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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

#### **EXHIBIT INDEX**

#### Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Travis Macha
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Unit Recapitulation, Pooled Parties
A-4	Communitization Agreement
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Ira Bradford
B-1	Regional Locator Map
B-2	Cross-Section Locator Map
B-3	Third Bone Spring - Structure Map
B-4	Stratigraphic Cross-Section
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 from August 20, 2023

### **COMPULSORY POOLING APPLICATION CHECKLIST**

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23734	APPLICANT'S RESPONSE
Date	September 7, 2023
Applicant	Read & Stevens, Inc.
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 18917
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Read & Stevens Inc., for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	MRC Permian Company
Well Family	North Lea 3 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Quail Ridge; Bone Spring, South Pool (Code 50461)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acres
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	W/2 E/2 of Section 3, Township 20 South, Range 34 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
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	North Lea 3 Fed Com 2H (API #) SHL: 200' FNL & 1670' FEL (Lot 2), Section 3, T20S, R34E BHL: 110' FSL & 1670' FEL (Unit O), Section 3, T20S, R34E Completion Target: Bone Spring (Approx. 11,625' 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 \$	N/A
Production Supervision/Month \$	N/A
Justification for Supervision Costs	N/A
Requested Risk Charge	N/A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
<u> </u>	
Well Orientation (with rationale)	Exhibit B
	Exhibit B Exhibit B
Well Orientation (with rationale)	

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
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	9/4/2023

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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

### SELF-AFFIRMED STATEMENT OF TRAVIS MACHA

- 1. I am a Senior Landman at Permian Resources Operating, LLC ("Permian Resources") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with the land matters involved in the above-referenced case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. Permian Resources is a newly formed company, which is the result of a merger between Centennial Resource Development, Inc. and Colgate Energy Partners III, LLC. Permian Resources acquired Read & Stevens via a merger transaction effective February 16, 2023. Read & Stevens remains a wholly owned subsidiary of Permian Resources.
- 4. 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.
- 5. Read & Stevens seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 3, Township 20 South, Range 34 East, Lea County, New Mexico ("Unit").

- 6. The Unit will be dedicated to the North Lea 3 Fed Com 2H well ("Well"), which is completed in the Quail Ridge; Bone Spring, South pool (Code 50461). The Well is drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 3, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3.
  - 7. The completed interval of the Well is orthodox.
  - 8. **Exhibit A-2** contains the C-102 for the Well.
- 9. **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 Read & Stevens seeks to pool highlighted in yellow. Read & Stevens is only seeking to pool record title interests for the purpose of obtaining a communitization agreement from the Bureau of Land Management. All of the parties are locatable in that Read & Stevens believes it located valid addresses for them.
- 10. Read & Stevens has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches using the idiCORE subscription service, to locate the interest owners it seeks to pool.
- 11. **Exhibit A-4** contains a communitization agreement that was sent to the record title owners of the federal leases at issue.
- 12. In my opinion, Read & Stevens 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**.
- 13. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 14. In my opinion, granting of the application would 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 next to my electronic signature below.

	9.4.2023
Travis Macha	Date

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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

#### **APPLICATION**

Pursuant to NMSA § 70-2-17, Read & Stevens, Inc. (OGRID No. 18917) ("Applicant") applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 3, Township 20 South, Range 34 East, Lea County, New Mexico ("Unit"). In support of its application, Applicant 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 **North Lea 3 Fed Com 2H** well ("Well"), drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 3, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3.
  - 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.

**Exhibit A-1 (Case No. 23734)** 

Read & Stevens, Inc.

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 the operator of the Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 7, 2023, and, after notice and hearing as

A. Pooling all uncommitted interests in the Unit;

B. Approving the Well in the Unit;

required by law, the Division enter an order:

C. Designating Applicant as the 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% charge for the risk assumed by Applicant in drilling and

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

participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

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

Dana S. Hardy Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com Counsel for Read & Stevens, Inc. Application of Read & Stevens, Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 3, Township 20 South, Range 34 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the North Lea 3 Fed Com 2H well ("Well"), drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 3, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3. 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 the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 24.92 miles Southwest of Hobbs, New Mexico.

#### Exhibit A-2 (Case No. 23734)

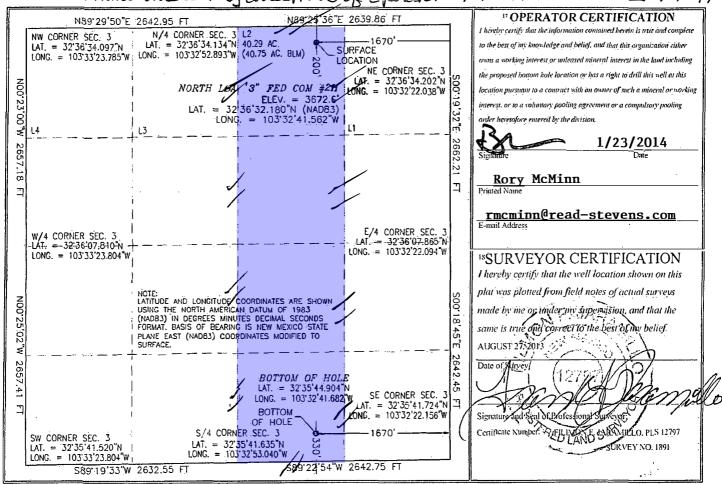
#### Read & Stevens, Inc.

District_I 1625 N. French Dr., Hobbs, NM 88240		State of New Mexico	Form C-102
Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S, First St., Artesia, NM 88210	Новьзес	Minerals & Natural Resources Department IL CONSERVATION DIVISION	Revised August 1, 2011 Submit one copy to appropriate
District III 1000 Rio Brazos Road, Aztec, NM \$7410	NOV 022014	1220 South St. Francis Dr.	District Office
Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462	RECEIVED	Santa Fe, NM 87505	☐ AMENDED REPORT
		TION AND ACREAGE DEDICATION PLAT	
API Number		ool Code Quoti Risage Pool Name	

30-021	5-42	227	;	50°4°		Lea I	Pohe Spri	ina	South
Property	Code				- ,	y Name		_0_1	Well Number
2196	53			.1\		3 FED COM			2H
<sup>7</sup> OGŘID				•	<sup>8</sup> Operato				<sup>9</sup> Elevation
1891	7		READ & STEVENS, INC. 3672.6						
					10 Surface	Location			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line County
2 3	3	20 S	34 E		200	NORTH	1670	EAS	ST LEA
			™ Во	ttom Ho	le Location	If Different From	n Surface		
		I				1 2 46 44	1		

11 Bottom Hole Location If Different From Surface									
lot no.	Section	Township	Rangè -	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
o	3	20 S	34E		.330	SOUTH	1670	EAST	LEA
ated Acres	13 Joint or	Infill 14 C	onsolidation	Code 5 Or	der No.			•	
60									
c	r lot no. O cated Acres	O 3 cated Acres   13 Joint or	O 3 20 S cated Acres 13 Joint or Infill 14 C	r lot no. Section Township Range O 3 20 S 34E  cated Acres 13 Joint or Infill 14 Consolidation	r lot no. Section Township Range Lot Idn O 3 20 S 34E  cated Acres 13 Joint or Infill 14 Consolidation Code 15 Or	r lot no. Section Township Range Lot Idn Feet from the O 3 20 S 34E 330 cated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.	r lot no. Section Township Range Lot Idn Feet from the North/South line O 3 20 S 34E	r lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the O 3 20 S 34E 330 SOUTH 1670 cated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.	r lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line O 3 20 S 34E 330 SOUTH 1670 EAST cated Acres 15 Joint or Infill 14 Consolidation Code 15 Order No.

