

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. 24496

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Taylor Warren
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, Overlapping Spacing Unit Map
A-4	Sample Well Proposal Letter & AFE
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of James Vess
B-1	Copy of Resume
B-2	Location Map of the Unit and Proposed Gale-Fring Federal 3H Well, Subsea Structure Map for Top of Pi Marker in San Andres Formation
B-3	Stratigraphic Cross-Section
Exhibit C	Self-Affirmed Statement of Dana S. Hardy
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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 24496	APPLICANT'S RESPONSE
Date 6/13/24	
Applicant	Steward Energy II, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 371682
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Steward Energy II, LLC for Compulsory Pooling and Approval of Overlapping Spacing Unit, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Gale-Fring
Formation/Pool	
Formation Name(s) or Vertical Extent:	San Andres Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	San Andres Formation
Pool Name and Pool Code (Only if NSP is requested):	Bronco; San Andres, South Pool (Code 7500)
Well Location Setback Rules (Only if NSP is Requested):	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	quarter-quarter
Orientation:	North to South
Description: TRS/County	W/2 E/2 of irregular Sections 11 and 14, Township 13 South, Range 38 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	N/A
Proximity Tracts: If yes, description	N/A
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	Gale-Fring Federal #3H (API # pending) SHL: 1068' FSL & 1126' FEL (Unit O), Section 2, T13S-R38E BHL: 100' FSL & 1726' FEL (Unit O), Section 14, T13S-R38E Completion Target: San Andres (Approx. 5,361' TVD)
AFE Capex and Operating Costs	
Return on Investment	\$7,000

Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C-1, C-2, 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	Exhibit 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-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-2
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2

Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in 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:	6/6/2024

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. 24496

**SELF-AFFIRMED STATEMENT
OF TAYLOR WARREN**

1. I am a Vice-President of Land with Steward Energy II, LLC (“Steward”). I am over the age of 18, 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 Steward’s Application and proposed hearing notice are attached as **Exhibit A-1**.

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

4. Steward seeks an order pooling all uncommitted interests in Bronco; San Andres, South Pool (Code 7500) within the San Andres formation underlying a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the W/2 E/2 of irregular Sections 11 and 14, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Gale-Fring Federal 3H** well (“Well”), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 14.

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

**Steward Energy II, LLC
Case No. 24496
Exhibit A**

7. The Unit will partially overlap with the spacing unit for the Gale Federal #2H well (API #30-025-52292), which is located in the E/2 of irregular Section 11, Township 13 South, Range 38 East, Lea County, and produces from the Bronco; San Andres, South Pool (Code 7500).

8. The Unit will also partially overlap with the spacing unit for the Fring Federal #2H well (API #30-025-50202), which is located in the W/2 E/2 and Lots 1, 2, 3, and 4 of irregular Section 14, Township 13 South, Range 38 East, Lea County and produces from the Bronco; San Andres, South Pool (Code 7500).

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

10. **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 Steward seeks to pool highlighted in yellow. Exhibit A-3 also identifies the overlapping spacing units.

11. Steward located an address for each party it seeks to pool, but it is unclear whether each address is valid since some of the hearing notice letters were returned as undeliverable. As discussed below, Steward conducted extensive research to locate the parties it seeks to pool.

12. With respect to Steward's efforts to locate parties, Steward conducted a diligent search of all relevant county public records, phone directories and computer databases a landman in the normal course of business would search. Over the course of several years since leasing activity began, the lease broker, Shaw Interests, Inc., and our in-house Landman, Cooper Newlan, each conducted their own diligent searches, and worked in conjunction, to locate unlocatable parties. Each used <https://www.google.com/> to obtain as many details as possible prior to conducting searching on websites that included the following:

<https://accurint.com/> (a Lexis-Nexis paid subscription search service)

<https://www.ancestry.com/>

<https://www.familysearch.org/en/>

<https://www.findagrave.com/>

<https://www.legacy.com/>

<https://www.newspapers.com/>

<https://www.whitepages.com/>

13. Shaw Interests, Inc. sent correspondence and lease offer packages to confirmed and prospective addresses. Additionally, telephone calls were made in an attempt to reach the relatives/heirs.

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

15. In my opinion, Steward 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**.

16. Steward requests overhead and administrative rates of \$7,000.00 per month while the Well is being drilled and \$700.00 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Steward and other operators in the vicinity.

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

18. In my opinion, the granting of Steward's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

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



Taylor Warren

June 3, 2024

Date

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24496

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(9), Steward Energy II, LLC (“Steward” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the W/2 E/2 of irregular Sections 11 and 14, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the San Andres formation underlying the Unit. In support of this application, Steward states the following.

1. Applicant (OGRID No. 371682) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the Unit to the **Gale-Fring Federal 3H** well (“Well”), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 14.
3. The completed interval of the Well will be orthodox.
4. The Unit will partially overlap with the spacing unit for the Gale Federal #002H well (API #30-025-52292), which is located in the E/2 of irregular Section 11, Township 13 South, Range 38 East, Lea County, and produces from the Bronco; San Andres, South Pool (Code 7500).

**Steward Energy II, LLC
Case No. 24496
Exhibit A-1**

5. The Unit will also partially overlap with the spacing unit for the Fring Federal #2H well (API #30-025-50202), which is located in the W/2 E/2 and Lots 1, 2, 3, and 4 of irregular Section 14, Township 13 South, Range 38 East, Lea County and produces from the Bronco; San Andres, South Pool (Code 7500).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the Unit.

7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit 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 proposed horizontal well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 13, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial well in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal well to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. 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

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 98208623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Steward Energy II, LLC

Application of Steward Energy II, LLC for Compulsory Pooling and Approval of Overlapping Spacing Unit, Lea County, New Mexico. Steward Energy II, LLC (“Applicant”) seeks an order: (1) establishing a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the W/2 E/2 of irregular Sections 11 and 14, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the San Andres formation underlying the Unit. Applicant seeks to dedicate the Unit to the **Gale-Fring Federal 3H** well (“Well”), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 14. The completed interval of the Well will be orthodox. The Unit will partially overlap with the spacing units for the Gale Federal #002H well (API #30-025-52292) and the Fring Federal #2H well (API #30-025-50202). Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, 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 14.8 miles southeast of Tatum, New Mexico.

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

Exhibit A-2

State of New Mexico
 Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 7500	Pool Name Bronco; San Andres, South Pool
Property Code	Property Name GALE-FRING FEDERAL	Well Number #3H
OGRID No. 371682	Operator Name STEWARD ENERGY II, LLC	Elevation 3804'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	02	13 S	38 E		1068	SOUTH	1126	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	14	13 S	38 E		100	SOUTH	1726	EAST	LEA

Dedicated Acres 320.00	Joint or Infill	Consolidation Code	Order No.
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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.

APPROXIMATE WELL BORE DISTANCE FROM FTP TO LTP	
NM 110843	2531.95'
S/2 OF SEC. 11	2631.92'
LC 0064605 A	3948.23'
S/2 S/2 OF SEC. 14	1215.98'
TOTAL	10328.08'

DETAIL "A"
N.T.S.

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

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

APRIL 29, 2024
Date of Survey

Signature and Seal of Professional Surveyor:

 MATTHEW B. TOMERLIN, N.M.P.L.S.
 Certificate Number 23203

NOTES

- ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID, BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001), NAVD 88.
- THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING APRIL, 2024. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS EASEMENT IN RELATION TO RECORDED MONUMENT OF DEEDS PROVIDED BY THE CLIENT.
- ELEVATIONS MSL, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND SURVEY.

