BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING OCTOBER 5, 2023

Case Nos. 23804 & 23809

Ruby Fed Com 501H Ruby Fed Com 502H

Lea County, New Mexico



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

APPLICATIONS OF LEGACY RESERVES AMEND ORDER NO. R-22392, LEA COUNTY, NEW MEXICO.

CASE NOS. 23804

(Formerly Case 22230)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22394, LEA COUNTY, NEW MEXICO.

CASE NOS. 23809 (Formerly Case 22231)

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

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22392, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22230)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22392 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22392, entered on November 17, 2022, in Case No. 22230, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the W¹/₂E¹/₂ of Section 15 and W¹/₂E¹/₂ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Ruby Fed Com 501H well.

2. Paragraph 19 of Order No. R-22392 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22392 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22392 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Ruby Fed Com 501H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22392 to November 17, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22392, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22392, issued on November 17, 2022, to extend the well commencement deadline one year, to November 17, 2024. Order No. R-22392 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the $W^{1/2}E^{1/2}$ of Section 15 and $W^{1/2}E^{1/2}$ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

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

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22394, LEA COUNTY, NEW MEXICO

Case No. _____ (Formerly Case 22231)

APPLICATION

Legacy Reserves Operating LP, OGRID No. 294281 ("Legacy" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") to amend Order No. R-22394 to allow an additional year to commence drilling the proposed initial wells.

In support of its Application, Applicant states the following:

1. Division Order No. R-22394, entered on November 17, 2022, in Case No. 22231, pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the E¹/₂E¹/₂ of Section 15 and E¹/₂E¹/₂ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Ruby Fed Com 502H well.

2. Paragraph 19 of Order No. R-22394 requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete Well no later than one (1) year after the commencement of drilling the Well." Paragraph 20 of Order No. R-22394 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

3. Good cause exists to extend the drilling deadline and Applicant requests that Order R-22394 be amended to allow an additional year to commence drilling the initial well under the Order. Applicant still plans to drill the Ruby Fed Com 502H well but is revising its development plan based on proximate well data. Applicant needs additional time to plan and permit additional wells to be batch drilled. An extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division enter an order extending the time for Applicant to commence drilling the proposed initial wells under Order No. R-22394 to November 17, 2024.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot Beatty & Wozniak, P.C. 500 Don Gaspar Ave., Santa Fe, NM 87505 (303) 407-4458 Fax: 800-886-6566 jparrot@bwenergylaw.com

Attorney for Legacy Reserves Operating LP Application of Legacy Reserves Operating LP to Amend Order No. R-22394, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22394, issued on November 17, 2022, to extend the well commencement deadline one year, to November 17, 2024. Order No. R-22394 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 15 and $E\frac{1}{2}E\frac{1}{2}$ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

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

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22392, LEA COUNTY, NEW MEXICO.

CASE NOS. 23804 (Formerly Case 22230)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22394, LEA COUNTY, NEW MEXICO.

CASE NOS. 23809 (Formerly Case 22231)

AFFIDAVIT OF TAYLOR THORESON

Taylor Thoreson, being first duly sworn upon oath, deposes and states as follows:

1. My name is Taylor Thoreson, and I am employed by Legacy Reserves Operating

LP ("Legacy") as a VP of Land and Business Development.

- 2. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my qualifications as an expert witness in petroleum land matters were accepted and made a matter of public record. I have several years of experience in petroleum land matters, and I have worked directly or in a supervisory role with the properties that are the subject of these matters.
- 3. I am submitting this affidavit in support of Legacy's applications in the abovereferenced cases pursuant to 19.15.4.12.(A)(1) NMAC.
- 4. I am familiar with the applications filed by Legacy in these consolidated cases and the status of the lands in the subject lands.
- 5. I do not expect any opposition to the presentation of this case by affidavit because the affected interest owners have been contacted regarding the amending of the subject order, and they have not objected or entered appearances.

