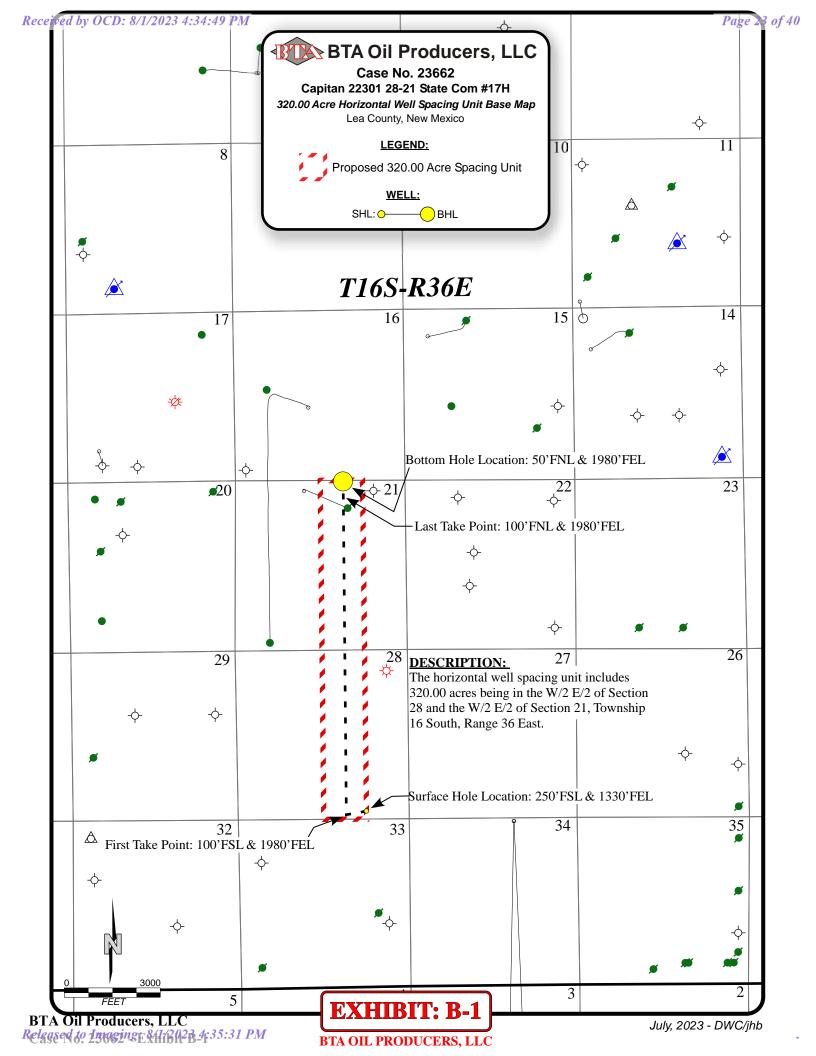
BTA Oil Producers, LLC Case No. 23662 - Exhibit B

