

KEARNEY MCWILLIAMS & DAVIS



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June 11, 2024

State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87501

**RE: SUPPLEMENTAL INFORMATION FOR APPLICATION OF LARIO
OPERATING LLC FOR COMPULSORY POOLING AND APPROVAL OF NON-
STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO; CASE NO. 24493**

To Whom it may Concern;

To correct the record with the State of New Mexico Department Energy, Minerals and Natural Resources Oil Conservation Division for the Application for Lario Operating LLC's Compulsory Pooling and Approval of Non-standard Spacing Unit in Lea County, NM, Case No. 24493 filed on June 7, 2024 Kearney, McWilliams & Davis wishes to file a complete application which includes the following changes:

- 1) Revision to the **Compulsory Pooling Application Checklist**, specifically to the Unlocatable Parties to be Pooled, which should be blank as there are no unlocatable parties.
- 2) Revision to the **EXHIBIT INDEX** to include the following:

Exhibit C	Self-Affirmed State of Engineer
C-1	Facilities Comparison Map
C-2	Facilities Comparison Costs
C-3	Resume of Christopher M. Buscemi, Reservoir Engineer
- 3) Revision to Exhibit B3 – Gunbarrel Diagram

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

**APPLICATION OF LARIO OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24493

REVISED EXHIBIT INDEX

Checklist	Compulsory Pooling Application Checklist
Exhibit A	Self-Affirmed Statement of Landman
A-1	Application & Proposed Notice of Hearing
A-2	C-102s
A-3	Depiction of Tracts, Tract Ownership, Applicable Lease Numbers
A-4	Placement of proposed surface facilities
A-5	Map depicting the non-standard spacing unit in relation to a standard spacing unit
A-6	Sample well proposal letter and AFEs sent to working interest owners
A-7	Summary of Chronology of Contact
Exhibit C	Self-Affirmed State of Engineer
C-1	Facilities Comparison Map
C-2	Facilities Comparison Costs
C-3	Resume of Christopher M. Buscemi, Reservoir Engineer
Exhibit B	Self-Affirmed Statement of Geologist
B-1	Location Map of Proposed Horizontal Spacing Unit
B-2a	Subsea Structure Map for the Third Bone Springs Sand
B-2b	Subsea Structure Map for the First Bone Springs Sand
B-3	Gunbarrel Diagram
B-4	Type Log
Exhibit D	Affirmation of Notice

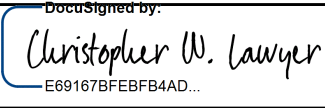
- D-1 Notice of Application and Hearing
- D-2 Certified Mailings
- D-3 Legal Notice posted in the Hobbs News Sun

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	APPLICANT'S RESPONSE
Date	June 7, 2024
Applicant	Lario Oil & Gas Company
Designated Operator & OGRID (affiliation if applicable)	13089
Applicant's Counsel:	Christopher W. Lawyer
Case Title:	APPLICATION OF LARIO OPERATING LLC FOR COMPULSORY POOLING AND APPROVAL OF NON-STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	XTO Energy, Inc.
Well Family	Close Encounters
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	WC-025 G-06, S183518A; BONE SPRING/97930
Well Location Setback Rules:	STATEWIDE RULES
Spacing Unit Size:	960-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	960 acres
Building Blocks:	40-acres - Quarter/Quarter Sections
Orientation:	South to North
Description: TRS/County	S2 of Section 12, All of Section 13, T18S R34E, Lea County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	No, non-standard horizontal spacing unit requested
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	Yes, the completed interval for the Close Encounters Com 302H, 303H and 304H wells are expected to be less than 330' from the adjoining tracts, thereby allowing for inclusion of the proximity tract within the proposed spacing unit.
Proximity Defining Well: if yes, description	Close Encounters Com 301H, 302H & 304H
Applicant's Ownership in Each Tract	See 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	Close Encounters State Com 101H (API 30-025-52808), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 880-FEET FWL Sec 13 T18S R34E LTP: 2495-FEET FSL, 880-FEET FWL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 7764-feet TVD; 16084-feet TMD
Well #2	Close Encounters State Com 102H (API 30-025-52809), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East;
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 2147-FEET FWL Sec 13 T18S R34E LTP: 2496-FEET FSL, 2147-FEET FWL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 7584-feet TVD; 16032-feet TMD

Well #3	Close Encounters State Com 103H (API 30-025-52810), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 1867-FEET FEL Sec 13 T18S R34E LTP: 2496-FEET FSL, 1867-FEET FEL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 7548-feet TVD; 16238-feet TMD
Well #4	Close Encounters State Com 104H (API 30-025-52811), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18 South, Range 34 East;
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 600-FEET FEL Sec 13 T18S R34E LTP: 600-FEET FSL, 600-FEET FEL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 7542-feet TVD; 16788-feet TMD
Well #5	Close Encounters State Com 301H (API 30-025-52945), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 330-FEET FWL Sec 13 T18S R34E LTP: 600-FEET FSL, 330-FEET FWL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 8618-feet TVD; 16396-feet TMD
Well #6	Close Encounters State Com 302H (API 30-025-52946), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 1570-FEET FWL Sec 13 T18S R34E LTP: 1223-FEET FSL, 1570-FEET FWL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 8492-feet TVD; 16176-feet TMD
Well #7	Close Encounters State Com 303H (API 30-025-52947), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 12, Township 18 South, Range 34 East; and
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 2390-FEET FEL Sec 13 T18S R34E LTP: 1223-FEET FSL, 2389-FEET FEL Sec 12 T18S R34E
Completion Target (Formation, TVD and MD)	Bone Spring Formation 8200-feet TVD; 16173-feet TMD
Well #8	Close Encounters State Com 304H (API 30-025-52948), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.
Horizontal Well First and Last Take Points	FTP: 600-FEET FSL, 1070-FEET FEL Sec 13 T18S R34E LTP: 1223-FEET FSL, 1069-FEET FEL Sec 12 T18S R34E

Completion Target (Formation, TVD and MD)	Bone Spring Formation 8000-feet TVD; 16403-feet TMD
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	10,000
Production Supervision/Month \$	10,000
Justification for Supervision Costs	1,000
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	EXHIBIT D, D1
Proof of Mailed Notice of Hearing (20 days before hearing)	EXHIBIT D, D2
Proof of Published Notice of Hearing (10 days before hearing)	EXHIBIT D, D3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	EXHIBIT A-3
Tract List (including lease numbers and owners)	EXHIBIT A-3
Pooled Parties (including ownership type)	EXHIBIT A-5
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	EXHIBIT A-6
List of Interest Owners (ie Exhibit A of JOA)	EXHIBIT A-3
Chronology of Contact with Non-Joined Working Interests	EXHIBIT A-7
Overhead Rates In Proposal Letter	EXHIBIT A-7
Cost Estimate to Drill and Complete	EXHIBIT A-7
Cost Estimate to Equip Well	EXHIBIT A-7
Cost Estimate for Production Facilities	EXHIBIT A-7
Geology	
Summary (including special considerations)	EXHIBIT B
Spacing Unit Schematic	EXHIBIT B-1b
Gunbarrel/Lateral Trajectory Schematic	EXHIBIT B-3
Well Orientation (with rationale)	EXHIBIT B-1b
Target Formation	EXHIBIT B-2b
HSU Cross Section	EXHIBIT B-2
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 & A-4
General Location Map (including basin)	EXHIBIT B-1a
Well Bore Location Map	EXHIBIT B-1b
Structure Contour Map - Subsea Depth	EXHIBIT B-2a
Cross Section Location Map (including wells)	EXHIBIT B-1b
Cross Section (including Landing Zone)	EXHIBIT B-1b
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):	Christopher W. Lawyer
Signed Name (Attorney or Party Representative):	
Date:	6/10/2024

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

**APPLICATION OF LARIO OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24493

**SELF-AFFIRMED STATEMENT
OF DAKOTA NAHM**

1. I am a Senior Landman for Lario Oil and Gas Co. ("Lario"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have not previously testified before the New Mexico Oil Conservation Division ("Division").

2. I attended Metropolitan State University of Denver, where I received a bachelor's degree in Sports Industry Operations with a minor in Management.

3. I have worked as a Landman since 2010. I initially worked for GFL & Associates, LLC as a title Landman from July 2010 to June 2011. Following that, I served as a Project Manager at Ironhorse Resources, LLC from June 2011 to January 2016. In January 2016, I established an oil and gas land brokerage, Gemini Titan Consulting, LLC, where I worked until August 2021. Currently, I am employed at Lario Oil & Gas Co. as a Landman, focusing on land matters in the Permian Basin since August 2021. In my role at Lario, I handle tasks including title examination, ownership verification, and leasing activities. Additionally, I work with our exploration team to streamline Lario's leasehold positions and negotiate agreements aimed at strengthening our operational position.

4. I have been directly involved in the development of the horizontal spacing units that are the subject of Lario's applications.

5. A copy of Lario's application and proposed notice is attached as Exhibit A-1.

6. Lario seeks an order: (1) establishing a 960-acre, more or less, non-standard horizontal spacing unit comprised of the S/2 of Section 12 and all of Section 13 of Township 18 South, Range 34 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the Bone Spring formation underlying the Unit. The Unit will be dedicated to the following wells ("Wells"):

-Close Encounters State Com 101H (API 30-025-52808), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East;

-Close Encounters State Com 102H (API 30-025-52809), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East

-Close Encounters State Com 103H (API 30-025-52810), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;

-Close Encounters State Com 104H (API 30-025-52811), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18

South, Range 34 East;

-Close Encounters State Com 301H (API 30-025-52945), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;

-Close Encounters State Com 302H (API 30-025-52946), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;

-Close Encounters State Com 303H (API 30-025-52947), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 12, Township 18 South, Range 34 East; and

-Close Encounters State Com 304H (API 30-025-52948), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.

7. The proposed wells will be completed from south to north, with intervals completed according to standard practices.

8. The wells are located in the WC-025 G-06 S183518A; Bone Spring; Pool (Code 97930). Regarding well setback requirements, this pool adheres to the statewide horizontal well rules outlined in NMAC 19.15.16.15. Spacing in this pool is based on quarter-quarter sections, and the unit is constructed accordingly.

9. The C-102 forms for the wells are attached as Exhibit A-2.

10. A plat of the tracts included in the unit and the associated ownership interests is attached as Exhibit A-4. This exhibit also identifies the ownership in each tract, includes a unit recapitulation, and highlights in yellow the interests Lario seeks to pool

11. Lario owns 91.52% of the working interest in its proposed unit. Highland (Texas Energy Company) has elected to participate in this development. Lario has reached agreements with all other working interest owners in this unit except for XTO Holdings, Inc.

12. There are no unlocatable interests, as Lario believes it has identified a valid address for each party.

13. Lario seeks to develop the S/2 of Section 12 and all of Section 13. Allowing Lario to develop these sections is the most prudent approach and will prevent waste. This strategy enables Lario to coordinate development within the unit and implement operational efficiencies such as batch drilling and consolidated surface facilities.

14. Lario's comprehensive development plan also protects correlative rights and prevents the drilling of unnecessary wells. Lario can optimally locate its wells within each spacing unit, and the plan to drill one-and-a-half-mile laterals will efficiently produce the underlying reserves without the setback limitations associated with shorter laterals.

15. Lario's proposal to drill one-and-a-half-mile laterals will minimize the need for surface facilities. Lario plans to complete eight wells (four in the 1st Bone Spring and four in the 3rd Bone Spring), with the 1st Bone Spring wells being 1.5 miles long and the 3rd Bone Spring wells being 1.25 miles long in the S/2 of Section 12 and all of Section 13. The wells will be drilled and operated from a single pad in the S/2 of Section 13. This proposal to fully develop the

1st and 3rd Bone Spring formations from one well pad will reduce environmental, surface, and economic waste.

16. Lario seeks approval of a non-standard spacing unit to obtain flexibility regarding the placement of surface facilities and to consolidate those facilities as much as possible. Exhibit A-4 is a map showing the location of the proposed surface facilities for the wells, outlined in purple and brown. The map indicates a central tank battery located in the S/2. Without approval of a non-standard spacing unit, Lario would need multiple tank batteries or would have to seek commingling approval, which may not be granted. The ability to consolidate surface facilities reduces surface, environmental, and economic waste.

17. Exhibit A-5 is a map depicting the non-standard spacing unit in relation to a standard spacing unit. It also identifies the interest owners in the tracts surrounding the proposed unit, who were notified of Lario's application.

18. Approval of a non-standard spacing unit gives Lario the flexibility to optimally locate its proposed wells. Lario has determined that the optimal spacing between wells results in them being located within 330 feet of the internal quarter-quarter section lines. Applying for separate standard spacing units would require approval of unorthodox well locations, which may not be granted. Approval of a non-standard spacing unit ensures Lario can optimally locate its wells, preventing waste and protecting correlative rights.

19. Lario has contracts in place for the takeaway of gas and water.

20. Exhibit A-6 includes a sample well proposal letter and AFEs sent to working interest owners in the wells. The estimated cost of the wells is fair, reasonable, and comparable to the cost of other wells of similar depth and length drilled in Lea County, NM.

21. A summary of Lario's contacts with the pooled parties is attached as Exhibit A-7. In my opinion, Lario has made a good faith effort to obtain the voluntary joinder of uncommitted interests in the proposed wells.

22. Lario requests overhead and administrative rates of \$10,000 per month during drilling and \$1,000 per month during production. These rates are fair and comparable to those charged by Lario and other operators in the vicinity.

23. Lario requests to be designated as the operator of the wells.

24. Lario also requests that a 200% risk charge be assessed against the uncommitted interests if they are non-consenting working interest owners.

25. For the reasons set out above, it is my opinion that granting Lario's applications would best prevent waste, protect correlative rights, and prevent the drilling of unnecessary wells. Lario should be permitted to proceed with its development plan.

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

27. 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 is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.


Dakota Nahm

June 7, 2024
Date

2581 S. Jersey, Denver, CO 80222 •720-231-3802 •dnahm@msn.com

Dakota Nahm

Professional Profile

Accomplished Landman with fourteen years of expertise in the oil and gas industry. Specializes in title work, lease and surface negotiations, contract preparation and negotiations, and project management. Proven track record in leading large leasing projects and negotiating contracts. Experienced across diverse geographic regions, including Texas, New Mexico, North Dakota, Colorado, Wyoming, and Kansas.

Professional Experience

Senior Landman

Lario Oil & Gas Company

Denver, CO

August 2021 - Present

- Review and analyze leases and contracts to ensure all obligations are understood and met.
- Examine title opinions for ownership and address title requirements.
- Negotiate Oil and Gas Leases, Surface Use Agreements, and Right-of-Way terms with mineral and surface owners.
- Direct brokers and Field Landmen according to prospect strategies and deadlines.
- Review and report on Fee, State, and Federal titles, including chains from patent to present, lease take-offs, cursory titles, and development of abstracts.
- Prepare and analyze various contracts including Lease Agreements, exchange agreements, term assignments, Surface Use Agreements, ROW Agreements, Communitization Agreements, Unitization Agreements, Joint Operating Agreements, Farmout Agreements, Assignments, and curative documents.
- Negotiate potential trades, acquisitions, and divestitures with third parties.
- Assist accounting and division orders with confirming ownership and setting up JIB accounts.
- Review, negotiate, and extend upcoming lease expirations.

Partner

Gemini Titan Consulting

Denver, CO

January 2016 - August 2021

- Coordinated several large leasing projects from take-off to title opinion curative and surface negotiations.
- Acquired and renewed leases in highly competitive prospect areas.

- Researched and reviewed public records, leases, and agreements to ascertain mineral, surface ownership, working interest, and net revenue interests.
- Conducted title research and land abstracts in county, federal, and state records.
- Reviewed County Clerk's office, Assessor's office, and Probate Court records.
- Prepared ownership reports, negotiated and acquired oil and gas leases.
- Managed and facilitated title, data, and lease acquisition costs and expenses for clients.
- Managed and supervised title and lease acquisition crews.
- Performed extensive qualitative field title research in Federal, State, and County Records.

Project Manager

Ironhorse Resources, LLC

Denver, CO

June 2011 - January 2016

- Managed leasing and title teams on assignments in Colorado, Wyoming, and Kansas.
- Contacted mineral owners to negotiate lease terms, cure title defects, and surface use.
- Conducted extensive title research to determine leasehold, mineral, and surface ownership.
- Reviewed field title for accuracy before client submission.
- Participated in due diligence projects to determine the accuracy of acreage in lease acquisitions.
- Reviewed and interpreted title opinions to satisfy curative requirements.
- Generated interested parties lists to notify royalty and working interest owners for spacing and pooling applications.
- Mentored and trained new Landmen.

Field Landman

GFL & Associates, LLC

Parker, CO

July 2010 - June 2011

- Conducted extensive title research from patent to present.
- Identified current surface and mineral owners and prepared detailed title reports.
- Performed lease checks to identify open acreage in multiple counties.

Education

Bachelor of Arts in Sports Industry Operations/Management

Metro State University of Denver, 2005-2009

- **Metro State University Baseball Team - Captain**

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

**APPLICATION OF LARIO OIL AND GAS COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), Lario Oil & Gas Company (“Lario” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order to approve: (1) establishing a 960-acre, more or less, non-standard Bone Spring horizontal spacing unit comprised of the S/2 of Section 12 and all of Section 13 of Township 18 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted mineral interests in the Bone Spring formation underlying the Unit. In support of this application, Lario states the following.

1. Applicant (OGRID No. 13089) is a working interest owner in the Unit and has the right to drill and operate a well thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Close Encounters State Com 101H (API 30-025-52808)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East;
 - b. **Close Encounters State Com 102H (API 30-025-52809)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East;

- c. **Close Encounters State Com 103H (API 30-025-52810)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;
 - d. **Close Encounters State Com 104H (API 30-025-52811)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18 South, Range 34 East;
 - e. **Close Encounters State Com 301H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;
 - f. **Close Encounters State Com 302H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;
 - g. **Close Encounters State Com 303H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 12, Township 18 South, Range 34 East; and
 - h. **Close Encounters State Com 304H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.
3. The wells will be drilled to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and, if the non-standard unit application is

approved the completed intervals of the Wells are expected to be orthodox.

4. The completed intervals for the Wells are expected to be less than 330-feet from adjoining tracts, which will be a standard location if the non-standard unit application is approved.

5. 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.

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

7. Approval of a non-standard horizontal spacing unit is necessary to 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 wells 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 a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

KEARNEY, MCWILLIAMS & DAVIS,
PLLC

/s/ Joshua D. Cochran

Joshua D. Cochran

Christopher W. Lawyer

55 Waugh Suite 150

Houston, Texas 77007

Phone: (888) 855-1276 x 109

jcochran@kmd.law

clawyer@kmd.law

Counsel for Lario Oil & Gas Company

DISTRICT I
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DISTRICT II
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Phone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
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Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
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Phone: (505) 476-3460 Fax: (505) 476-3462

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

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52808	Pool Code 97930	Pool Name WC-025 G-06 S183518A; BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM	Well Number 101H
OGRID No. 13089	Operator Name LARIO OIL & GAS	Elevation 3977'

Surface Location

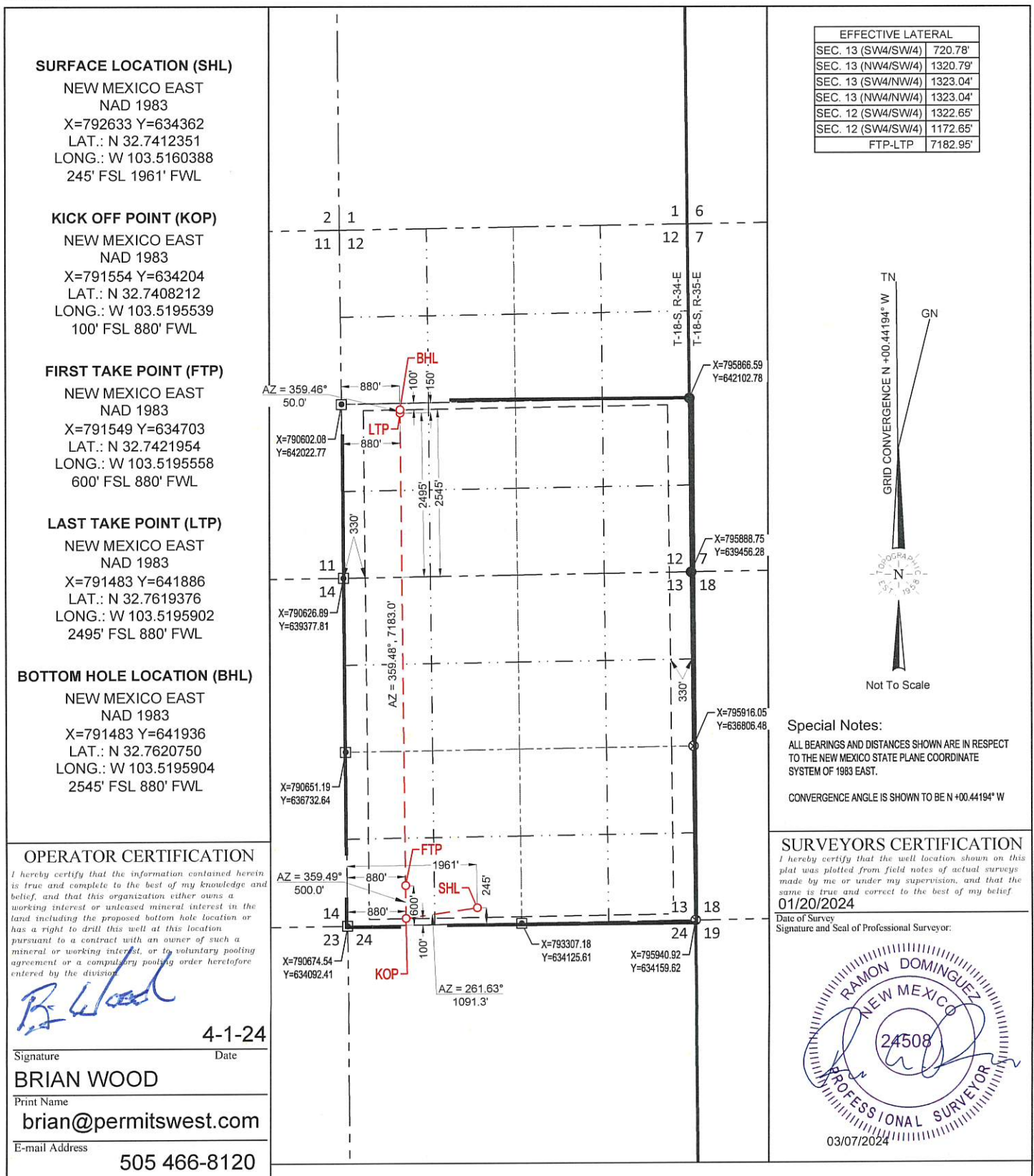
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	245'	SOUTH	1961'	WEST	LEA

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
L	12	18-S	34-E	-	2545'	SOUTH	880'	WEST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
---------------------------	-----------------	------------------------	-----------

No allowance will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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Santa Fe, New Mexico 87505

Form C-102
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District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52809	Pool Code 97930	WC-025 G-06 S183518A;	Pool Name BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM		Well Number 102H
OGRID No. 13089	Operator Name LARIO OIL & GAS		Elevation 3977'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	270'	SOUTH	1961'	WEST	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
K	12	18-S	34-E	-	2546'	SOUTH	2147'	WEST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
---------------------------	-----------------	------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE LOCATION (SHL)
NEW MEXICO EAST
NAD 1983
X=792633 Y=634387
LAT.: N 32.7413038
LONG.: W 103.5160392
270' FSL 1961' FWL

KICK OFF POINT (KOP)
NEW MEXICO EAST
NAD 1983
X=792820 Y=634219
LAT.: N 32.7408382
LONG.: W 103.5154335
100' FSL 2147' FWL

FIRST TAKE POINT (FTP)
NEW MEXICO EAST
NAD 1983
X=792816 Y=634719
LAT.: N 32.7422125
LONG.: W 103.5154353
600' FSL 2147' FWL

LAST TAKE POINT (LTP)
NEW MEXICO EAST
NAD 1983
X=792750 Y=641905
LAT.: N 32.7619637
LONG.: W 103.5154688
2496' FSL 2147' FWL

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST
NAD 1983
X=792750 Y=641955
LAT.: N 32.7621011
LONG.: W 103.5154691
2546' FSL 2147' FWL

EFFECTIVE LATERAL	
SEC. 13 (SE4/SW4)	721.68'
SEC. 13 (NE4/SW4)	1321.68'
SEC. 13 (SE4/NW4)	1323.62'
SEC. 13 (NE4/NW4)	1323.62'
SEC. 12 (SE4/SW4)	1322.82'
SEC. 12 (NE4/SW4)	1172.82'
FTP-LTP	7186.24'

GRID CONVERGENCE N +00.44194° W

Not To Scale

Special Notes:
ALL BEARINGS AND DISTANCES SHOWN ARE IN RESPECT TO THE NEW MEXICO STATE PLANE COORDINATE SYSTEM OF 1983 EAST.
CONVERGENCE ANGLE IS SHOWN TO BE N +00.44194° W

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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Brian Wood
4-1-24

Signature _____ Date _____
Print Name **BRIAN WOOD**
E-mail Address **brian@permitswest.com**
505 466-8120

SURVEYORS 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.