NAD 83 (SHL) 1068' FSL & 1126' FEL LATITUDE = 33.216292° LONGITUDE = -103.063909°	NAD 83 (KOP) 779' FSL & 1914' FEL LATITUDE = 33.215505° LONGITUDE = -103.066502°	NAD 83 (FTP/PPP#1) 100' FNL & 1898' FEL LATITUDE = 33.213089° LONGITUDE = -103.066499°
NAD 27 (SURFACE HOLE LOCATION) LATITUDE = 33.216185° LONGITUDE = -103.063410°	NAD 27 (KOP) LATITUDE = 33.215398° LONGITUDE = -103.066003°	NAD 27 (FTP/PPP#1) LATITUDE = 33.212982° LONGITUDE = -103.066000°
STATE PLANE NAD 83 (N.M. EAST) N: 808586.53' E: 929573.58'	STATE PLANE NAD 83 (N.M. EAST) N: 808290.88' E: 928784.01'	STATE PLANE NAD 83 (N.M. EAST) N: 807411.62' E: 928795.59'
STATE PLANE NAD 27 (N.M. EAST) N: 808523.67' E: 888397.69'	STATE PLANE NAD 27 (N.M. EAST) N: 808227.99' E: 887608.12'	STATE PLANE NAD 27 (N.M. EAST) N: 807348.76' E: 887619.70'

NAD 83 (PPP#2) 1705' FEL LATITUDE = 33.198899° LONGITUDE = -103.066579°	NAD 83 (LTP/BHL) 100' FSL & 1726' FEL LATITUDE = 33.184708° LONGITUDE = -103.066550°
NAD 27 (PPP#2) LATITUDE = 33.198792° LONGITUDE = -103.066080°	NAD 27 (LTP/BHL) LATITUDE = 33.184601° LONGITUDE = -103.066051°
STATE PLANE NAD 83 (N.M. EAST) N: 802247.89' E: 928833.64'	STATE PLANE NAD 83 (N.M. EAST) N: 797084.19' E: 928905.15'
STATE PLANE NAD 27 (N.M. EAST) N: 802185.18' E: 887657.73'	STATE PLANE NAD 27 (N.M. EAST) N: 797021.63' E: 887729.22'

© FND. U.S.G.L.O. MON. UNLESS OTHERWISE NOTED

☒ CALC. CORNER

○ SHL/ KOP/ FTP / PPP/ LTP / BHL

▬ STATE OIL & GAS LEASE

▬ BLM OIL & GAS LEASE

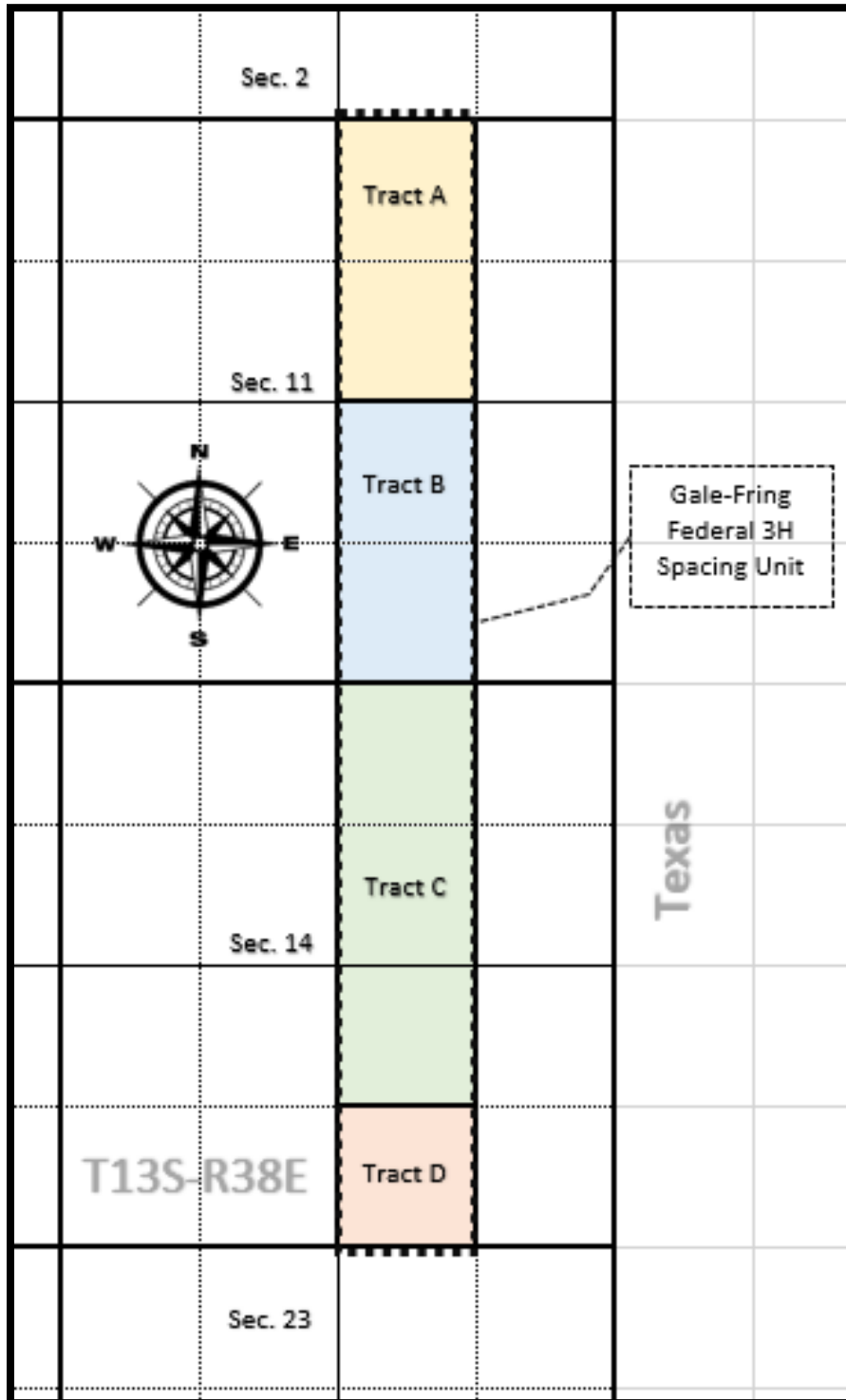
▬ HORIZONTAL SPACING UNIT

0' 3000' 6000'

SCALE: 1" = 3000'

EXHIBIT A-3

Gale-Fring Federal 3H
W/2E/2 of Section 11 and Section 14, T13S-R38E, N.M.P.M
Lea Co., NM



Steward Energy II, LLC
Case No. 24496
Exhibit A-3

EXHIBIT A-3

Gale-Fring Federal 3H
W/2E/2 of Section 11 and Section 14, T13S-R38E, N.M.P.M
Lea Co., NM