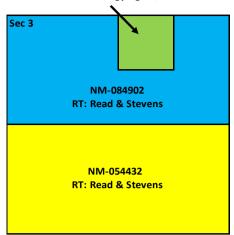
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. red items inserted by direction of operator 7-10-14 email www. 7-10-14

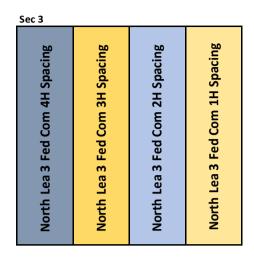


#### Land Exhibit: North Lea 3 Fed Com 2H

W2E2 of Section 3, T20S-R34E, Lea Co., NM

NM-028880 RT: Chisholm Energy Agent, Inc.





		D	ocuments S	ent	
Owner	Pooling?	Proposal	JOA	Com Agmt	Notes
CBR OIL PROPERTIES, LLC	N	N/A	N/A	N/A	
SUNBURST ENERGY, LLC	N	N/A	N/A	Υ	
THOMAS M. BEALL	Υ	N/A	N/A	Υ	
CAROLYN BEALL	Υ	N/A	N/A	Υ	
TIERRA ENCANTADA, LLC	Υ	N/A	N/A	Υ	
READ & STEVENS, INC.	N	N/A	N/A	Υ	
ADVANCE ENERGY PARTNERS, LLC	Υ	N/A	N/A	Υ	
BEAN FAMILY LIMITED COMPANY	N	N/A	N/A	Υ	
B&N ENERGY LLC, A TX LLC	Υ	N/A	N/A	Υ	
BOWTIE SLASH ENERGY, INC.	N	N/A	N/A	Y	
CHEVRON USA, INC.	N	N/A	N/A	Υ	
CAROLYN J. CHESTER,	N	N/A	N/A	Υ	
JOSEPH A & CARRIE JANNETTE COX	N	N/A	N/A	Υ	
D.H.B. PARTNERSHIP	N	N/A	N/A	Υ	
MARJORIE ECHOLS JONES TRUST	Υ	N/A	N/A	Υ	
FISCO, INC.	N	N/A	N/A	Υ	
JANE SCISSON GRIMSHAW	N	N/A	N/A	Υ	
HIGH DIVIDE, LLC A TX LLC	N	N/A	N/A	Y	
HILLIER, LLC	Υ	N/A	N/A	Υ	
HM INVESTMENTS LTD	N	N/A	N/A	Υ	
MARTHA KEAY STRAUSS	N	N/A	N/A	Υ	
STUART E. KEAY	Υ	N/A	N/A	Υ	
JAMES W. KEAY, JR.	Y	N/A	N/A	Y	
LOVELESS LAND HOLDINGS, LLC	Y	N/A	N/A	Y	
THE ESTATE OF L.E. MACNAUGHTON	Y	N/A	N/A	Y	
SCOTT MILLER	N	N/A	N/A	Y	
JUSTIN McKELVEY MILLER	N	N/A	N/A	Y	
SCOTT BOLANZ MILLER, AS HIS	N	N/A	N/A	Y	
NM WESTERN MINERALS	N	N/A	N/A	Y	
READ & STEVENS EMPLOYEE	Υ	N/A	N/A	Y	
DIAMOND STAR PROD. CO., LLC	N	N/A	N/A	Y	
GLENDA L. RICHTER	N	N/A	N/A	Y	
SANDSTONE PROPERTIES, LLC.	N	N/A	N/A	Y	
SEEGERS DRILLING COMPANY	N	N/A	N/A	Y	
PAUL L & HELEN I. SISK	N	N/A	N/A	Y	
S.N.S. OIL & GAS PROPERTIES	N	N/A	N/A	Y	
NORMAN L. STEVENS III	N	N/A	N/A	Y	
DAVID M. STEVENS	N	N/A	N/A	Y	
STEVENS OIL & GAS, LLC	N	N/A N/A	N/A	Y	
UNION HILL OIL & GAS	Y	N/A N/A	N/A	Y	
WEIMER, INC.	N	N/A N/A	N/A N/A	Y	
JAMES RALPH WOOD III	N	N/A N/A	N/A	Y	
DOROTHY LEE WOOD	N	N/A N/A	N/A	Y	
CLINTON HIRAM WOOD	N	N/A N/A	N/A N/A	Y	
	Y	N/A N/A	N/A N/A	Y	PT Only
Chisholm Energy Agent Inc Earthstone Permian LLC	Y	N/A N/A	N/A N/A	Y	RT Only RT Only
MRC Permian Company	N	N/A N/A	N/A N/A	Y	INT OHIS
			-	l .	and Farthstone Permian IIC is the narent

<sup>\*</sup>Please note Advance Energy Partners, LLC merged into MRC Hat Mesa, LLC July 2023 and Earthstone Permian LLC is the parent company to Chisolm Energy Agent, Inc.