Date of Survey **01/20/2024**
Signature and Seal of Professional Surveyor:

DISTRICT I
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Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
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Santa Fe, New Mexico 87505

Form C-102
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Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52810	Pool Code 97930	Pool Name WC-025 G-06 S183518A; BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM	Well Number 103H
OGRID No. 13089	Operator Name LARIO OIL & GAS	Elevation 3977'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	295'	SOUTH	1961'	WEST	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
J	12	18-S	34-E	-	2546'	SOUTH	1867'	EAST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
----------------------------------	-----------------	-------------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE LOCATION (SHL)
NEW MEXICO EAST
NAD 1983
X=792633 Y=634412
LAT.: N 32.7413724
LONG.: W 103.5160395
295' FSL 1961' FVL

KICK OFF POINT (KOP)
NEW MEXICO EAST
NAD 1983
X=794073 Y=634236
LAT.: N 32.7408557
LONG.: W 103.5113595
100' FSL 1867' FEL

FIRST TAKE POINT (FTP)
NEW MEXICO EAST
NAD 1983
X=794068 Y=634735
LAT.: N 32.7422299
LONG.: W 103.5113622
600' FSL 1867' FEL

LAST TAKE POINT (LTP)
NEW MEXICO EAST
NAD 1983
X=794001 Y=641924
LAT.: N 32.7619893
LONG.: W 103.5113999
2496' FSL 1867' FEL

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST
NAD 1983
X=794001 Y=641974
LAT.: N 32.7621267
LONG.: W 103.5114000
2546' FSL 1867' FEL

EFFECTIVE LATERAL	
SEC. 13 (SW4/SE/4)	722.45'
SEC. 13 (NW4/SE/4)	1322.45'
SEC. 13 (SW4/NE/4)	1324.17'
SEC. 13 (NW4/NE/4)	1324.17'
SEC. 12 (SW4/SE/4)	1323.00'
SEC. 12 (NW4/SE/4)	1173.00'
FTP-LTP	
7189.24'	

Not To Scale

Special Notes:
ALL BEARINGS AND DISTANCES SHOWN ARE IN RESPECT TO THE NEW MEXICO STATE PLANE COORDINATE SYSTEM OF 1983 EAST.
CONVERGENCE ANGLE IS SHOWN TO BE N +00.44194° W

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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Brian Wood
Signature 4-1-24
Date

BRIAN WOOD
Print Name

brian@permitswest.com
E-mail Address

505 466-8120

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01/20/2024
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Santa Fe, New Mexico 87505

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District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52811	Pool Code 97930	Pool Name WC-025 G-06 S183518A; BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM	Well Number 104H
OGRID No. 13089	Operator Name LARIO OIL & GAS	Elevation 3976'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	320'	SOUTH	1961'	WEST	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
I	12	18-S	34-E	-	2546'	SOUTH	600'	EAST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
----------------------------------	-----------------	-------------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE LOCATION (SHL)
NEW MEXICO EAST
NAD 1983
X=792632 Y=634437
LAT.: N 32.7414412
LONG.: W 103.5160399
320' FSL 1961' FWL

KICK OFF POINT (KOP)
NEW MEXICO EAST
NAD 1983
X=795340 Y=634252
LAT.: N 32.7408735
LONG.: W 103.5072391
100' FSL 600' FEL

FIRST TAKE POINT (FTP)
NEW MEXICO EAST
NAD 1983
X=795335 Y=634752
LAT.: N 32.7422478
LONG.: W 103.5072417
600' FSL 600' FEL

LAST TAKE POINT (LTP)
NEW MEXICO EAST
NAD 1983
X=795268 Y=641944
LAT.: N 32.7620151
LONG.: W 103.5072785
2496' FSL 600' FEL

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST
NAD 1983
X=795267 Y=641994
LAT.: N 32.7621526
LONG.: W 103.5072786
2546' FSL 600' FEL

EFFECTIVE LATERAL	
SEC. 13 (SE4/SE/4)	723.15'
SEC. 13 (NE4/SE/4)	1323.16'
SEC. 13 (SE4/NE/4)	1324.72'
SEC. 13 (NE4/NE/4)	1324.72'
SEC. 12 (SE4/SE/4)	1323.20'
SEC. 12 (SE4/SE/4)	1173.19'
FTP-LTP	7192.14'

Not To Scale

Special Notes:
ALL BEARINGS AND DISTANCES SHOWN ARE IN RESPECT TO THE NEW MEXICO STATE PLANE COORDINATE SYSTEM OF 1983 EAST.
CONVERGENCE ANGLE IS SHOWN TO BE N +00.44194° W

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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Brian Wood
Signature
Date: 4-1-24

BRIAN WOOD
Print Name
E-mail Address: brian@permitswest.com
505 466-8120

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01/20/2024
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Signature and Seal of Professional Surveyor:

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

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District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52945	Pool Code 97930	Pool Name WC-025 G-06 S183518A; BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM	Well Number 301H
OGRID No. 13089	Operator Name LARIO OIL & GAS	Elevation 3977'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	220'	SOUTH	1961'	WEST	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
M	12	18-S	34-E	-	1273'	SOUTH	330'	WEST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
----------------------------------	-----------------	-------------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE LOCATION (SHL)
NEW MEXICO EAST
NAD 1983
X=792634 Y=634337
LAT.: N 32.7411663
LONG.: W 103.5160382
220' FSL 1961' FWL

KICK OFF POINT (KOP)
NEW MEXICO EAST
NAD 1983
X=791004 Y=634197
LAT.: N 32.7408137
LONG.: W 103.5213425
100' FSL 330' FWL

FIRST TAKE POINT (FTP)
NEW MEXICO EAST
NAD 1983
X=790999 Y=634697
LAT.: N 32.7421879
LONG.: W 103.5213445
600' FSL 330' FWL

LAST TAKE POINT (LTP)
NEW MEXICO EAST
NAD 1983
X=790945 Y=640605
LAT.: N 32.7584286
LONG.: W 103.5213731
1223' FSL 330' FWL

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST
NAD 1983
X=790945 Y=640655
LAT.: N 32.7585660
LONG.: W 103.5213733
1273' FSL 330' FWL

X=790602.08
Y=642022.77

X=795866.59
Y=642102.78

X=795888.75
Y=639456.28

X=795916.05
Y=636806.48

X=790651.19
Y=636732.64

X=790674.54
Y=634092.41

X=793307.18
Y=634125.61

X=795940.92
Y=634159.62

EFFECTIVE LATERAL	
SEC. 13 (SW4/SW4)	720.39'
SEC. 13 (NW4/SW4)	1320.40'
SEC. 13 (SW4/NW4)	1322.79'
SEC. 13 (NW4/NW4)	1322.79'
SEC. 12 (SW4/SW4)	1222.58'
FTP-LTP	5908.95'

GRID CONVERGENCE N +00.44194° W

GN

N

1983

Not To Scale

Special Notes:
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CONVERGENCE ANGLE IS SHOWN TO BE N +00.44194° W

SURVEYORS CERTIFICATION
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01/20/2024
Date of Survey
Signature and Seal of Professional Surveyor:

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Brian Wood
4-2-24
Signature Date

BRIAN WOOD
Print Name

brian@permitswest.com
E-mail Address

505 466-8120

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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52946	Pool Code 97930	WC-025 G-06 S183518A;	Pool Name BONE SPRING						
Property Code	Property Name CLOSE ENCOUNTERS STATE COM		Well Number 302H						
OGRID No. 13089	Operator Name LARIO OIL & GAS		Elevation 3977'						
Surface Location									
UL or lot no. N	Section 13	Township 18-S	Range 34-E	Lot Idn -	Feet from the 195'	North/South line SOUTH	Feet from the 1961'	East/West line WEST	County LEA
Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 12	Township 18-S	Range 34-E	Lot Idn -	Feet from the 1273'	North/South line SOUTH	Feet from the 1570'	East/West line WEST	County LEA
Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SURFACE LOCATION (SHL)
NEW MEXICO EAST
NAD 1983
X=792634 Y=634312
LAT.: N 32.7410976
LONG.: W 103.5160379
195' FSL 1961' FWL

KICK OFF POINT (KOP)
NEW MEXICO EAST
NAD 1983
X=792244 Y=634212
LAT.: N 32.7408305
LONG.: W 103.5173099
100' FSL 1570' FWL

FIRST TAKE POINT (FTP)
NEW MEXICO EAST
NAD 1983
X=792239 Y=634712
LAT.: N 32.7422047
LONG.: W 103.5173118
600' FSL 1570' FWL

LAST TAKE POINT (LTP)
NEW MEXICO EAST
NAD 1983
X=792185 Y=640624
LAT.: N 32.7584537
LONG.: W 103.5173397
1223' FSL 1570' FWL

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST
NAD 1983
X=792185 Y=640674
LAT.: N 32.7585912
LONG.: W 103.5173399
1273' FSL 1570' FWL

EFFECTIVE LATERAL	
SEC. 13 (SE4/SW4)	721.27'
SEC. 13 (NE4/SW4)	1321.27'
SEC. 13 (SE4/NW4)	1323.36'
SEC. 13 (NE4/NW4)	1323.36'
SEC. 12 (SE4/SW4)	1222.74'
FTP-LTP	5912.00'

GRID CONVERGENCE N +00.44194° W

TOPOGRAPHIC

Not To Scale

Special Notes:
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CONVERGENCE ANGLE IS SHOWN TO BE N +00.44194° W

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Brian Wood 4-2-24
Signature Date
BRIAN WOOD
Print Name
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E-mail Address
505 466-8120

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52947	Pool Code 97930	WC-025 G-06 S183518A;	Pool Name BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM		Well Number 303H
OGRID No. 13089	Operator Name LARIO OIL & GAS		Elevation 3977'

Surface Location

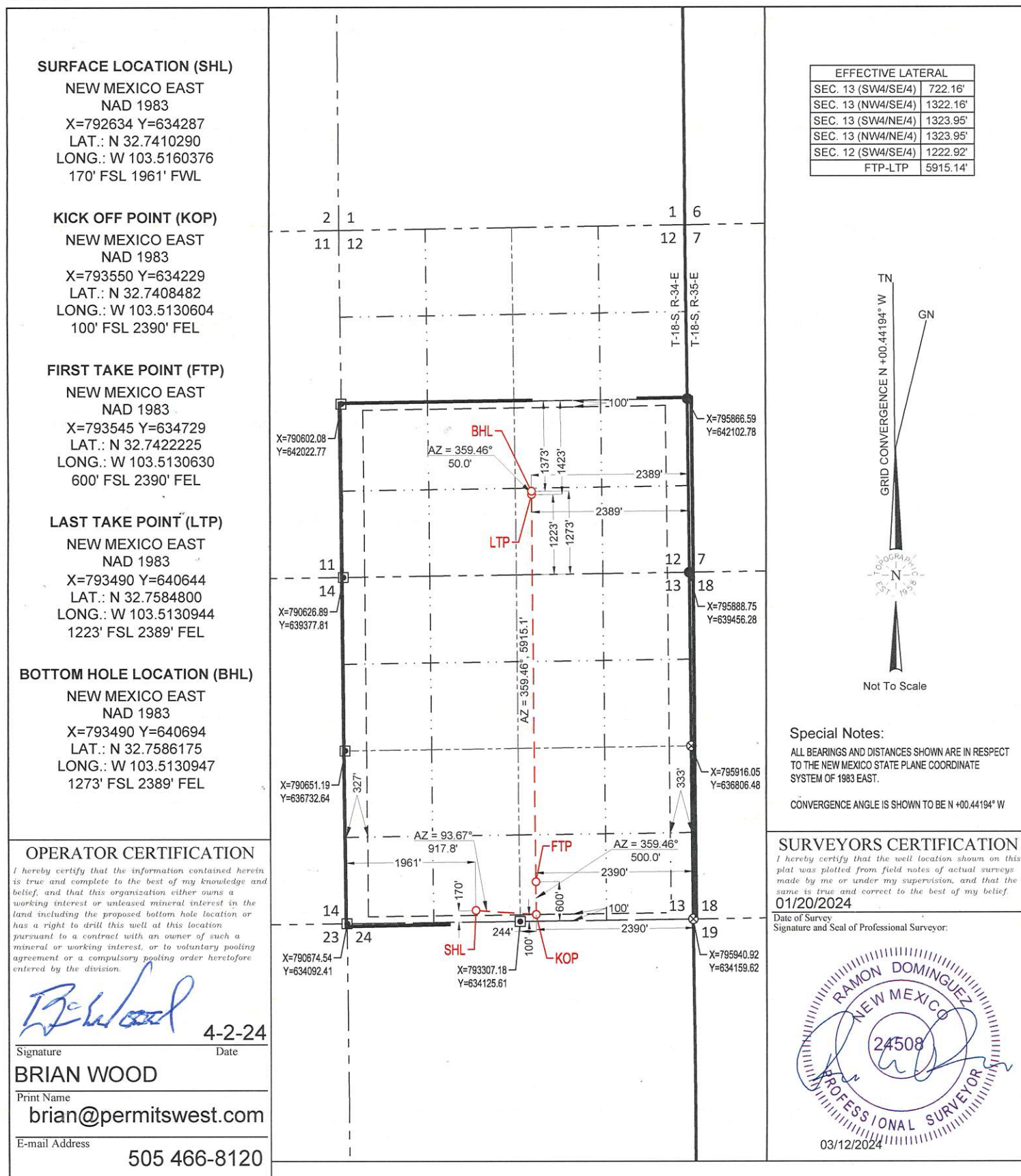
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	170'	SOUTH	1961'	WEST	LEA

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	12	18-S	34-E	-	1273'	SOUTH	2389'	EAST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
---------------------------	-----------------	------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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

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

Released to Imaging: 6/11/2024 4:37:47 PM
Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 52948	Pool Code 97930	Pool Name WC-025 G-06 S183518A;	Pool Name BONE SPRING
Property Code	Property Name CLOSE ENCOUNTERS STATE COM		Well Number 304H
OGRID No. 13089	Operator Name LARIO OIL & GAS		Elevation 3977'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	18-S	34-E	-	145'	SOUTH	1961'	WEST	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
P	12	18-S	34-E	-	1273'	SOUTH	1069'	EAST	LEA

Dedicated Acres 960.00	Joint or Infill	Consolidated Code C	Order No.
---------------------------	-----------------	------------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

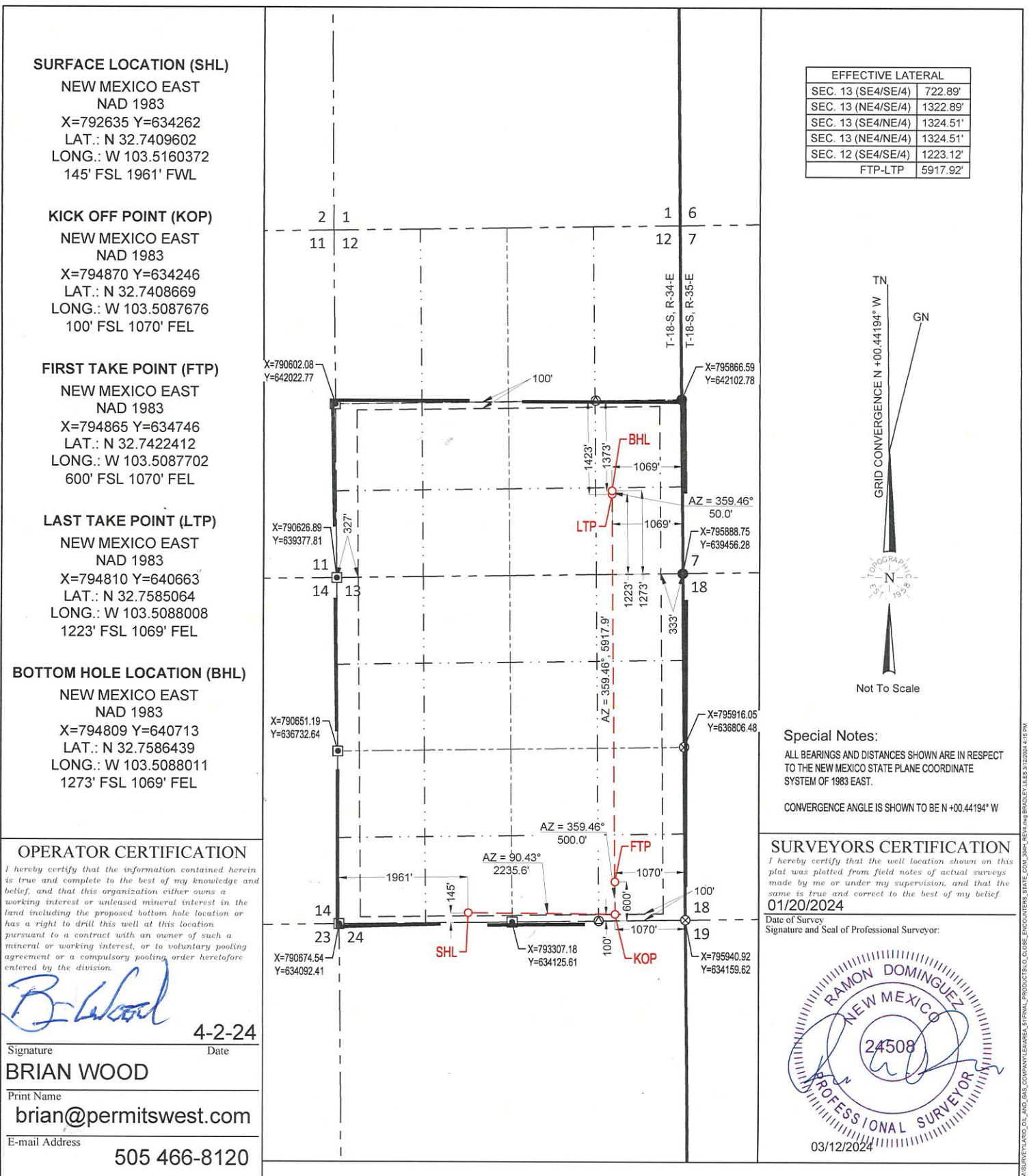


EXHIBIT A-3

Close Encounters State Com
 S/2 of Section 12 & ALL of 13 Section, T18S R34E
 BONE SPRING
 301H, 302H, 303H, 304H, 101H, 102H, 103H & 104H
 960 Acres in Spacing Unit

Tract 3 NM State B012580003 SW/4 12-18S-34E 160 ac.	Tract 1 NM State B009360026 N/2SE/4 12-18S-34E 80 ac.	
	Tract 2 NM State B009360026 S/2SE/4 12-18S-34E 80 ac.	
Tract 7 NM State VC11940000 SW/4 13-18S-34E 160 ac.	Tract 5 NM State VC06380003 W/2NE/4 13-18S-34E 80 ac.	Tract 4 NM State V065640000 E/2NE/4 13-18S-34E 80 ac.
	Tract 6 NM State VC06370003 S/2 13-18S-34E 320 ac.	

