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

APPLICATION OF E.G.L. RESOURCES, INC. TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22821, LEA COUNTY, NEW MEXICO.

**CASE NO. 24707 ORDER NO. R-22821** 

#### **EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Matthew Langhoff
A-1	Application and Proposed Notice of Hearing
A-2	Order No. R-22821
A-3	Plat of Tracts, Tract Ownership, Additional Pooled Partie
A-4	Sample Well Proposal Letter and AFEs
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Notice Letter to All Interested Parties
B-2	Chart of Notice to All Interested Parties
B-3	Copies of Certified Mail Receipts and Returns
B-4	Affidavit of Publication for July 14, 2024

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

APPLICATION OF E.G.L. RESOURCES, INC. TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22821, LEA COUNTY, NEW MEXICO.

CASE NO. 24707 ORDER NO. R-22821

### SELF-AFFIRMED STATEMENT OF MATTHEW LANGHOFF

- 1. I am employed by E.G.L. Resources, Inc. ("E.G.L.") as a landman. 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 previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum land matters were accepted as a matter of record.
- 2. I am familiar with E.G.L.'s application and with the land matters involved in this case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 4. On August 4, 2023, the Division entered Order No. R-22821 ("Order") in Case No. 23329, which pooled uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 13 and 24, Township 19 South, Range 33 East, Lea County, New Mexico ("Unit") and dedicated the Unit to the Millie Mile 13-24 Federal Com No. 101H and Millie Mile 13-24 Federal Com 201H wells ("Wells"). E.G.L. (OGRID No. 192373) was designated as operator of the Unit and Wells.
  - 5. A copy of the Order is attached as **Exhibit A-2**.

E.G.L. Resources, Inc. Case No. 24707 Exhibit A

- 6. Since the Order was entered, E.G.L. has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.
- 7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of the Order, which are highlighted in yellow. The additional interest owners to be pooled are locatable.
- 8. **Exhibit A-4** is a sample well proposal letter and AFEs that I sent to the additional parties to be pooled under the terms of the Order.
- 9. In my opinion, E.G.L. made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.
- 10. E.G.L. requests the additional uncommitted interests be pooled under the terms of the Order.
- 11. In my opinion, the granting of E.G.L.'s application would protect correlative rights and prevent waste.
- 12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and it 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.

me hotel

Date / 29,2024

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

APPLICATION OF E.G.L. RESOURCES, INC. TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22821, LEA COUNTY, NEW MEXICO.

CASE NO. 24707 ORDER NO. R-22821

#### **APPLICATION**

E.G.L. Resources, Inc. ("E.G.L." or "Applicant") (OGRID No. 192373) files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional uncommitted interests under the terms of Order No. R-22821 ("Order"). In support of this application, E.G.L. states the following.

- 1. The Division entered the Order in Case No. 23329 on August 4, 2023.
- 2. The Order pooled uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 13 and 24, Township 19 South, Range 33 East, Lea County, New Mexico ("Unit") and dedicated the Unit to the Millie Mile 13-24 Federal Com No. 101H and Millie Mile 13-24 Federal Com 201H wells ("Wells").
  - 3. The Order designated Applicant as operator of the Unit and Wells.
- 4. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.
- 5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

E.G.L. Resources, Inc. Case No. 24707 Exhibit A-1 6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing on August 8, 2024, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22821.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy @hinkle law firm.com

jmclean@hinklelawfirm.com

Attorneys for E.G.L. Resources, Inc.

**Lea County, New Mexico.** E.G.L. Resources, Inc. ("Applicant") seeks to pool additional uncommitted interests under the terms of Order No. R-22821 ("Order"). The Order: pooled all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 13 and 24, Township 19 South, Range 33 East, Lea County, New Mexico ("Unit"); dedicated the Unit to the Millie Mile 13-24

Application of E.G.L. Resources, Inc. to Pool Additional Interests Under Order No. R-22821,

Applicant as operator of the Unit and Wells. Since the Order was entered, Applicant has identified

Federal Com No. 101H and Millie Mile 13-24 Federal Com 201H wells ("Wells"); and designated

additional uncommitted interests in the Unit that should be pooled under the terms of the Order.

The Wells are located approximately 7 miles east-northeast of Halfway, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY E.G.L. RESOURCES INC.