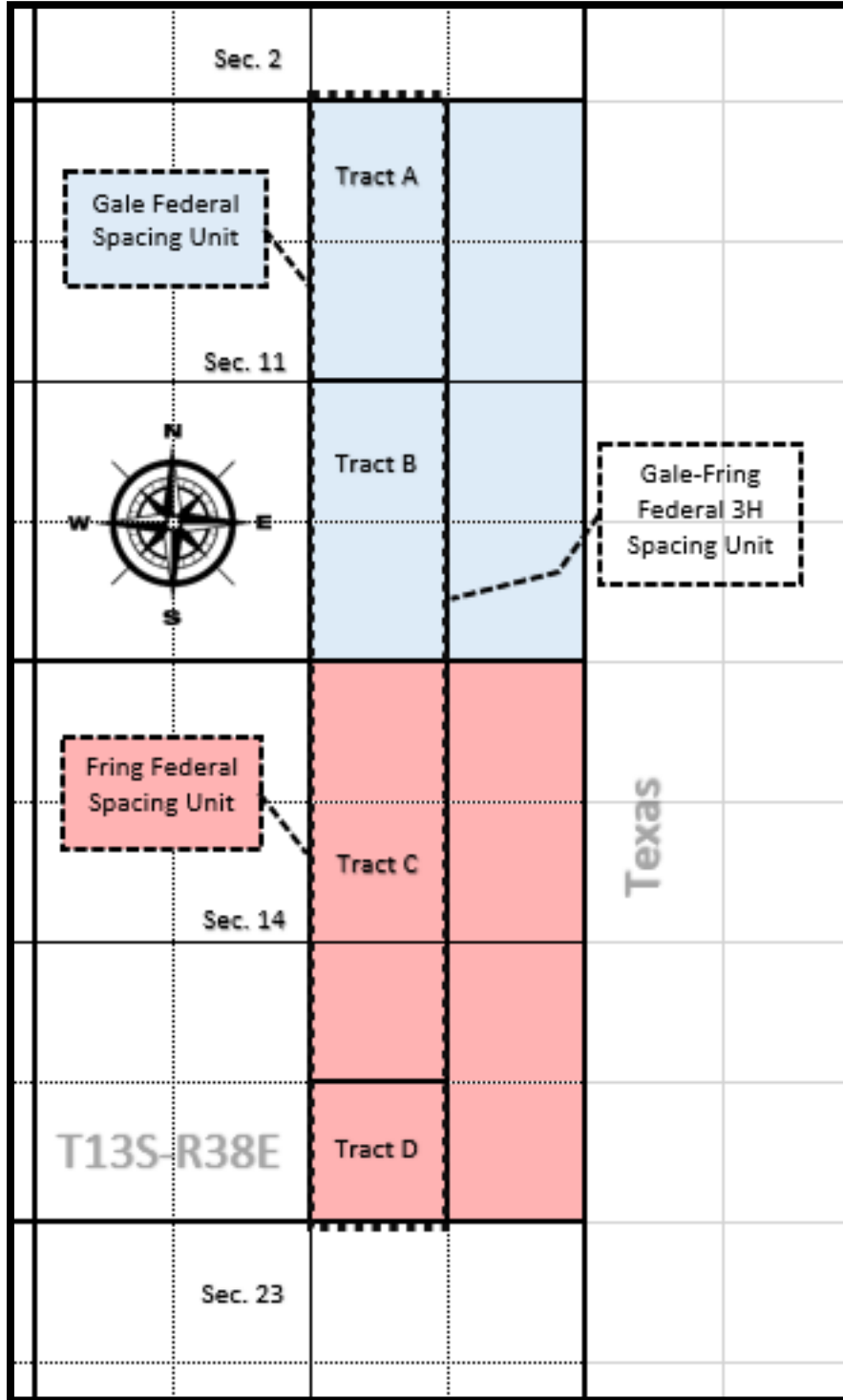


EXHIBIT A-3

Tract A - (W/2NE/4 of Section 11, T13S-R38E, being 80.00 Acres)

Steward Energy II, LLC	WI	87.145375%
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Tract B - (W/2SE/4 of Section 11, T13S-R38E, being 80.00 Acres)

Steward Energy II, LLC	WI	90.196078%
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Tract C - (NW/4NE/4, SW/4NE/4, and NW/4SE/4, of Section 14, T14S-R38E, being 120.00 Acres)

Steward Energy II, LLC	WI	95.898461%
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Tract D - (SW/4SE/4 of Section 14, T14S-R38E, being 40.00 Acres)

Steward Energy II, LLC	WI	95.898461%
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EXHIBIT A-3**Tract A**

(W/2NE/4 of Section 11, T13S-R38E, being 80.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	87.145375%	Committed - JOA Executed
Totals:		87.145375%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Slash Exploration Limited Partnership	WI	12.854625%	Uncommitted
Armstrong Energy Corporation	ORRI	0.000000%	Committed - Nature of Interest
Chimney Rock Oil & Gas LLC	ORRI	0.000000%	Committed - Nature of Interest
Gunsight Limited Partnership	ORRI	0.000000%	Committed - Nature of Interest
Rio Potomac Investments, LLC	ORRI	0.000000%	Committed - Nature of Interest
Totals:		12.854625%	
Grand Totals:		100.000000%	

Tract B

(W/2SE/4 of Section 11, T13S-R38E, being 80.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	90.196078%	Committed - JOA Executed
	Totals:	90.196078%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Paula Francis Edwards	WI	9.803922%	Uncommitted
	Totals:	9.803922%	
	Grand Totals:	100.000000%	

Tract C

(NW/4NE/4, SW/4NE/4, and NW/4SE/4, of Section 14, T14S-R38E, being 120.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	95.898461%	Committed - JOA Executed
Totals:		95.898461%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
G&M Oil, LLC	WI	0.098461%	Committed - JOA Executed
Kennedy Minerals, Ltd.	WI	1.836870%	Committed - JOA Executed
McCarthy Oil & Gas, LLC	WI	0.393934%	Uncommitted
Terra Nova Energy, LP	WI	1.772274%	Committed - JOA Executed
Cathy D. Blotter	ORRI	0.000000%	Committed - Nature of Interest
Elyse Saunders Patterson Trusts Investment LLC	ORRI	0.000000%	Committed - Nature of Interest
First Roswell Company	ORRI	0.000000%	Committed - Nature of Interest
Graham Family Investments, LLC	ORRI	0.000000%	Committed - Nature of Interest
Mary Lee S. Reese, LLC	ORRI	0.000000%	Committed - Nature of Interest
Rubie Crosby Bell Family LLC	ORRI	0.000000%	Committed - Nature of Interest
The Toles Company, LLC	ORRI	0.000000%	Committed - Nature of Interest
Wills Royalty, Inc.	ORRI	0.000000%	Committed - Nature of Interest
Totals:		4.101539%	
Grand Totals:		100.000000%	

Tract D

(SW/4SE/4 of Section 14, T14S-R38E, being 40.00 Acres)

Committed

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
Steward Energy II, LLC	WI	95.898461%	Committed - JOA Executed
Totals:		95.898461%	

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>	<u>Status</u>
G&M Oil, LLC	WI	0.098461%	Committed - JOA Executed
Kennedy Minerals, Ltd.	WI	1.836870%	Committed - JOA Executed
McCarthy Oil & Gas, LLC	WI	0.393934%	Uncommitted
Terra Nova Energy, LP	WI	1.772274%	Committed - JOA Executed
Totals:		4.101539%	
Grand Totals:		100.000000%	

Recapitulation

Committed

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>
Steward Energy II, LLC	WI	92.284594%
Totals:		92.284594%

Uncommitted

<u>Owner</u>	<u>Type</u>	<u>WI Ownership</u>
Slash Exploration Limited Partnership	WI	3.213656%
Paula Francis Edwards	WI	2.450980%
G&M Oil, LLC	WI	0.049231%
Kennedy Minerals, Ltd.	WI	0.918435%
McCarthy Oil & Gas, LLC	WI	0.196967%
Terra Nova Energy, LP	WI	0.886137%
Armstrong Energy Corporation	ORRI	0.000000%
Chimney Rock Oil & Gas LLC	ORRI	0.000000%
Gunsight Limited Partnership	ORRI	0.000000%
Rio Potomac Investments, LLC	ORRI	0.000000%
Cathy D. Blotter	ORRI	0.000000%
Elyse Saunders Patterson Trusts Investment LLC	ORRI	0.000000%
First Roswell Company	ORRI	0.000000%
Graham Family Investments, LLC	ORRI	0.000000%
Mary Lee S. Reese, LLC	ORRI	0.000000%
Rubie Crosby Bell Family LLC	ORRI	0.000000%
The Toles Company, LLC	ORRI	0.000000%
Wills Royalty, Inc.	ORRI	0.000000%
Totals:		7.715406%
Grand Totals:		100.000000%



*****VIA CERTIFIED U.S.P.S. MAIL #7021 0950 0000 0550 7076*****

April 13, 2024

Paula Francis Edwards
3142 Chimney Circle
Abilene, TX 79606

**Re: Well Proposal - Gale-Fring Federal 3H
W/2E/2 of Section 11 and Section 14,
Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico**

Dear Owner,

Steward Energy II, LLC (“Steward”) hereby proposes to drill and complete the **Gale-Fring Federal 3H** as a horizontal well (“Well”), at the following locations, formation, and depth referenced below, which are subject to change based on final determination:

SHL: 1,068’ FSL & 1,126’ FEL of Sec. 2, T13S-R38E
FTP: 100’ FNL & 1,920’ FEL of Sec. 11, T13S-R38E
BHL: 100’ FSL & 1,920’ FEL of Section 14, T13S-R38E
Formation: San Andres
Total Vertical Depth and Measured Depth: ~ 5,361’ / 18,880’

Steward proposes the formation of a Horizontal Spacing Unit (“HSU”), covering the W/2E/2 of Section 11 and Section 14, T13S-R38E, N.M.P.M., Lea County, New Mexico, containing 320 acres, more or less. Portions of these lands may be covered by an existing Joint Operating Agreements (“JOAs”), also covering the San Andres formation, and Steward hereby submits for your consideration, a new Joint Operating Agreement, dated April 1, 2024, being a modified AAPL Form 610 – 1989 Model Form Operating Agreement (“NJOA”), to govern proposals and operations within the HSU. The NJOA shall supersede any existing operations under any JOAs. The NJOA has the following general provisions:

Effective Date: April 1, 2024
Operator: Steward Energy II, LLC
Contract Area: 320 acres, more or less, being the W/2E/2 of Section 11 and Section 14, T13S-R38E, N.M.P.M., Lea County, New Mexico
Non-Consent Penalty: 300%
Overhead Rate: \$7,000 / \$700 (drilling / producing monthly)

Steward Energy II, LLC
Case No. 24496
Exhibit A-4

Well Proposal
Gale-Fring Federal 3H
April 13, 2024

Enclosed are documents for your review and execution. Please see detailed Authorization for Expenditure (“AFE”), reflecting estimated costs that will be incurred to drill, complete, and equip the Well associated with this proposal.