Recapitulation		
Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
1	80	0.083333333
2	80	0.083333333
3	160	0.166666667
4	80	0.083333333
5	80	0.083333333
6	320	0.333333333
7	160	0.166666667
TOTAL:	960	1

EXHIBIT A-3, CONTINUED

Leasehold Interest by Tract	Tract 1	Tract 2	Tract 3	Tract 4	Tract 5	Tract 6	Tract 7
		B009360026	B009360026	B012580003	V065640000	VC06380003	VC06370003
	N/2SE/4 12-18S-34E 80 ac.	S/2SE/4 12-18S-34E 80 ac.	SW/4 12-18S-34E 160 ac.	E/2NE/4 13-18S-34E 80 ac.	W/2NE/4 13-18S-34E 80 ac.	S/2 13-18S-34E 320 ac.	NW/4 13-18S-34E 160 ac.
Depths	Bone Spring Fromation	ALL DEPTHS	Bone Spring Fromation	Bone Spring Fromation	ALL DEPTHS	ALL DEPTHS	ALL DEPTHS
XTO Holdings Inc.		1.00000000					
Lario Oil & Gas Company	1.00000000		1.00000000	0.98250000	1.00000000	1.00000000	1.00000000
Highland (Texas) Energy Company				0.01750000			
TOTALS:	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000

UNIT WORKING INTEREST OWNERS TOTAL UNIT -960 AC.	WORKING INTEREST	NET REVENUE INTEREST
Lario Oil & Gas Company	0.91520834	0.69473960
XTO Holdings Inc.	0.08333333	0.06458333
Highland (Texas) Energy Company	0.00145833	0.00119340
TOTAL:	1.00000000	0.76051633

UNIT ROYALTY INTEREST OWNERS TOTAL UNIT -960 AC.	NET REVENUE INTEREST
State of New Mexico	0.17222222
TOTAL:	0.17222222

UNIT OVERRIDING ROYALTY INTEREST OWNERS TOTAL UNIT -960 AC.	NET REVENUE INTEREST
XTO Holdings, LLC	0.01666666
The Ailar Company	0.00284722
Cross Timbers Energy, LLC	0.00208333
Morningstar Operating, LLC	0.02083333
Cornerstone Family Trust	0.00062500
CrownRock Minerals, LP	0.00062500
Cavalry Resources, LLC	0.00694444
DSD Energy Resources, LLC	0.00694444
Loma Hombro Energy, LLC	0.00694444
Strategic Energy Income Fund IV, LP	0.00274757
TOTAL:	0.06726144

EXHIBIT A-4



Exhibit A-5

	S2NW 12-18S-R34E NMSLO B0-1258-3	S2NE 12-18S-R34E NMSLO B0-0936-27	Lot 2 (SWSW) 7-18S-35E NMSLO E0-6002-7
SWNW, E2SW 11-18S-34E NMSLO B0-1258-3	S/2 of Section 12-T18S-R34E Lea County		Lot 3 (NWSW), Lot 4 (SWSW) 7-18S-35E NMSLO E0-6002-6
E2NE 11-18S-34E NMSLO VC-1195	ALL of Section 13-T18S-R34E Lea County		Lot 1 (NWNW), Lot 2 (SWNW), Lot 3 (NWSW), Lot 4 (SWSW) 18-18S-35E NMSLO VB-1325
E2SE 11-18S-34E NMSLO B0-3011-3			
NENE 23-18S-34E NMSLO VB-2276-1	N2N2 24-18S-34E NMSLO VB-1876-3		Lot 1 (NWNW) 19-18S-35E NMSLO VB-1499-4

960 ACRE NON STANDARD SPACING UNIT S2 12-18S-34E, AND ALL 13-18S-34E
S2NW 12-18S-R34E & SWNW, E2SW 11-18S-34E NMSLO - B0-1258-3 Lario Oil & Gas Co. WI Cross Timbers Energy LLC ORRI Bisco Inc. ORRI State of New Mexico RI MorningStar Operating, LLC ORRI
S2NE 12-18S-35E NMSLO - B0-0936-27 XTO Holdings, LLC WI State of New Mexico RI
Lot 2 (SWSW) 7-18S-35E NMSLO - E0-6002-7 Chase Oil Corporation WI DiaKan Minerals, LLC WI Ventana Minerals, LLC WI RDC Minerals, LLC WI State of New Mexico RI
Lot 3 (NWSW), Lot 4 (SWSW) 7-18S-35E NMSLO - E0-6002-6 Chase Oil Corporation WI DiaKan Minerals, LLC WI Ventana Minerals, LLC WI RDC Minerals, LLC WI State of New Mexico RI
Lot 1 (NWNW), Lot 2 (SWNW), Lot 3 (NWSW), Lot 4 (SWSW) 18-18S-35E NMSLO - VB-1325 Loma Hombre Energy, LLC WI DSD Energy II, LLC WI Cavalry Resources LLC WI Broken Arrow Royalties, LLC ORRI State of New Mexico RI
Lot 1 (NWNW) 19-18S-35E NMSLO - VB-1499-4 Franklin Mountain Energy 3, LLC WI T.H. McElvain Oil & Gas, LLLP WI Thomaston, LLC WI
N2N2 24-18S-34E NMSLO - VB-1876-3 Franklin Mountain Energy 3, LLC WI T.H. McElvain Oil & Gas LLLP WI Steven W. Shefte WI Thomaston, LLC WI Franklin Mountain Royalty Investments 3, LLC WI
NENE 23-18S-34E NMSLO - VB-2276-1 Matador Resources Company WI Marathon Oil Permian, LLC WI State of New Mexico RI
E2SE 11-18S-34E NMSLO - B0-3011-3 Lario Oil & Gas Co. WI Cross Timbers Energy LLC ORRI Bisco Inc. ORRI MorningStar Operating, LLC ORRI
E2NE 11-18S-34E NMSLO - VC-1195 Lario Oil & Gas Co. WI State of New Mexico RI

LARIO OIL & GAS COMPANY

MAILING ADDRESS:
POST OFFICE BOX 29
DENVER, COLORADO 80201-0029



260 N JOSEPHINE, SUITE 400
DENVER, COLORADO 80206
(303) 595-8030
FAX (303) 595-4849

January 19, 2023

Via Certified Mail

Highland (Texas) Energy Company
11886 Greenville Avenue
Dallas, TX 75243
Attn: Land Department, Permian Basin

RE: Close Encounters State Com Well Proposals
South-Half of Section 12, Township 18 South, Range 34 East
ALL of Section 13, Township 18 South, Range 34 East
Lea County, New Mexico

To whom it may concern:

Lario Oil & Gas Company ("Lario") is proposing the drilling and completion of the Close Encounters State Com #301H, 302H, 303H, 304H, 101H, 102H, 103H, and 104H wells. These wells are situated in Section 12, Township 18 South, Range 34 East, and Section 13, Township 18 South, Range 34 East, Lea County, New Mexico, with the objective of testing the Bone Spring Formation. Lario is currently finalizing reports, and preliminary title research indicates that you may have an interest in the referenced lands.

In relation to the above, please take note of the details described below:

- The projected expenses for drilling, testing, completing, and equipping each well are outlined in the attached Authority for Expenditures ("AFE").
- **Close Encounters State Com #301H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 9,902' TVD and will be drilled horizontally to a Measured Depth of approximately 17,122'.
- **Close Encounters State Com #302H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 9,902' TVD and will be drilled horizontally to a Measured Depth of approximately 17,122'.
- **Close Encounters State Com #303H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 9,902' TVD and will be drilled horizontally to a Measured Depth of approximately 17,122'.
- **Close Encounters State Com #304H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 9,902' TVD and will be drilled horizontally to a Measured Depth of approximately 17,122'.
- **Close Encounters State Com #101H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 8,450' TVD and will be drilled horizontally to a Measured Depth of approximately 16,572'.

- **Close Encounters State Com #102H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 8,450' TVD and will be drilled horizontally to a Measured Depth of approximately 16,572'.
- **Close Encounters State Com #103H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 8,450' TVD and will be drilled horizontally to a Measured Depth of approximately 16,572'.
- **Close Encounters State Com #104H:** This well is slated to be drilled from a legal location in Section 13-18S-34E. It aims to target an interval within the Bone Spring formation at a depth of approximately 8,450' TVD and will be drilled horizontally to a Measured Depth of approximately 16,572'.

Lario retains the right to adjust the locations and drilling plans outlined above to accommodate factors such as topography, cultural considerations, or environmental concerns, among other reasons.

Lario is proposing the drilling of the mentioned wells under the terms of a modified 1989 AAPL form of Operating Agreement ("JOA"). This JOA will be forwarded to you subsequent to this proposal and will include the following general provisions:

- 100%/300%/300% non-consent penalty
- \$10,000/\$1,000 drilling and producing monthly overhead rates
- Contract Area covering S2 of Section 12-T18S-R34E and ALL of Section 13-T18S-R34E
- This proposed Operating Agreement will supersede any and all existing Operating Agreements concerning all depths on all horizontal wells drilled after the effective date of the JOA.

To proceed with your election, kindly indicate your election in the designated area on the following pages. If you decide to participate in the drilling and completion of the proposed wells, please sign and return a copy of this letter, along with the enclosed AFEs, to Dakota Nahm at Dakota@lario.net or to P.O. Box 29 Denver, CO 80201, within thirty (30) days of receiving this proposal.

In the interest of time, if we are unable to reach an agreement within thirty (30) days Lario will file an application(s) with the New Mexico Oil Conservation Division to compulsorily pool any uncommitted owners into a horizontal spacing unit for the proposed wells, facilitating the development of these lands.

If you opt not to partake in this proposed development and are interested in selling your interest, please inform us accordingly. For any inquiries, please reach out to the undersigned at dakota@lario.net or (720) 573-9816.

Sincerely,

Dakota Nahm
Landman
dakota@lario.net
720-573-9816

Highland (Texas) Energy Company hereby elects to:

WELL NAME	PARTICIPATE for proportionate share of costs	NOT TO PARTICIPATE
Close Encounters State Com 301H		
Close Encounters State Com 302H		
Close Encounters State Com 303H		
Close Encounters State Com 304H		
Close Encounters State Com 101H		
Close Encounters State Com 102H		
Close Encounters State Com 103H		
Close Encounters State Com 104H		

Highland (Texas) Energy Company

By: _____

Printed Name: _____

Title: _____

Date: _____

Contact Number: _____



Drilling and Completion AFE

Well:	Close Encounters State Com 101H	State:	New Mexico
Location:	SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E	County:	Lea County
Operator:	Lario Oil & Gas Company	Field:	
AFE Description:	Drill and Complete a ~7,500' horizontal into the 1st Bone Springs		
AFE #:	24-001	DRILLING	COMPLETION
Well #:	101H		
		Budget	Supplement
			Total Cost


IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
IDC11	DRILLING AND DAYWORK			1,180,000				1,180,000
IDC13	CASING CREW			20,000				20,000
IDC14	DIRECTIONAL SERVICES			261,000				261,000
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			20,000				20,000
IDC16	DOWNHOLE RENTAL EQUIPMENT			79,200				79,200
IDC17	SURFACE RENTAL EQUIPMENT			105,994				105,994
IDC19	BITS			68,900				68,900
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000
IDC21	ROADS, LOCATION, PITS			100,000				100,000
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000
IDC32	CONTRACT LABOR & WELDING			50,000				50,000
IDC33	MUD LOGGING			21,825				21,825
IDC34	MUD DISPOSAL			105,300				105,300
IDC60	OVERHEAD			7,150				7,150
IDC63	CONSULTANTS - CONTRACT ENGINEER			75,000				75,000
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			90,000				90,000
IDC70	HAULING - AUTO AND TRUCK			32,400				32,400
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000
IDC73	NU/ND/BOP TEST			8,000				8,000
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			67,500				67,500
IDC Subtotal				\$3,368,869				\$3,368,869

LWE	Lease and Well Equipment	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000
LWE201	PRODUCTION CASING	19,100	5.5"	453,600				453,600
LWE202	TCC - TUBING	7,600	2.875"	-		70,000		70,000
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		27,000		85,000
LWE303	TCC - SUBMERSIBLE PUMPS			-		115,000		115,000
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		15,000		15,000
LWE Subtotal				\$856,100		\$227,000		\$1,083,100

ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
ICC12	ICC - COMPLETION RIG					18,000		18,000
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					50,000		50,000
ICC17	ICC - PUMP, TANK, SWIVEL					154,200		154,200
ICC18	ICC - SURFACE RENTAL EQUIPMENT					118,000		118,000
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					133,500		133,500
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					476,250		476,250
ICC24A	ICC - WATER TRANSFER					146,000		146,000
ICC30	ICC - PRODUCTION TESTING					31,500		31,500
ICC32	ICC - CONTRACT LABOR					43,000		43,000
ICC41	ICC - ACIDIZING					5,000		5,000
ICC42	ICC - FRACTURING					2,189,124		2,189,124
ICC44	ICC - WIRELINE SERVICES					295,100		295,100
ICC60	ICC - FIELD SUP.					70,200		70,200
ICC70	ICC - TRUCKING					23,500		23,500
ICC71	ICC - PUMP DOWN					40,000		40,000
ICC89	ICC - CTU/SWAB UNIT					200,000		200,000
ICC90	ICC - FUEL & POWER					510,000		510,000
ICC Subtotal				\$4,503,374				\$4,503,374

LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE401	FLOWLINES					180000		180000
LWE402	TANKS AND WALKWAYS							0
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000
LWE404	COMPRESSORS							0
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500
LWE406	SWD & INJECTION PUMPS							0
LWE501	OTHER EQUIPMENT					12500		12500
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000
LWE600	SALT WATER INVESTMENT							0
LWE Subtotal				\$0		\$930,000		\$930,000

Facility Total	Drilling Total	Completion Total	Total
\$930,000	\$4,224,969	\$4,730,374	\$9,885,343
Total Well Cost			


LARIO APPROVAL:  BY: Chris Buscemi DATE: January 19, 2024
V. P. Engineering

This AFE is only an estimate of the costs to be incurred for the subject activity.
Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.

Joint Interest Approval: _____ WI: _____
Company: _____ By: _____ Title: _____ Date: _____



Drilling and Completion AFE

 Drilling and Completion AFE		Well: Close Encounters State Com 102H	State: New Mexico						
		Location: SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E	County: Lea County						
		Operator: Lario Oil & Gas Company	Field:						
		AFE Description: Drill and Complete a ~7,500' horizontal into the 1st Bone Springs							
AFE #: 24-002	Well #: 102H	DRILLING	COMPLETION	Total Cost					
IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
IDC11	DRILLING AND DAYWORK			1,180,000				1,180,000	
IDC13	CASING CREW			20,000				20,000	
IDC14	DIRECTIONAL SERVICES			261,000				261,000	
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			20,000				20,000	
IDC16	DOWNHOLE RENTAL EQUIPMENT			79,200				79,200	
IDC17	SURFACE RENTAL EQUIPMENT			105,894				105,894	
IDC19	BITS			68,900				68,900	
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000	
IDC21	ROADS, LOCATION, PITS			100,000				100,000	
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000	
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000	
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700	
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000	
IDC32	CONTRACT LABOR & WELDING			50,000				50,000	
IDC33	MUD LOGGING			21,825				21,825	
IDC34	MUD DISPOSAL			105,300				105,300	
IDC60	OVERHEAD			7,150				7,150	
IDC63	CONSULTANTS - CONTRACT ENGINEER			75,000				75,000	
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			90,000				90,000	
IDC70	HAULING - AUTO AND TRUCK			32,400				32,400	
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000	
IDC73	NU/ND/BOP TEST			8,000				8,000	
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			67,500				67,500	
IDC Subtotal				\$3,368,869				\$3,368,869	
LWE	Lease and Well Equipment								
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500	
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000	
LWE201	PRODUCTION CASING	19,100	5.5"	453,600				453,600	
LWE202	TCC - TUBING	7,600	2.875"	-		70,000		70,000	
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		27,000		85,000	
LWE303	TCC - SUBMERSIBLE PUMPS			-		115,000		115,000	
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		15,000		15,000	
LWE Subtotal				\$856,100	LWE Subtotal	\$227,000		\$1,083,100	
ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
ICC12	ICC - COMPLETION RIG					18,000		18,000	
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					50,000		50,000	
ICC17	ICC - PUMP, TANK, SWIVEL					154,200		154,200	
ICC18	ICC - SURFACE RENTAL EQUIPMENT					118,000		118,000	
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					133,500		133,500	
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					476,250		476,250	
ICC24A	ICC - WATER TRANSFER					146,000		146,000	
ICC30	ICC - PRODUCTION TESTING					31,500		31,500	
ICC32	ICC - CONTRACT LABOR					43,000		43,000	
ICC41	ICC - ACIDIZING					5,000		5,000	
ICC42	ICC - FRACTURING					2,189,124		2,189,124	
ICC44	ICC - WIRELINE SERVICES					295,100		295,100	
ICC60	ICC - FIELD SUP.					70,200		70,200	
ICC70	ICC - TRUCKING					23,500		23,500	
ICC71	ICC - PUMP DOWN					40,000		40,000	
ICC89	ICC - CTU/SWAB UNIT					200,000		200,000	
ICC90	ICC - FUEL & POWER					510,000		510,000	
ICC Subtotal						\$4,503,374		\$4,503,374	
LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
LWE401	FLOWLINES					180000		180000	
LWE402	TANKS AND WALKWAYS							0	
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000	
LWE404	COMPRESSORS							0	
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500	
LWE406	SWD & INJECTION PUMPS							0	
LWE501	OTHER EQUIPMENT					12500		12500	
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000	
LWE600	SALT WATER INVESTMENT							0	
LWE Subtotal				\$0	LWE Subtotal	\$930,000		\$930,000	
Facility Total				\$930,000	Drilling Total	\$4,224,969	Completion Total	\$4,730,374	Total
Total Well Cost				\$930,000	\$4,224,969	\$4,730,374		\$9,885,343	
LARIO APPROVAL:		BY: Chris Buscemi V. P. Engineering		DATE: January 19, 2024					
<p>This AFE is only an estimate of the costs to be incurred for the subject activity. Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.</p> <p><u>Joint Interest Approval:</u> WI: _____</p> <p>Company: _____ By: _____ Title: _____ Date: _____</p>									



Drilling and Completion AFE

Well:	Close Encounters State Com 103H	State:	New Mexico
Location:	SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E	County:	Lea County
Operator:	Lario Oil & Gas Company	Field:	
AFE Description:	Drill and Complete a ~7,500' horizontal into the 1st Bone Springs		
AFE #:	24-003	DRILLING	COMPLETION
Well #:	103H		
		Budget	Supplement
			Total Cost

IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
IDC11	DRILLING AND DAYWORK			1,180,000				1,180,000
IDC13	CASING CREW			20,000				20,000
IDC14	DIRECTIONAL SERVICES			261,000				261,000
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			20,000				20,000
IDC16	DOWNHOLE RENTAL EQUIPMENT			79,200				79,200
IDC17	SURFACE RENTAL EQUIPMENT			105,894				105,894
IDC19	BITS			68,900				68,900
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000
IDC21	ROADS, LOCATION, PITS			100,000				100,000
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000
IDC32	CONTRACT LABOR & WELDING			50,000				50,000
IDC33	MUD LOGGING			21,825				21,825
IDC34	MUD DISPOSAL			105,300				105,300
IDC60	OVERHEAD			7,150				7,150
IDC63	CONSULTANTS - CONTRACT ENGINEER			75,000				75,000
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			90,000				90,000
IDC70	HAULING - AUTO AND TRUCK			32,400				32,400
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000
IDC73	NU/ND/BOP TEST			8,000				8,000
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			67,500				67,500
IDC Subtotal				\$3,368,869				\$3,368,869


LWE	Lease and Well Equipment	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000
LWE201	PRODUCTION CASING	19,100	5.5"	453,600				453,600
LWE202	TCC - TUBING	7,600	2.875"	-		70,000		70,000
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		27,000		85,000
LWE303	TCC - SUBMERSIBLE PUMPS			-		115,000		115,000
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		15,000		15,000
LWE Subtotal				\$856,100		\$227,000		\$1,083,100

ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
ICC12	ICC - COMPLETION RIG					18,000		18,000
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					50,000		50,000
ICC17	ICC - PUMP, TANK, SWIVEL					154,200		154,200
ICC18	ICC - SURFACE RENTAL EQUIPMENT					118,000		118,000
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					133,500		133,500
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					476,250		476,250
ICC24A	ICC - WATER TRANSFER					146,000		146,000
ICC30	ICC - PRODUCTION TESTING					31,500		31,500
ICC32	ICC - CONTRACT LABOR					43,000		43,000
ICC41	ICC - ACIDIZING					5,000		5,000
ICC42	ICC - FRACTURING					2,189,124		2,189,124
ICC44	ICC - WIRELINE SERVICES					295,100		295,100
ICC60	ICC - FIELD SUP.					70,200		70,200
ICC70	ICC - TRUCKING					23,500		23,500
ICC71	ICC - PUMP DOWN					40,000		40,000
ICC89	ICC - CTU/SWAB UNIT					200,000		200,000
ICC90	ICC - FUEL & POWER					510,000		510,000
ICC Subtotal				\$4,503,374				\$4,503,374

LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE401	FLOWLINES					180000		180000
LWE402	TANKS AND WALKWAYS							0
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000
LWE404	COMPRESSORS							0
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500
LWE406	SWD & INJECTION PUMPS							0
LWE501	OTHER EQUIPMENT					12500		12500
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000
LWE600	SALT WATER INVESTMENT							0
LWE Subtotal				\$0		\$930,000		\$930,000

Facility Total	Drilling Total	Completion Total	Total
\$930,000	\$4,224,969	\$4,730,374	\$9,885,343

Total Well Cost

LARIO APPROVAL:  BY: Chris Buscemi DATE: January 19, 2024
V. P. Engineering

This AFE is only an estimate of the costs to be incurred for the subject activity.
Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.

Joint Interest Approval: _____ WI: _____
Company: _____ By: _____ Title: _____ Date: _____



Drilling and Completion AFE

Well:	Close Encounters State Com 104H	State:	New Mexico
Location:	SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E	County:	Lea County
Operator:	Lario Oil & Gas Company	Field:	
AFE Description:	Drill and Complete a ~7,500' horizontal into the 1st Bone Springs		
AFE #:	24-004	DRILLING	COMPLETION
Well #:	104H		
		Budget	Supplement
		Budget	Supplement
			Total Cost


IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
IDC11	DRILLING AND DAYWORK			1,180,000				1,180,000
IDC13	CASING CREW			20,000				20,000
IDC14	DIRECTIONAL SERVICES			261,000				261,000
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			20,000				20,000
IDC16	DOWNHOLE RENTAL EQUIPMENT			79,200				79,200
IDC17	SURFACE RENTAL EQUIPMENT			105,894				105,894
IDC19	BITS			68,900				68,900
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000
IDC21	ROADS, LOCATION, PITS			100,000				100,000
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000
IDC32	CONTRACT LABOR & WELDING			50,000				50,000
IDC33	MUD LOGGING			21,825				21,825
IDC34	MUD DISPOSAL			105,300				105,300
IDC60	OVERHEAD			7,150				7,150
IDC63	CONSULTANTS - CONTRACT ENGINEER			75,000				75,000
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			90,000				90,000
IDC70	HAULING - AUTO AND TRUCK			32,400				32,400
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000
IDC73	NU/ND/BOP TEST			8,000				8,000
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			67,500				67,500
IDC Subtotal				\$3,368,869				\$3,368,869

LWE	Lease and Well Equipment	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000
LWE201	PRODUCTION CASING	19,100	5.5"	453,600				453,600
LWE202	TCC - TUBING	7,600	2.875"	-		70,000		70,000
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		27,000		85,000
LWE303	TCC - SUBMERSIBLE PUMPS			-		115,000		115,000
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		15,000		15,000
LWE Subtotal				\$856,100		\$227,000		\$1,083,100

ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
ICC12	ICC - COMPLETION RIG					18,000		18,000
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					50,000		50,000
ICC17	ICC - PUMP, TANK, SWIVEL					154,200		154,200
ICC18	ICC - SURFACE RENTAL EQUIPMENT					118,000		118,000
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					133,500		133,500
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					476,250		476,250
ICC24A	ICC - WATER TRANSFER					146,000		146,000
ICC30	ICC - PRODUCTION TESTING					31,500		31,500
ICC32	ICC - CONTRACT LABOR					43,000		43,000
ICC41	ICC - ACIDIZING					5,000		5,000
ICC42	ICC - FRACTURING					2,189,124		2,189,124
ICC44	ICC - WIRELINE SERVICES					295,100		295,100
ICC60	ICC - FIELD SUP.					70,200		70,200
ICC70	ICC - TRUCKING					23,500		23,500
ICC71	ICC - PUMP DOWN					40,000		40,000
ICC89	ICC - CTU/SWAB UNIT					200,000		200,000
ICC90	ICC - FUEL & POWER					510,000		510,000
ICC Subtotal						\$4,503,374		\$4,503,374



LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement	Total Cost
LWE401	FLOWLINES					180000		180000
LWE402	TANKS AND WALKWAYS							0
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000
LWE404	COMPRESSORS							0
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500
LWE406	SWD & INJECTION PUMPS							0
LWE501	OTHER EQUIPMENT					12500		12500
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000
LWE600	SALT WATER INVESTMENT							0
LWE Subtotal				\$0		\$930,000		\$930,000


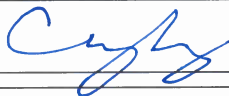
Facility Total	Drilling Total	Completion Total	Total
\$930,000	\$4,224,969	\$4,730,374	\$9,885,343



LARIO APPROVAL:  BY: Chris Buscemi, V. P. Engineering DATE: January 19, 2024

This AFE is only an estimate of the costs to be incurred for the subject activity.
Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.