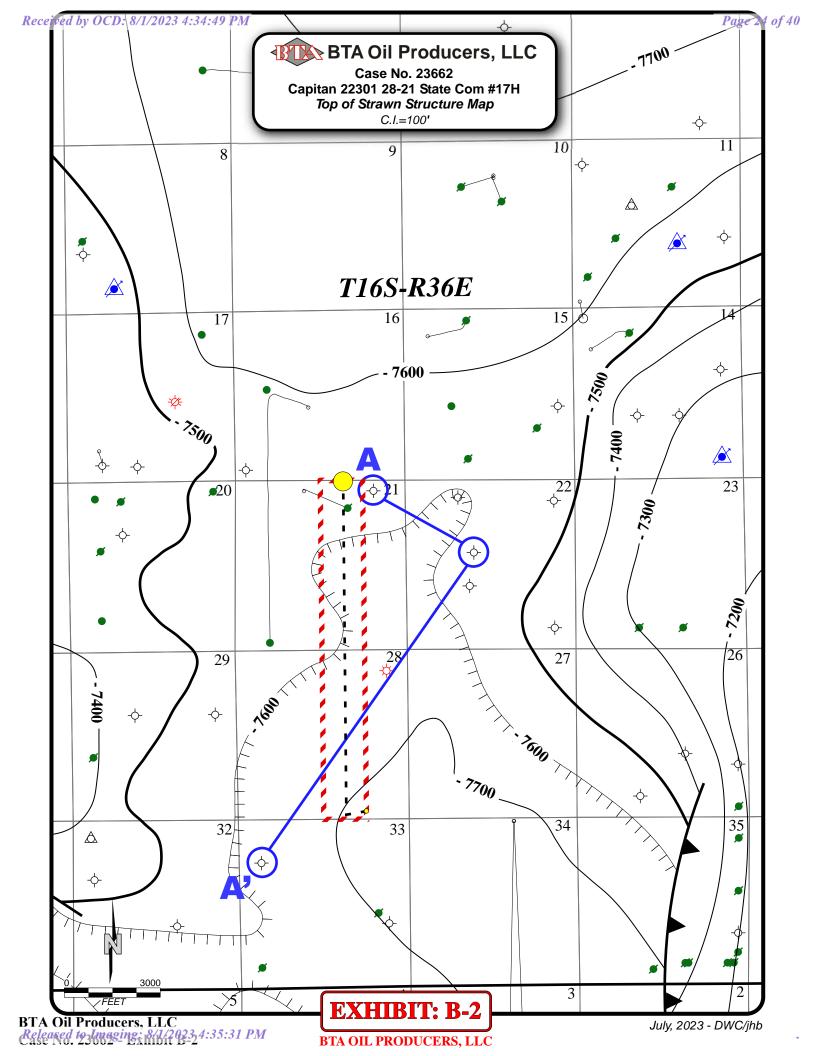
- 6. Exhibit B-3 is a stratigraphic cross-section that I prepared using the logs from the three wells noted on Exhibit B-2. Each well in the cross-section contains the gamma ray in the first track and resistivity in the second track. The initial target interval is labeled and marked. The cross-section 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 425 ft. The gross isopach map demonstrates that the Pennsylvanian Shale Formation interval is present across the proposed spacing unit. The location of the previous cross-section from A-A' in Exhibit B-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.
- 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.
- 12. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under

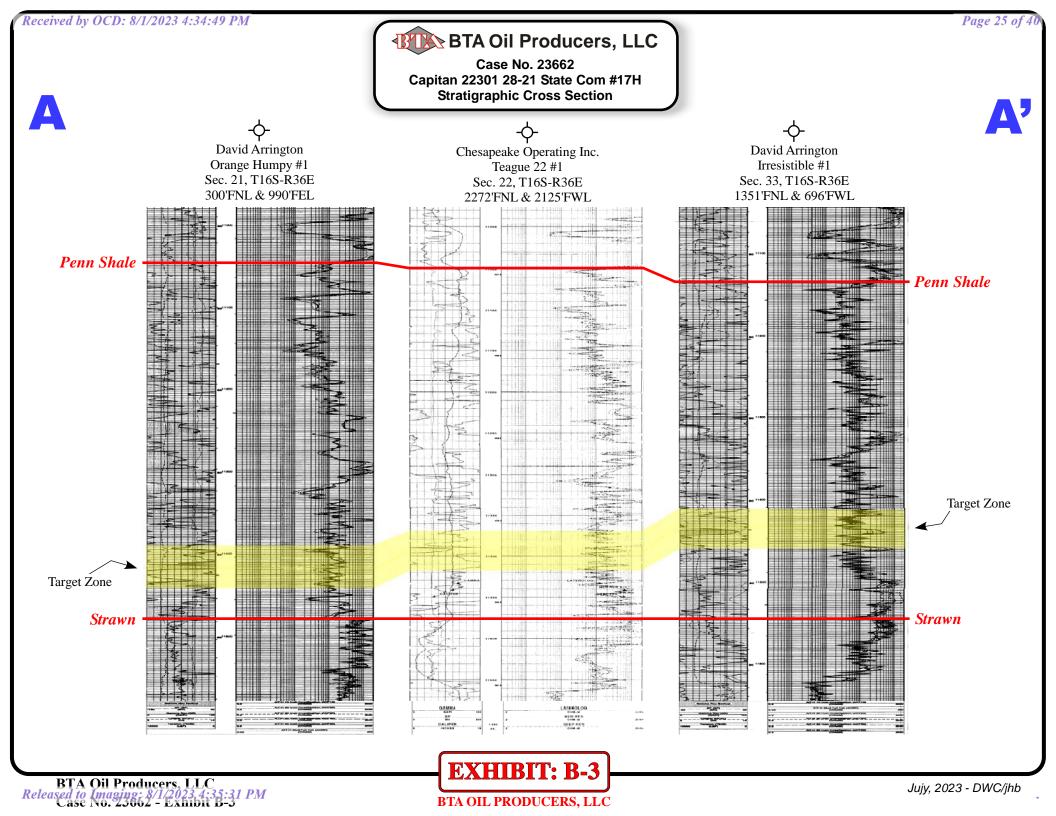
the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