6. Legacy seeks orders extending for an additional year the obligation to commence drilling under Division Orders R-22392 and R-22394, issued on November 17, 2022, in Case Nos. 22230 and 22231, respectively. These orders pooled all uncommitted interest owners in the Bone Spring formation underlying standard 320-acre horizontal spacing units in Sections 15 and 22, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, as follows:

- Order R-22392 pooled the W½E½ of Section 15 and W½E½ of Section 22and dedicated the 320-acre spacing unit to the proposed Ruby Fed Com 501H Well (API No. Pending); and
- Order R-22394 pooled the E½E½ of Section 15 and the E½E½ of Section 22and dedicated the 320-acre spacing unit to the proposed Ruby Fed Com 502H Well (API No. Pending).

Each order requires Applicant to commence drilling the wells "within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well." The orders further provide that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown."

7. The subject orders are attached as Exhibits B-1 and B-2.

8. Good cause exists for Legacy's extension of time to commence drilling to allow for Legacy to revise its development plan based on proximate well data. Legacy intends to drill the initial proposed wells for the spacing units approved by Division Orders R-22392 and R-22394, but an extension will enable Applicant to maximize productivity, prevent economic waste, and minimize surface and environmental impacts with more efficient planning.

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9. Applicant therefore requests that the Division amend the existing orders to extend the time to commence drilling the proposed wells to November 17, 2024.

10. I provided the law firm of Beatty & Wozniak, P.C. with the names and addresses for the working interest owners that remain subject to these pooling orders and instructed that each owner be provided notice of the hearing in these matters.

11. The granting of these applications is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

12. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein are true, correct, and accurate.

[Remainder of page left intentionally blank]

FURTHER AFFIANT SAYETH NOT.

Dated this 2023.

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Taylor Thoreson Legacy Reserves Operating LP

STATE OF COLORAO

) ss.

CITY AND COUNTY OF DENVER

The foregoing instrument was subscribed and sworn to before me this 2 d day of 2023, by Taylor Thoreson, VP of Land and Business Development for Legacy Reserves Operating LP.

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Witness my hand and official seal. My commission expires: <u>11-16-2015</u>		CARL J MESSINA III NOTARY PUBLIC - STATE OF COLORADO NOTARY ID 20174047486 MY COMMISSION EXPIRES NOV 16, 2025	
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STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

Legacy Reserves Operating LP ("Legacy") OGRID No. 294281 through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂E¹/₂ of Section 15 and W¹/₂E¹/₂ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Legacy states the following:

1. Legacy is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

2. Legacy proposes and dedicates the Ruby Fed Com 501H Well as an initial well to the HSU.

3. Legacy proposes the Ruby Fed Com 501H Well, an oil well, to be horizontally drilled from a surface location in the NE¹/₄NE¹/₄ of Section 15, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SW¹/₄SE¹/₄ of Section 22, Township 19 South, Range 33 East, N.M.P.M.

1

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

5. Legacy has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the W¹/₂E¹/₂ of Section 15 and the W¹/₂E¹/₂ of Section 22, Township 19 South, Range 33 East, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the Ruby Fed Com 501H Well as the well for the HSU.

D. Designating Legacy as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

2

F. Approving actual operating charges and costs of supervision, to the maximum

extent allowable, while drilling and after completion, together with a provision adjusting the rates

pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted

BEATTY & WOZNIAK, P.C.

aluelah Kitterhouse

Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com

Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W½E½ of Section 15 and W½E½ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Ruby Fed Com 501H Well, an oil well, to be horizontally drilled from a surface location in the NE¼NE¼ of Section 15, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SW¼SE¼ of Section 22, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

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

APPLICATION OF LEGACY RESERVES OPERATING LP FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.

APPLICATION

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In support of its Application, Legacy states the following:

1. Legacy is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

2. Legacy proposes and dedicates the Ruby Fed Com 502H Well as an initial well to the HSU.

3. Legacy proposes the Ruby Fed Com 502H Well, an oil well, to be horizontally drilled from a surface location in the NW¼NE¼ of Section 15, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SE¼SE¼ of Section 22, Township 19 South, Range 33 East, N.M.P.M.