CASE NO. 23329 ORDER NO. R-22821

#### <u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on June 15, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

#### FINDINGS OF FACT

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

#### **CONCLUSIONS OF LAW**

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

E.G.L. Resources, Inc. Case No. 24707 Exhibit A-2

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

#### <u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
- 20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
- 22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23329 ORDER NO. R-22821

Page 2 of 8

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

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

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DYLAN-M FUGE DIRECTOR

DMF/hat

Date: 8/4/2023

### Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23329	APPLICANT'S RESPONSE
Date: June 15, 2023	
Applicant	E.G.L Resources, Inc.
Designated Operator & OGRID (affiliation if applicable)	E.G.L Resources, Inc./OGRID 192373
Applicant's Counsel:	James Bruce
Case Title:	Application of E.G.L Resources, Inc. for Compulsory Pooling, Lea County New Mexico
Entries of Appearance/Intervenors:	Earthstone Energy/Hinkle Shanor Coterra Energy/Abadie Schill COG Operating/Ocean Munds-Dry, et al.
Well Family	Millie Mile Bone Spring wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Gem; Bone Spring, East/Pool Code 27230
Well Location Setback Rules:	Statewide Rules for horizontal wells – 330' and 100' setbacks
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2W/2 §13 and W/2W/2 §24, Township 19 South, Range 33 East, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of nonstandard unit requested in this application?	Yes  EXHIBIT
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N

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Proximity Defining Well: if yes, description		
Applicant's Ownership in Each Tract	Exhibit 2-A	
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	Millie Mile 13-24 Federal Com. Well No. 101H API No. 30-025-Pending SHL: 230 FSL & 1771 FWL §12 BHL: 100 FSL & 660 FWL §24 FTP: 100 FNL & 660 FWL §13 LTP: 100 FSL & 660 FWL §24 First Bone Spring/TVD 9350 feet/MD 20400 feet	
Well #2	Millie Mile 13-24 Federal Com. Well No. 201H API No. 30-025-Pending SHL: 230 FSL & 1831 FWL §12 BHL: 100 FSL & 660 FWL §24 FTP: 100 FNL & 660 FWL §13 LTP: 100 FSL & 660 FWL §24 Second Bone Spring/TVD 10150 feet/MD 21200 feet	
Horizontal Well First and Last Take Points	See above	
Completion Target (Formation, TVD and MD)	See above	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	\$8500	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	Exhibit 2, page 2	
Requested Risk Charge	Cost plus 200%	
Notice of Hearing		
Proposed Notice of Hearing	Exhibit 1	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 5	

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Exhibit 2-A
Exhibit 2-A
Exhibit 2-A; Working Interest Owners
Yes
No Depth Severance
Exhibit 2-B
Exhibit 2-A
Exhibit 2-B
Exhibit 2-C
Exhibit 2-C
Exhibit 2-C
Exhibit 3
Exhibits 2-A and 3-A
North-South; Exhibits 3 and 3-A
First and Second Bone Spring Sands
Exhibit 3-C
N/A
Exhibit 2-A

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Representative):

Representative):

Date:

Signed Name (Attorney or Party

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Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-A
General Location Map (including basin)	Exhibit 3-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-C
Cross Section (including Landing Zone)	Exhibit 3-C
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party	1

James Bruce

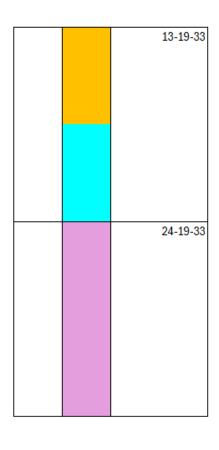
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### MILLIE MILE 13-24 FED COM 102H & 202H

E2W2 Secs 13 & 24, 19S-33E Lea Co, New Mexico BONE SPRING



INTEREST BY TRACT							
E2W2 BONE SPRING							
13: E2NW4							
COG Operating LLC	0.00635294						
DSD Energy Resources LLC	0.01764705						
Earthstone Permian LLC	0.20224298						
Estate of David J. Sorenson	0.02823528						
Hutchings Oil Co	0.01764706						
MacDonald, Timothy	0.00016868						
Mitchell, Stephen	0.00423529						
Nuevo Seis LP	0.00141176						
PBEX LLC	0.71764720						
Williamson Enterprises	0.00441176						
13: E2SW4							
COG Operating LLC	0.02352987						
DSD Energy Resources LLC	0.01764705						
Earthstone Permian LLC	0.16780068						
Estate of David J. Sorenson	0.02823528						
Hutchings Oil Company	0.01764706						
MacDonald, Timothy	0.00013995						
Mitchell, Stephen	0.00423529						
Nuevo Seis LP	0.00141176						
PBEX LLC	0.71764720						
SITL Energy LLC	0.00882352						
Western Oil Producers	0.00847058						
Williamson Enterprises	0.00441176						
24: E2W2							
Magnum Hunter Production Inc.	1.00000000						