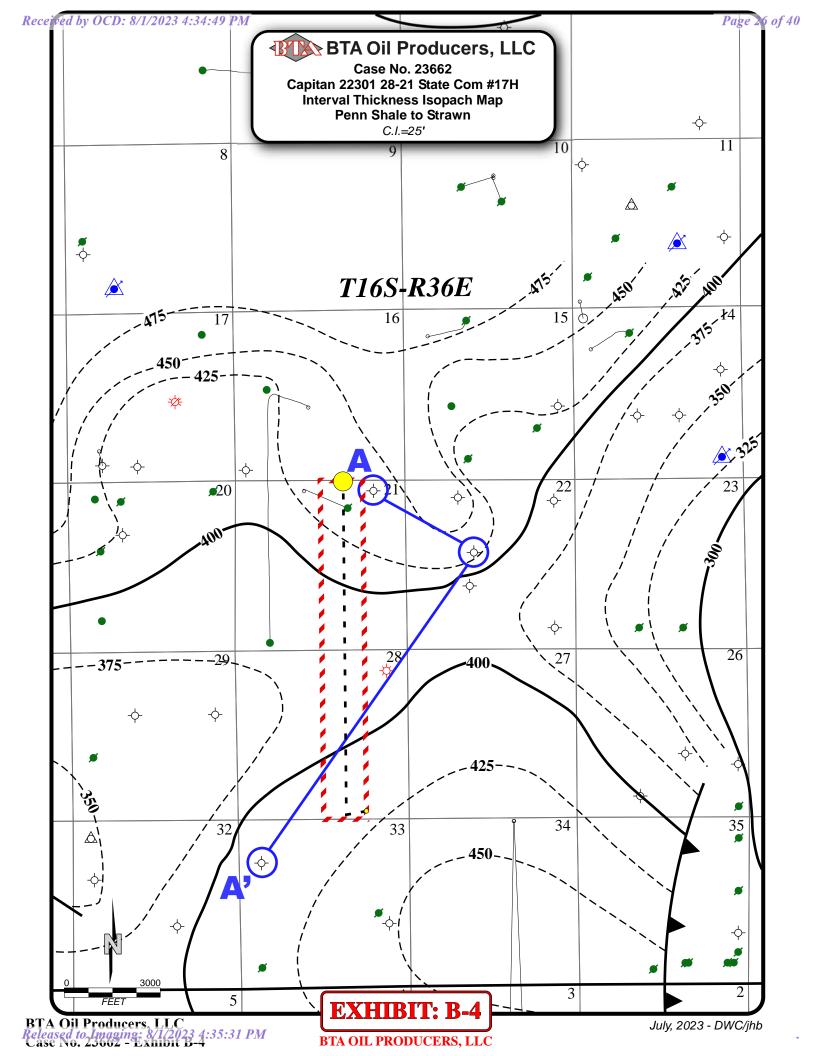
David Childers

Date









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

**CASE NO. 23662** 

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

- I am attorney in fact and authorized representative of BTA Oil Producers, LLC, the Applicant herein.
- 2. I am familiar with the Notice Letter attached as **Exhibit C-1** 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 July 14, 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.