Joint Interest Approval: _____ WI: _____
Company: _____ By: _____ Title: _____ Date: _____

 <p>Drilling and Completion AFE</p>		Well: Close Encounters State Com 301H				State: New Mexico			
		Location: SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E				County: Lea County			
		Operator: Lario Oil & Gas Company				Field:			
		AFE Description: Drill and Complete a ~6,500' horizontal into the 3rd Bone Springs							
AFE #: 24-005		Well #: 301H		DRILLING		COMPLETION		Total Cost	
IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
IDC11	DRILLING AND DAYWORK			1,135,000				1,135,000	
IDC13	CASING CREW			20,000				20,000	
IDC14	DIRECTIONAL SERVICES			241,000				241,000	
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			18,000				18,000	
IDC16	DOWNHOLE RENTAL EQUIPMENT			74,800				74,800	
IDC17	SURFACE RENTAL EQUIPMENT			100,011				100,011	
IDC19	BITS			68,900				68,900	
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000	
IDC21	ROADS, LOCATION, PITS			100,000				100,000	
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000	
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000	
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700	
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000	
IDC32	CONTRACT LABOR & WELDING			50,000				50,000	
IDC33	MUD LOGGING			20,400				20,400	
IDC34	MUD DISPOSAL			105,300				105,300	
IDC60	OVERHEAD			6,825				6,825	
IDC63	CONSULTANTS - CONTRACT ENGINEER			72,000				72,000	
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			85,000				85,000	
IDC70	HAULING - AUTO AND TRUCK			30,400				30,400	
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000	
IDC73	NU/ND/BOP TEST			8,000				8,000	
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			63,750				63,750	
IDC Subtotal				\$3,276,086				\$3,276,086	
LWE	Lease and Well Equipment								
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500	
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000	
LWE201	PRODUCTION CASING	19,100	5.5"	494,100				494,100	
LWE202	TCC - TUBING	7,600	2.875"	-		60,667		60,667	
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		23,400		81,400	
LWE303	TCC - SUBMERSIBLE PUMPS			-		99,667		99,667	
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		13,000		13,000	
LWE Subtotal				\$896,600		LWE Subtotal	\$196,733	\$1,093,333	
ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
ICC12	ICC - COMPLETION RIG					15,600		15,600	
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					43,333		43,333	
ICC17	ICC - PUMP, TANK, SWIVEL					135,640		135,640	
ICC18	ICC - SURFACE RENTAL EQUIPMENT					102,267		102,267	
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					115,700		115,700	
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					412,750		412,750	
ICC24A	ICC - WATER TRANSFER					126,533		126,533	
ICC30	ICC - PRODUCTION TESTING					31,500		31,500	
ICC32	ICC - CONTRACT LABOR					43,000		43,000	
ICC41	ICC - ACIDIZING					4,333		4,333	
ICC42	ICC - FRACTURING					1,897,241		1,897,241	
ICC44	ICC - WIRELINE SERVICES					255,753		255,753	
ICC60	ICC - FIELD SUP.					70,200		70,200	
ICC70	ICC - TRUCKING					20,367		20,367	
ICC71	ICC - PUMP DOWN					34,667		34,667	
ICC89	ICC - CTU/SWAB UNIT					173,333		173,333	
ICC90	ICC - FUEL & POWER					442,000		442,000	
ICC Subtotal						\$3,924,217		\$3,924,217	
LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement		
LWE401	FLOWLINES					180000		180000	
LWE402	TANKS AND WALKWAYS							0	
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000	
LWE404	COMPRESSORS							0	
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500	
LWE406	SWD & INJECTION PUMPS							0	
LWE501	OTHER EQUIPMENT					12500		12500	
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000	
LWE600	SALT WATER INVESTMENT							0	
LWE Subtotal				\$0		LWE Subtotal	\$930,000	\$930,000	
Facility Total				\$930,000		Drilling Total	\$4,172,686	Completion Total	\$4,120,951
Total Well Cost				\$930,000				\$9,223,637	
LARIO APPROVAL:				BY: Chris Buscemi V. P. Engineering		DATE: April 4, 2024			
This AFE is only an estimate of the costs to be incurred for the subject activity. Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.									
Joint Interest Approval:			WI: _____						
Company: _____			By: _____			Title: _____ Date: _____			

 <p>Drilling and Completion AFE</p>		Well: Close Encounters State Com 302H				State: New Mexico				
		Location: SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E				County: Lea County				
		Operator: Lario Oil & Gas Company				Field:				
		AFE Description: Drill and Complete a ~6,500' horizontal into the 3rd Bone Springs								
		AFE #: 24-006		DRILLING				COMPLETION		Total Cost
		Well #: 302H								
IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
IDC11	DRILLING AND DAYWORK			1,135,000					1,135,000	
IDC13	CASING CREW			20,000					20,000	
IDC14	DIRECTIONAL SERVICES			241,000					241,000	
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			18,000					18,000	
IDC16	DOWNHOLE RENTAL EQUIPMENT			74,800					74,800	
IDC17	SURFACE RENTAL EQUIPMENT			100,011					100,011	
IDC19	BITS			68,900					68,900	
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000					350,000	
IDC21	ROADS, LOCATION, PITS			100,000					100,000	
IDC22	CEMENT AND CEMENTING SERVICES			200,000					200,000	
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000					180,000	
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700					31,700	
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000					15,000	
IDC32	CONTRACT LABOR & WELDING			50,000					50,000	
IDC33	MUD LOGGING			20,400					20,400	
IDC34	MUD DISPOSAL			105,300					105,300	
IDC60	OVERHEAD			6,825					6,825	
IDC63	CONSULTANTS - CONTRACT ENGINEER			72,000					72,000	
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			85,000					85,000	
IDC70	HAULING - AUTO AND TRUCK			30,400					30,400	
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000					300,000	
IDC73	NU/ND/BOP TEST			8,000					8,000	
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			63,750					63,750	
				IDC Subtotal	\$3,276,086				\$3,276,086	
LWE	Lease and Well Equipment									
LWE101	SURFACE CASING	1,850	13.375"	92,500					92,500	
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000					252,000	
LWE201	PRODUCTION CASING	19,100	5.5"	494,100					494,100	
LWE202	TCC - TUBING	7,600	2.875"	-			60,667		60,667	
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000			23,400		81,400	
LWE303	TCC - SUBMERSIBLE PUMPS			-			99,667		99,667	
LWE304	TCC - DOWNHOLE PUMP EQUIP			-			13,000		13,000	
				LWE Subtotal	\$896,600	LWE Subtotal	\$196,733		\$1,093,333	
ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
ICC12	ICC - COMPLETION RIG						15,600		15,600	
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT						43,333		43,333	
ICC17	ICC - PUMP, TANK, SWIVEL						135,640		135,640	
ICC18	ICC - SURFACE RENTAL EQUIPMENT						102,267		102,267	
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD						115,700		115,700	
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS						412,750		412,750	
ICC24A	ICC - WATER TRANSFER						126,533		126,533	
ICC30	ICC - PRODUCTION TESTING						31,500		31,500	
ICC32	ICC - CONTRACT LABOR						43,000		43,000	
ICC41	ICC - ACIDIZING						4,333		4,333	
ICC42	ICC - FRACTURING						1,897,241		1,897,241	
ICC44	ICC - WIRELINE SERVICES						255,753		255,753	
ICC60	ICC - FIELD SUP.						70,200		70,200	
ICC70	ICC - TRUCKING						20,367		20,367	
ICC71	ICC - PUMP DOWN						34,667		34,667	
ICC89	ICC - CTU/SWAB UNIT						173,333		173,333	
ICC90	ICC - FUEL & POWER						442,000		442,000	
				ICC Subtotal	\$3,924,217				\$3,924,217	
LWE	Production Facility	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
LWE401	FLOWLINES						180,000		180,000	
LWE402	TANKS AND WALKWAYS								0	
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D						550,000		550,000	
LWE404	COMPRESSORS								0	
LWE405	LEASE MISCELLANEOUS VALVES AND FITT						12,500		12,500	
LWE406	SWD & INJECTION PUMPS								0	
LWE501	OTHER EQUIPMENT						12,500		12,500	
LWE502	INTANGIBLES INSTALLATION COSTS						175,000		175,000	
LWE600	SALT WATER INVESTMENT								0	
				LWE Subtotal	\$0	LWE Subtotal	\$930,000		\$930,000	
				Facility Total	\$930,000	Drilling Total	\$4,172,686	Completion Total	\$4,120,951	Total
Total Well Cost				\$930,000	\$4,172,686		\$4,120,951		\$9,223,637	
LARIO APPROVAL:				By: Chris Buscemi V. P. Engineering		DATE: April 4, 2024				
<p>This AFE is only an estimate of the costs to be incurred for the subject activity. Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.</p> <p>Joint Interest Approval: _____ WI: _____</p> <p>Company: _____ By: _____ Title: _____ Date: _____</p>										

 <p>Drilling and Completion AFE</p>		Well: Close Encounters State Com 304H		State: New Mexico						
		Location: SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E		County: Lea County						
		Operator: Lario Oil & Gas Company		Field:						
		AFE Description: Drill and Complete a ~6,500' horizontal into the 3rd Bone Springs								
AFE #: 24-008		Well #: 304H		DRILLING		COMPLETION		Total Cost		
IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement	Budget	Supplement			
IDC11	DRILLING AND DAYWORK			1,135,000				1,135,000		
IDC13	CASING CREW			20,000				20,000		
IDC14	DIRECTIONAL SERVICES			241,000				241,000		
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			18,000				18,000		
IDC16	DOWNHOLE RENTAL EQUIPMENT			74,800				74,800		
IDC17	SURFACE RENTAL EQUIPMENT			100,011				100,011		
IDC19	BITS			68,900				68,900		
IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000				350,000		
IDC21	ROADS, LOCATION, PITS			100,000				100,000		
IDC22	CEMENT AND CEMENTING SERVICES			200,000				200,000		
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000				180,000		
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700				31,700		
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000				15,000		
IDC32	CONTRACT LABOR & WELDING			50,000				50,000		
IDC33	MUD LOGGING			20,400				20,400		
IDC34	MUD DISPOSAL			105,300				105,300		
IDC60	OVERHEAD			6,825				6,825		
IDC63	CONSULTANTS - CONTRACT ENGINEER			72,000				72,000		
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			85,000				85,000		
IDC70	HAULING - AUTO AND TRUCK			30,400				30,400		
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000				300,000		
IDC73	NU/ND/BOP TEST			8,000				8,000		
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			63,750				63,750		
IDC Subtotal				\$3,276,086				\$3,276,086		
LWE	Lease and Well Equipment									
LWE101	SURFACE CASING	1,850	13.375"	92,500				92,500		
LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000				252,000		
LWE201	PRODUCTION CASING	19,100	5.5"	494,100				494,100		
LWE202	TCC - TUBING	7,600	2.875"	-		60,667		60,667		
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000		23,400		81,400		
LWE303	TCC - SUBMERSIBLE PUMPS			-		99,667		99,667		
LWE304	TCC - DOWNHOLE PUMP EQUIP			-		13,000		13,000		
LWE Subtotal				\$896,600		LWE Subtotal	\$196,733	\$1,093,333		
ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement	Budget	Supplement			
ICC12	ICC - COMPLETION RIG					15,600		15,600		
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT					43,333		43,333		
ICC17	ICC - PUMP, TANK, SWIVEL					135,640		135,640		
ICC18	ICC - SURFACE RENTAL EQUIPMENT					102,267		102,267		
ICC23	ICC - OTHER COMPLETIONS FLUIDS, MUD					115,700		115,700		
ICC24	ICC - WATER, RENTAL PUMPS & WATER PUMPS					412,750		412,750		
ICC24A	ICC - WATER TRANSFER					126,533		126,533		
ICC30	ICC - PRODUCTION TESTING					31,500		31,500		
ICC32	ICC - CONTRACT LABOR					43,000		43,000		
ICC41	ICC - ACIDIZING					4,333		4,333		
ICC42	ICC - FRACTURING					1,897,241		1,897,241		
ICC44	ICC - WIRELINE SERVICES					255,753		255,753		
ICC60	ICC - FIELD SUP.					70,200		70,200		
ICC70	ICC - TRUCKING					20,367		20,367		
ICC71	ICC - PUMP DOWN					34,667		34,667		
ICC89	ICC - CTU/SWAB UNIT					173,333		173,333		
ICC90	ICC - FUEL & POWER					442,000		442,000		
ICC Subtotal				\$3,924,217				\$3,924,217		
LWE	Production Facility	Length / # Days	Size	Budget	Supplement	Budget	Supplement			
LWE401	FLOWLINES					180000		180000		
LWE402	TANKS AND WALKWAYS							0		
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D					550000		550000		
LWE404	COMPRESSORS							0		
LWE405	LEASE MISCELLANEOUS VALVES AND FITT					12500		12500		
LWE406	SWD & INJECTION PUMPS							0		
LWE501	OTHER EQUIPMENT					12500		12500		
LWE502	INTANGIBLES INSTALLATION COSTS					175000		175000		
LWE600	SALT WATER INVESTMENT							0		
LWE Subtotal				\$0		LWE Subtotal	\$930,000	\$930,000		
Facility Total				\$930,000		Drilling Total	\$4,172,686	Completion Total	\$4,120,951	Total
Total Well Cost				\$930,000		\$4,172,686		\$4,120,951	\$9,223,637	
LARIO APPROVAL:				By: Chris Buscemi V. P. Engineering		DATE: April 4, 2024				
This AFE is only an estimate of the costs to be incurred for the subject activity. Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.										
Joint Interest Approval:				WI: _____						
Company: _____			By: _____		Title: _____		Date: _____			


 <p>Drilling and Completion AFE</p>		Well: Close Encounters State Com 303H				State: New Mexico				
		Location: SHL: Section 13 T18SR34E BHL: Section 12 T18SR34E				County: Lea County				
		Operator: Lario Oil & Gas Company				Field:				
		AFE Description: Drill and Complete a ~6,500' horizontal into the 3rd Bone Springs								
		AFE #: 24-007		DRILLING				COMPLETION		Total Cost
		Well #: 303H								
IDC	Intangible Drilling Cost - BCP	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
IDC11	DRILLING AND DAYWORK			1,135,000					1,135,000	
IDC13	CASING CREW			20,000					20,000	
IDC14	DIRECTIONAL SERVICES			241,000					241,000	
IDC15	SOLIDS CONTROL EQUIPMENT RENTAL			18,000					18,000	
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IDC20	RIG MOVE AND/OR DOZER STANDBY			350,000					350,000	
IDC21	ROADS, LOCATION, PITS			100,000					100,000	
IDC22	CEMENT AND CEMENTING SERVICES			200,000					200,000	
IDC23	MUD AND OTHER DRILLING FLUIDS			180,000					180,000	
IDC24	WATER, RENTAL PUMPS AND WATER LINES			31,700					31,700	
IDC26	CONDUCTOR PIPE (DRILL, INSTALL & CE			15,000					15,000	
IDC32	CONTRACT LABOR & WELDING			50,000					50,000	
IDC33	MUD LOGGING			20,400					20,400	
IDC34	MUD DISPOSAL			105,300					105,300	
IDC60	OVERHEAD			6,825					6,825	
IDC63	CONSULTANTS - CONTRACT ENGINEER			72,000					72,000	
IDC64	CONSULTANTS - FOREMAN / FIELD SUP			85,000					85,000	
IDC70	HAULING - AUTO AND TRUCK			30,400					30,400	
IDC71	MISCELLANEOUS AND CONTINGENCIES			300,000					300,000	
IDC73	NU/ND/BOP TEST			8,000					8,000	
IDC90	FUEL, POWER, REPAIRS, & SUPPLIES			63,750					63,750	
				IDC Subtotal	\$3,276,086				\$3,276,086	
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LWE102	INTERMEDIATE CASING	7,600	9.625"	252,000					252,000	
LWE201	PRODUCTION CASING	19,100	5.5"	494,100					494,100	
LWE202	TCC - TUBING	7,600	2.875"	-			60,667		60,667	
LWE204	TCC - OTHER WELLHEAD EQUIPMENT			58,000			23,400		81,400	
LWE303	TCC - SUBMERSIBLE PUMPS			-			99,667		99,667	
LWE304	TCC - DOWNHOLE PUMP EQUIP			-			13,000		13,000	
				LWE Subtotal	\$896,600	LWE Subtotal	\$196,733		\$1,093,333	
ICC	Intangible Completion Cost - ACP	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
ICC12	ICC - COMPLETION RIG						15,600		15,600	
ICC16	ICC - DOWNHOLE RENTAL EQUIPMENT						43,333		43,333	
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ICC44	ICC - WIRELINE SERVICES						255,753		255,753	
ICC60	ICC - FIELD SUP.						70,200		70,200	
ICC70	ICC - TRUCKING						20,367		20,367	
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ICC89	ICC - CTU/SWAB UNIT						173,333		173,333	
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				ICC Subtotal	\$3,924,217				\$3,924,217	
LWE	Production Facility	Length / # Days	Size	Budget	Supplement		Budget	Supplement		
LWE401	FLOWLINES						180000		180000	
LWE402	TANKS AND WALKWAYS								0	
LWE403	HEATER-TREATER, SEPARATORS, FWKO, D						550000		550000	
LWE404	COMPRESSORS								0	
LWE405	LEASE MISCELLANEOUS VALVES AND FITT						12500		12500	
LWE406	SWD & INJECTION PUMPS								0	
LWE501	OTHER EQUIPMENT						12500		12500	
LWE502	INTANGIBLES INSTALLATION COSTS						175000		175000	
LWE600	SALT WATER INVESTMENT								0	
				LWE Subtotal	\$0	LWE Subtotal	\$930,000		\$930,000	
				Facility Total	Drilling Total	Completion Total	Total			
Total Well Cost				\$930,000	\$4,172,686	\$4,120,951	\$9,223,637			
LARIO APPROVAL:		BY: Chris Buscemi V. P. Engineering		DATE: April 4, 2024						
<p>This AFE is only an estimate of the costs to be incurred for the subject activity. Approval of the AFE constitutes approval of the actual costs incurred for all work associated with the activity approved.</p> <p><u>Joint Interest Approval:</u> WI: _____</p> <p>Company: _____ By: _____ Title: _____ Date: _____</p>										

EXHIBIT A-7

Name of Contact	Company	Date	Type of Communication	Discussion Topic
Bryan J. Cifuentes	XIO Holdings, LLC	2/6/2024	Email	Well Proposals, Unit Ownership, Drill plans
Cindy Sloan	XIO Holdings, LLC	2/8/2024	Email	Sent out Well Plans
Bryan J. Cifuentes	XIO Holdings, LLC	2/15/2024	Email	Projected Drilling Dates
Bryan J. Cifuentes	XIO Holdings, LLC	2/15/2024	Email	Requested to schedule a technical call
Bryan J. Cifuentes	XIO Holdings, LLC	2/28/2024	Email	Sent over Updated Ownership Attempted to Setup Development meeting
Bryan J. Cifuentes	XIO Holdings, LLC	3/12/2024	Email	Sent term assignment offer
Bryan J. Cifuentes	XIO Holdings, LLC	4/1/2024	Email	Sent APDs
Bryan J. Cifuentes	XIO Holdings, LLC	5/2/2024	Email	Sent updated AFEs
Bryan J. Cifuentes	XIO Holdings, LLC	5/17/2024	Email	Sent Carry offer
Bryan J. Cifuentes	XIO Holdings, LLC	5/24/2024	Email	Followed up on Offer, XIO plans to give us a answer prior to hearing

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

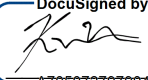
**APPLICATION OF LARIO OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24493

**SELF-AFFIRMED STATEMENT
OF KRISTOPHER CLEMONS**

1. I am a geologist for Lario Oil & Gas Company. I am over 18 years of age, have a personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have not previously testified before the New Mexico Oil Conservation Division (“Division”).
2. I have a Master of Science in Geology from the University of Kentucky and 15 years of experience in the petroleum industry. My experience has focused on a diverse list of aspects of petroleum geology, including planning, development, and execution of horizontal unconventional reservoir projects in the Permian Basin. A copy of my resume’ is attached to this exhibit.
3. I am familiar with geologic matters that pertain to the above referenced case.
4. Exhibit B-1 is a location map of the proposed horizontal spacing unit (“Unit”). The approximate wellbore paths for the proposed Close Encounters State Com 301H, Close Encounters State Com 302H, Close Encounters State Com 303H, Close Encounters State Com 304H, Close Encounters State Com 101H, Close Encounters State Com 102H, Close Encounters State Com 103H, and Close Encounters State Com 104H wells are represented by dashed lines. Existing producing wells in the targeted formations are represented by solid lines.
5. Exhibit B-2a is a subsea structure map for the Third Bone Springs Sand and is representative of the top of the targeted interval for the proposed Close Encounters State Com 301H, Close Encounters State Com 302H, Close Encounters State Com 303H, and Close Encounters State Com 304H. The data points are indicated by crosses. The approximate wellbore paths are depicted by dashed lines. The map demonstrates the formation is moderately dipping to the south in this area. I do not observe significant faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.
6. Exhibit B-2b is a subsea structure map for the First Bone Springs Sand and is representative of the top of the targeted interval for the proposed Close Encounters State Com 101H, Close Encounters State Com 102H, Close Encounters State Com 103H, and Close Encounters State Com 104H. The data points are indicated by crosses. The approximate wellbore paths are depicted by dashed lines. The map demonstrates the formation is moderately dipping to the south in this area. I do not observe significant faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

7. Exhibit B-3a is a structural cross-section using the representative wells identified on Exhibits B-2a and B-2b. It contains gamma-ray, resistivity, and porosity logs. The proposed landing zones for the Close Encounters State Com 301H, Close Encounters State Com 302H, Close Encounters State Com 303H, and Close Encounters State Com 304H wells are located on the exhibit. Exhibit B-b is a structural cross-section using the representative wells identified on Exhibits B-2b and B-2b. It contains gamma-ray, resistivity, and porosity logs. The proposed landing zones for the cross-sections demonstrate the target intervals are continuous across the unit.
8. In my opinion, a North- South azimuth orientation for the wells is appropriate to properly develop the subject acreage because consistent reservoir properties, maximization of lateral length, and the preferred orientation of induced fracture (Shmax).
9. Based on my geologic study of the area, the targeted interval in the unit is suitable for development by horizontal wells and the reacts comprising the unit will contribute roughly equally to the wells production.
10. In my opinion, the granting of Lario Oil & Gas Company’s application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
11. The attached exhibits were either prepared by me or under my supervision, or were compiled from company business records.
12. I understand this SELF-AFFIRMED STATEMENT will be used as written testimony in the case. I affirm my testimony above is true and correct and is made under the 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.