1

4. The well is orthodox in its location, and its take points and lateral comply with Statewide Rules for setbacks.

5. Legacy has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

6. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Legacy requests that all uncommitted interests in this HSU be pooled and that Legacy be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Legacy requests that this Application be set for hearing on October 23, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 15 and the $E\frac{1}{2}E\frac{1}{2}$ of Section 22, Township 19 South, Range 33 East, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the Ruby Fed Com 502H Well as the well for the HSU.

D. Designating Legacy as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Legacy to recover its costs of drilling, equipping, and completing the well;

2

F. Approving actual operating charges and costs of supervision, to the maximum

extent allowable, while drilling and after completion, together with a provision adjusting the rates

pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Legacy in drilling and completing

the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted

BEATTY & WOZNIAK, P.C.

aludiah Kitterhouse

Jobediah Rittenhouse 1675 Broadway, Suite 600 Denver, CO 80202 (303) 407-4457 jrittenhouse@bwenergylaw.com

Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the E¹/₂E¹/₂ of Section 15 and E¹/₂E¹/₂ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the Ruby Fed Com 502H Well, an oil well, to be horizontally drilled from a surface location in the NW¹/₄NE¹/₄ of Section 15, Township 19 South, Range 33 East, N.M.P.M, to a bottom hole location in the SE¹/₄SE¹/₄ of Section 22, Township 19 South, Range 33 East, N.M.P.M. The well is orthodox in location and the take points and lateral comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles southwest of Lovington, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22230 ORDER NO. R-22392

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on August 18, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.



Date: 11/17/2022

Exhibit A

Received by OCD: 8/11/2022 3:28:55 PM

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ALL INFORMATION IN THE APPLICATION MUST I	BE SUPPORTED BY SIGNED AFFIDAVITS
Case: 22230 (Ruby 501H)	APPLICANT'S RESPONSE
Date: 8/11/2022	
Applicant	Legacy Reserves Operating LP
Designated Operator & OGRID (affiliation if applicable)	294281
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; PBEX, LLC and EGL Resources, Inc.; Earthstone Permian LLC and Earthstone Operating, LLC, EOA; Faskin Oil & Ranch, Ltd., EOA
Well Family	
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Formation
Pool Name and Pool Code:	Tonto; Bone Spring, East [59475]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	W/2E/2 of Sections 15 and 22, T-19-S, R-33-E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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Well #1 Well #2	Ruby Fed Com 501H Well (API No. Pending)SHL: NE/4NE/4 (Lot A) of Section 15, Township 19 South, Range 33 East, N.M.P.M.BHL: SW/4SE/4 (Lot O) of Section 22, Township 19 South, Range 33 East, N.M.P.M.Completion Target: Bone Spring Formation Well Orientation: North to South
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibits C-5, C-6, and D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibits B and E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits C-2, C-3, and C-4
Tract List (including lease numbers and owners)	Exhibits C-2, C-3, and C-4
Pooled Parties (including ownership type)	Exhibits C-3 and C-4
Unlocatable Parties to be Pooled	Exhibits C-3 and C-4
Ownership Depth Severance (including percentage above &	None
Ownership Depth Severance (including percentage above & below)	None
Ownership Depth Severance (including percentage above & below) Joinder	
Ownership Depth Severance (including percentage above & below) Joinder Sample Copy of Proposal Letter	Exhibit C-5
Ownership Depth Severance (including percentage above & below) Joinder Sample Copy of Proposal Letter List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-5 Exhibits C-4 and C-5
Ownership Depth Severance (including percentage above & below) Joinder Sample Copy of Proposal Letter List of Interest Owners (ie Exhibit A of JOA) Chronology of Contact with Non-Joined Working Interests	Exhibit C-5 Exhibits C-4 and C-5 Exhibits C-7
Ownership Depth Severance (including percentage above & below) Joinder Sample Copy of Proposal Letter List of Interest Owners (ie Exhibit A of JOA) Chronology of Contact with Non-Joined Working Interests Overhead Rates In Proposal Letter	Exhibit C-5 Exhibits C-4 and C-5 Exhibit C-7 Exhibits C-5 and C-6
Ownership Depth Severance (including percentage above & below) Joinder Sample Copy of Proposal Letter List of Interest Owners (ie Exhibit A of JOA) Chronology of Contact with Non-Joined Working Interests	Exhibit C-5 Exhibits C-4 and C-5 Exhibits C-7