WI Owner Capitulation						
Owner	Working Interest	Net Acres	Leases			
CBR OIL PROPERTIES, LLC	3.52994%	5.67	84902, 54432			
SUNBURST ENERGY, LLC	1.49300%	2.40	84902, 54432			
THOMAS M. BEALL	1.38408%	2.22	84902, 54432			
CAROLYN BEALL	2.07612%	3.34	84902, 54432			
TIERRA ENCANTADA, LLC	3.34594%	5.38	84902, 54432			
			84902, 54432,			
READ & STEVENS, INC.	57.82802%	92.96	028880			
ADVANCE ENERGY PARTNERS, LLC	0.04689%	0.08	84902, 54432			
BEAN FAMILY LIMITED COMPANY	2.43440%	3.91	84902, 54432			
B&N ENERGY LLC, A TX LLC	0.60930%	0.98	84902, 54432			
BOWTIE SLASH ENERGY, INC.	0.00321%	0.01	84902, 54432			
CHEVRON USA, INC.	4.70296%	7.56	84902, 54432			
CAROLYN J. CHESTER,	0.10575%	0.17	84902, 54432			
JOSEPH A & CARRIE JANNETTE COX	0.34903%	0.56	84902, 54432			
D.H.B. PARTNERSHIP	0.61537%	0.99	84902, 54432			
MARJORIE ECHOLS JONES TRUST	0.00247%	0.00	84902, 54432			
FISCO, INC.	1.46365%	2.35	84902, 54432			
JANE SCISSON GRIMSHAW	0.12086%	0.19	84902, 54432			
HIGH DIVIDE, LLC A TX LLC	0.13616%	0.22	84902, 54432			
HILLIER, LLC	0.11510%	0.19	84902, 54432			
HM INVESTMENTS LTD	0.34633%	0.56	84902, 54432			
MARTHA KEAY STRAUSS	0.08623%	0.14	84902, 54432			
STUART E. KEAY	0.08623%	0.14	84902, 54432			
JAMES W. KEAY, JR.	0.08623%	0.14	84902, 54432			
LOVELESS LAND HOLDINGS, LLC	0.32528%	0.52	84902, 54432			
THE ESTATE OF L.E. MACNAUGHTON	0.77761%	1.25	84902, 54432			
SCOTT MILLER	0.06373%	0.10	84902, 54432			
JUSTIN McKELVEY MILLER	0.03640%	0.06	84902, 54432			
SCOTT BOLANZ MILLER, AS HIS	0.03334%	0.05	84902, 54432			
NM WESTERN MINERALS	2.43440%	3.91	84902, 54432			
READ & STEVENS EMPLOYEE	1.74184%	2.80	84902, 54432			
DIAMOND STAR PROD. CO., LLC	0.46906%	0.75	84902, 54432			
GLENDA L. RICHTER	0.00247%	0.00	84902, 54432			
SANDSTONE PROPERTIES, LLC.	2.29629%	3.69	84902, 54432			
SEEGERS DRILLING COMPANY	0.51737%	0.83	84902, 54432			
PAUL L & HELEN I. SISK	0.63997%	1.03	84902, 54432			
S.N.S. OIL & GAS PROPERTIES	0.15829%	0.25	84902, 54432			
NORMAN L. STEVENS III	0.62206%	1.00	84902, 54432			
DAVID M. STEVENS	2.52394%	4.06	84902, 54432			
STEVENS OIL & GAS, LLC	5.04795%	8.11	84902, 54432			
UNION HILL OIL & GAS	0.88331%	1.42	84902, 54432			
WEIMER, INC.	0.12441%	0.20	84902, 54432			
JAMES RALPH WOOD III	0.11277%	0.18	84902, 54432			
DOROTHY LEE WOOD	0.11113%	0.18	84902, 54432			
CLINTON HIRAM WOOD	0.11113%	0.18	84902, 54432			

#### Federal Communitization Agreement

Contract No.	

THIS AGREEMENT entered into as of the 1<sup>st</sup> day of September 2018, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 20 South, Range 34 East:
Section 3: Lot 2 (NW/4NE/4), SW/4NE/4, NW/4SE/4, & SW/4SE/4
Lea County, New Mexico

Containing **160.75** acres, and this agreement shall include only the Bone Spring formation underlying said lands and the associated gaseous hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. The Operator of the communitized area shall be Read & Stevens, Inc., whose address is 300 N. Marienfeld Street, Suite 1000, Midland, Texas 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8<sup>th</sup> or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8<sup>th</sup> should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

- The royalties payable on communitized substances allocated to the individual 6. leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

- area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is September 1, 2018 and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
- 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination.</u> In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**READ & STEVENS, INC.** 

	(Operator)
Date:	By:
	Patrick Godwin, Vice President of Land

#### **ACKNOWLEDGEMENT**

Notary Public	My commission expires
(SEAL)	
President of Land of Read & Ste	2023, before me, a Notary Public for opeared Patrick Godwin, known to me to be the Vice evens, Inc., the corporation that executed the wledged to me such corporation executed the same.
COUNTY OF MIDLAND	)
	) ss.

STATE OF TEXAS

	READ & STEVENS, INC. (Working Interest Owner & Lessee of Record)	
Date:	By:Patrick Godwin, Vice President of Land	
<b>A</b>	CUNOW! EDCEMENT	
A	CKNOWLEDGEMENT	
STATE OF TEXAS	)	
COUNTY OF MIDLAND	) ss. )	
President of Land of Read & S	2023, before me, a Notary Public for appeared Patrick Godwin, known to me to be the Vice tevens, Inc., the corporation that executed the owledged to me such corporation executed the same.	
(SEAL)		
Notary Public	My commission expires	

Wo	rking Interest Owner - Individual Name/Company Name (If Applicabl
Oate:	Signature:
	Printed Name:
	Title:
	ACKNOWLEDGEMENT (Representative Capacity)
STATE OF	)
COUNTY OF	) ss. )
On thisday of, pe be the	, 20, before me, a Notary Public for the State sonally appeared known to me to
of	, the corporation that executed the acknowledged to me such corporation executed the same.
(SEAL)  Notary Public	My commission expires
	ACKNOWLEDGEMENT (Individual capacity)
STATE OF	)
COUNTY OF	)
On thisday of State of	, 20, before me, a Notary Public for the
(SEAL)	
Notary Public	My commission expires

Ţ	Vorking Interest Owner - Individual Name/Company Name (If Applicabl
Date:	Signature:
	Printed Name:
	Title:
	ACKNOWLEDGEMENT (Representative Capacity)
STATE OF	)
COUNTY OF	) ss. )
On thisday of	, 20, before me, a Notary Public for the State known to me to
be the	, the corporation that executed the
foregoing instrument a	nd acknowledged to me such corporation executed the same.
(SEAL)	
Notary Public	My commission expires
	ACKNOWLEDGEMENT (Individual capacity)
STATE OF	)
COUNTY OF	)
On thisday of State of	, 20, before me, a Notary Public for the, personally appeared
(SEAL)	
Notary Public	My commission expires

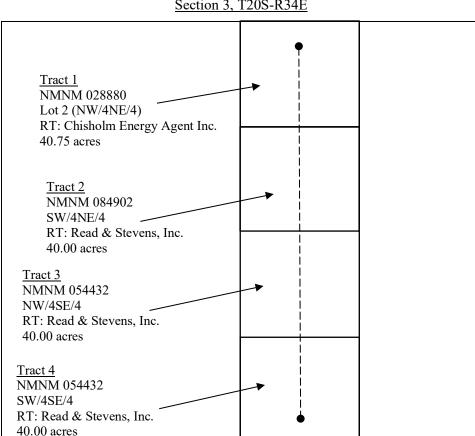
	Working Interest Owner - Individual Name/Company Name (If Applicable)
Oate:	Signature:
	Printed Name:
	Title:
	ACKNOWLEDGEMENT (Representative Capacity)
STATE OF	)
COUNTY OF	) ss.
On thisday of of	, 20, before me, a Notary Public for the State known to me to
be the	
foregoing instrument	, the corporation that executed the and acknowledged to me such corporation executed the same.
(SEAL)  Notary Public	My commission expires
STATE OF	ACKNOWLEDGEMENT (Individual capacity)
	)
On thisday of _ State of	, 20, before me, a Notary Public for the, personally appeared
(SEAL)	
Notary Public	My commission expires

#### **EXHIBIT "A"**

Plat of communitized area covering 160.75 acres in the W/2E/2 of Section 3, T20S-R34E, Lea County, New Mexico, as written in Section 1 above.

#### Well Name/No.

#### North Lea 3 Federal Com #2H - API No. 30-025-42227



Section 3, T20S-R34E

#### **EXHIBIT "B"**

To Communitization Agreement Dated September 1, 2018, embracing the following described land in the W/2E/2 of Section 3, T20S-R34E, Lea County, New Mexico, as written in Section 1 above.