If you intend to participate, please execute in the appropriate box on the AFE, and return to the undersigned within 30 days of receipt of this proposal. The AFE represents an estimated cost and is subject to change once the Well is drilled/completed and actual costs are incurred. Parties electing to participate are responsible for their proportionate share of actual costs.

Should you elect to participate in the Well, your execution of the NJOA is required. Please execute in the appropriate line, notarize, and return to the undersigned within 30 days of receipt of this proposal.

Your interest can be found on the AFE and Exhibit A to the proposed NJOA. Please note that this interest is subject to change pending further title verification.

Steward will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division within 30 days of your receipt of this letter. This will allow Steward to move forward with planning and drilling the Wells while allowing time to properly execute a NJOA amongst the parties.

Please note that Steward is open to discuss possible leasing, trades, assignments, etc. of your interest in the subject acreage. Should you be interested or have any questions, please feel free to contact me at the information listed below.

Failure to respond within 30 days shall be deemed an election NOT to participate.

Please send your election and all communication to:

Steward Energy II, LLC
Land Department
2600 Dallas Parkway, Suite 400
Frisco, Texas 75034

For questions regarding this well proposal please contact the Land Department via email land@stewardenergy.net or call (214) 297-0500.

Respectfully,

Cooper Newlan
Sr. Landman

Attachments



AUTHORIZATION FOR EXPENDITURE

Well Name:	Gale-Fring Fed Com 3H		
Operator:	Steward Energy II LLC		AFE Number: 2404041DR
Well Type:	Oil	AFE Type:	Development Drlg/Comp
Legal:	W/2E/2 of Section 11 and Section 14, Township 13 South, Range 38 East, N.M.P.M.	Prop. Depth:	TVD, MD
		Field:	Platang (San Andres)
Surface Location:	1,068' FSL & 1,126' FEL of Section 2, T13S, R38E, N.M.P.M.		
Bottom Hole Location:	100' FSL & 1,726' FEL of Section 14, T13S, R38E, N.M.P.M.		
Project Description:	Drilling and completion of a 2 mile San Andres horizontal.		

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8200.100	Land, Surveying & Legal	\$8,000	\$8,000			\$8,000
8200.101	Abstract, Title & Permit	\$5,000	\$5,000			\$5,000
8200.102	ROW & Surface Damages	\$20,000	\$20,000			\$20,000
8200.103	Road, Pad Location & Pit Building	\$58,500	\$58,500			\$58,500
8200.104	Environ, Reg & Safety	\$2,000	\$2,000			\$2,000
8200.105	Well Insurance	\$4,200	\$4,200			\$4,200
8200.113	Contract Labor	\$8,850	\$8,850			\$8,850
8200.114	Consulting Services & Contract Supervision	\$78,500	\$78,500			\$78,500
8200.120	Vacuum & Pump Truck	\$3,500	\$3,500			\$3,500
8200.122	Material Transportation	\$12,400	\$12,400			\$12,400
8200.126	Fuel	\$73,600	\$73,600			\$73,600
8200.131	Chemical-Downhole Treating	\$3,160	\$3,160			\$3,160
8200.132	Mud & Additives	\$58,000	\$58,000			\$58,000
8200.140	Mob/Demob	\$90,000	\$90,000			\$90,000
8200.141	Mud Disposal/Pit Closure	\$160,000	\$160,000			\$160,000
8200.142	Trailer Rental, Camp & Catering	\$35,700	\$35,700			\$35,700
8200.144	Drilling Rig - Daywork or Footage	\$243,600	\$243,600			\$243,600
8200.149	Bits, Mills & Reamers	\$34,500	\$34,500			\$34,500
8200.151	Directional Services	\$138,600	\$138,600			\$138,600
8200.160	Casing Crews & Services	\$32,700	\$32,700			\$32,700
8200.161	Cementing Services	\$150,000	\$150,000			\$150,000
8200.169	Water Transfer	\$8,500				\$8,500
8200.170	Water Purchase	\$30,000	\$30,000			\$30,000
8200.175	Surface Equipment Rental & Services	\$180,800	\$180,800			\$180,800
8200.193	Downhole Inspection/Testing - Casing, Tubing & Rods	\$26,650	\$26,650			\$26,650
8200.301	Overhead	\$14,000	\$14,000			\$14,000
IDC Total:		\$1,472,260	\$1,472,260			\$1,480,760
8250.200	Conductor/Drive Pipe	\$20,600	\$20,600			\$20,600
8250.201	Surface Casing	\$66,700	\$66,700			\$66,700
8250.203	Production Casing	\$486,000	\$486,000			\$486,000
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$20,880	\$20,880			\$20,880
8250.214	Other Downhole Equipment	\$434,854	\$434,854			\$434,854
TDC Total:		\$1,029,034	\$1,029,034			\$1,029,034
Development Drlg/Comp Total:		\$2,501,294	\$2,501,294			\$2,509,794
8300.110	Company Labor					\$48,000
8300.114	Consulting Services & Contract Supervision					\$48,000
8300.120	Vacuum & Pump Truck					\$34,000
8300.122	Material Transportation					\$33,000
8300.126	Fuel					\$6,500

		Drilling	Dry Hole	Completion Cost	Workover	Total
8300.131	Chemicals - Downhole Treating					\$4,500
8300.133	Completion Fluid					\$40,000
8300.135	Flowback Disposal					\$315,000
8300.142	Trailer Rental, Camp & Catering					\$6,500
8300.143	Well Control - BOP, Isolation Assy					\$107,000
8300.146	Completion/Workover Rig					\$88,450
8300.148	Reverse Unit					\$35,000
8300.149	Bits, Mills & Reamers					\$3,500
8300.169	Water Transfer	\$96,000				\$96,000
8300.170	Water Purchase					\$250,250
8300.171	Stimulation - Frac, Acid, Gravel Pack					\$2,368,000
8300.175	Surface Equipment Rental & Services					\$94,000
8300.176	Downhole Equipment Rental & Services					\$89,000
8300.179	Elect & Generator R&M					\$27,500
ICC Total:						\$3,694,200
8350.205	Wellhead Equipment, Flow Tee & Meter Run	\$20,000				\$20,000
8350.206	Tubing					\$38,000
8350.211	Electric Submersible Pumps					\$300,500
8350.221	Surface VSD, Transformer, POC & Associated Equipment					\$32,000
8350.234	Surface Pump & LACT's					\$1,500
TCC Total:						\$392,000
8600.100	Land, Surveying, & Legal	\$1,000				\$1,000
8600.102	ROW & Surface Damages	\$26,000				\$26,000
8600.111	Company Supervision	\$4,500				\$4,500
8600.120	Vaccum & Pump Truck	\$7,500				\$7,500
8600.122	Material Transportation	\$1,800				\$1,800
8600.175	Surface Equipment Rental & Services	\$1,500				\$1,500
IFC Total:						\$42,300
8650.222	Instrumentation & Meters	\$75,000				\$75,000
8650.223	SCADA & Communications	\$5,000				\$5,000
8650.224	Electrial Installation & Power Generation	\$15,000				\$15,000
8650.229	Prod & SWD Facility Inst.	\$85,000				\$85,000
8650.231	Separator, Heater Treater, FWKO	\$80,000				\$80,000
8650.233	Flowline & Gathering Lines	\$24,500				\$24,500
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings	\$55,000				\$55,000
TFC Total:						\$339,500
Development Drlg/Comp Total:						\$4,468,000
Development Drlg/Comp Total:						\$6,977,794
		Net %:	2.450980%	Net Total:		\$171,024
Approved by:		Signature				

Paula Francis Edwards

Date:

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.