UNIT INTEREST	•	DOCUMENTS SENT
E2W2 BONE SPRING		Well Proposals - YES
		JOA - YES
COG Operating LLC	0.00747071	Communitization Agreement - YES
DSD Energy Resources LLC	0.00882352	
Earthstone Permian LLC	0.09251092	
Estate of David J. Sorenson	0.01411764	
Hutchings Oil Company	0.00882353	
Magnum Hunter Production Inc.	0.50000000	
Mitchell, Stephen	0.00211764	
Nuevo Seis LP	0.00070588	
PBEX LLC	0.35882359	
SITL Energy LLC	0.00220588	
Timothy MacDonald	0.00007716	
Western Oil Producers	0.00211765	
Williamson Enterprises	0.00220588	
TOTAL	1.00000000	

PARTIES TO POOL								
PARTY INT TYPE ADDRESS								
DSD Energy Resources LLC	WI	1150 N. Kimball Ave, Suite 100, Southlake TX 76092						
Earthstone Permian LLC	WI	300 N. Marienfeld Suite 1000, Midland, TX 79701						
		c/o Gregory Nibert & Carolyn S. Nibert, Per Rep, 1900 W.						
Estate of David J. Sorenson	WI	27th St, Roswell, NM 88201						
Hutchings Oil Company	WI	PO Box 1216, Albuquerque, NM 87103						
MacDonald, Timothy R.	WI	3003 Paleo Point, College Station, TX 77845						
Mitchell, Stephen	WI	PO Box 2415, Midland, TX 79702						
Nuevo Seis, LP	WI	PO Box 2588, Roswell, NM 88202						
Western Oil Producers	WI	PO Box 2055, Roswell, NM 88202						
Williamson Enterprises	WI	1402 St. Tropez Lane, Arlington, TX 76013						

<sup>\*</sup>Additional party to be pooled highlighted in yellow

E.G.L. Resources, Inc. Case No. 24707 Exhibit A-3

August 11, 2022



Re:

Millie Mile 13-24 Fed Com #101H, #102H, #201H, #202H, #401H, and #402H W2 of Sections 13 and 24, Township 19 South, Range 33 East Lea County, New Mexico

Dear Hutchings Oil Company,

EGL Resources, INC ("EGL") on behalf of PBEX, LLC ("PBEX") hereby proposes the drilling of the Millie Mile 13-24 Fed Com #101H, Millie Mile 13-24 Fed Com #102H, Millie Mile 13-24 Fed Com #201H, and Millie Mile 13-24 Fed Com #202H, Millie Mile 13-24 Fed Com #402H wells in Sections 13 and 24, Township 19 South, Range 33 East, Lea County, New Mexico. These wells will have target zone(s) within the Bone Spring and Wolfcamp Formations. Please review the attached Authority for Expenditure ("AFE") with the gross estimated total cost to drill and complete each of the referenced wells.

- o Millie Mile 13-24 Fed Com #101H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SW4SW4 of Section 24-19S-33E. The well will have a target interval within the Bone Spring formation, drilled horizontally with a Total Vertical Depth of ~9,350' to a Measured Depth of approximately ~20,400'.
- o Millie Mile 13-24 Fed Com #102H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SE4SW4 of Section 24-19S-33E. The well will have a target interval within the Bone Spring formation, drilled horizontally with a Total Vertical Depth of ~9,350' to a Measured Depth of approximately ~20,400'.
- o Millie Mile 13-24 Fed Com #201H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SW4SW4 of Section 24-19S-33E. The well will have a target interval within the Bone Spring formation, drilled horizontally with a Total Vertical Depth of ~10,150' to a Measured Depth of approximately ~21,200'.
- Millie Mile 13-24 Fed Com #202H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SE4SW4 of Section 24-19S-33E. The well will have a target interval within the Bone Spring formation, drilled horizontally with a Total Vertical Depth of ~10,150' to a Measured Depth of approximately ~21,200'.
- o Millie Mile 13-24 Fed Com #401H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SW4SW4 of Section 24-19S-33E. The well will have a target interval within the Wolfcamp formation, drilled horizontally with a Total Vertical Depth of ~10,750' to a Measured Depth of approximately ~21,800'.
- Millie Mile 13-24 Fed Com #402H: To be drilled from a proposed surface hole location in the SW4SW4 of Section 12-19S-33E and a proposed bottom hole location in the SE4SW4 of Section 24-19S-33E. The well will have a target interval within the Wolfcamp formation, drilled horizontally with a Total Vertical Depth of ~10,750' to a Measured Depth of approximately ~21,800'.