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibits C-2, C-3, and D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Geology Conclusions	Exhibit D-4
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-3 and C-4
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-2, D-1, and D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-1
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information prov	vided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	James P. Barnet
Signed Name (Attorney or Party Representative):	
Date:	August 11, 2022

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY LEGACY RESERVES OPERATING LP

CASE NO. 22231 ORDER NO. R-22394

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on August 18, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Legacy Reserves Operating LP ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION ADRIENNE SANDOVAL DIRECTOR AES/jag

Date: 11/17/2022

Exhibit A

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ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS		
Case: 22231 (RUBY 502H)	APPLICANT'S RESPONSE	
Date: 8/11/2022		
Applicant	Legacy Reserves Operating LP	
Designated Operator & OGRID (affiliation if applicable)	294281	
Applicant's Counsel:	James Parrot, Beatty &Wozniak, P.C.	
Case Title:	Application of Legacy Reserves Operating LP for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico	
Entries of Appearance/Intervenors:	COG Operating LLC, EOA; PBEX, LLC and EGL Resources, Inc.; Earthstone Permian LLC and Earthstone Operating, LLC, EOA; Faskin Oil & Ranch, Ltd., EOA	
Well Family		
Formation/Pool		
Formation Name(s) or Vertical Extent:	Bone Spring	
Primary Product (Oil or Gas):	Oil	
Pooling this vertical extent:	Entire Formation	
Pool Name and Pool Code:	Tonto; Bone Spring, East [59475]	
Well Location Setback Rules:	Statewide Rules	
Spacing Unit Size:	320 acres	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	320 acres, more or less	
Building Blocks:	Quarter-Quarter sections	
Orientation:	North-South	
Description: TRS/County	E/2E/2 of Sections 15 and 22, T-19-S, R-33-E, Lea County	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes	
Other Situations		
Depth Severance: Y/N. If yes, description	N	
Proximity Tracts: If yes, description	No	
Proximity Defining Well: if yes, description	N/A	
Applicant's Ownership in Each Tract	Exhibit C	
Well(s) Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)		

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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Well #1	Ruby Fed Com 502H Well (API No. Pending)SHL: NE/4NE/4 (Lot A) of Section 15, Township 19South, Range 33 East, N.M.P.M.BHL: SE/4SE/4 (Lot P) of Section 22, Township 19South, Range 33 East, N.M.P.M.Completion Target: Bone Spring FormationWell Orientation: North to SouthCompletion Location: Standard
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibits C-5, C-6, and D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibits B and E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits C-2, C-3, and C-4
Tract List (including lease numbers and owners)	Exhibits C-2, C-3, and C-4
Pooled Parties (including ownership type)	Exhibits C-3 and C-4
Unlocatable Parties to be Pooled	Exhibits C-3 and C-4
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibits C-4 and C-5
Chronology of Contact with Non-Joined Working Interests	Exhibit C-7
Overhead Rates In Proposal Letter	Exhibits C-5 and C-6
Overnead Rates in Proposal Letter	

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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Conte Fording the Fording Mile II	Exhibit C-6
Cost Estimate to Equip Well	
Cost Estimate for Production Facilities	Exhibit C-6
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibits C-2, C-3, and D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3, D-1, and D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Geology Conclusions	Exhibit D-4
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-3 and C-4
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-2, D-1, and D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-1
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information pro	vided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	James P/ Ratrox
Signed Name (Attorney or Party Representative):	
Date:	August 11, 2022

Oil Conservation Division Hearing - August 18, 2022 Case Nos. 22230 & 22231 Legacy Reserves Operating LP - Exhibit A

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

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22392, LEA COUNTY, NEW MEXICO.