EXHIBIT A-5

Chronology of contact with locatable uncommitted interest:

- November 2017 – Steward Energy II, LLC (“Steward”) acquires title to four (4) oil and gas leases, from PPC Operating Company LLC, effective 11/1/2017, that are held by existing vertical production. Three (3) of these leases cover Tract B, while the remaining lease covers Tract C. The United States of America, by the U.S. Department of the Interior - Bureau of Land Management, is the sole mineral owner in Tract C and the subject lease has been in its primary term, or held by production, since its execution on 3/1/1947 to Woodlan P. Saunders.
- November 2017 – Steward Energy II, LLC begins to acquire oil and gas leases from the remaining unleased mineral owners. There were originally 2 unleased mineral owners located in Tracts A-D, being located in Tract D.
- August 1, 2021 – Steward acquires additional working interest from Allied Kilgore Holdings, LLC, effective 8/1/2021, in Tract B.
- December 2, 2021 – Steward Energy II, LLC sends the Fring Federal 2H well proposals to the uncommitted owners via certified U.S. Mail.
- January 4, 2022 – After a title review, Steward Energy II, LLC sends the Fring Federal 2H well proposal to an additional uncommitted owner via certified U.S. Mail.
- February 7, 2022 – Steward Energy II, LLC received 1 executed election letter from uncommitted owners who chose to participate in the drilling and completion of the Fring Federal 2H.
- July 25, 2022 – Steward receives Pooling Order #R-22192 (Case No. 22734) for the Fring Federal 2H.
- September 26, 2022 – Steward spuds the Fring Federal 2H (API 30-025-50202), and the Fring Federal 1H (API 30-025-50271), completing said wells on 11/2/2022. These wells have continually produced since being completed.
- February 2023 – On 2/1/2023, Steward acquires title to the only oil and gas lease covering Tract A, via Term Assignments from Armstrong Energy Corporation (100%), Chimney Rock Oil and Gas, LLC (100%), Gunsight Limited Partnership (100%), Rio Potomac Investments, LLC (100%) & Slash Exploration Limited Partnership (85%). The United States of America, by the U.S. Department of the Interior - Bureau of Land Management, is the sole mineral owner in Tract A and the subject lease has been in its primary term, or held by production, since its execution on 9/1/2003 to Doug J. Schutz.
- March 30, 2023 – Steward receives an Additional Pooling Order #R-22192-A (Case No. 23220) for the Fring Federal 2H for the additional uncommitted owner notified on January 4, 2022 outlined above.
- August 29, 2022 – Steward sends the Gale Federal 2H well proposals to the uncommitted owners via certified U.S. Mail.
- October 20, 2023 – Steward receives Pooling Order #R-22915 (Case No. 23578) for the Gale Federal 2H.

**Steward Energy II, LLC
Case No. 24496
Exhibit A-5**

- April 12, 2024 – Steward Energy II, LLC sends the Gale-Fring Federal 3H joint operating agreements and well proposals to all uncommitted owners via certified U.S. Mail.
- May 21, 2024 – Steward Energy II, LLC has received three (3) executed well proposals, and/or joint operating agreements, from uncommitted owners who chose to participate in the drilling and completion of the Gale-Fring Federal 3H.

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

APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF NON-STANDARD,
OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO

CASE NO. 24496

SELF-AFFIRMED STATEMENT
OF JAMES VESS

1. I am a geologist at Steward Energy II, LLC (“Steward”) 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. 1. I have not previously testified before the New Mexico Oil Conservation Division (“Division”). I have a bachelor’s degree in Geology from Texas Christian University and have worked in the petroleum industry for approximately 14 years. A copy of my resume is attached as **Exhibit B-1**.

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

3. **Exhibit B-2** is a location map of the proposed horizontal spacing unit (“Unit”) within the San Andres formation represented by a yellow polygon with red outline. The approximate wellbore path for the proposed **Gale Fring Fed Com #3H** well (“Well”) is represented by a light green dashed line with the surface hole location depicted as a square, and bottom-hole location as a circle. Existing producing wells in the targeted interval are represented by thin, light blue solid lines.

4. **Exhibit B-2** also contains a subsea structure map for the top of the Pi Marker in the San Andres formation that is representative of the targeted interval within the formation. The data points are indicated by red circles. The map demonstrates the formation is gently rising to the south

Steward Energy II, LLC
Case No. 24496
Exhibit B

near the mid-point of the planned path, then dipping back down at the proposed bottom hole location. I do not observe any faults, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

5. **Exhibit B-2** identified three wells penetrating the targeted interval I used to construct a stratigraphic cross-section as represented by the solid black line labeled A to A'. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

6. **Exhibit B-3** is a stratigraphic cross-section using the representative wells identified on **Exhibit B-2**. It contains gamma ray, resistivity, and porosity logs. The proposed landing zone for the Well is labeled on the exhibit. This cross-section demonstrated the target interval is correlative across the Unit.


7. In my opinion, the proposed orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and slightly dominant stress regime that yields a preferred fracture orientation in this portion of the trend.

8. Based on my geologic study of the area, the targeted 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 Steward's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste and damage to the surface.

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.



James Vess



Date

James Vess Resume

EDUCATION

Texas Christian University, Fort Worth, TX Class of 2009
 Bachelors in Geology and General Business Minor
 Collegiate Football Player, Defensive Lineman 2005-2008

WORK EXPERIENCE

Titus Oil & Gas & Steward Energy II Feb 2024 – present
 Vice President of Geology

- Manager of all geologic responsibilities and duties for Permian Basin and Haynesville Asset Teams.
- Evaluate current and future growth opportunities around existing leasehold through marketed processes, internal network of peers, and organic efforts generated by Asset Teams.
- Work directly with operations, reservoir, and land teams to create material for approval with private equity capital sponsor.

Goodnight Energy Partners May 2023 – Feb 2024
Co-Founder & Chief Geologist

- Performed detailed subsurface analysis utilizing Petra Software and S&P Global/IHS production data, management presentation material, and project economics to operating partners and equity capital members for efforts to pursue and obtain a farmout agreement from a publicly traded oil and gas operator for certain depth rights in Reagan County, Tx.
- Created development plan and negotiated terms with operator senior management to facilitate cooperative terms for all parties.

Deep Rock Oct 2022 – Feb 2024
Co-Founder & Chief Geologist

- Managing Partner for a serviced-disabled, small business, veteran-owned carbon sequestration company operating in Texas.
- Partnered with Texas Christian University Geology, Chemistry and Biochemistry, Physics and Astronomy Departments, Environmental Subsurface and Molecular Sciences Laboratory at the Pacific National Lab in Richmond, Washington for a project that leverages soil complexity for accelerating the carbon-negative and hydrogen transition.
- Utilize veteran classification to apply for DOE Funding for CCUS project buildout and capitalization.

Roxo II Dec 2020 – Aug 2022
Co-Founder, Managing Member, Chief Geologist

- Lead Technical Partner who was responsible for acquisition, development, and divestiture of the Southeast Luther Fusselman Field waterflood in Howard County, TX.
- Created management material and content to Ten Oaks marketing firm to utilize in investment divestiture process in July 2022.
- Managed relationship and lead point of contact with head of engineering for operating partner, Walsh & Watts.
- Designed development plan to enhance waterflood injection capacity and overall field wide production.

Steward Energy II, LLC
Case No. 24496
Exhibit B-1

- Influential in exploiting additional hydrocarbons between producers and injectors which led to field decline from 6% → 0% annually.