DocuSigned by:

 A705072797904D3...
 Kristopher Clemons

6/7/2024

Date

28610 Pine Drive - Evergreen, CO 80439

859.321.5558 - Clemons.kit@gmail.com

Kristopher (Kit) Clemons

Profile

Vice President of Geoscience with proven management and technical expertise in conventional and unconventional exploration and exploitation business environments. Strong ability to work and coordinate with multiple disciplines (Geoscience, Operations, Marketing, Finance, Accounting, Land, Regulatory, EHS) to meet company objectives and steward full cycle field development. Strengths in stratigraphy, structural geology and geomechanics.

Experience

Vice President Geoscience – Lario Permian LLC, Lario Oil & Gas Company, Denver, CO (2016 - Present)

Permian Basin, Mid-Con and Rockies Mountain Regions, Regional Assessment, New Plays and Exploration, Conventional and unconventional play assessment / play mapping. Led the geoscience effort to identify, build, and develop Lario's Midland Basin unconventional position culminating in the successful asset divestiture to Diamondback in 2023 ((\$1.5 B).

Senior Geologist – Lario Oil & Gas Company, Denver, CO (2015 - 2016)

Permian Basin and Rockies Mountain Regions, Regional Assessment, New Plays and Exploration
Conventional and unconventional play assessment / play mapping

Senior Geologist – Pioneer Natural Resources, Denver, CO (2013 –2015)

Rockies Mountain Region and Appalachian Basin New Plays and Exploration
Conventional and unconventional play assessment / play mapping
Lead maturation and prospect development

Geologist II - Pioneer Natural Resources, Irving, TX (2010 – 2013)

Regional assessment of the Gulf Coast and Permian Basin
Geomechanical evaluation of unconventional targets
Seismic attribute analysis and seismic sweet-spot mapping
Exploitation geology – well planning and execution

Geologist I – Pioneer Natural Resources, Irving, TX (2009)

Regional assessment of the Permian Basin Spraberry and Wolfcamp intervals
Wolfcamp Lateral well planning
Permian geomechanics / fracture stratigraphy

Skill Set

Technical: 2D/3D seismic interpretation, well log correlation, structural analysis, geomechanical evaluation, geochemical evaluation (Oil geochem, RockEval, and x-ray fluorescence), geologic model building, well planning, and geosteering. Designated Technical Key Expert (Jan 2015)

Management: Managed multidisciplinary team of geoscientist and engineers in Permian Basin horizontal asset and Midcon conventional asset development with emphasis on efficient and effective resource exploitation.

Mentor: Experience developing continuing education program for Lario geoscience staff. Experience as primary and co-mentor for summer intern program and new hires at Pioneer NRC (2013-2015)

Computing: Petra, Kingdom SMT, SES Geosteering, Paradigm, Geographix, Geolog, Arc GIS, Oasis Montage, Rose and Assoc Risking and Spotfire.

Industry related publications and presentations

Pandey, V. Nekrasova, T., **Clemons, K.**, and Six, B. 2020. Prediction of 3-D Facies and Petrophysical Models using Seismic Inversion and Advanced Statistical Data Analytics in Midland Basin Study Area. Unconventional Resources Technology Conference (URTeC) DOI 10.15530/urtec-2020-2442.

Mohamed, A., **Clemons, K.**, Pandey, V., Six, B., Chesser, K., and Swami, V. 2019. Seismic-driven pore and fracture pressure prediction in the Permian Basin, SEG Technical Program Expanded Abstracts : 4947-4951.

Clemons, K. and Havens, J. 2017. High frequency depositional variability in interbedded carbonates and shales affects mechanical heterogeneity: implications for resource exploitation in the Wolfcamp Formation, West Texas, USA., 2017 RMAG DWLS Fall Symposium - Geology and Petrophysics of Unconventional Mudrocks, 2017.

Clemons, K. M., Bello, H., Bodziak, R., McChesney, M., Meek, R., and Stephens, A. 2016. Seismic Attributes: Exploiting seismic data to understand heterogeneous reservoir performance in the Eagle Ford Shale, South Texas, USA. AAPG Eagle Ford Memoir 110.

Drake, William R., Pollock, Caleb J., Henk, Bo, Anderson, Justin B., and **Clemons Kristopher M.** , 2015. Evolution of the Southwestern Midcontinent Basin During the Middle Pennsylvanian: Evidence From Sequence Stratigraphy, Core and XRF in Southeastern Colorado* AAPG Annual Convention & Exhibition, Denver, Colorado, May 31-June 3, 2015. Search and Discovery Article #10753 (2015).

Bodziak, R.M., **Clemons, K. M.**, Meek, R., and Stephens, A. 2014. The role of seismic attributes in understanding the 'frac-able' limits and reservoir performance in shale reservoirs: An Example from the Eagle Ford Shale, South Texas, USA. AAPG Bulletin Special Issue: Faulting and Fracturing in Shale and Self-Sourced Reservoirs. AAPG Bulletin, v .98, No. 11, November 2014.

Bello, H.D., Barzola, G., Portis, D., Tinnin, B., **Clemons, K.**, 2013. Multiuse of Seismic and Attribute Mapping for Field Appraisal and Development in the Eagle Ford Shale: Mapping TOC, Porosity and Seal Integrity. Unconventional Resources Technology Conference held in Denver, Colorado, USA, 12-14 August 2013. URTeC #158153.

Clemons, Kristopher, Bodziak, Robert, Meek, Robert and Stephens, Andy, 2012. Leveraging seismic attributes to understand the “frac-able” limits and reservoir performance in the Eagle Ford Shale, South Texas, USA. AAPG 2013 Annual Convention, Long Beach, CA. AAPG Search and Discovery, <http://www.searchanddiscovery.com/abstracts/html/2012/90142ace/abstracts/clemons.htm>.

Clemons, Kristopher, 2010. Fracture stratigraphy and mechanical stratigraphy evolution and The implications for fluid migration in tight reservoirs. *2010 West Texas Geological Society Fall Symposium, Pub No. 10-123*.

Clemons, Kristopher, 2010. Recognizing variations in the relationship between the mechanical and fracture stratigraphies of the Pennsylvanian-Permian section, Midland Basin. *2010 West Texas Geological Society Fall Symposium, Pub No. 10-123*.

Other publications and presentations

Clemons, Kristopher and Bartley, J.M., 2008. Evidence for Discrete and Distributed Deformation Accommodated by Bookshelf Faulting from the Central Sierra Nevada, California, American Geophysical Union, Fall Meeting 2008, abstract #T41A-1956, AGU Fall meeting.

Clemons, Kristopher, Moecher, D.P., 2008. Re-interpretation of the Deformation History of the Greenbrier Fault, Great Smoky Mountains: Critical Assessment of Previous Work, *Southeastern Geology*, vol. 45, no. 4, pp.203-224.

Moecher, D. P. and **Clemons, Kristopher**, 2008. Re-examination of the Greenbrier Fault: Post metamorphic Slip on a faulted stratigraphic contact, *Geological Society of America Abstracts with Programs*, Vol. 40, No. 4, p. 68

Clemons, Kristopher and Bartley, John, M., 2008. Field and petrofabric relations of the Long Lake shear zone and the Treasure Lakes phase, Lamarck Granodiorite, central Sierra Nevada, California. *Geological Society of America Abstracts with Programs*, Vol. 40, No. 1, p. 52

Moecher, David P., Anderson, Eric D., **Clemons, Kristopher**, and Massey, Matthew A., 2007. The pattern of tectonic overprinting in the Western-Central Blue Ridge by deformation propagating from Eastern Blue Ridge-Inner Piedmont convergence, *Geol. Soc. of Am. Abstracts with Programs*, Vol. 39, No. 2, p. 79

Southworth, Scott, **Clemons, Kristopher**, Schultz, Art, Kunk, Michael J., Aleinikoff, John N., Naeser, Charles, Naeser, Nancy, and Denenny, Danielle, 2006. The Polygenetic Greenbrier fault, Great Smoky Mountains, TN/NC. *Geol. Soc. Abstracts with Programs*. Progs. No. 27, T2, 27-6.

Clemons, Kristopher and Moecher, D.P, 2006. Kinematic and Petrofabric Analysis of the Greenbrier Discontinuity, Great Smoky Mountains, North Carolina and Tennessee. *Geol. Soc. Am. Abstracts with Programs*. No. 27, T2, 27-5.

Clemons, Kristopher and Moecher, D.P., 2004. Petrofabric Analysis of the Great Smoky – Snowbird Group Contact, Cove Creek Area, Eastern Great Smoky Mountains, NC., *Geol. Soc. Am. Abstracts with Programs*. No. 43, T24, 43-20, 48.

Education

MS Geology (2006) University of Kentucky, Lexington KY. Thesis: Petrofabric and Geochemical Analysis of the Great Smoky – Snowbird Contact, Western Blue Ridge, North Carolina and Tennessee
BA Political Science (1996) Eastern Kentucky University, Richmond, KY.

Professional Society Memberships and other professional associations

University of Kentucky Department of Earth and Environmental Sciences Alumni Board Member
American Association of Professional Geologists
Rocky Mountain Association Geologists
West Texas Geological Society
Geological Society of America

References

Available upon request

EXHIBIT B-1a

Proposed Location

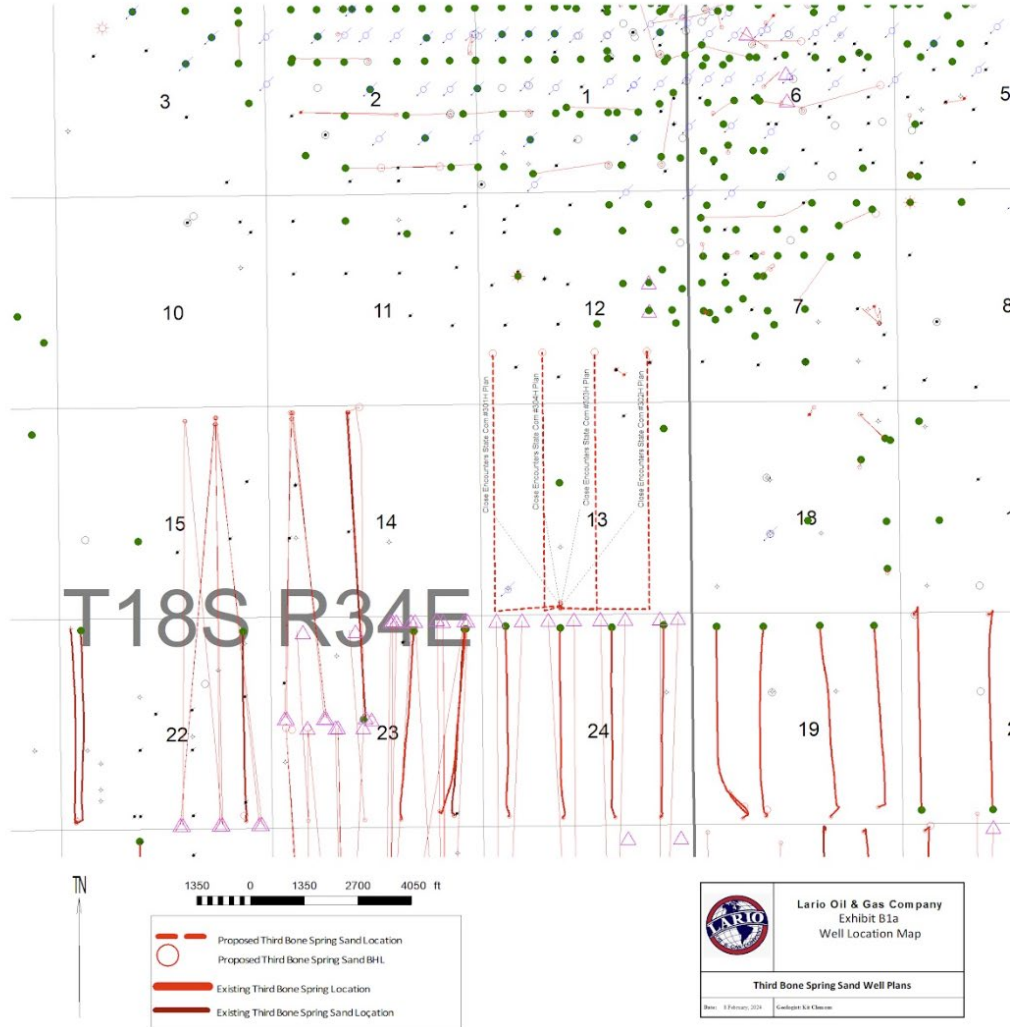


EXHIBIT B-1b

Proposed Location

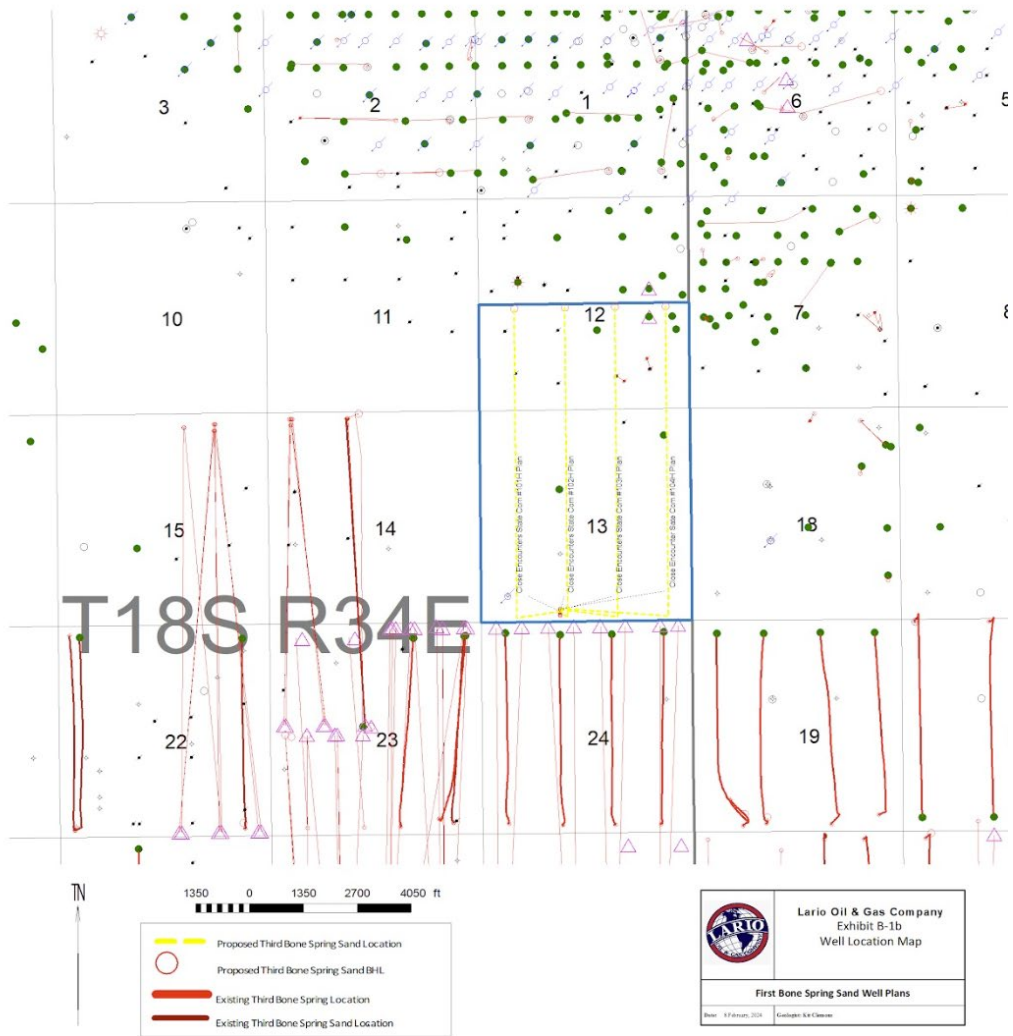
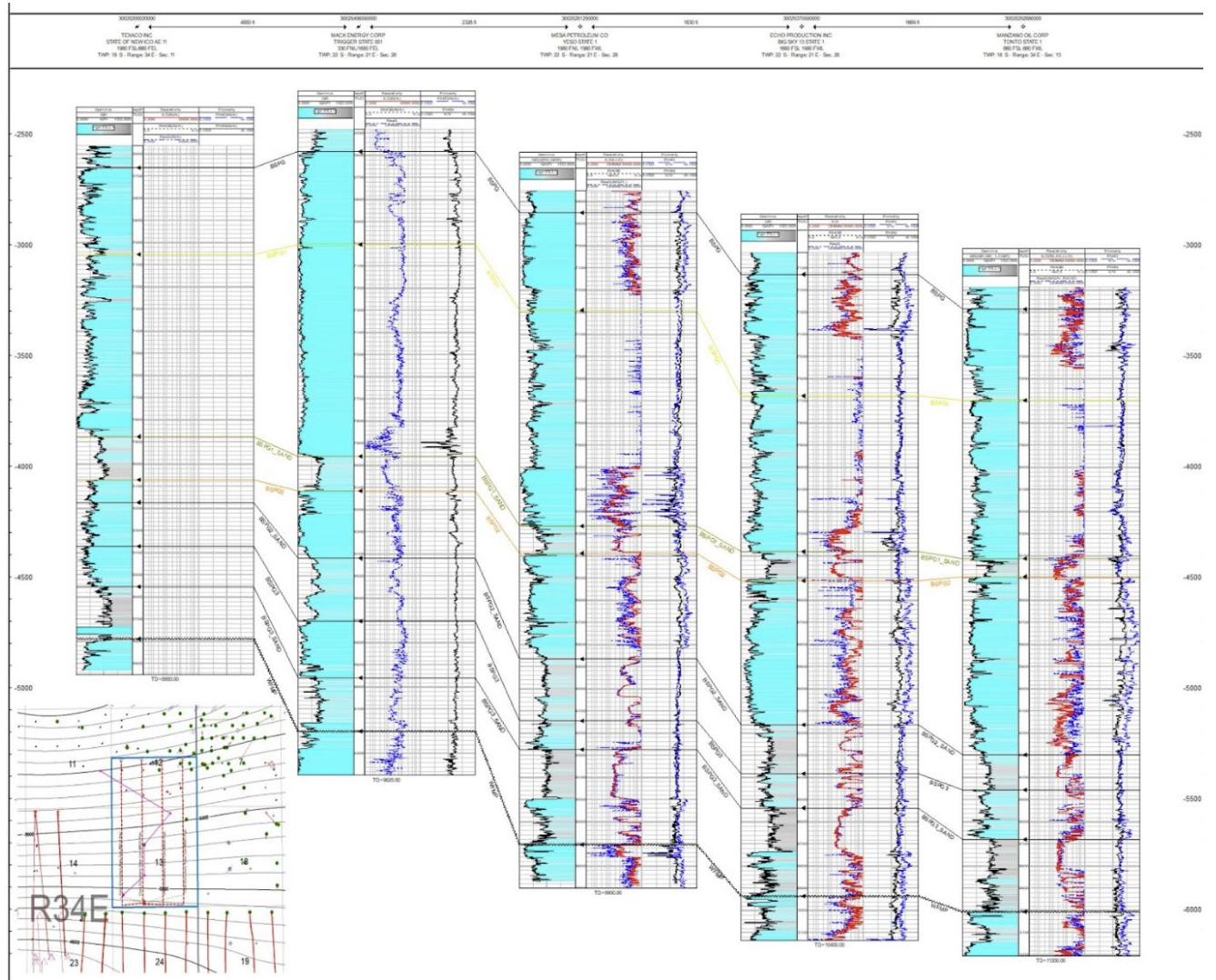
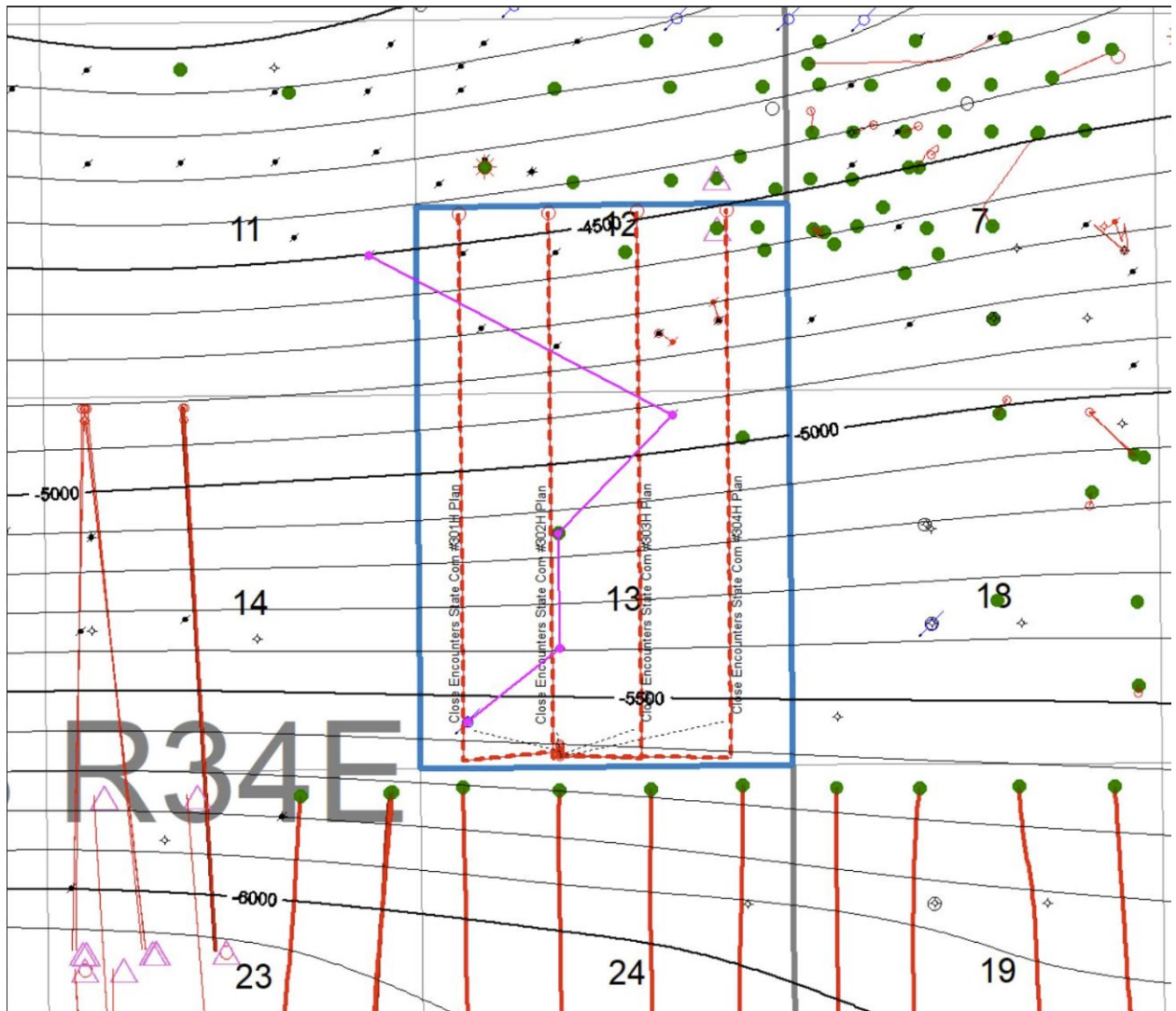
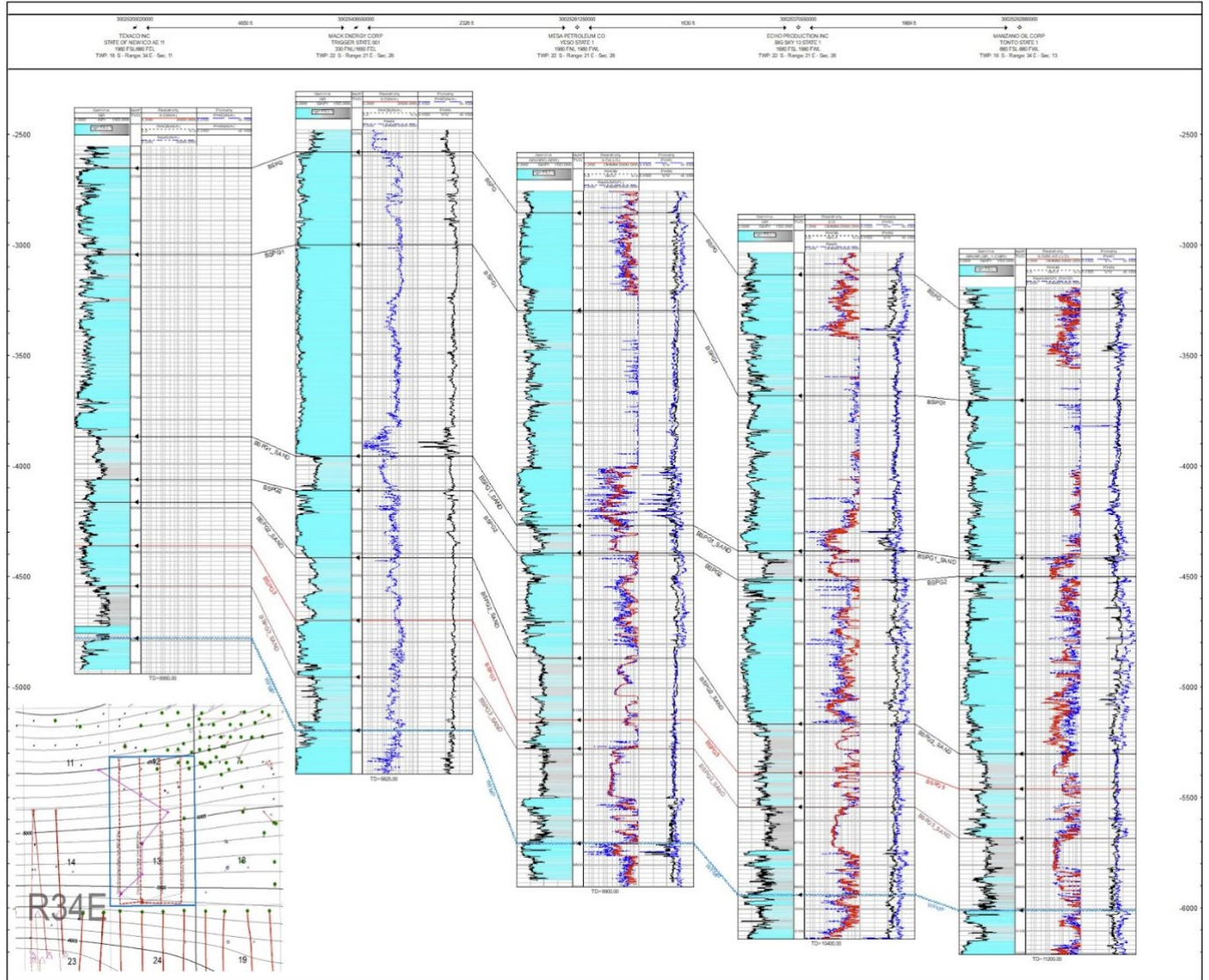