CASE NOS. 23804 (Formerly Case 22230)

APPLICATION OF LEGACY RESERVES OPERATING LP TO AMEND ORDER NO. R-22394, LEA COUNTY, NEW MEXICO.

CASE NOS. 23809 (Formerly Case 22231)

AFFIDAVIT

STATE OF COLORADO)) ss. CITY AND COUNTY OF DENVER)

James P. Parrot, attorney in fact and authorized representative of Legacy Reserves Operating LP, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications has been provided under Notice Letters dated September 15, 2023, which the Applicant mailed via U.S. Postal Service Certified Mail. Notice was delivered on or around September 20, 2023, as shown on certified mail receipts attached as Exhibit C.

Applicant also published notice of the Applications in the Hobbs News-Sun on September 21,

2023. Proofs of publication are shown on Exhibit D.

James Parrot

SUBSCRIBED AND SWORN to before me on October 3, 2023 by James P. Parrot.

My commission expires:

TERESA L. PETERSON
NOTARY PUBLIC
CTATE OF COLORADO
NOTARY ID 19894002020 MY COMMISSION EXPIRES OCTOBER 4, 2025

NOTARY PUBLIC

September 15, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22392 to allow an additional year to commence drilling obligations <u>Ruby Fed Com 501H Well</u> (Case No. 23804)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23804, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Ruby Fed Com 501H Well.

In Case No. 23804, Legacy seeks to amend Division Order No. R-22392, entered on November 17, 2022, in Case No. 22230, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $W\frac{1}{2}E\frac{1}{2}$ of Section 15 and $W\frac{1}{2}E\frac{1}{2}$ of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and dedicated the unit to the proposed Ruby Fed Com 501H well.

A hearing has been requested before a Division Examiner on October 5, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an interest owner and 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no

event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at <u>cmessina@revenirenergy.com</u>.

Sincerely James P. Parrot

Attorney for Legacy Reserves Operating LP

September 15, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of Legacy Reserves Operating LP to amend Division Order No. R-22394 to allow an additional year to commence drilling obligations <u>Ruby Fed Com 502H Wells</u> (Case No. 23809)

Dear Interest Owners:

This letter is to advise you that Legacy Reserves Operating LP ("Legacy") has filed the enclosed application, Case No. 23809, with the New Mexico Oil Conservation Division to request an additional year to commence drilling the proposed Ruby Fed Com 502H Well.

In Case No. 23809, Legacy seeks to amend Division Order No. R-22394, entered on November 17, 2022, in Case No. 22231, to allow an additional year to commence drilling the proposed initial well. The Order pooled all uncommitted mineral interests in the Bone Spring formation underlying standard 320-acre, more or less, horizontal spacing unit comprised of the $E\frac{1}{2}E\frac{1}{2}$ of Section 15 and $E\frac{1}{2}E\frac{1}{2}$ of Section 22, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and dedicated the unit to the proposed Ruby Fed Com 502H well.

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If you have any questions about this matter, please contact Carl Messina at (855) 534-5200 or at <u>cmessina@revenirenergy.com</u>.