Roxo Energy

Nov 2015 – Dec 2020

Co-Founder, Managing Member, Chief Geologist

- Lead Technical Partner responsible for evaluations on Wolfcamp and Spraberry shales in Howard County.
- Utilized wireline log data, mudlog data, pressure test data, and Midland Sample Library for maturity study to advance the Wolfcamp and Spraberry shale plays.
- Directed a brokerage land team to solicit mineral owners for a drilling and completion program.
- Obtained commitment from private equity firm Vortus Investments in Fort Worth, TX and leased nearly 10,000 acres of undeveloped lands in 2016.
- Licensed 35 sq. mi. of seismic data from the Coyote Valley 3-D survey owned by Seitel for landing point target identification with 3rd party geophysicist.
- Divested leasehold position to Murchison Oil & Gas through RBC Capital Markets Investment Banking process in December 2019
- Divested mineral position to Blackstone Minerals Group in June 2020.

Enduro Resource Partners, Fort Worth, TX

Sep 2011 – Nov 2015

Senior Geologist

- Performed detailed subsurface review of operated assets in Bighorn Basin, Wyoming in Cottonwood Creek Field for enhanced oil recovery in the Phosphoria Dolomites.
- Evaluated behind pipe pay in Tensleep, Muddy, Frontier, and other prospective horizons.
- Managed all geologic aspects across 500+ wellbores in McKenzie, Golden Valley, Divide, Square Butte, and Bottineau Counties for behind pipe pay evaluation.
- Added nearly 200 net BOEPD to company reserves.
- Developed horizontal Spearfish sands in 40 acre vertically spaced Newburg-Spearfish-Charles waterflood unit for increased secondary recovery efforts.
- Provided expert witness testimony to NDIC and WYOGCC for density-spacing and in-fill drilling application proceedings.

Norman Grimes Mudlogging Services, Canyon, TX

Jan 2011 – Sep 2011

Senior Wellsite Geologist

- Collected and analyzed subsurface drill cuttings under microscope and fluoroscope to create mudlogs for 3rd party clients.
- Established good working relationships with all drilling rig and drill-stem testing personnel during operations.

Purple Land Management, Fort Worth, TX

June 2010 – Jan 2011

Senior Landman (Barnett Team)

- Responsible for handling broker responsibilities such as leasing, running title, performing curative, and paying consideration for lease bonuses to mineral owners under Chesapeake operated horizontal units.

PROFESSIONAL ASSOCIATIONS & ACCOLADES

Fort Worth Geological Society member – 2010 to present

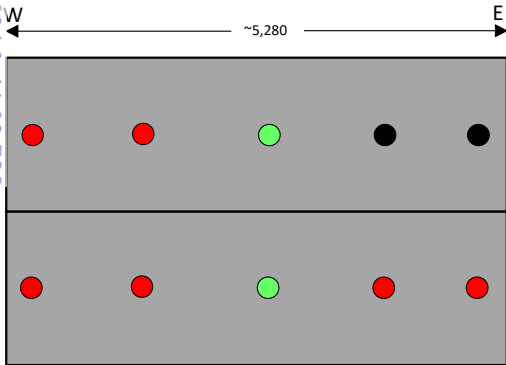
American Association of Petroleum Geologists – 2010 to present

TCU Energy MBA Project Advisor – 2022 to present

TCU Football – 2nd Team All Conference Defensive Tackle (2009)

Gun Barrel

(Not to scale - Refer to map for orientation)



- Gale Fring Fed Com #3H Proposed Well Path
- Producing Locations
- Remaining Locations

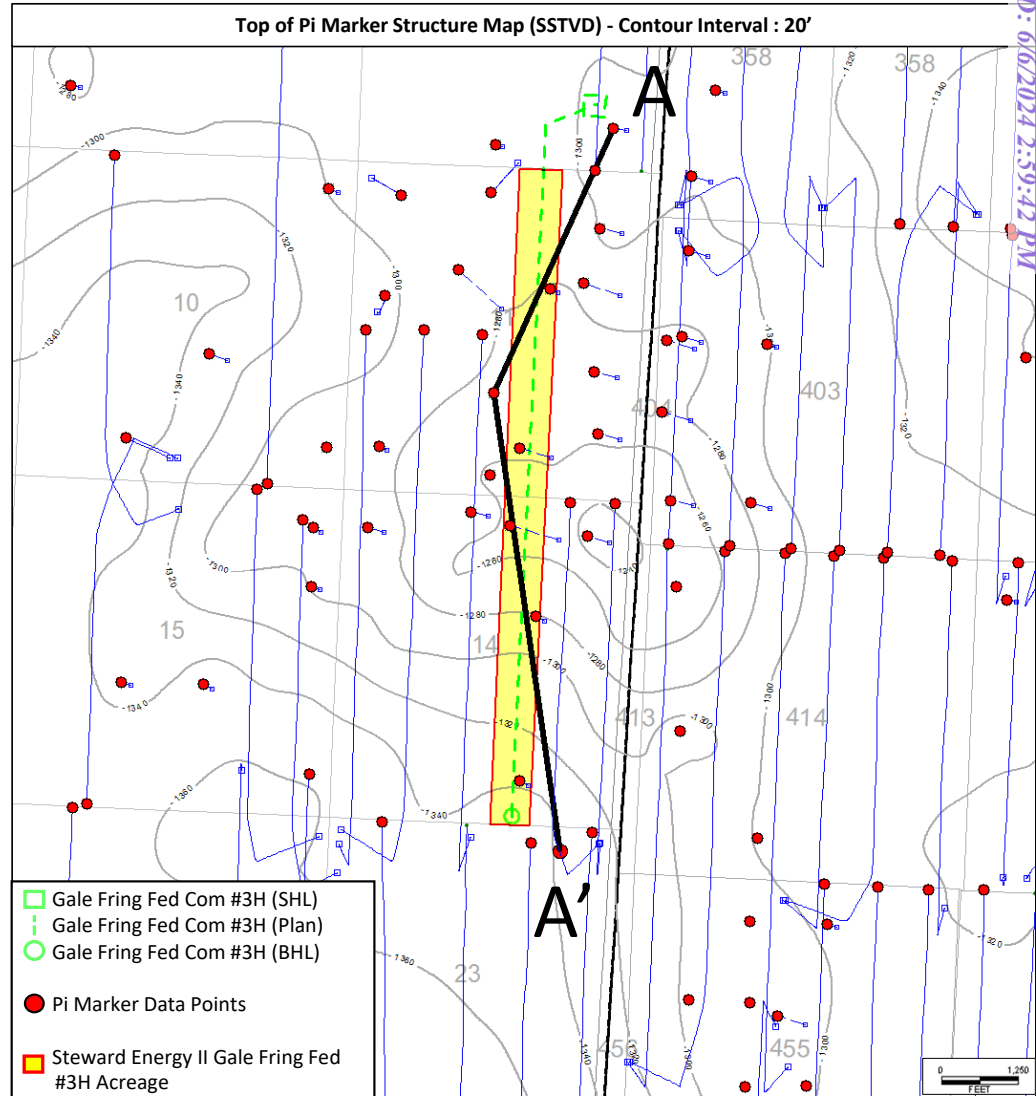
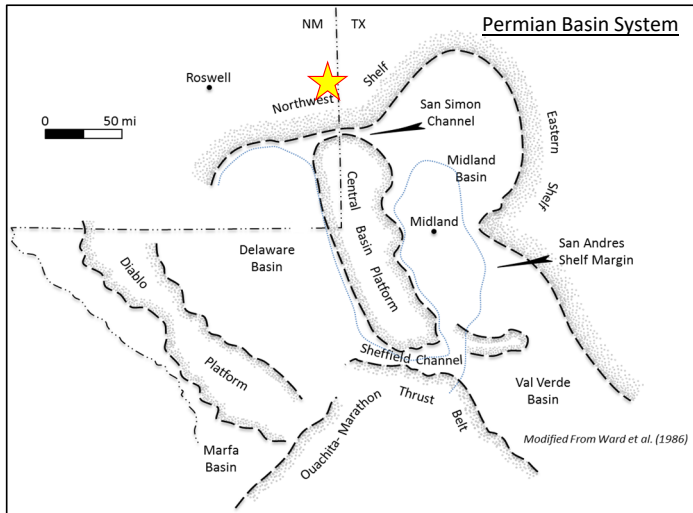