EXHIBIT B-2







Proposed Location



Legend:

- Proposed Third Bone Spring Sand Location
- Proposed Third Bone Spring Sand BHL
- Existing Third Bone Spring Location
- Existing Third Bone Spring Sand Location

	Lario Oil & Gas Company Exhibit B2
Close Encounters State Com 301, 302, 303, 304	
Rev: 7 February, 2024	Created by: S&P Clever

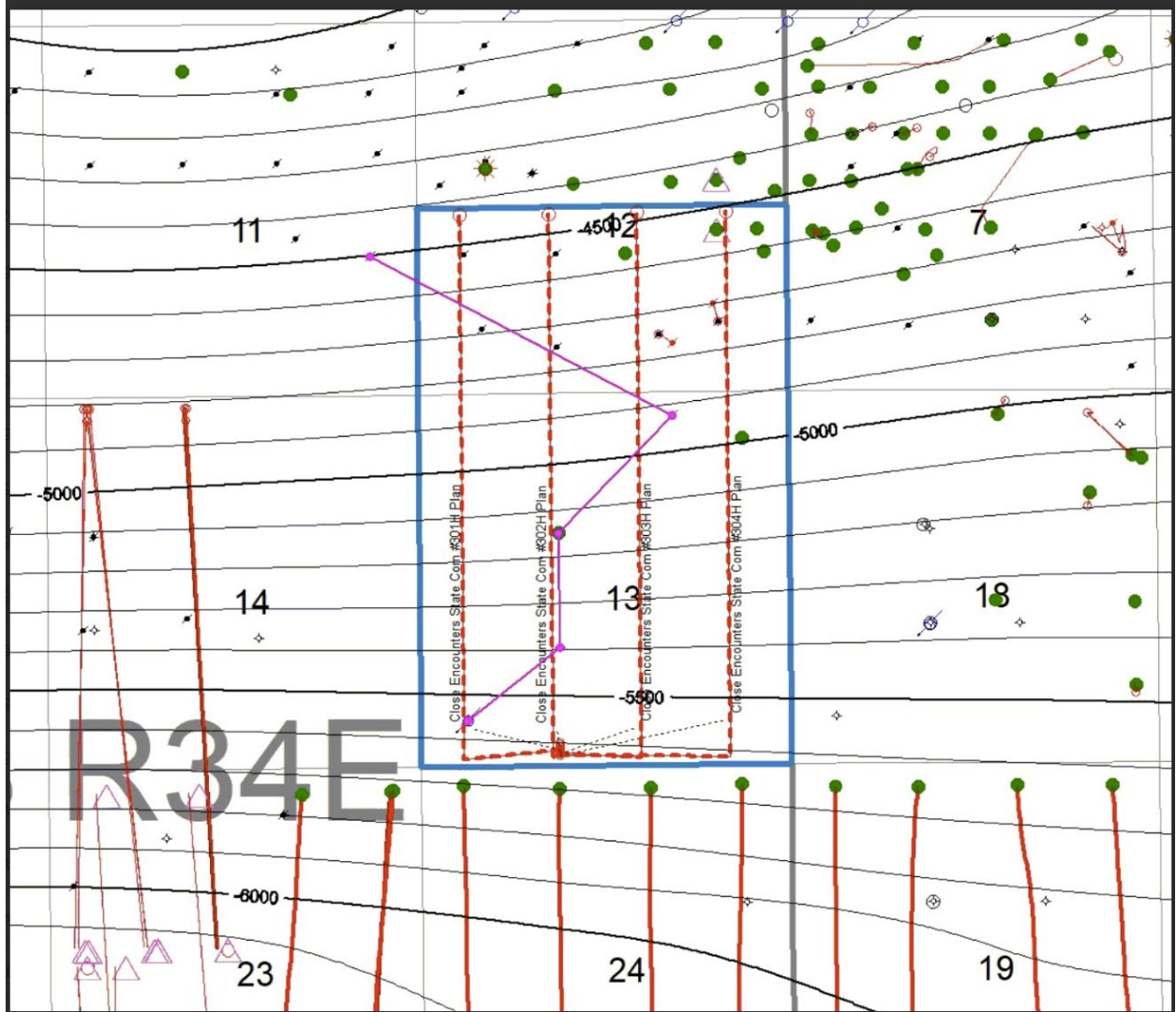
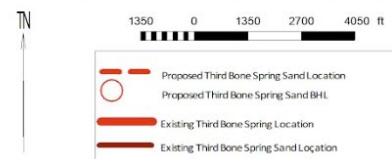
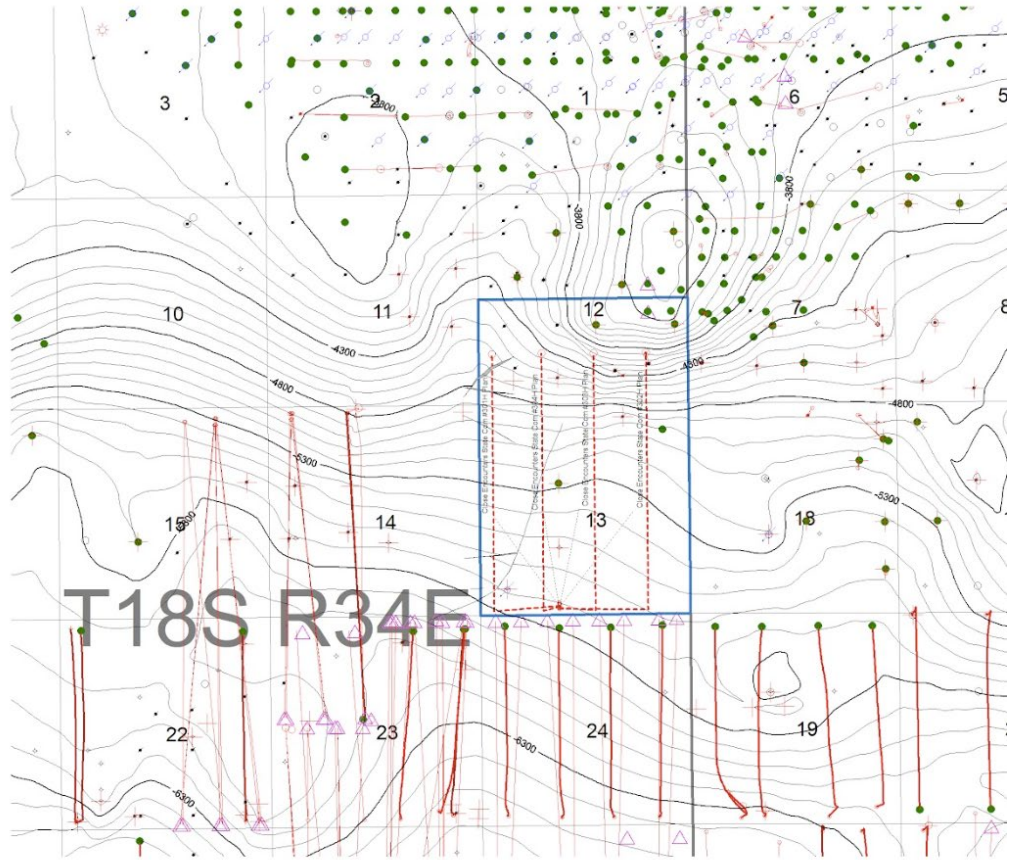


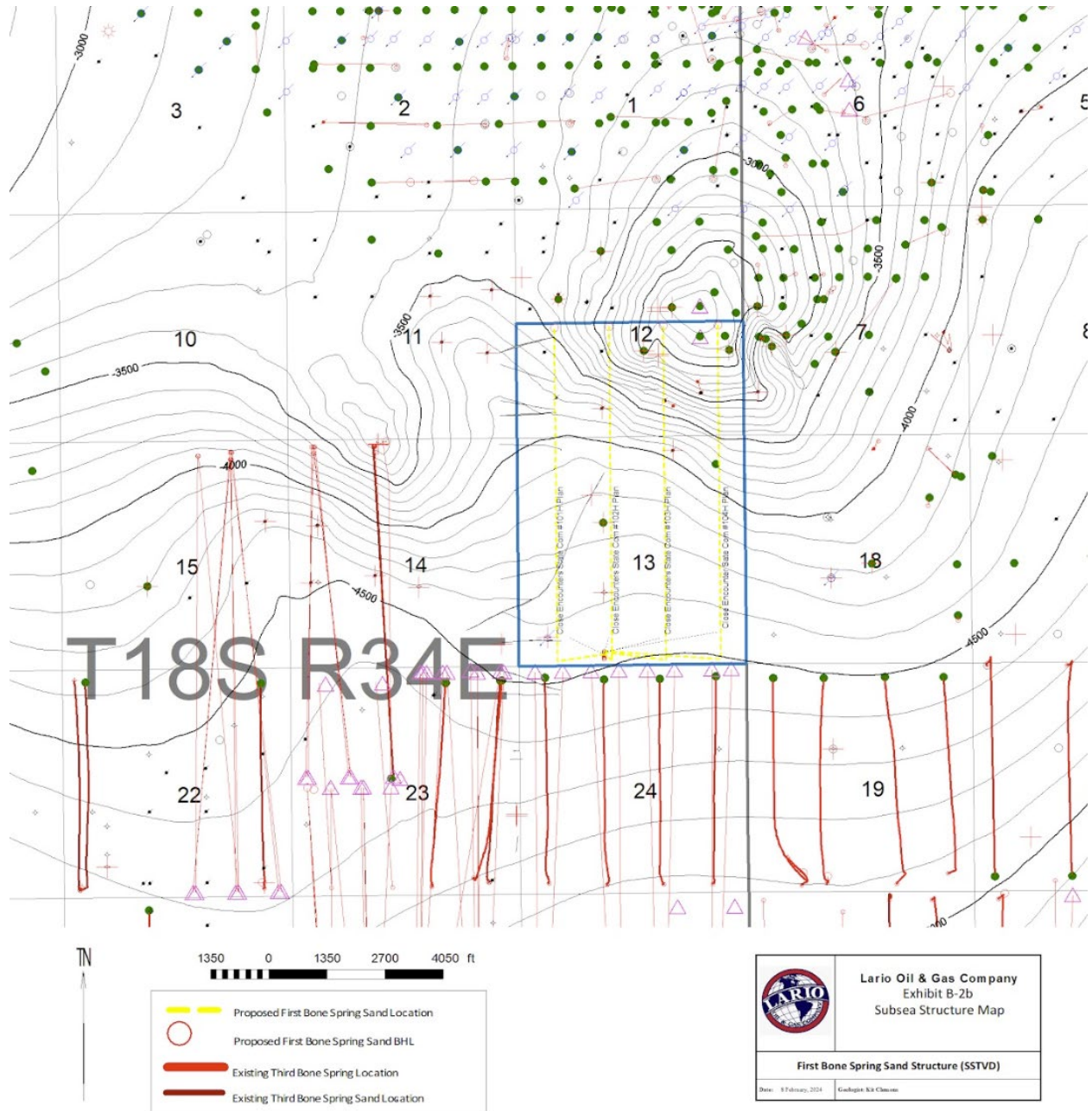
EXHIBIT B-2a

Proposed Location

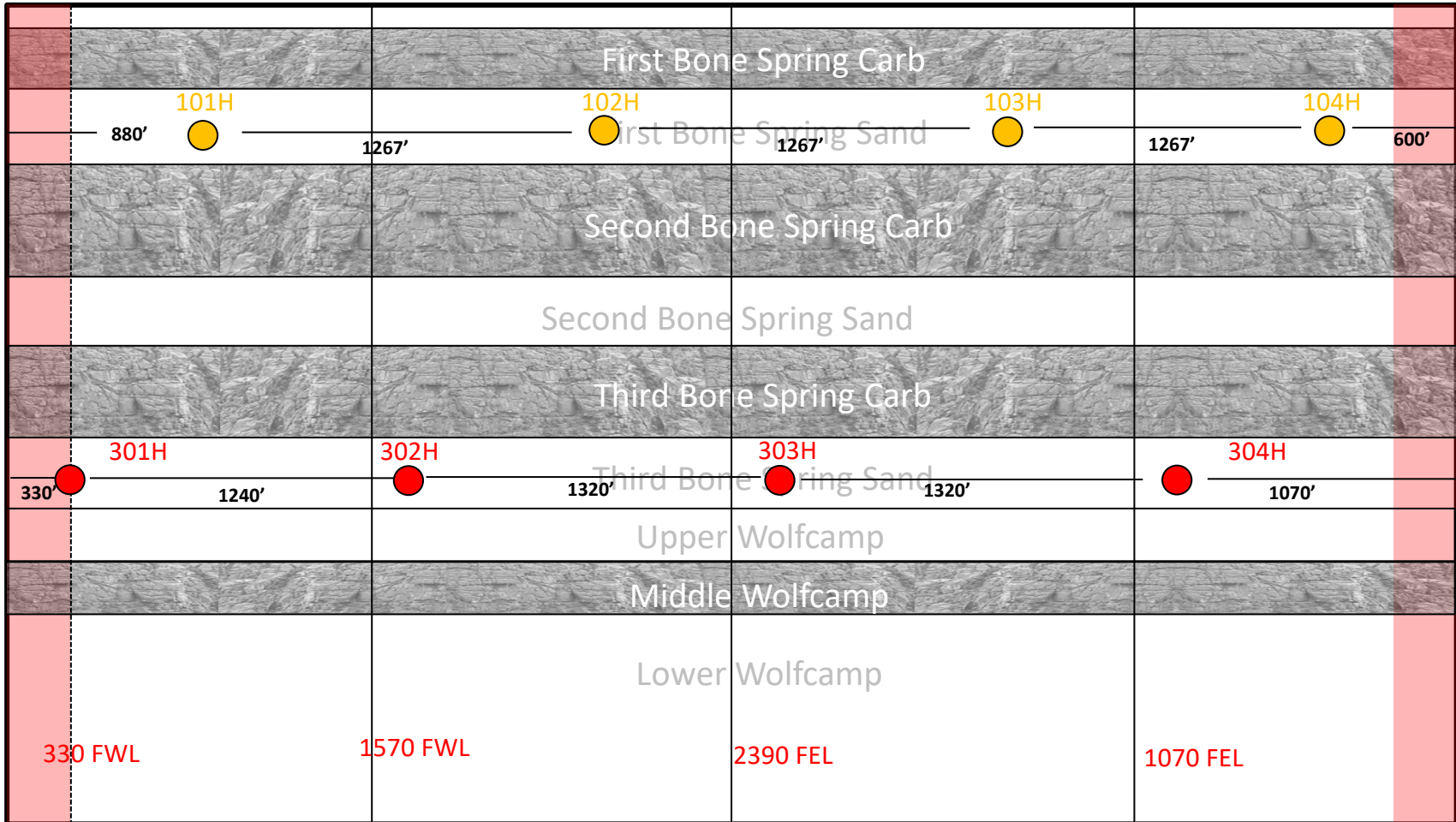


	Lario Oil & Gas Company Exhibit B1a Subsea Structure Map
	Third Bone Spring Sand Subsea Structure
Rev: 9 April 2024	Copyright © LARGO

EXHIBIT B-2b

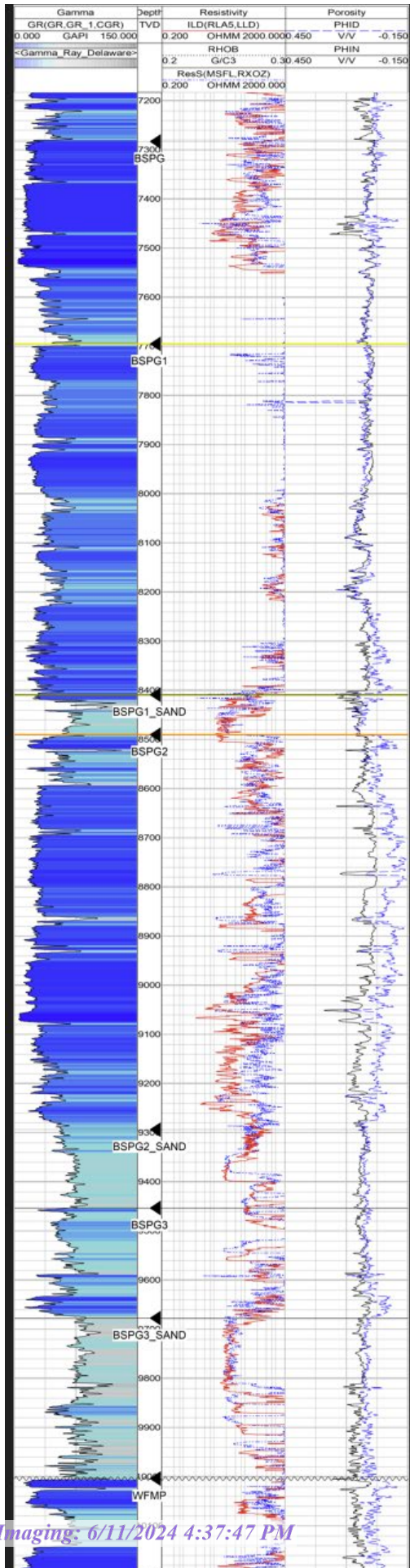


Close Encounters State Com Unit Development (Gunbarrel View)



5280'

EXHIBIT B-4



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

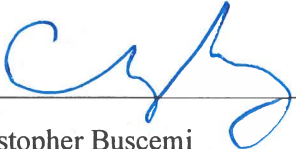
**APPLICATION OF LARIO OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24493

**SELF-AFFIRMED STATEMENT
OF CHRISTOPHER BUSCEMI**

1. I am an engineer for Lario Oil & Gas Company. I am over 18 years of age, have a personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have not previously testified before the New Mexico Oil Conservation Division (“Division”).
2. I have a bachelor’s degree in mechanical engineering from the University of Florida and 14 years of experience in the petroleum industry. I have had a variety of roles in reservoir engineering over my career, with a focus on unconventional horizontal well development. A copy of my resume is attached under exhibit C-3.
3. In this case, Lario seeks the approval of a 960-acre non-standard Bone Springs Unit.
4. The single non-standard unit would significantly reduce the anticipated costs and surface disturbance compared to 4-standard spacing units.
5. Exhibit C-1 illustrates the central tank batteries required in a non-standard unit as opposed to using standard horizontal spacing units. Exhibit C-2 compares the estimated cost and surface disturbance reductions if able to proceed with a non-standard unit.