Operator of Communitized Area:

#### **READ & STEVENS, INC.**

#### **DESCRIPTION OF LEASES COMMITTED**

#### TRACT NO. 1

Lease Serial Number:NMNM 028880Lease Date:December 1, 1976

Lease Term: 10 years

**Lessor:** United States of America

Original Lessee: Wallace Glover

Current Lessee of Record: Chisholm Energy Agent Inc

**Description of Land Committed:** Lot 2 (NW/4NE/4) Section 3, T20S-R34E, Lea

County, New Mexico

Number of Acres: 40.75 Royalty Rate: 12.50%

Name and Percent ORRI Owners: Various – 0.0850000

Name of Working Interest Owners: Read & Stevens, Inc. – 0.77966102, Tierra

Encantada, LLC – 0.11016949, Carolyn R. Beall

-0.11016949

#### TRACT NO. 2

Lease Serial Number: NMNM 084902 Lease Date: September 1, 1990

Lease Term: 5 years

Lessor:United States of AmericaOriginal Lessee:Read & Stevens, Inc.Current Lessee of Record:Read & Stevens, Inc.

**Description of Land Committed:** SW/4NE/4 Section 3, T20S-R34E, Lea

County, New Mexico

Number of Acres: 40.00 Royalty Rate: 12.50%

Name and Percent ORRI Owners: Various – 0.02681040

Name of Working Interest Owners: Read & Stevens, Inc. – 0.36778655, Chevron

U.S.A., Inc. – 0.18900000, N.M Western

Minerals, Inc. -0.057647,

Bean Family Ltd., Co. -0.057647, Sunburst Energy, LLC – 0.0600000, MRC Permian Company – 0.05999980, CBR Oil Properties, LLC - 0.04705900, B&N Energy, LLC -0.03750041, Bernhardt Oil Corporation – 0.0299990, Jensen Family Trust u/t/a dtd 8/30/1996 - 0.02000000, Seegers Drilling Company – 0.01999965, Union Hill Oil & Gas Company, - 0.01000025, S. N. S. Oil & Gas Properties, Inc. -0.00588200, Weimer, Inc. -0.00499970, Thomas & Carolyn Beall – 0.0048530, Hillier, LLC – 0.00462570, Martha Keay Strauss – 0.00333342, Stuart E. Keay – 0.00333341, James Keay, Jr. -0.00333341, Jane Scisson Grimshaw – 0.00125003, PBEX, LLC – 0.00250006, Carolyn J. Chester -0.00425000, Joseph & Carrie Cox – 0.00374978, High Divide, LLC - 0.00124993

#### TRACT NO. 3

**Lease Serial Number:** 

**Lease Date:** 

**Lease Term:** 

Lessor:

**Original Lessee:** 

**Current Lessee of Record:** 

**Description of Land Committed:** 

**Number of Acres:** 

**Royalty Rate:** 

Name and Percent ORRI Owners:

**Name of Working Interest Owners:** 

NMNM 054432

January 1, 1983

5 years

United States of America

Read & Stevens, Inc.

Read & Stevens, Inc.

NW/4SE/4 Section 3, T20S-R34E, Lea

County, New Mexico

40.00 acres

12.50%-25.00% - Sliding Scale Schedule B

Various – 0.12896043

Read & Stevens, Inc. – 0.41483510, David M.

Stevens - 0.05071534, Stevens Oil & Gas, LLC -

0.10143221, Normal L. Stevens, III –

0.01249952, FISCO Co., Inc. – 0.02941017,

 $Loveless\ Land\ Holdings,\ LLC-0.00653612,$ 

Lucinda Loveless – 0.00347970, Lucinda

Loveless Rev. Trust – 0.00365638, Diamond Star

Prod. Co., LLC – 0.00942521, Advance Energy

Partners, LLC – 0.00094209, Bean Family Ltd.,

Co. – 0.02009274, N.M. Western Minerals, Inc. –

0.02009274, MRC Permian Company –

0.0876531, CBR Oil Properties, LLC –

0.04740015,

Tierra Encantada, LLC – 0.01111491, Bernhardt Oil Corporation – 0.04387416, Seegers Drilling Company – 0.00039603, B&N Energy, LLC – 0.00911801, PBEX, LLC – 0.00360695, Jane Scisson Grimshaw – 0.00180348, Sandstone Properties, LLC – 0.04614100, Union Hill Oil & Gas Company, Inc. -0.01274895, Martha Keay Strauss – 0.00006601, Stuart E. Keay -0.00006601, James Keay, Jr. -0.00006601, HM Investments, Ltd. – 0.00695901, Joseph & Carrie Cox – 0.00513847, High Divide, LLC – 0.00211100, S N. S. Oil & Gas Properties, Inc. – 0.00023953, Thomas & Carolyn Beall – 0.01098429, Sisk Charitable Trust – 0.01285947, D.H.B. Partnership – 0.01236500, Marjorie Echols Jones Trust – 0.00004970, Glenda L. Richter – 0.00004970, Scott Miller – 0.00195038, Andrea Miller Bunnett – 0.00192356, Wesley Merrick Miller – 0.00066990, Justin McKelvy Miller – 0.00073139, James Ralph Wood, III – 0.00226601, Dorothy Lee Wood -0.00223301, Clinton Hiram Wood – 0.00223301, Bowtie Slash Energy, Inc. -0.00006449

#### TRACT NO. 4

**Lease Serial Number:** 

Lease Date: Lease Term:

Lessor:

**Original Lessee:** 

**Current Lessee of Record:** 

**Description of Land Committed:** 

**Number of Acres:** 

**Royalty Rate:** 

Name and Percent ORRI Owners:

Name of Working Interest Owners:

NMNM 054432

January 1, 1983

5 years

United States of America

Read & Stevens, Inc.

Read & Stevens, Inc.

SW/4SE/4 Section 3, T20S-R34E, Lea County,

New Mexico 40.00 acres

12.50%-25.00% - Sliding Scale Schedule B

Various – 0.12919481

Read & Stevens, Inc. – 0.41483509, David M.