Sincerely James P. Parrot

Attorney for Legacy Reserves Operating LP

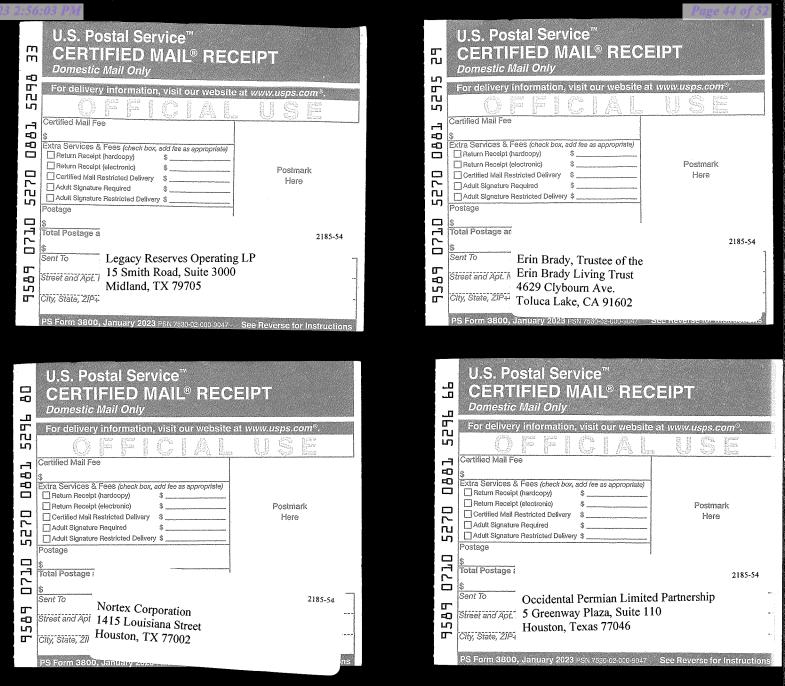
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or on the front if space permits.	1/15 Cac Allamic U-14	LU)	Certified Mall Fee	and and and
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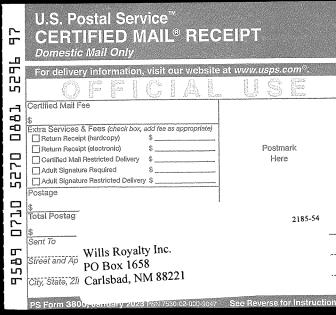




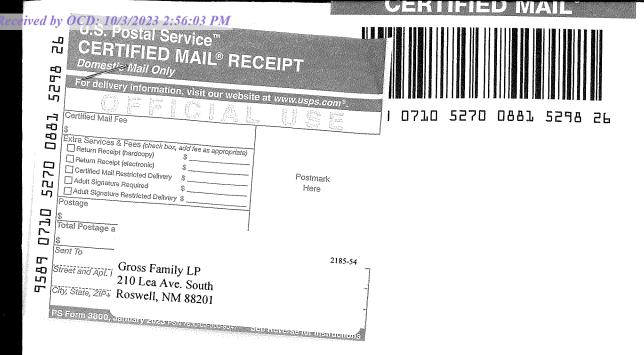


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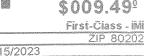


Case Nos. 23804 & 23809 Legacy Reserves Operating LP - Exhibit C





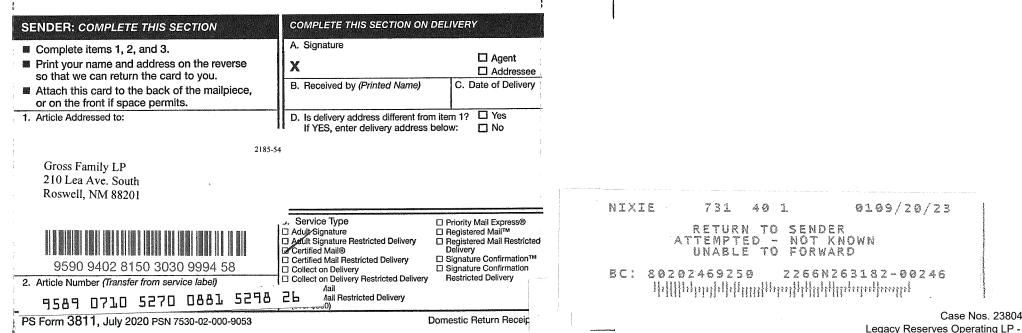




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Gross Family LP 210 Lea Ave. South Roswell, NM 88201