- 6. In my opinion, the granting of this non-standard spacing application will allow Lario to limit surface disturbance, allow for effective well spacing across the Bone Springs formation, and locate facilities in the most efficient manner.
- 7. The attached exhibits were either prepared by me or under my supervision, or were compiled from company business records.
- 8. I understand this SELF-AFFIRMED STATEMENT will be used as written testimony in the case. I affirm my testimony above is true and correct and is made under the 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.



Christopher Buscemi

6/10/2024

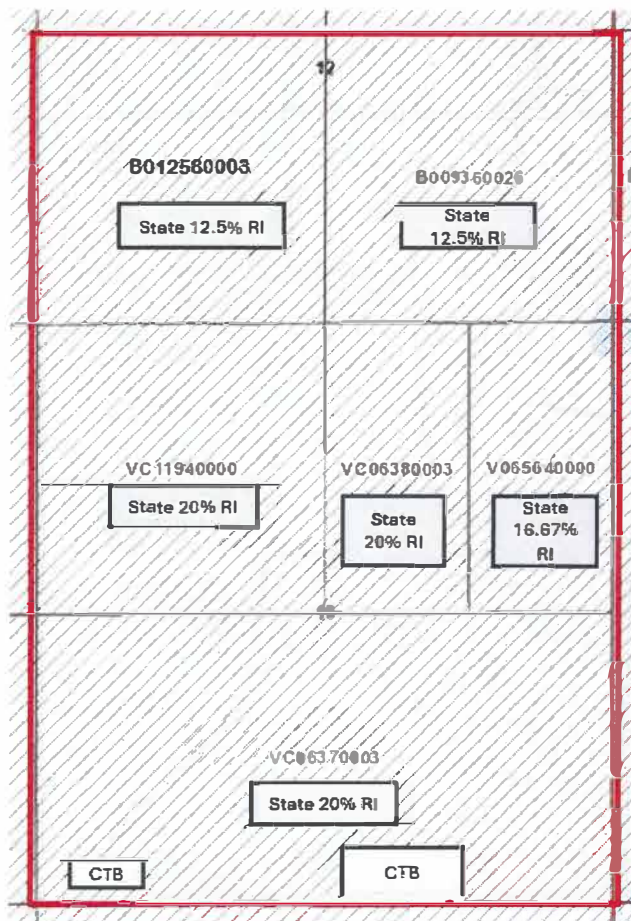
Date

Facilities Comparison Map

Case No: 24493

Lease Tract Map: S/2 of Section 12, ALL of Section 13 T18S R34E, Lea County, New Mexico Standard Unit vs. Non-Standard Unit

Non-Standard Unit; 1 UNIT and 2 CTB



Standard Unit; 4 UNIT and 4 CTB



Case No: 24493

Facilities Comparison

Scenario	Design Basis per CTB (BOPD)	CTB Cost (\$M)	Pipeline Cost (\$M)	Total Capital (\$M)	CTB and Pipeline Disturbance (Acres)
Four Separate Facilities	2,500	\$8.0	\$1.0	\$9.0	15
Two Pooled Facilities	2,000 / 8,000	\$5.5	\$0.6	\$6.1	9.9
SAVINGS		\$2.5	\$0.4	\$2.9	5.1



CHRISTOPHER M. BUSCEMI

Cell: (850)529-0706 cbuscemi2238@gmail.com

PROFESSIONAL SUMMARY

Highly motivated, results-oriented Reservoir Engineer known as a consistent team player with strong technical and leadership abilities.

WORK HISTORY

- 09/2023 - VP of Engineering
- Present Lario Oil & Gas Company – Denver, CO

- 08/2022 - Exploitation Manager
- 07/2023 Four Corners Petroleum – Golden, CO

- 10/2021 - Staff Reservoir Engineer
- 05/2022 Great Western Petroleum, LLC – Denver, CO

- 09/2017 - Reservoir Engineering Manager – Permian Division
- 05/2021 QEP Resources – Denver, CO

- 05/2016 - Reservoir Engineering, Team Lead
- 09/2017 QEP Resources – Denver, CO

- 10/2013 - Reservoir Engineer – Pinedale
- 05/2016 QEP Resources - Denver,CO

- 07/2010 - Reservoir Engineer
- 10/2013 ExxonMobil Corporation, US Production Company -Houston, TX

EDUCATION

- 2010 Bachelor of Science: Mechanical Engineering
- University of Florida - Gainesville, FL
 - Graduated Magna Cum Laude

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

APPLICATION OF LARIO OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 24493

AFFIRMATION OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

I, Christopher W. Lawyer, counsel for and authorized representative of Lario Oil & Gas Company (“Lario”), the Applicant herein, being first duly sworn, upon oath, states the following:

- 1) Notice of the application and hearing in the above referenced case was timely sent by certified mail, return receipt requested, through the United States Postal Service on May 7, 2024, to all interest owners sought to be pooled in this proceeding. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits D-1 and D-2.
- 2) Notice was sent to Hobbs News Sun, a newspaper on May 17, 2024, and was timely published on May 21, 2024. See Exhibit D-3.
- 3) During Lario’s additional review of title, it was discovered that a working interest owner sold to Matador Resources Company (“Matador”), after which Lario promptly sent an additional letter to Matador on May 13, 2024.
- 4) It is my understanding that Lario has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

I understand that this Affirmation will be used as written testimony before the Division in Case No. 24493 and affirm my testimony herein is true and made under penalty of perjury under the laws of the State of New Mexico.

DocuSigned by:
Christopher W. Lawyer
E69167BFEBFB4AD...
Christopher W. Lawyer

6/7/2024

Date

KEARNEY MCWILLIAMS & DAVIS



ATTORNEYS AT LAW

Denver: 1625 Broadway, Suite 2950, Denver, CO 80202
Fort Worth: 777 Main, Suite 600, Fort Worth, TX 76102
Phone: (713) 936-9620 or (720) 863-4012

Houston: 55 Waugh, Suite 150, Houston, TX 77007
San Antonio: 8626 Tesoro, Suite 816, San Antonio, TX 78217
Fax: (713) 936-9621

www.KMD.law

May 7, 2024

State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87501

Via Certified Mail

**RE: Notice of Compulsory Pooling Hearing
Case No. 24493
NMOCD Notice - Rule 19.15.16.15(B)(5)(b)
Bone Spring Formation
Lea County, NM**

To Whom It May Concern;

Pursuant to New Mexico Administrative Code (“NMAC” or the “Division”) Rule 19.15.4.12(A) you are receiving this notice because are an owner of interest in the mineral estate or portion of lands proposed to be pooled in Lario Oil & Gas Company’s (“Lario”) application pursuant to NMAC Rule 19.15.16.15(B)(5)(b) for Compulsory Pooling and approval of a Non-Standard Spacing Unit in the Bons Spring (the “Application”) for the following wells situated in Lea County, NM. The Application, attached, was filed with the Division on April 29, 2024 and has been assigned Case No. 24493.

- 1) **Close Encounters State Com 101H (API 30-025-52808)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East;
- 2) **Close Encounters State Com 102H (API 30-025-52809)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East;

- 3) **Close Encounters State Com 103H (API 30-025-52810)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;
- 4) **Close Encounters State Com 104H (API 30-025-52811)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18 South, Range 34 East;
- 5) **Close Encounters State Com 301H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;
- 6) **Close Encounters State Com 302H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;
- 7) **Close Encounters State Com 303H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 12, Township 18 South, Range 34 East; and
- 8) **Close Encounters State Com 304H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.

The matter of the Application will be heard at the Division hearing on June 13, 2024 which will take place at the Division at Pecos Hall, 1220 South Francis, Santa Fe New Mexico, 87505. The hearings typically begin. Should you require any further information regarding the Division hearing process please visit <https://www.emnrd.nm.gov/ocd/ocd-announcements-and-notifications/>.

Should you wish to protest the Application, you must file your protest in writing with the Division at OCD.Hearings@emnrd.nm.gov, listing the Case No. and details regarding the protest.

Should you have any questions about Lario's Application please contact Dakota Nahm at Dakota@lario.net or at 720-573-9816.

Notice Letter Tracking Spreadsheet

<u>Recipient</u>	<u>Receipt Confirmation Received</u>	<u>Undeliverable Receipt Received</u>
The Allar Company	05/13/2024	
Broken Arrow Royalties, LLC	05/17/2024	
Cavalry Resources, LLC	05/15/2024	
Chase Oil Corporation		
COG Operating LLC	05/13/2024	
Cornerstone Family Trust John Kyle Thomas, Trustee		
Cross Timbers Energy LLC	Yes. Date not included	
CrownRock Minerals, LP	05/14/2024	
DENM Holdco LLC	Yes. Date not included	
DiaKan Minerals, LLC		
DSD Energy II, LLC	Yes. Date not included	
DSD Energy Resources, LLC	Yes. Date not included	
Franklin Mountain Energy 3, LLC	Yes. Date not included	
Highland (Texas) Energy Company	05/23/2024	
Loma Hombre Energy, LLC	Yes. Date not included	
Mack Energy Corporation	05/28/2024	
Marathon Oil Permian, LLC	05/10/2024	
Matador Resources Company	05/20/2024	
MorningStar Operating, LLC	Yes. Date not included	
RDC Minerals, LLC		
State Land Trust of New Mexico	Yes. Date not included	
State of New Mexico	Yes. Date not included	
Strategic Energy Income Fund IV, LP	05/13/2024	
T.H. McElvain Oil & Gas, LLLP	Yes. Date not included	
Thomaston, LLC	Yes. Date not included	
Ventana Minerals, LLC		
XTO Holdings, LLC	Yes. Date not included	

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Signature: (Addressee or Agent)

[Handwritten Signature]

B. Received By: (Printed Name) **Beaurgard** C. Date of Delivery **5-8-24**

1. Article Addressed to:

**MACK ENERGY CORPORATION
11344 LOVINGTON HWY
ARTESIA NM 88210-9634**

D. Is delivery address different from Item 1? Yes
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11344 Lovington Hwy



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BROKEN ARROW ROYALTIES, LLC
PO BOX 472006
TULSA OK 74147-2006



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Brian B. B...

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Yes No



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HIGHLAND (TEXAS) ENERGY COMPANY
 11886 GREENVILLE AVE STE 106
 DALLAS TX 75243-3569



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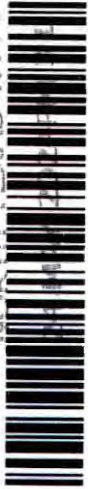
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1. Article Addressed to:

MATADOR RESOURCES COMPANY
One Lincoln Centre
5400 LYDON B JOHNSON FWY SUITE 1500
DALLAS TX 75240



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2. Article Number (Transfer from service label)

9414 7112 0623 9531 6328 65

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A. Signature: (Addressed)
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MAY 20 2024

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1. Article Addressed to:

FRANKLIN MOUNTAIN ENERGY 3, LLC
 44 COOK ST STE 1000
 DENVER CO 80206-5827



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2. Article Number (Transfer from service label)

9414 7112 0623 951E 4198 91

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Crystal McClain

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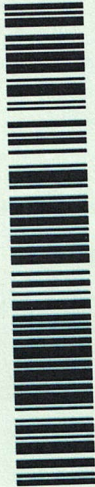
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DSD ENERGY II, LLC
 1100 N KIMBALL AVE STE 100
 SOUTHLAKE TX 76092-4738



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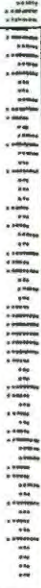


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<p>1. Article Addressed to:</p> <p>STATE OF NEW MEXICO 310 OLD SANTA FE TRL SANTA FE NM 87501-2708</p>		<p>B. Received By: (Printed Name)</p> <p>C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>9414 7112 0623 9516 4733 91</p>		<p>D. Is delivery address different from item 1? If YES, enter delivery address below:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
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1. Article Addressed to:

STATE LAND TRUST OF NEW MEXICO,
310 OLD SANTA FE TRL
SANTA FE NM 87501-2708

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1. Article Addressed to:

THOMASTON, LLC
 1600 STOUT ST STE 500
 DENVER CO 80202-3137



9490 9112 0623 9516 4434 11

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4430 73 0056271

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A. Signature Addressee or Agent

X *[Signature]*

B. Received By: (Printed Name)

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D. Is delivery address different from item 1? Yes No
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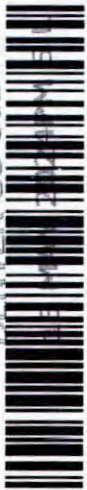
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Page 88 of 138

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DENVER CO 802



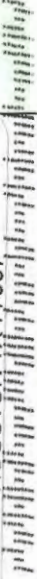
9490 9112 0623 9516 4434 11

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HOUSTON TX 77007



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1. Article Addressed to:

COG OPERATING LLC
 600 W ILLINOIS AVE
 MIDLAND TX 79701-4882



9490 9112 0623 9516 4489 28

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4489 62

PS Form 3811 Facsimile, July 2015 (SDC 3930)

A. Signature: (Addressee or Agent)

X

B. Received By: (Printed Name)

Javier Salas

C. Date of Delivery

5/13/24

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

3. Service Type

Certified Mail®

PS Form 3811 Facsimile, July 2015 (SDC 3930) (6/23)

UNITED STATES
POSTAL SERVICE

9490 9112 0623 9516 4395 06



USPS TRACKING

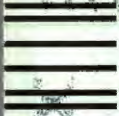
Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

HOUSTON TX 77007



300L00E

Postage & Fees Paid
USPS
Permit No. G-10



SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CROWNROCK MINERALS, LP
PO BOX 51933
MIDLAND TX 79710-1933



9490 9112 0623 9516 4395 06

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4395 26

A. Signature: (Addressee or Agent)

X *Judy Estes*

B. Received By: (Printed Name) *Judy Estes*

C. Date of Delivery *5/14/2024*

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

3. Service Type

Certified Mail®

3003-L003

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150
HOUSTON TX 77002

77002 TX HOUSTON

UNITED STATES
POSTAL SERVICE

irm 3811 Facsimile, July 2015 (SDC 3930) (632)

9490 9112 0623 9516 4414 31

USPS TRACKING #



SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**CROSS TIMBERS ENERGY LLC,
400 W 7TH ST
FORT WORTH TX 76102-4701**



9490 9112 0623 9516 4414 31

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4414 82

A. Signature: (Addressee or Agent)

X

B. Received By: (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?
If YES, enter delivery address below:

Yes No

3. Service Type

Certified Mail®

USPS TRACKING #
NORTH TEXAS TX 750



9490 9112 0623 9516 4466 42

UNITED STATES
POSTAL SERVICE

3007-33

Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150
HOUSTON TX 77007



SENDER: COMPLETE THIS SECTION

Released to Imaging: 6/11/2024 4:22:42 PM

Received by OCD: 6/11/2024 4:22:42 PM

■ Ensure items 1, 2, and 3 are completed.

■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MORNINGSTAR OPERATING, LLC
400 W 7TH ST
FORT WORTH TX 76102-4701



9490 9112 0623 9516 4465 42

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4465 93

PS Form 3811 Facsimile, July 2015 (SDC 3930)

COMPLETE THIS SECTION

A. Signature: (Addressee or Agent)

X

B. Received By: (Printed Name)

C. Date of Delivery

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

3. Service Type

Certified Mail®

Domestic Return Receipt

USPS TRACKING #



9490 9112 0623 9516 4365 67

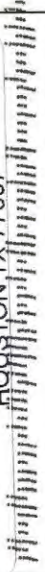
UNITED STATES
POSTAL SERVICE

3007-33

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

2007 LXL NOLSHOH



SENDER: COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

STRATEGIC ENERGY INCOME FUND IV, LP
U.S. Energy Development Corporation
AS MANAGING GENERAL PARTNER
1521 N COOPER ST STE 400
ARLINGTON TX 76011-5537



2. Article Number (Transfer from service label)

9414 7112 0623 9516 4365 56

9490 9112 0623 9516 4365 67

PS Form 3811 Facsimile, July 2015 (SDC 3930)

COMPLETE THIS SECTION

A. Signature: Addressee or Agent

B. Received By: (Printed Name) **M Davis**

C. Date of Delivery **5/3/24**

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

3. Service Type

Certified Mail®

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

3007-33

USPS TRACKING #

DENVER CO 802



9490 9112 0623 9516 4117 24

**UNITED STATES
POSTAL SERVICE**

PS Form 3811 Facsimile, July 2015 (SDC 3930) (8/23)

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150
HOUSTON TX 77002

SENDER: COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**T.H. MCELVAIN OIL & GAS, LLLP
 1819 DENVER WEST DR STE 260
 GOLDEN CO 80401-3118**



9490 9112 0623 9516 4117 24

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4117 68

COMPLETE THIS SECTION

A. Ship to <input type="checkbox"/> Addressee or <input type="checkbox"/> Agent	
B. Recipient Name: (Print Name)	C. Date of Delivery
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type

Certified Mail®



9490 9112 0623 9516 4131 86

UNITED STATES
POSTAL SERVICE

3007-33

Kearney
 McWilliams & Davis
 55 Waugh Drive
 Suite 150
 HOUSTON TX 77007

USPS
 Postage & Fees Paid
 Permit No. G-10
 First-Class Mail

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION

Released to Imaging: 6/11/2024 4:22:42 PM

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CAVALRY RESOURCES, LLC
 PO BOX 5442
 MIDLAND TX 79704-5442



9490 9112 0623 9516 4131 86

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4131 44

A. Signature: (Addressee or Agent)

X *Ally Custer*

B. Received By: (Printed Name)

ALLY CUSTER

C. Date of Delivery

6/15/24

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

3. Service Type

Certified Mail®

3007-33

Postage & Fees Paid
USPS
Permit No. G-10

9490 912 0623 9516 4199 80

UNITED STATES
POSTAL SERVICE

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150



- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

THE ALLAR COMPANY
 PO BOX 1567
 GRAHAM TX 76450-7567



9490 9112 0623 9516 4199 80

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4199 48

3. Service Type

Certified Mail®

A. Signature: (Addressee or Agent)

[Handwritten Signature]

B. Received By: (Printed Name)

[Handwritten Name]

C. Date of Delivery

[Handwritten Date]

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



USPS TRACKING #



9490 9112 0623 9516 4186 31

UNITED STATES
POSTAL SERVICE

3007-33

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

HOUSTON TX 77007



Postage & Fees Paid
USPS
Permit No. G-10

SENDER: COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

LOMA HOMBRE ENERGY, LLC
 PO BOX 50187
 MIDLAND TX 79710-0187



9490 9112 0623 9516 4186 31

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4186 82

COMPLETE THIS SECTION

A. Signature (Addressee or Agent)

X

B. Received By: (Printed Name)

John Hillman

C. Date of Delivery

D. Is delivery address different from item 1? If YES, enter delivery address below:

- Yes
- No



3. Service Type

Certified Mail®

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USPS TRACKING #

NORTH TEXAS TX 750



9490 9112 0623 9516 4462 21

UNITED STATES
POSTAL SERVICE

3007-33

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

260221X1ND1SNOH

SENDER: COMPLETE THIS SECTION

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DENM HOLDCO LLC
3724 HULEN ST
FORT WORTH TX 76107-6816



9490 9112 0623 9516 4462 21

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4462 65

PS Form 3811 Facsimile, July 2015 (SDC 3930)

COMPLETE THIS SECTION

A. Signature: (Addressee or Agent)

X *Gene Tatum*

B. Received By: (Printed Name)

C. Date of Delivery

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

3. Service Type

Certified Mail®

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION

Released to Imaging: 6/11/2024 4:22:42 PM

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
**XTO HOLDINGS, LLC,
 22777 SPRINGWOODS VILLAGE PKWY
 SPRING TX 77389-1425**



9490 9112 0623 9516 1061 32

2. Article Number (Transfer from service label)

9414 7112 0623 9516 1061 83

A. Signature: (Addressee or Agent)
XTO Holdings

B. Received By: (Printed Name)

C. Date of Delivery

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

3. Service Type
 Certified Mail®

USPS TRACKING #

HOUSTON TX RPDC 773



9490 9112 0623 9516 1061 32

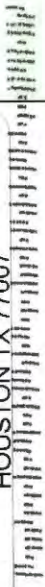
UNITED STATES
POSTAL SERVICE

33-1005

Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

HOUSTON TX 77007



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COMPLETE THIS SECTION

Released to Imaging: 6/11/2024 4:22:42 PM

- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DSD ENERGY RESOURCES, LLC
1150 N KIMBALL AVE STE 100
SOUTHLAKE TX 76092-4738



9490 9112 0623 9516 4150 29

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4150 63

A. Signature: (Addressee or Agent)

X

B. Received By: (Printed Name)

C. Date of Delivery

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

3. Service Type

Certified Mail®

Postage & Fees Paid
USPS
Permit No. G-10



USPS TRACKING #

NORTH TEXAS TX 750



9490 912 0623 9516 4150 29

**UNITED STATES
POSTAL SERVICE**

3007-33

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150



CERTIFIED MAIL

062S0014950029



\$8.690
US POSTAGE
FIRST-CLASS
FROM 77007
05/14/2024
stamps
endicia



9414 7112 0623 9531 6328 65

MATADOR RESOURCES COMPANY
One Lincoln Centre
5400 LYDON B JOHNSON FWY SUITE 1500
DALLAS TX 75240

A. Signature: (Addressee or Agent)
X

B. Received By: (Printed Name) **C. Date of Delivery**

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

3. Service Type

Certified Mail®

Domestic Return Receipt

■ Ensure items 1, 2, and 3 are completed.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
MATADOR RESOURCES COMPANY
One Lincoln Centre
5400 LYDON B JOHNSON FWY SUITE 1500
DALLAS TX 75240



9490 9112 0623 9531 6328 21

2. Article Number (Transfer from service label)
9414 7112 0623 9531 6328 65

PS Form 3811 Facsimile, July 2015 (SDC 3930)

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★ USA CMF - 134 08/23 ★



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COMPLETE THIS SECTION ON DELIVERY

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- Ensure items 1, 2, and 3 are completed.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MARATHON OIL PERMIAN, LLC
 990 TOWN AND COUNTRY BLVD
 HOUSTON TX 77024-2217



9490 9112 0623 9516 4478 91

2. Article Number (Transfer from service label)

9414 7112 0623 9516 4478 04

PS Form 3811 Facsimile, July 2015 (SDC 3930)

A. Signature: Addressee or Agent

X *Max Rodm* **2024**
 B. Received By: (Printed Name) **MAY 10 2024**
 Date of Delivery

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

3. Service Type

Certified Mail®

USPS TRACKING #

HOUSTON TX RPDC 770



9490 9112 0623 9516 4478 91

300-1003

UNITED STATES
POSTAL SERVICE

Postage & Fees Paid
USPS
Permit No. G-10

Kearney
McWilliams & Davis
55 Waugh Drive
Suite 150

40044 XT N045R00H
HOUSTON TX

Sheet can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

CERTIFIED MAIL

VOID

PS Form 3800 6/02

A

**Certified Mail
WITHOUT Physical Return
Receipt Service**

(No Return Receipt Card)

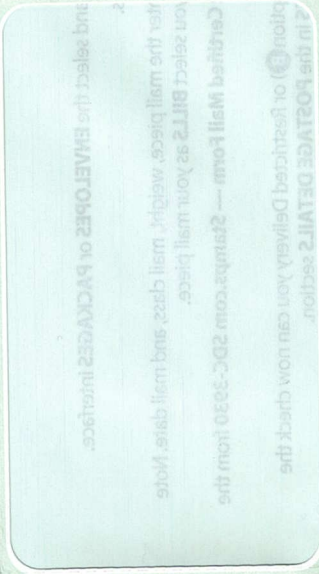
Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.