Stevens - 0.05071534, Stevens Oil & Gas, LLC -

0.10143220, Normal L. Stevens, III –

0.01249952, FISCO Co., Inc. – 0.02941017,

Loveless Land Holdings, LLC -0.00653612,

Lucinda Loveless – 0.00347971, Lucinda

Loveless Rev. Trust – 0.00365638, Diamond Star Prod. Co., LLC – 0.00942521, Advance Energy Partners, LLC – 0.00094209, Bean Family Ltd.,

Co. -0.02009274,

N.M. Western Minerals, Inc. – 0.02009274, MRC Permian Company – 0.0876531, CBR Oil Properties, LLC – 0.04740015, Tierra Encantada, LLC – 0.01111491, Bernhardt Oil Corporation – 0.04387417, Seegers Drilling Company – 0.00039603, B&N Energy, LLC – 0.00911801, PBEX, LLC – 0.00360695, Jane Scisson Grimshaw – 0.00180348, Sandstone Properties, LLC - 0.04614100, Union Hill Oil & Gas Company, Inc. -0.01274895, Martha Keay Strauss – 0.00006601, Stuart E. Keay -0.00006601, James Keay, Jr. -0.00006601, HM Investments, Ltd. – 0.00695901, Joseph & Carrie Cox – 0.00513847, High Divide, LLC – 0.00211100, S N. S. Oil & Gas Properties, Inc. – 0.00023953, Thomas & Carolyn Beall – 0.01098429, Sisk Charitable Trust – 0.01285947, D.H.B. Partnership – 0.01236500, Marjorie Echols Jones Trust – 0.00004970, Glenda L. Richter -0.00004970, Scott Miller -0.00195038, Andrea Miller Bunnett – 0.00192356, Wesley Merrick Miller – 0.00066990, Justin McKelvy Miller – 0.00073139, James Ralph Wood, III – 0.00226601, Dorothy Lee Wood -0.00223301, Clinton Hiram Wood – 0.00223301, Bowtie Slash Energy, Inc. -0.00006449

### **RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	40.75	25.34992%
2	40.00	24.88336%
3	40.00	24.88336%
4	40.00	24.88336%
Total	160.75	100.00000%



#### North Lea 3 - Chronology of Communication

February 16, 2023 – Permian Resources closes acquisition of Read & Stevens (entity survives as subsidiary)

March 2023 – Permian learns legacy Read & Stevens never filed federal communitization agreements pertaining to the existing (currently producing) North Lea 3 Fed Com 2H, 3H, or 4H

March 2023 – Permian communication with the BLM on the matter and sets to take to resolve

March-June 2023 – Integration of Read & Stevens, communication with family members who are still owners, etc.

June 20, 2023 – Permian sends new communitization agreements to all working interest and record title owners

June-September 2023 – Permian attempted communication with owners who have not signed communitization. Required for administrative matters.

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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

#### SELF-AFFIRMED STATEMENT OF IRA BRADFORD

- 1. I am a geologist with Permian Resources Operating, LLC ("Permian Resources") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum geology matters were accepted and made 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 regional locator map that identifies the North Lea 3 Fed Com project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing unit that is the subject of this application.
- 4. **Exhibit B-2** is a cross section location map for the horizontal spacing unit ("Unit") within the Bone Spring formation. The wellbore path for the North Lea 3 Fed Com 2H well ("Well") is represented by a solid red line within the blue box labeled "Case 23734". Existing producing wells, including the North Lea 3 Fed Com 2H well, in the interval are represented by solid red lines. This map identifies the cross-section running from A-A' with the cross-section wells name and a black line in proximity to the proposed Well.
- 5. **Exhibit B-3** is a Subsea Structure map on the Second Bone Spring Sand formation in TVD subsea with a contour interval of 50 ft. The map identified the approximate wellbore paths for the proposed Well with a solid red line. It also identifies the location of the cross-section

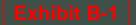
running from A-A' in proximity to the proposed Well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

- 6. **Exhibit B-4** identifies two wells penetrating the targeted interval I used to construct a stratigraphic cross-section from A to A'. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from north to south and is hung on the top of the Wolfcamp formation. The landing zone for the Well is labeled on the exhibit. The well-path for the Well is indicated by a dashed red line to be drilled from north to south across the units. This cross-section demonstrates the interval is continuous across the Unit.
- 7. In my opinion, a stand-up orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.
- 8. Based on my geologic study of the area, the interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.
- 9. In my opinion, the granting of Read & Stevens' application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 10. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.
- 11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under