/s/ Dana S. Hardy
Dana S. Hardy

August 1, 2023
Date

BTA Oil Producers, LLC Case No. 23662 Exhibit C



#### 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

July 10, 2023

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

#### TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23662 – 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 **August 3**, **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: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<a href="https://www.apps.emnrd.nm.gov/OCD/OCDPermitting">https://www.apps.emnrd.nm.gov/OCD/OCDPermitting</a>) 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 Adams Davenport, at BTA Oil Producers, LLC, by phone at 432-682-3753 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

BTA Oil Producers, LLC Case No. 23662 Exhibit C-1

PO BOX 10 ROSWELL, NEW MEXICO 88202 (575) 622-6510 FAX (575) 623-9332 7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321 PO BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554 FAX (505) 982-8623

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

**CASE NO. 23662** 

#### **NOTICE LETTER CHART**

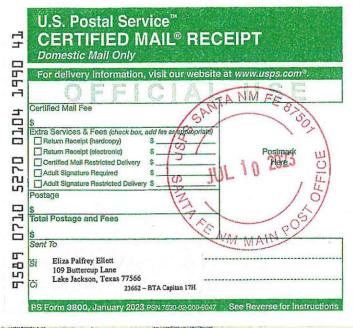
PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Broughton Petroleum Inc.	07/10/23	07/19/23
Attn: Bill Foran		
1125 N Loop W, Suite #1055		
Houston, TX 77008		
Eliza Palfrey Ellett	07/10/23	07/18/23
109 Buttercup Lane		
Lake Jackson, Texas 77566		
John Albert Ellett	07/10/23	07/18/23
585 Duarte Rd, Unit #19		
Arcadia, California 91007-7343		
Ellett-Miller Trust	07/10/23	Per USPS Tracking
30503 Berry Creek Drive		(Last Checked 07/27/23):
Georgetown, Texas 78628		
		07/18/23 – Delivered to
		agent for final delivery.
Ellett-Miller Trust	07/10/23	07/20/23
3260 Lapwing Lane		
Reno, Nevada 89509		
First Roswell Company	07/10/23	07/19/23
Attn: Tom E. Jennings		
P.O. Box 1797		
Roswell, New Mexico 88202		
Graham Ranch, LLC	07/10/23	07/17/23
Attn: Mike Davis		
PO Box 1117		
Lovington, New Mexico 88260		
Norman L. Hay, Jr. & Louise Hay,	07/10/23	07/18/23
Co-Trustees		
Hay Family Trust dated 06/24/2005		
5901 Mount Rockwood Circle		
Waco, Texas 76710		

BTA Oil Producers, LLC Case No. 23662 Exhibit C-2

'n	CERTIFIED MAIL® RECEIPT  Domestic Mail Only
	For delivery information, visit our website at www.usps.com.
5	OFFICIALSIASE
+	Certified Mail Fee
11114	S Extra Services & Fees (check box, add fee as appropriate):  JUL 1 0 2023
7	Extra Services & Fees (check box, add fee as appropriate)  Return Receipt (hardcopy)
	Return Receipt (electronic) \$ Postmark
3	Certified Mail Restricted Delivery \$ Here
שב שב	Adult Signature Required \$
7	Adult Signature Restricted Delivery \$
	Postage MAIN PO
	\$
1	Total Postage and Fees
3	\$
	Sent To
	Broughton Petroleum Inc.  Attn: Bill Foran
כ	1125 N Loop W, Suite #1055
÷	Houston, TX 77008

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:         Broughton Petroleum Inc.         Attin: Bill Foran         1125 N Loop W, Suite #1055         Houston, TX 77008     </li> </ul>	A. Signature  X
9590 9402 7635 2122 6632 90  2. Article Number (Transfer from service label)  9589 0710 5270 0104 1990 3	3. Service Type Hinkle Shanor LLP Priority Mail Express® Registered Mail™ Restricted Delivery Collect on Delivery Stored Mail Restricted Delivery Signature Confirmation™ Signature Confirmation™ Signature Confirmation™ Signature Confirmation™ Sured Mail Stured Mail Restricted Delivery Insured Mail Restricted Delivery Sured Mail Restricted Delivery Sured Mail Restricted Delivery Sures \$500)
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