Case Nos. 23804 & 23809 Legacy Reserves Operating LP - Exhibit C

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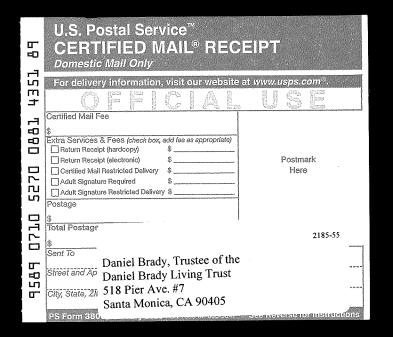
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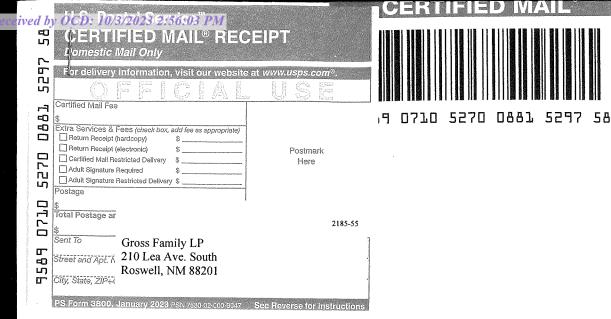
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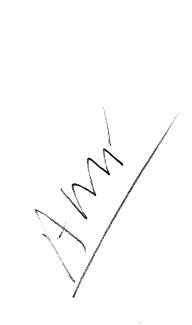
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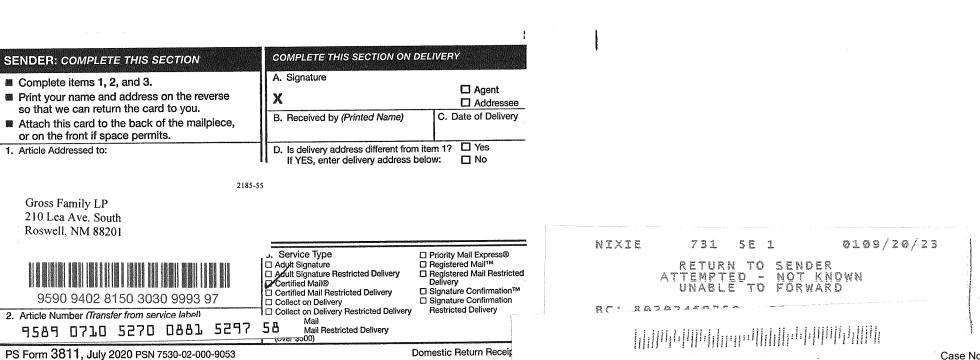


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Gross Family LP	
210 Lea Ave. South	
Roswell, NM 88201	į.





Case Nos. 23804 & 23809 Legacy Reserves Operating LP - Exhibit C

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 September 21, 2023 and ending with the issue dated September 21, 2023.

Publisher

Sworn and subscribed to before me this 21st day of September 2023.

Business Manager

My commission expires January TATE OF NEW MEXICO NOTARY PUBLIC (Seal) 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.

The State of New Mexico, Energy Minerals and Natural Resources Department, Oll Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. Hearings will be conducted remotely. The hearing will be conducted on **Thursday**. **October 5**, 2023, **beginning at 8:15 A.M**. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <u>http://www.emnd.state.nm.us/OCD/hearings.info/or obtained from Marleng.</u> Sa V drez at Marlene.Salvidrez@state.nm.us Documents filed in the case may be viewed at the case of the case file of the case of the case file of the case of the ca be viewed at <u>integrace</u> state nm us Documents field in the case may be viewed at <u>integrace</u> manager manager manager manager manager manager and the lif you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend participate in the nearing, contact Martene Salvidrez at <u>Mariene Salvidrez@state.nm.us</u> of the New Mexico Relay Network at 1-800 659-17.79, no atel; than September 25, 2023.