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

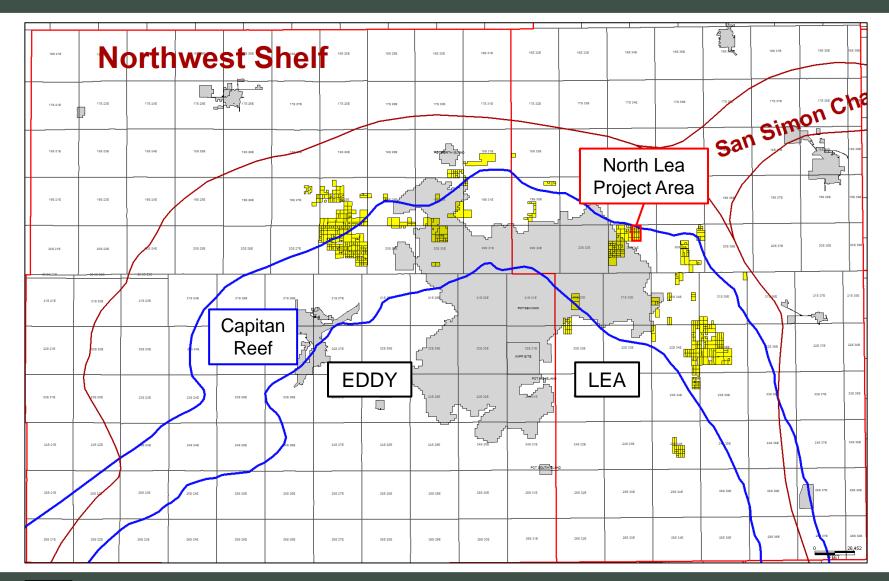
Ira Bradford

Date



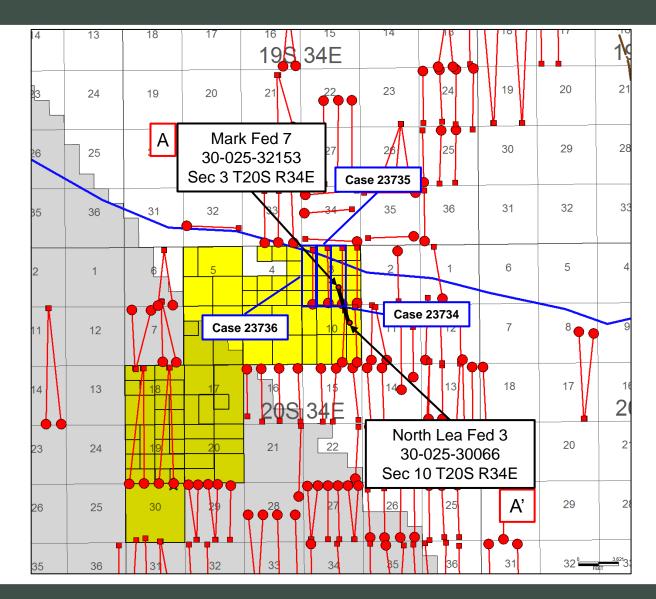


# Regional Locator Map North Lea 3 Fed Com



# Read & Stevens, 1ste 35. of 76 Exhibit B-2

### Cross-Section Locator Map North Lea 3 Fed Com Bone Spring



Approximate
Wellbore paths
BHL SHL

**Producing Wells** 

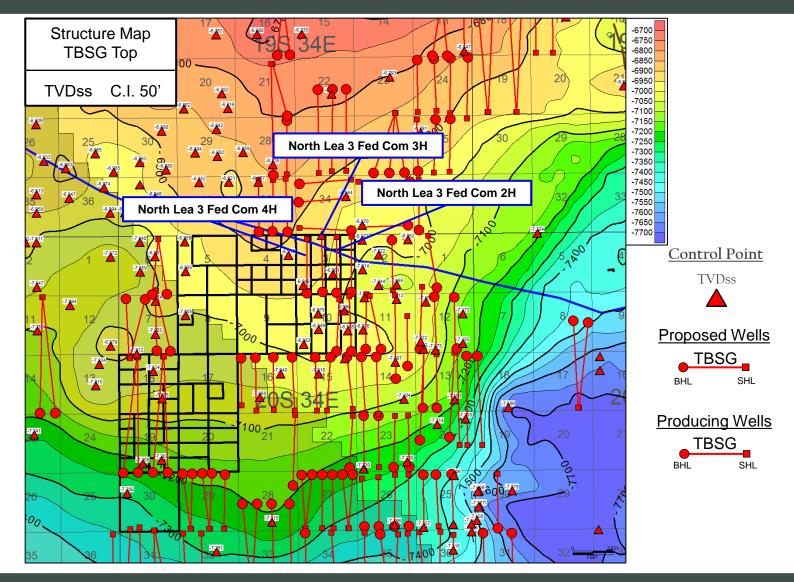


Permian Resources



# Read & Stevens, 1863,6 of 76 Exhibit B-3

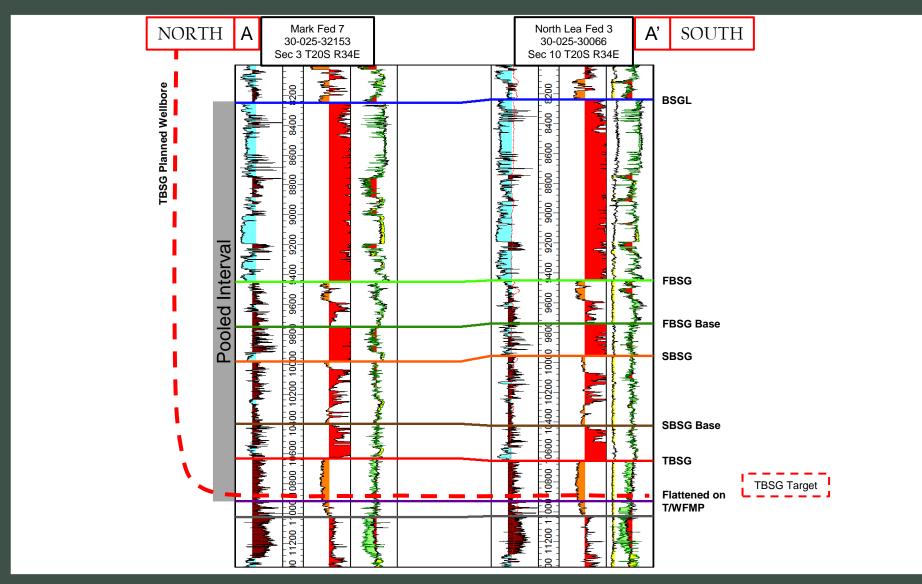
### Third Bone Spring – Structure Map North Lea 3 Fed Com



Permian Resources

# Read & Stevens, Inc. 7 of 76 Exhibit B-4 PR

# Stratigraphic Cross-Section A-A' North Lea 3 Fed Com



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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Read & Stevens, Inc., 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 August 20, 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

September 4, 2023

Dana S. Hardy

Date



## HINKLE SHANOR LLP

# P.O. BOX 2068

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

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

August 15, 2023

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

#### TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23734, Application of Read & Stevens, Inc., 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 **September 7, 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: <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 Travis Macha, Senior Landman, Permian Resources, at (432) 400-1037, if you have questions regarding these matters.

Sincerely,

/s/ Dana S. Hardy Dana S. Hardy

Enclosure

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

Read & Stevens, Inc.

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

APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

## **NOTICE LETTER CHART**

Advance Energy Partners, LLC  11490 Westheimer Rd Houston, TX 77077  B&N Energy, LLC PO Box 1277 Los Gatos, CA 95031  Carolyn R. Beall PO Box 3098 Midland, TX 79702  Thomas M. Beall  O8/15/23  Per USPS Trackin (Last checked 09/  08/23/23 – Item in to next facility.  08/31/23 – Item in to next facility.  08/15/23  08/25/23  08/22/23	01/23): n transit ng 01/23):
Houston, TX 77077  B&N Energy, LLC PO Box 1277 Los Gatos, CA 95031  Carolyn R. Beall PO Box 3098 Midland, TX 79702  Molecular Services (108/23/23 - Item in to next facility.)  O8/15/23  O8/15/23  O8/15/23  O8/25/23	n transit ng 01/23):
08/23/23 - Item in to next facility.	ng 01/23):
B&N Energy, LLC	ng 01/23):
B&N Energy, LLC       08/15/23       Per USPS Tracking (Last checked 09/15/25)         Los Gatos, CA 95031       08/31/23 – Item in to next facility.         Carolyn R. Beall PO Box 3098 Midland, TX 79702       08/15/23	01/23):
PO Box 1277 Los Gatos, CA 95031  Carolyn R. Beall PO Box 3098 Midland, TX 79702  (Last checked 09/ 08/31/23 — Item in to next facility.  08/25/23	01/23):
Los Gatos, CA 95031  08/31/23 – Item in to next facility.  Carolyn R. Beall PO Box 3098 Midland, TX 79702  08/15/23  08/25/23	,
08/31/23 - Item in to next facility.    Carolyn R. Beall   08/15/23   08/25/23     PO Box 3098   Midland, TX 79702	n transit
to next facility.   Carolyn R. Beall   08/15/23   08/25/23     PO Box 3098   Midland, TX 79702	i transit
Carolyn R. Beall PO Box 3098 Midland, TX 79702  08/15/23  08/25/23	
PO Box 3098 Midland, TX 79702	
Midland, TX 79702	
111011140 111. 12411	
1414 Country Club Dr	
Midland, TX 79701	
Chisholm Energy Agent Inc 08/15/23 08/24/23	
1400 Woodlock Forest Dr., Ste. 300	
The Woodlands, TX 77380	
Earthstone Permian LLC 08/15/23 Per USPS Trackin	_
1400 Woodlock Forest Dr., Ste. 300 The Woodlands, TX 77380  (Last checked 09/	01/23):
08/21/23 – Delive	red to
individual at the a	
Thomas M. Echols, Trustee of the 08/15/23 Per USPS Tracking	
Marjorie Echols Jones Trust (Last checked 09/	_
4532 Arcady Ave	,
Dallas, TX 75205 08/21/23 – Delive	red to
individual at the a	ddress.
Estate of L.E. MacNaughton 08/15/23 Per USPS Tracking	_
c/o A. Hardcastle Jr., Executor (Last checked 09/	01/23):
3419 Westminister, Ste. 260	٠, ١
Dallas, TX 75205 08/24/23 – Item in	ı transıt
Hillier, LLC 08/15/23 to next facility.  Per USPS Tracking	
6046 Azalea Lane (Last checked 09/	
Dallas, TX 75230-3406	01/23].
08/23/23 – Item in	ı transit
to next facility.	