BTA Oil Producers, LLC Case No. 23662 Exhibit C-3





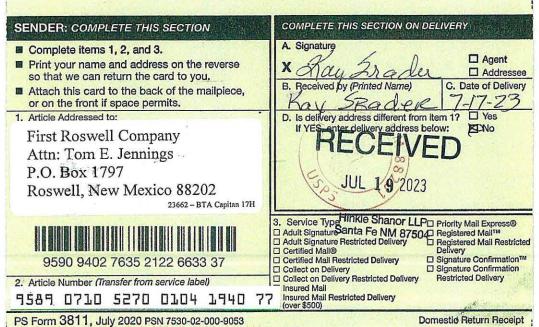




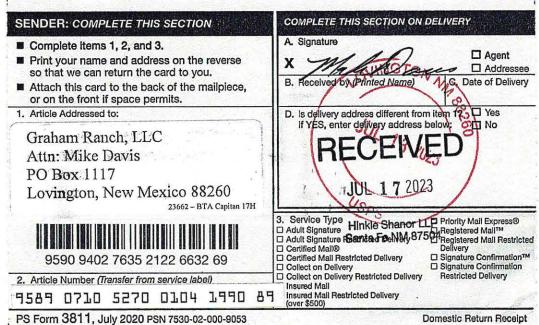




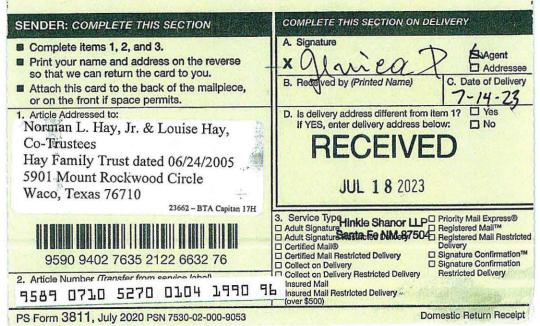














### **USPS Tracking®**

FAQs >

Remove X

#### **Tracking Number:**

### 9589071052700104199058

Copy Add to Informed Delivery (https://informeddelivery.usps.com/)

#### **Latest Update**

Your item has been delivered to an agent for final delivery in GEORGETOWN, TX 78626 on July 18, 2023 at 11:13 am.

#### Get More Out of USPS Tracking:

USPS Tracking Plus®

#### **Delivered to Agent**

**Delivered to Agent for Final Delivery** 

GEORGETOWN, TX 78626 July 18, 2023, 11:13 am

#### **Notice Left (No Authorized Recipient Available)**

GEORGETOWN, TX 78628 July 15, 2023, 10:40 am

#### **Departed USPS Regional Facility**

AUSTIN TX DISTRIBUTION CENTER July 14, 2023, 8:06 am

#### Arrived at USPS Regional Facility

AUSTIN TX DISTRIBUTION CENTER July 13, 2023, 9:16 am

#### In Transit to Next Facility

July 12, 2023

#### **Departed USPS Facility**

-eedback

ALBUQUERQUE, NM 87101 July 10, 2023, 10:13 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 July 10, 2023, 9:48 pm

**Hide Tracking History** 

Text & Email Updates	<b>V</b>
USPS Tracking Plus®	~
Product Information	~
See Less ^	
Track Another Package	
Enter tracking or barcode numbers	

### **Need More Help?**

Contact USPS Tracking support for further assistance.

**FAQs** 

### **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 July 14, 2023 and ending with the issue dated July 14, 2023.

Publisher

Sworn and subscribed to before me this 14th day of July 2023.

Business Manager

My commission expires January 29, 2027

(Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087528 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 July 14, 2023

This is to notify all interested parties, including Broughton Petroleum Inc.; Ellett-Miller Trust; Eliza Palfrey Ellett; John Albert Ellett; First Roswell Company; Hay Family Trust dated 06/24/2005; Graham Ranch, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by BTA Oil Producers, LLC (Case No. 23662). The hearing will be conducted remotely on August 3, 2023, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 21 and 28, Township 16-South, Range 36 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Capitan 22301 28-21 State Com #17H well ("Well"), to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 28, to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 21. 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 3 miles south of Lovington, New Mexico. #00280626

02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504 00280626

BTA Oil Producers, LLC Case No. 23662 Exhibit C-4