LEGAL NOTICE

September 21, 2023

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

All named parties and persons having any right, title, interest or claim in the residue following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: All overriding royalty interest owners and pooled parties, including: Ball Oil & Gas LLC, COG Operating LLC, Daniel Brady, Trustee of the Daniel Brady Living Trust, Earthstone Permian, LLC, Erin Brady, Trustee of the Erin Brady Living Trust, Fasken Land & Minerals Ltd., Gross Family LP, Jay Relser, Trustee of the Jay Reiser 2013 Trust, Legacy Reserves Operating LP, McDaniels Family Trust, Nancy Seaton Living Trust, Nortex Corporation, Occidental Permian Limited Partnership, Oxy USA WTP LP, Patrick Brady and Kimberly Brady, Trustee of the Patrick Brady & Kimberly Brady Living Trust, Spencer, Family Holdings, LLC, and Wills Royalty Inc.

CASE NO. 23804: Application of Legacy Reserves Operating LP to Amend Order No. R- 22392, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22392, Issued on November 17, 2022, in Case No. 22230, to extend the well commencement deadline one year, to November 17, 2024. Order No. R-22392 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the W1/2E1/2 of Section 15 and W1/2E1/2 of Section 22, Township 19 South, Range 33 East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The well and lands are located approximately 3 miles southwest of Lovington. New Mexico. are located approximately 3 miles southwest of Lovington, New Mexico. #00282975

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER**, CO 80202

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 September 21, 2023 and ending with the issue dated September 21, 2023.

Publisher

Sworn and subscribed to before me this 21st day of September 2023.

Business Manager

My commission expires January 29, 2027

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

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

LEGAL NOTICE September 21, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. Hearings will be conducted remotely. The hearing will be conducted on Thursday, October 5, 2023, beginning at 8:15 A.M. To participate in the electronic hearing, see the Instructions posted below. The docket may be viewed at http://www.emrid.state.nm.us/OCD/hearings-info/ or obtained from Marlene Salvidrez at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at https://ocdimage.emptd.state.nm.us/maning/CaseFileCiteria.asnx be viewed at https://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx. If you are an Individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Mariene Salvidrez at <u>Martene-Salvidrez@state.nm.us</u>, or the New Mexico Relay Network at 1-800-659∞1779, no later than **September 25, 2023**.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: All overriding royaity Interest owners and pooled parties, including: Ball Oll & Gas LLC, COG Operating LLC, Daniel Brady, Trustee of the Daniel Brady Living Trust, Erin Brady, Trustee of the Erin Brady Living Trust, Fasken Land & Minerais Ltd., Gross Family LP, Jay Reiser, Trustee of the Jay Reiser 2013 Trust, Legacy Reserves Operating LP, McDaniels Family Trust, Nancy Seaton Living Trust, Nortex Corporation, Patrick Brady and Kimberly Brady, Trustee of the Patrick Brady & Kimberly Brady Living Trust, Spencer Family Holdings, LLC, and Wills Reyalty Inc.

CASE NO. 23809: Application of Legacy Reserves Operating LP to Amend Order No. R- 22394, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-22394, issued on November 17, 2022, in Case No. 22231, to extend the well commencement deadline one year, to November 17, 2024. Order No. R-22394 pooled all mineral interests in the Bone Spring formation in a 320-acre horizontal spacing unit comprised of the E1/2E1/2 of Section 15 and E1/2E1/2 of Section 22, Township 19 South, Range 33:East, N.M.P.M, Lea County, New Mexico, and requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order of good cause shown. The well and lands are leasted approximately 3 miles southwest of Lovington New Mexico. are located approximately 3 miles southwest of Lovington, New Mexico. **#0028**2976

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MARY FINNEY BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 DENVER, CO 80202