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

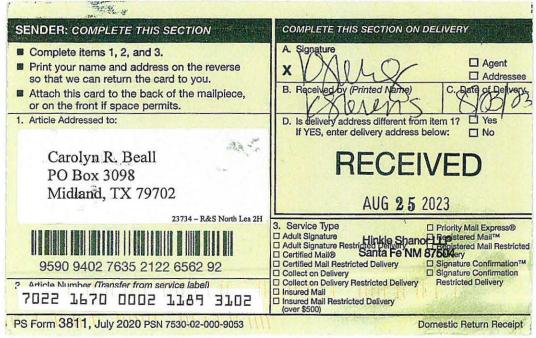
APPLICATION OF READ & STEVENS, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 23734** 

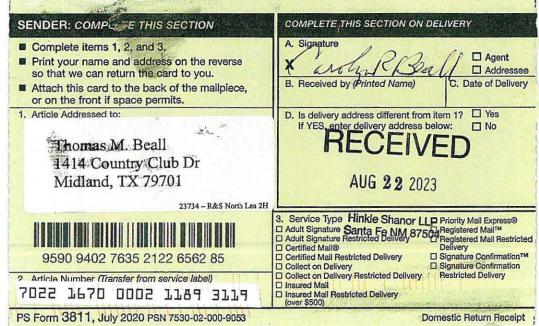
## **NOTICE LETTER CHART**

James Keay	08/15/23	Per USPS Tracking
4687 Edmondson Avenue		(Last checked 09/01/23):
Dallas, TX 75209		
		08/19/23 – Delivered to
		individual at the address.
Stuart E. Keay	08/15/23	09/01/23
2420 Hugh Street, Apt. 1		
Dallas, TX 75204		Return to sender.
Loveless Land Holdings, LLC	08/15/23	Per USPS Tracking
PO Box 12454		(Last checked 09/01/23):
Dallas, TX 75225		
		08/31/23 – Individual
		picked up at post office.
MRC Permian Company	08/15/23	08/24/23
5400 LBJ Freeway, Ste. 1500		
Dallas, TX 75240		
Read & Stevens Employee Benefit Plan	08/15/23	08/24/23
PO Box 1518		
Roswell, NM 88202-1518		
Tierra Encantada, LLC	08/15/23	08/23/23
PO Box 811		
Roswell, NM 88202		
Union Hill Oil & Gas Company, Inc.	08/15/23	Per USPS Tracking
7712 Glenshannon Circle		(Last checked 09/01/23):
Dallas, TX 72552		
		08/19/23 – Delivered to
		individual at the address.

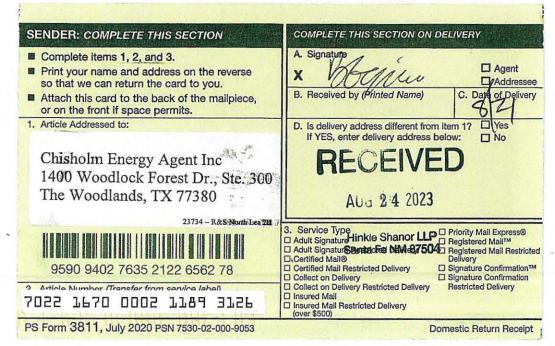




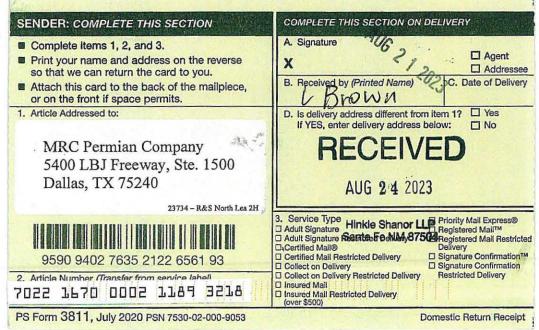




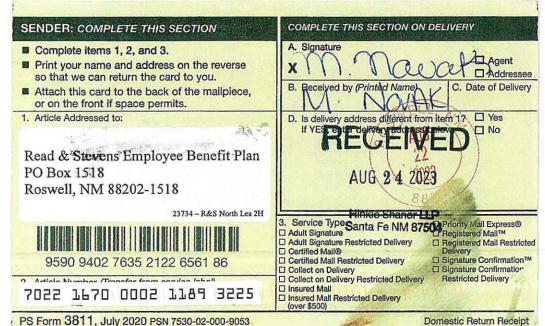


















HINKLE SHANOR LLP ATTORNEYS AT LAW POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504

# RECEIVED

SEP 1 - 2023

Hinkle Shanor LLP Santa Fe NM 87504





ZIP 87501 02 7H 0006052409

Stuart E. Keay 2420 Hugh Street, Apt. 1 Dallas, TX 75204

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738 FE 1 8608/25/28

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FAQs >

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## **Tracking Number:**

## 70221670000211893096

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## **Moving Through Network**

In Transit to Next Facility

August 23, 2023

## **Departed USPS Regional Facility**

NORTH HOUSTON TX DISTRIBUTION CENTER August 19, 2023, 1:46 am

#### Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER August 18, 2023, 1:20 pm

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm Feedback

Arrived at USPS Facility
ALBUQUERQUE, NM 87101
August 16, 2023, 9:36 pm

**Hide Tracking History** 

What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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City, State, Zi	Los Gatos, CA 9503	1 734 – R&S North I	************	

FAQs >

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## **Tracking Number:**

## 70221670000211893188

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## **Latest Update**

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

## **Get More Out of USPS Tracking:**

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## **Moving Through Network**

In Transit to Next Facility

August 31, 2023

#### **Arrived at USPS Facility**

SACRAMENTO, CA 95813 August 29, 2023, 7:36 pm

## **Arrived at USPS Facility**

LOS GATOS, CA 95030 August 23, 2023, 12:40 pm

#### No Such Number

LOS GATOS, CA 95030 August 23, 2023, 12:40 pm

#### Available for Pickup

LOS GATOS 101 S SANTA CRUZ AVE LOS GATOS CA 95030-9998 M-F 0900-1700; SAT 0900-1445 Feedback

August 23, 2023, 9:54 am

#### **Arrived at Post Office**

LOS GATOS, CA 95030 August 23, 2023, 5:46 am

## **Departed USPS Regional Facility**

SAN JOSE CA DISTRIBUTION CENTER August 18, 2023, 3:40 pm

## **Arrived at USPS Regional Facility**

SAN JOSE CA DISTRIBUTION CENTER August 18, 2023, 12:51 pm

## **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

### **Arrived at USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 9:36 pm

**Hide Tracking History** 

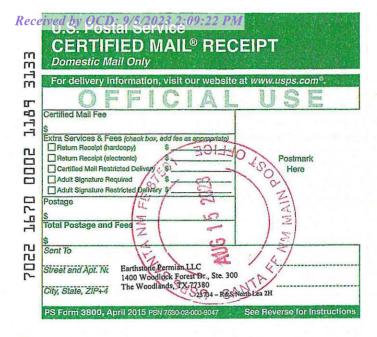
What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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FAQs >

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## **Tracking Number:**

## 70221670000211893133

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## **Latest Update**

Your item was delivered to an individual at the address at 1:25 pm on August 21, 2023 in SPRING, TX 77380.