Exhibit B-2

Steward Energy II, LLC
Case No. 24496
Exhibit B-2

30025387230000
FASKEN OIL&RANCH LTD
HARRIS 2
1
SPUD_DATE : 3/1/2008
+

<4,664FT>

30025072360000
ATLANTIC RICHFIELD CO THE
EUNICE KING
2
SPUD_DATE : 2/6/1961
✓

<7,545FT>

30025502020000
STEWARD ENRGY II LLC
FRING FEDERAL
002H
SPUD_DATE : 10/4/2022
.

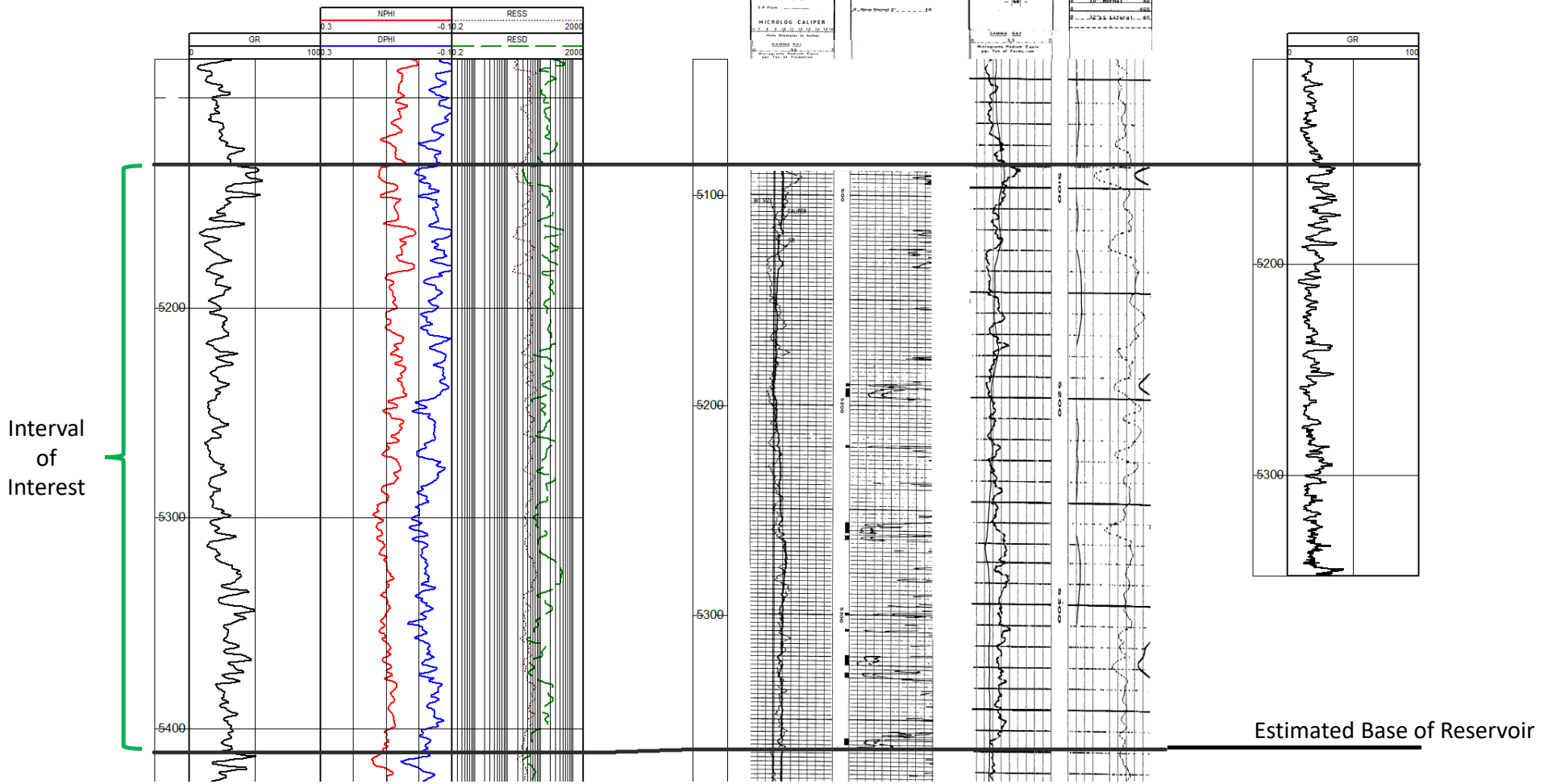


Exhibit B-3

Steward Energy II, LLC
Case No. 24496
Exhibit B-3

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. 24496

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

1. I am attorney in fact and authorized representative of Steward Energy II, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit C-2**.

3. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.

4. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

5. On May 23, 2024, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

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

/s/ Dana S. Hardy
Dana S. Hardy

June 5, 2024
Date

**Steward Energy II, LLC
Case No. 24496
Exhibit C**



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

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

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

May 22, 2024

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 24496 – Application of Steward Energy II, LLC for Compulsory Pooling and Approval of Overlapping Spacing Unit, 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 **June 13, 2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/oed/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.nm.gov/oed/oedpermitting/>) or via e-mail to oed.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 Cooper Newlan, Senior Landman at Steward Energy II, LLC, via email at cooper.newlan@stewardenergy.net if you have questions regarding these matters.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Steward Energy II, LLC

Case No. 24496

Exhibit C-1

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

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24496

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Paula Francis Edwards 3142 Chimney Circle Abilene, TX 79606	05/22/24	Per USPS Tracking (Last Checked 06/05/24): 05/30/24 – Delivery attempted.
G&M Oil, LLC Attn: George J. Ulmo, Jr. 5801 Highland Blvd. Midland, TX 79707-5032	05/22/24	05/30/24
Kennedy Minerals, Ltd. Attn: Lisa R. Epperson 223 West Wall Street, Suite 700 Midland, TX 79701-4695	05/22/24	05/30/24
McCarthy Oil & Gas, LLC Attn: Bo McCarthy 25807 Westheimer Pkwy, Ste 349 Katy, TX 77494	05/22/24	Per USPS Tracking (Last Checked 06/05/24): 05/30/24 – Item in transit to next facility.
Slash Exploration LP Attn: Kevin Klein PO Box 1973 Roswell, NM 88202-1973	05/22/24	05/30/24
Terra Nova Energy, LP Attn: James E. Geitgey 242 Spring Park Drive, Suite C Midland, TX 79705	05/22/24	06/03/24

**Steward Energy II, LLC
Case No. 24496
Exhibit C-2**

9589 0710 5270 0415 9516 35

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$ _____

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

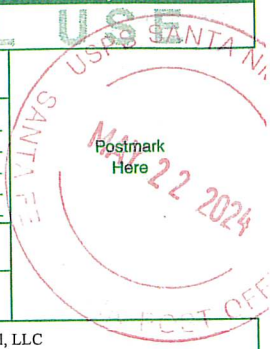
Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Sent To G&M Oil, LLC
 Attn: George J. Ulmo, Jr.
 Street and Apt. No., or PO Box No. 5801 Highland Blvd.
 City, State, ZIP+4® Midland, TX 79707-5032 24496 - Steward Gale-Fring

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>George J. Ulmo</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>George J. Ulmo</i> C. Date of Delivery <i>5/28/24</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>G&M OIL, LLC Attn: George J. Ulmo, Jr. 5801 Highland Blvd. Midland, TX 79707-5032 24496 - Steward Gale-Fring</p> <p>9590 9402 8561 3186 6058 85</p>	<p>RECEIVED MAY 30 2024</p>
<p>2. Article Number (Transfer from service label) 9589 0710 5270 0415 9516 35</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input checked="" type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>

Steward Energy II, LLC
Case No. 24496
Exhibit C-3

9589 0710 5270 0415 9516 28

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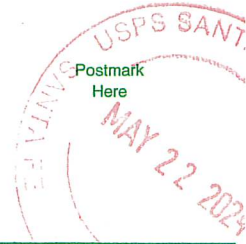
OFFICIAL USE

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____
Postage	
\$	
Total Postage and Fees	
\$	