3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address when used with A or Return Address when used with B

← Fold and Tear →



CERTIFIED MAIL
CERTIFIED MAIL

FEEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER

9414 7112 0623 9516 1061 83

RETURN RECEIPT TRACKING NUMBER

9490 9112 0623 9516 1061 32

ARTICLE ADDRESS TO:

XTO HOLDINGS, LLC,
22777 SPRINGWOODS VILLAGE PKWY
SPRING TX 77389-1425

Postmark
Here



Top of the page

can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

VOID

CERTIFIED MAIL

PS Form 3800 6/02

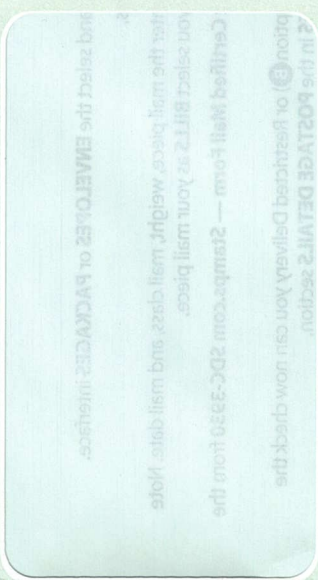
A **Certified Mail**
WITHOUT Physical Return
Receipt Service
 (No Return Receipt Card)
 Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.

3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address when used with A or Return Address when used with B

← Fold and Tear →



FEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
 9414 7112 0623 9516 4430 73

RETURN RECEIPT TRACKING NUMBER
 9490 9112 0623 9516 4434 11

ARTICLE ADDRESS TO:

THOMASTON, LLC
1600 STOUT ST STE 500
DENVER CO 80202-3137

Postmark Here

This sheet can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).



PS Form 3800 6/02

A

**Certified Mail
WITHOUT Physical Return
Receipt Service**

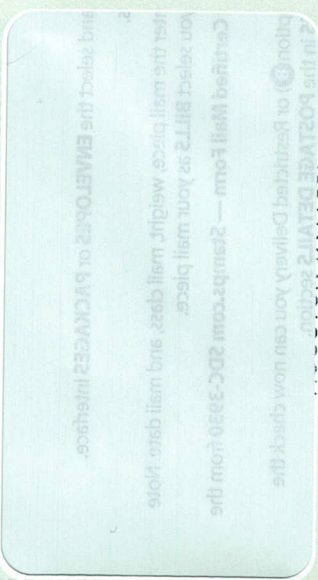
(No Return Receipt Card)
Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.

3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address when used with A or Return Address when used with B

← Fold and Tear →



FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4117 68

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4117 24

ARTICLE ADDRESS TO:

T.H. MCELVAIN OIL & GAS, LLLP
1819 DENVER WEST DR STE 260
GOLDEN CO 80401-3118

Postmark
Here

set can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

VOID

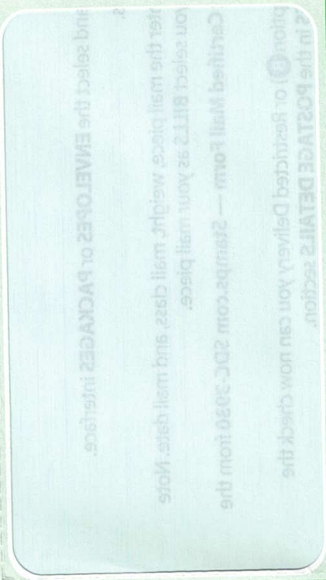
CERTIFIED MAIL

PS Form 3800 6/02

A **Certified Mail**
WITHOUT Physical Return Receipt Service
 (No Return Receipt Card)
Instructions
 1. Apply this label to the TOP EDGE of the mailpiece.
 2. Apply address label below to the CENTER of the mailpiece.
 3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address
when used with **A**
or **Return Address**
when used with **B**

← Fold and Tear →



CERTIFIED MAIL
CERTIFIED MAIL

FEES
 Postage per piece \$0.880
 Certified Fee \$4.400
 Return Receipt Fee \$3.650
Total Postage & Fees: \$8.930

OUTBOUND TRACKING NUMBER
 9414 7112 0623 9516 4365 56
RETURN RECEIPT TRACKING NUMBER
 9490 9112 0623 9516 4365 67

ARTICLE ADDRESS TO:

STRATEGIC ENERGY INCOME FUND IV, LP
 U.S. Energy Development Corporation
 AS MANAGING GENERAL PARTNER
 1521 N COOPER ST STE 400
 ARLINGTON TX 76011-5537

Postmark
Here

Sheet can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

CERTIFIED MAIL

VOID

PS Form 3800 6/02

A

**Certified Mail
WITHOUT Physical Return
Receipt Service**

(No Return Receipt Card)
Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.
3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address when used with A or Return Address when used with B

← Fold and Tear →

OUTBOUND TRACKING NUMBER

9414 7112 0623 9516 4733 91

RETURN RECEIPT TRACKING NUMBER

9490 8112 0623 9516 4733 40

FEES

Postage per piece

\$0.880

Certified Fee

\$4.400

Return Receipt Fee

\$3.650

Total Postage & Fees:

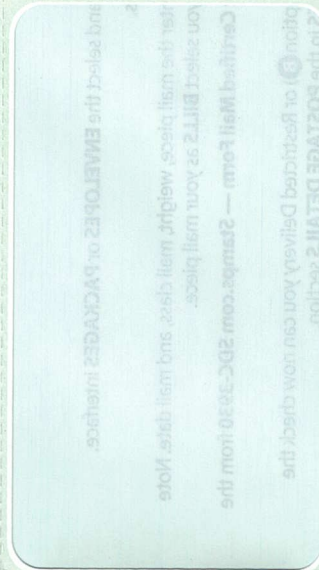
\$8.930

ARTICLE ADDRESS TO:

STATE OF NEW MEXICO
310 OLD SANTA FE TRL
SANTA FE NM 87501-2708

Postmark
Here

CERTIFIED MAIL
CERTIFIED MAIL



stamps.com

Top of the page

Label that can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

VOID

CERTIFIED MAIL

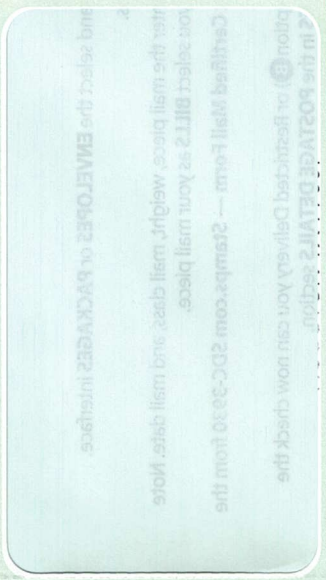
PS Form 3800 6/02

A
Certified Mail
WITHOUT Physical Return
Receipt Service
 (No Return Receipt Card)
Instructions
 1. Apply this label to the TOP
 EDGE of the mailpiece.
 2. Apply address label below
 to the CENTER of the
 mailpiece.

3. Peel the Certified Mail label
 below and fold it over your
 envelope, just above the
 postage so that it covers
 the existing Certified Mail
 marking.

Delivery Address
 when used with **A**
 or **Return Address**
 when used with **B**

← Fold and Tear →



CERTIFIED MAIL
CERTIFIED MAIL

FEES
 Postage per piece \$0.880
 Certified Fee \$4.400
 Return Receipt Fee \$3.650
Total Postage & Fees: \$8.930

OUTBOUND TRACKING NUMBER
 9414 7112 0623 9516 4789 73
RETURN RECEIPT TRACKING NUMBER
 9490 8112 0623 9516 4796 18

ARTICLE ADDRESS TO:

STATE LAND TRUST OF NEW MEXICO,
 310 OLD SANTA FE TRL
 SANTA FE NM 87501-2708

Postmark
Here



Top of the page

can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

A

Certified Mail
WITHOUT Physical Return
Receipt Service

(No Return Receipt Card)
Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.

3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address
when used with **A**
or Return Address
when used with **B**

← Fold and Tear →

CERTIFIED MAIL

VOID

PS Form 3800 6/02

FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4478 04

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4478 91

ARTICLE ADDRESS TO:

MARATHON OIL PERMIAN, LLC
990 TOWN AND COUNTRY BLVD
HOUSTON TX 77024-2217

Postmark
Here

CERTIFIED MAIL
CERTIFIED MAIL

This sheet can be used for one Certified Mail piece, which can be sent without Physical Return Receipt Service (Option A) or with Physical Return Receipt Service (Option B).

VOID

CERTIFIED MAIL

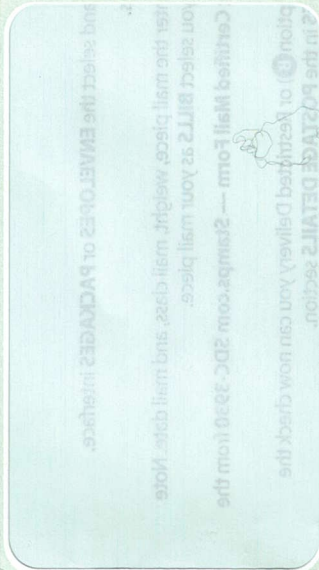
PS Form 3800 6/02

A
Certified Mail
WITHOUT Physical Return
Receipt Service
(No Return Receipt Card)
Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
2. Apply address label below to the CENTER of the mailpiece.
3. Peel the Certified Mail label below and fold it over your envelope, just above the postage so that it covers the existing Certified Mail marking.

Delivery Address
when used with **A**
or **Return Address**
when used with **B**

← Fold and Tear →



CERTIFIED MAIL
CERTIFIED MAIL

FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0523 9516 4465 93

RETURN RECEIPT TRACKING NUMBER
9490 8112 0523 9516 4465 42

ARTICLE ADDRESS TO:

MORNINGSTAR OPERATING, LLC
400 W 7TH ST
FORT WORTH TX 76102-4701

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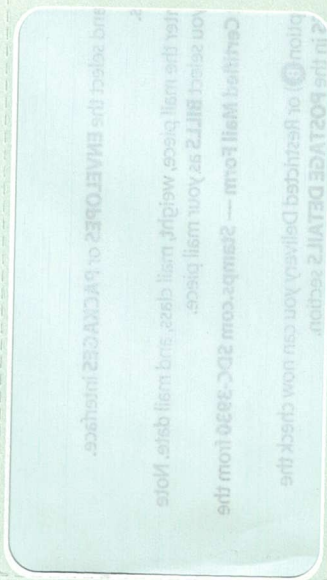
PS Form 3800 6/02

A **Certified Mail WITHOUT Physical Return Receipt Service**
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Instructions
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FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4186 82

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4186 31

ARTICLE ADDRESS TO:

LOMA HOMBRE ENERGY, LLC
 PO BOX 50187
 MIDLAND TX 79710-0187

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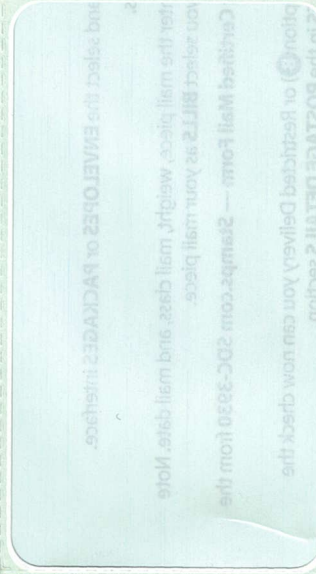
(No Return Receipt Card)
Instructions

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CERTIFIED MAIL
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FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4349 03

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4349 90

ARTICLE ADDRESS TO:

HIGHLAND (TEXAS) ENERGY COMPANY
11886 GREENVILLE AVE STE 106
DALLAS TX 75243-3569

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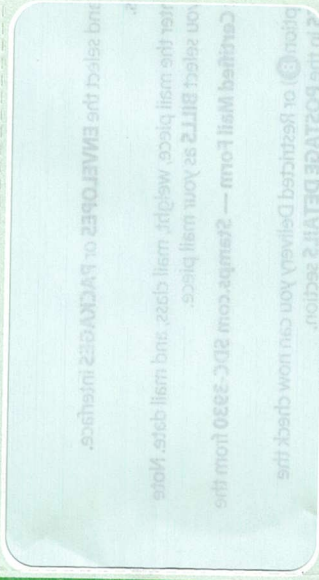


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FEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
 9414 7112 0623 9516 4498 91

RETURN RECEIPT TRACKING NUMBER
 9490 9112 0623 9516 4498 40

ARTICLE ADDRESS TO:

FRANKLIN MOUNTAIN ENERGY 3, LLC
 44 COOK ST STE 1000
 DENVER CO 80206-5827

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 or Return Address
 when used with **B**

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OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4150 63

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4150 29

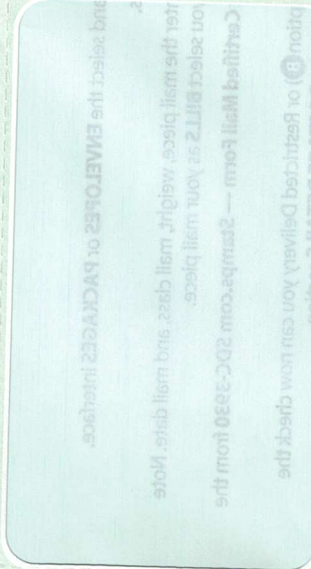
ARTICLE ADDRESS TO:

DSD ENERGY RESOURCES, LLC
1150 N KIMBALL AVE STE 100
SOUTH LAKE TX 76092-4738

FEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

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**Delivery Address
when used with A
or Return Address
when used with B**

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OUTBOUND TRACKING NUMBER

9414 7112 0623 9516 4103 89

RETURN RECEIPT TRACKING NUMBER

9490 9112 0623 9516 4103 38

FEES

Postage per piece \$0.880
 Certified Fee \$4.400
 Return Receipt Fee \$3.650
Total Postage & Fees: \$8.930

ARTICLE ADDRESS TO:

DSD ENERGY II, LLC
 1150 N KIMBALL AVE STE 100
 SOUTHLAKE TX 76092-4738

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Certified Mail
WITHOUT Physical Return Receipt Service

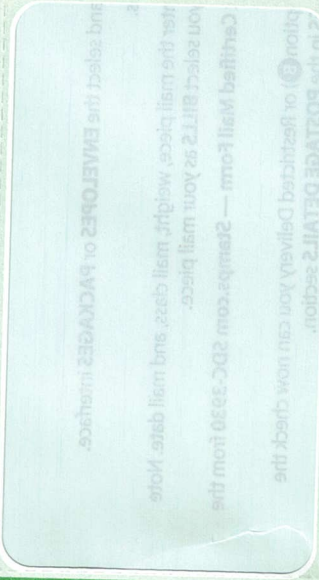
(No Return Receipt Card) Instructions

1. Apply this label to the TOP EDGE of the mailpiece.
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OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4482 65

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4482 21

FEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

ARTICLE ADDRESS TO:

DENM HOLDCO LLC
3724 HULEN ST
FORT WORTH TX 76107-6816

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Certified Mail
WITHOUT Physical Return
Receipt Service

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Instructions

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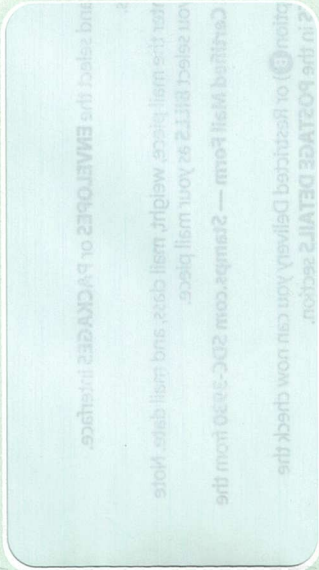
Delivery Address
when used with **A**
or **Return Address**
when used with **B**

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CERTIFIED MAIL

VOID

PS Form 3800 6/02



CERTIFIED MAIL
CERTIFIED MAIL

FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4395 26

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4395 06

ARTICLE ADDRESS TO:

CROWNROCK MINERALS, LP
PO BOX 51933
MIDLAND TX 79710-1933

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Receipt Service**

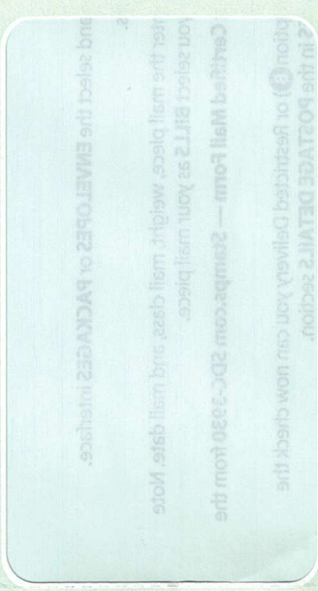
(No Return Receipt Card)
Instructions

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Delivery Address when used with **A** or Return Address when used with **B**

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FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4414 82

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4414 31

ARTICLE ADDRESS TO:

**CROSS TIMBERS ENERGY LLC,
400 W 7TH ST
FORT WORTH TX 76102-4701**

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CERTIFIED MAIL

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Certified Mail WITHOUT Physical Return Receipt Service

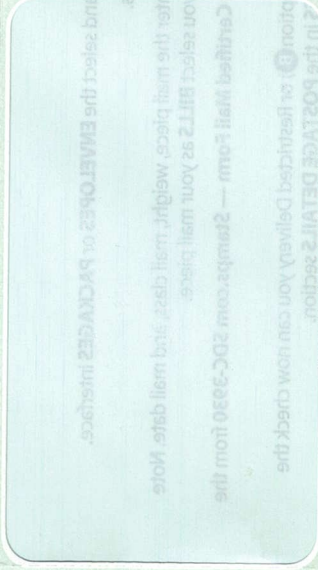
(No Return Receipt Card) Instructions

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OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 1015 39

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 1015 71

FEES

Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

ARTICLE ADDRESS TO:

CORNERSTONE FAMILY TRUST
 John Kyle Thoma, Trustee
 PO BOX 558
 PEYTON CO 80831-0558

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FEES	
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Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4489 62

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 4489 28

ARTICLE ADDRESS TO:

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701-4882

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FEES	
Postage per piece	\$0.880
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Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4131 44

RETURN RECEIPT TRACKING NUMBER
9490 8112 0623 9516 4131 86

ARTICLE ADDRESS TO:

CAVALRY RESOURCES, LLC
PO BOX 5442
MIDLAND TX 79704-5442

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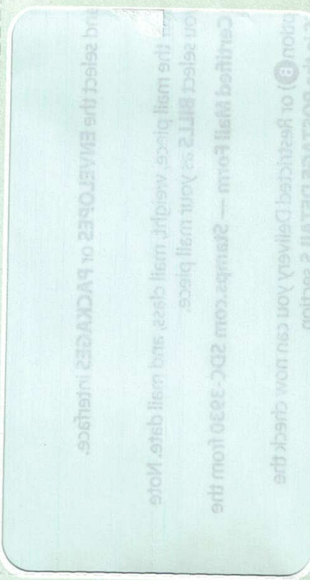
Certified Mail
WITHOUT Physical Return Receipt Service

(No Return Receipt Card) Instructions

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CERTIFIED MAIL
CERTIFIED MAIL

FEES	
Postage per piece	\$0.880
Certified Fee	\$4.400
Return Receipt Fee	\$3.650
Total Postage & Fees:	\$8.930

OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 1077 39

RETURN RECEIPT TRACKING NUMBER
9490 9112 0623 9516 1077 71

ARTICLE ADDRESS TO:

BROKEN ARROW ROYALTIES, LLC
PO BOX 472006
TULSA OK 74147-2006

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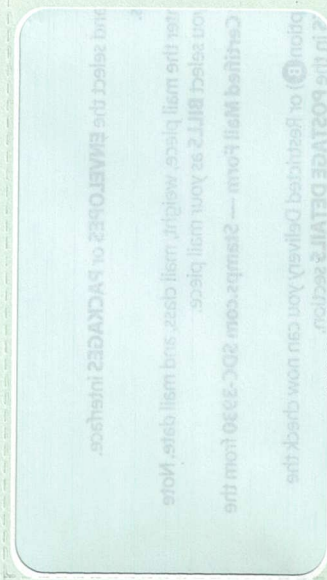
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PS Form 3800 6/02

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- Delivery Address**
when used with **A**
or **Return Address**
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CERTIFIED MAIL
CERTIFIED MAIL

FEES

Postage per piece \$0.880
 Certified Fee \$4.400
 Return Receipt Fee \$3.650
Total Postage & Fees: \$8.930

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OUTBOUND TRACKING NUMBER
9414 7112 0623 9516 4199 48

RETURN RECEIPT TRACKING NUMBER
9490 8112 0623 9516 4199 80

ARTICLE ADDRESS TO:

THE ALLAR COMPANY
PO BOX 1567
GRAHAM TX 76450-7567

May 21, 22, 23, 24, 26, 28, 29, 30, 31 and June 2, 3, 4, 5, 6, 7, 9, 11, 12

Lario Oil & Gas Company has filed an application, case number 24493, with the with the Oil Conservation Division ("Division") seeking an order to approve:

(1) establishing a 960-acre, more or less, non-standard Bone Spring horizontal spacing unit comprised of the S/2 of Section 12 and all of Section 13 of Township 18 South, Range 34 East, Lea County, New Mexico ("Unit"); and

(2) pooling all uncommitted mineral interests in the Bone Spring formation underlying the Unit for the following wells:

a. **Close Encounters State Com 101H (API 30-025-52808)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East;

b. **Close Encounters State Com 102H (API 30-025-52809)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East;

c. **Close Encounters State Com 103H (API 30-025-52810)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;

d. **Close Encounters State Com 104H (API 30-025-52811)**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18 South, Range 34 East;

e. **Close Encounters State Com 301H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;

f. **Close Encounters State Com 302H**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;

g. **Close Encounters State Com 303H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 12, Township 18 South, Range 34 East; and

h. **Close Encounters State Com 304H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.

3. The wells will be drilled to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and, if the non-standard unit application is approved the completed intervals of the Wells are expected to be orthodox.

The matter of the Application will be heard at the Division hearing on June 13, 2024 which will take place at the Division at Pecos Hall, 1220 South Francis, Santa Fe New Mexico, 87505. The hearings typically begin. Should you require any further information regarding the Division hearing process please visit <https://www.emnrd.nm.gov/ocd/ocd-announcements-and-notifications/>.

Should you wish to protest the Application, you must file your protest in writing with the Division at OCD.Hearings@emnrd.nm.gov, listing the Case No. and details regarding the protest.

Should you have any questions about Lario's Application please contact Dakota Nahm at Dakota@lario.net or at 720-573-9816.