## **Get More Out of USPS Tracking:**

USPS Tracking Plus®

## **Delivered**

Delivered, Left with Individual

SPRING, TX 77380 August 21, 2023, 1:25 pm

## **Redelivery Scheduled for Next Business Day**

SPRING, TX 77380 August 19, 2023, 11:33 am

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

NORTH HOUSTON TX DISTRIBUTION CENTER August 18, 2023, 7:39 pm

#### Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER August 18, 2023, 1:20 pm

#### In Transit to Next Facility

August 17, 2023

#### **Departed USPS Facility**

Feedback

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

**Arrived at USPS Facility** 

ALBUQUERQUE, NM 87101 August 16, 2023, 9:44 pm

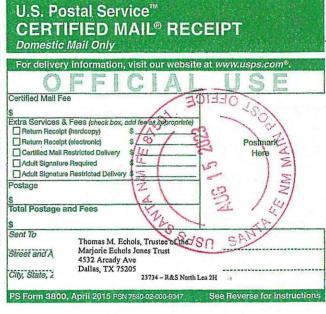
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What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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## **Need More Help?**

Contact USPS Tracking support for further assistance.



# - -

# **USPS Tracking®**

FAQs >

**Tracking Number:** 

## Remove X

## 70221670000211893140

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## **Latest Update**

Your item was delivered to an individual at the address at 2:40 pm on August 21, 2023 in DALLAS, TX 75205.

## Get More Out of USPS Tracking:

USPS Tracking Plus®

## **Delivered**

Delivered, Left with Individual

DALLAS, TX 75205 August 21, 2023, 2:40 pm

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 20, 2023, 5:57 pm

## **Arrived at USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

#### **Arrived at USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 9:36 pm Hide Tracking History

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## **Need More Help?**

Contact USPS Tracking support for further assistance.

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FAQs >

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## **Tracking Number:**

## 70221670000211893157

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## **Latest Update**

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

## **Get More Out of USPS Tracking:**

USPS Tracking Plus®

**Delivered** 

**Out for Delivery** 

**Preparing for Delivery** 

## **Moving Through Network**

In Transit to Next Facility

August 24, 2023

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 20, 2023, 1:22 pm

#### Arrived at USPS Regional Facility

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm Feedback

Arrived at USPS Facility
ALBUQUERQUE, NM 87101
August 16, 2023, 9:35 pm

**Hide Tracking History** 

What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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## **Need More Help?**

Contact USPS Tracking support for further assistance.



FAQs >

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# **USPS Tracking®**

**Tracking Number:** 

## 70221670000211893164

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## **Latest Update**

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

## **Get More Out of USPS Tracking:**

USPS Tracking Plus®

**Delivered** 

**Out for Delivery** 

**Preparing for Delivery** 

## **Moving Through Network**

In Transit to Next Facility

August 23, 2023

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 19, 2023, 4:29 am

#### Arrived at USPS Regional Facility

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm Feedback

Arrived at USPS Facility
ALBUQUERQUE, NM 87101
August 16, 2023, 9:36 pm

**Hide Tracking History** 

What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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## **Need More Help?**

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## **Tracking Number:**

## 70221670000211893171

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## **Latest Update**

Your item was delivered to an individual at the address at 12:30 pm on August 19, 2023 in DALLAS, TX 75209.

## Get More Out of USPS Tracking:

USPS Tracking Plus®

## **Delivered**

Delivered, Left with Individual

DALLAS, TX 75209 August 19, 2023, 12:30 pm

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 19, 2023, 4:29 am

## **Arrived at USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### In Transit to Next Facility

August 17, 2023

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

**Arrived at USPS Facility** 

Teedhack

ALBUQUERQUE, NM 87101 August 16, 2023, 9:36 pm

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## **Need More Help?**

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	PS Form 3800, A	pril 2015 PSN 7530-02-000-9047	ice Reverse for Instructions

FAQs >

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## **Tracking Number:**

## 70221670000211893201

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## **Latest Update**

Your item was picked up at the post office at 4:18 pm on August 31, 2023 in DALLAS, TX 75225.

## **Get More Out of USPS Tracking:**

**USPS Tracking Plus®** 

## **Delivered**

Delivered, Individual Picked Up at Post Office

DALLAS, TX 75225 August 31, 2023, 4:18 pm

#### In Transit to Next Facility

August 23, 2023

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 19, 2023, 4:29 am

## **Arrived at USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

#### **Arrived at USPS Facility**

ALBUQUERQUE, NM 87101

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August 16, 2023, 9:36 pm

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What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

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Contact USPS Tracking support for further assistance.

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FAQs >

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## **Tracking Number:**

## 70221670000211893249

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## **Latest Update**

Your item was delivered to an individual at the address at 1:19 pm on August 19, 2023 in DALLAS, TX 75225.

## Get More Out of USPS Tracking:

USPS Tracking Plus®

## **Delivered**

Delivered, Left with Individual

DALLAS, TX 75225 August 19, 2023, 1:19 pm

## **Departed USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 19, 2023, 4:29 am

## **Arrived at USPS Regional Facility**

DALLAS TX DISTRIBUTION CENTER August 18, 2023, 8:29 am

#### In Transit to Next Facility

August 17, 2023

#### **Departed USPS Facility**

ALBUQUERQUE, NM 87101 August 16, 2023, 10:17 pm

**Arrived at USPS Facility** 

hack k ALBUQUERQUE, NM 87101 August 16, 2023, 9:38 pm

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## **Need More Help?**

Contact USPS Tracking support for further assistance.

## **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 August 20, 2023 and ending with the issue dated August 20, 2023.

Publisher

Sworn and subscribed to before me this 20th day of August 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 publication has been made.

LEGAL NOTICE August 20, 2023

LEGAL NOTICE August 20, 2023

This is to notify all interested parties, including Chisolm Energy Agent Inc; Earthstone Permian LLC; MRC Permian Company; Tierra Encantada, LLC; MRC Permian Company; Tierra Encantada, LLC; Thomas M. Beall; Carolyn R. Beall; Estate of L.E. MacNaughton c/o A. Hardcastle Jr., Executor; Hillier, LLC; Stuart E. Keay; James Keay; B&N Energy, LC; Loveless Land Holdings, LLC; Union Hill Oil & Gas Company, Inc.; Read & Stevens Employee Benefit Plan; Advance Energy Partners, LLC; Thomas M. Echols, Trustee of the Marjorie Echols Jones Trust; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Read & Stevens, Inc. (Case No. 23734). The hearing will be conducted remotely on September 7, 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 an order pooling all uncommitted interests in the Bone Spring Formation underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 3, Township 20 South, Range 34 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the North Lea 3 Fed Com 2H well ("Well"), to be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 3, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3. 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 24.92 miles Southwest of Hobbs, New Mexico.

02107475

00281834

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