Sent To: Kennedy Minerals, Ltd.
 Attn: Lisa R. Epperson
 223 West Wall Street, Suite 700
 Midland, TX 79701-4695
 24496 - Steward Gale-Fring

Street and Apt. No., or PO Box No.
 City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. <p>1. Article Addressed to:</p> <p>Kennedy Minerals, Ltd. Attn: Lisa R. Epperson 223 West Wall Street, Suite 700 Midland, TX 79701-4695 24496 - Steward Gale-Fring</p>  <p>9590 9402 8561 3186 6058 92</p> <p>2. Article Number (Transfer from service label) 9589 0710 5270 0415 9516 28</p>	<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery MAY 30 2024</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>RECEIVED MAY 30 2024</p> <p>3. Service Type <input checked="" type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>

9589 0710 5270 0415 9516 97

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OFFICIAL USE

Certified Mail Fee \$ _____

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Sent To _____

Street and Apt. No., or PO Box No. _____

City, State, ZIP+4® _____

Slash Exploration LP
 Attn: Kevin Klein
 PO Box 1973
 Roswell, NM 88202-1973
 24496 – Steward Gale-Fring

Postmark Here
 MAY 22 2024

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Slash Exploration LP
 Attn: Kevin Klein
 PO Box 1973
 Roswell, NM 88202-1973
 24496 – Steward Gale-Fring

9590 9402 8561 3186 6059 15

2. Article Number (Transfer from service label)
 9589 0710 5270 0415 9516 97

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Ethab Addressee

B. Received by (Printed Name) *Ethab* C. Date of Delivery *5-28-24*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

RECEIVED
 MAY 30 2024

3. Service Type Priority Mail Express®
 Adult Signature Registered Mail™
 Adult Signature Restricted Delivery Registered Mail Restricted Delivery
 Certified Mail® Certified Mail Restricted Delivery
 Certified Mail Restricted Delivery Signature Confirmation™
 Collect on Delivery Signature Confirmation Restricted Delivery
 Collect on Delivery Restricted Delivery
 Insured Mail
 Insured Mail Restricted Delivery (over \$500)

Domestic Return Receipt

U.S. Postal Service™
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OFFICIAL USE

MAY 22 2024
SANTA FE NM MAIN POST OFFICE 87501

9589 0710 5270 0415 9516 80

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	
\$	
Total Postage and Fees	
\$	
Sent To	
Street and Apt. No., or PO Box No. _____	
City, State, Zip+4® _____	
Terra Nova Energy, LP Attn: James E. Geitgey 242 Spring Park Drive, Suite C Midland, TX 79705 24496 - Steward Gale-Fring	

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. <p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Terra Nova Energy, LP Attn: James E. Geitgey 242 Spring Park Drive, Suite C Midland, TX 79705 24496 - Steward Gale-Fring</p> </div> <p style="text-align: center;">9590 9402 8561 3186 6059 22</p>	<p>A. Signature</p> <p><input checked="" type="checkbox"/> Daniel Pineda <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>Daniel Pineda 5/28/24</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below <input type="checkbox"/> No</p> <div style="text-align: center; font-size: 2em; font-weight: bold; margin: 10px 0;">RECEIVED</div> <p style="text-align: center; font-size: 1.2em;">JUN 03 2024</p>
<p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-weight: bold;">9589 0710 5270 0415 9516 80</p>	<p>3. Service Type Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>

9559 0710 5270 0415 9516 42

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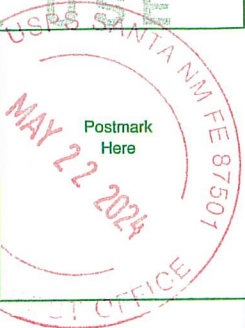
OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$



Postmark
Here

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No., or PO Box No

Paula Francis Edwards
3142 Chimney Circle
Abilene, TX 79606

City, State, ZIP+4®

24496 - Steward Gale-Fring

PS Form 3800, January 2023 PSN 7530-02-000-9047

See Reverse for Instructions

USPS Tracking®

FAQs >

Tracking Number:

Remove X

9589071052700415951642

Copy

Schedule a Redelivery (<https://tools.usps.com/redelivery.htm>)

Latest Update

This is a reminder to arrange for redelivery of your item before June 8, 2024 or your item will be returned on June 9, 2024. You may arrange redelivery by using the Schedule a Redelivery feature on this page or may pick up the item at the Post Office indicated on the notice.

Get More Out of USPS Tracking:

USPS Tracking Plus®

Feedback

Delivery Attempt: Action Needed

Reminder to Schedule Redelivery of your item before June 8, 2024

May 30, 2024

Notice Left (No Authorized Recipient Available)

ABILENE, TX 79606

May 25, 2024, 9:44 am

Departed USPS Regional Facility

ABILENE TX DISTRIBUTION CENTER

May 24, 2024, 8:56 pm

Arrived at USPS Regional Facility

ABILENE TX DISTRIBUTION CENTER

May 24, 2024, 12:44 pm

In Transit to Next Facility

May 23, 2024

Departed USPS Facility

ALBUQUERQUE, NM 87101

May 22, 2024, 9:33 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101

May 22, 2024, 7:22 pm

Hide Tracking History

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

Text & Email Updates



Schedule Redelivery



USPS Tracking Plus®



Product Information



See Less ^

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

FAQs

9589 0710 5270 0415 9516 11

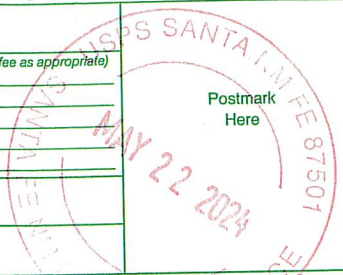
U.S. Postal Service™
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For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

- \$ _____
- Extra Services & Fees (check box, add fee as appropriate)
- Return Receipt (hardcopy) \$ _____
- Return Receipt (electronic) \$ _____
- Certified Mail Restricted Delivery \$ _____
- Adult Signature Required \$ _____
- Adult Signature Restricted Delivery \$ _____



Postmark
Here

Postage

\$ _____
Total Postage and Fees

\$ _____

Sent To McCarthy Oil & Gas, LLC

Attn: Bo McCarthy

Street and Apt. No., or PO Box No. 25807 Westheimer Pkwy, Ste 349

Katy, TX 77494 24496 - Steward Gale-Fring

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions

USPS Tracking®

FAQs >

Tracking Number:

Remove X

9589071052700415951611

Copy

Add to Informed Delivery (<https://informedelivery.usps.com/>)

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®

Feedback

Delivered

Out for Delivery

Preparing for Delivery

Moving Through Network

In Transit to Next Facility

May 30, 2024

Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER

May 25, 2024, 6:59 am

Departed USPS Facility

ALBUQUERQUE, NM 87101

May 22, 2024, 9:33 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101

May 22, 2024, 7:22 pm

● **Hide Tracking History**

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

Text & Email Updates



USPS Tracking Plus®



Product Information



See Less ^

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

FAQs

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
May 23, 2024
and ending with the issue dated
May 23, 2024.



Publisher

Sworn and subscribed to before me this
23rd day of May 2024.



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
May 23, 2024

This is to notify all interested parties, including Paula Francis Edwards; G&M Oil, LLC; Kennedy Minerals, Ltd.; McCarthy Oil & Gas, LLC; Slash Exploration LP; Terra Nova Energy, LP; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Steward Energy II, LLC (Case No. 24496). The hearing will be conducted on June 13, 2024, in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Steward Energy II, LLC ("Applicant") seeks an order: (1) establishing a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the W/2 E/2 of irregular Sections 11 and 14, Township 13 South, Range 38 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the San Andres formation underlying the Unit. Applicant seeks to dedicate the Unit to the Gale-Fring Federal 3H well ("Well"), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 14. The completed interval of the Well will be orthodox. The Unit will partially overlap with the spacing units for the Gale Federal #002H well (API #30-025-52292) and the Fring Federal #2H well (API #30-025- 50202). Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, 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 14.8 miles southeast of Tatum, New Mexico.
#00290598

02107475

00290598

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

Steward Energy II, LLC
Case No. 24496
Exhibit C-4