EGL and PBEX reserve the right to modify the locations and drilling plans described above in order to address topography, environmental concerns, regulatory conflicts, technical advantages, among other reasons. EGL and/or PBEX shall, however, advise of such modifications. EGL has proposed these wells under the terms of a new modified

E.G.L. Resources, Inc. Case No. 24707 Exhibit A-4 2015 AAPL form of Operating Agreement, dated May 27, 2021, by and between EGL Resources, Inc, as Operator and PBEX, LLC, et al as Non-Operators which will follow this letter in a separate packet. The following provisions will be included:

- 100/300 Non-consent Penalty
- \$8,000/\$800 Overhead Rates
- EGL Resources, INC named as Operator
- Initial Well Millie Mile 13-24 Fed Com #101H

According to a cursory title review, you could be the owner of a certain working interest in the wells, the amount of which will be subject to title verification. Please indicate your election in the area marked below, sign and return one (1) copy of this letter, along with one (1) signed copy of the enclosed AFE and a copy of your geological well requirements, to my attention at the letterhead address above. If your election is to participate in the drilling and completion of the wells referenced above, please sign and return a copy of the enclosed AFE(s) within thirty (30) days of receipt of this notice. As an alternative to participation, EGL would be open to discussing Sale/Assignment options, subject to mutually agreeable terms, execution of a mutually acceptable form of Assignment and verification of your interest.

If a sale/assignment is the preferred choice, please contact us to discuss the details of this option at your earliest convenience. If you prefer to email, feel free to do so to <a href="mailto:mlanghoff@pbex.com">mlanghoff@pbex.com</a>, or feel free to call me with any questions you may have at (432) 894-0967. However, if we do not reach an agreement within thirty (30) days from the date of this letter, EGL/PBEX will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells.

We look forward to working with you,

Matthew C. Langhoff

**EGL Resources, INC** 

Matthew Langhoff Landman III

August 3, 2022

	_ I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #101H for its proportionate share of the costs
	_I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #101H for its proportionate share of the costs
	_I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #102H for its proportionate share of the costs
	_I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #102H for its proportionate share of the costs
	_I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #201H for its proportionate share of the costs
	_I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #201H for its proportionate share of the costs
	I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #202H for its proportionate share of the costs
	I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #202H for its proportionate share of the costs
	I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #401H for its proportionate share of the costs
	I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #401H for its proportionate share of the costs
	_ I/ We hereby elect NOT to participate in the Willie 13-24 Fed Colli #40111 for its proportionate share of the costs
	_I/We hereby elect to participate in the Millie Mile 13-24 Fed Com #402H for its proportionate share of the costs
	_I/We hereby elect NOT to participate in the Millie Mile 13-24 Fed Com #402H for its proportionate share of the costs
By:	
Name:	
Date:	

Project: Field: Millie Mile [27230] GEM, BONE SPRING; EAST

Location:

Lea County, New Mexico

Millie Mile 13-24 Fed Com #101H SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease) BHL SW/4 SW/4 of Section 24 T19S-R33E

Page 19 of 30 AFE # 20,400 ft MD 9,350 ft TD (MD): TVD: Drilled Lateral Length: 10,960 ft VS 10,360 ft 1st Bone Spring Completed Lateral Length: Target:

 $Surface\ location\ is\ approximate\ and\ may\ be\ moved\ to\ find\ a\ suitable\ legal\ location\ free\ of\ terrain/obstacles/habitat/cultural/regulatory\ or\ any\ other\ surface\ use\ contraint.$ 

Surjuce location is approximate and may be moved to find a suitable legal location free of terrainyous		I	1		1			1	ı
Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk									
bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift	-	Deilling		Commission		Due due die e		Facilities	
	6-4-	Drilling Intangibles	Code	Completion Intangibles	6-4-	Production Intangibles	C- 4-	Intangibles	T-4-1 C4
	Code	_	Code	intangibles	Code	intangibles	Code	intangibles	Total Cost
Permits/ Well Signs		15,000							15,000
Damages/ Right of Way									0
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		10,000							10,000
Locations and Roads - shared with 6 wells		33,333							33,333
Frac Pit Shared w/ 6 wells	-			50,000					50,000
Conductor (drilled & set)		20,000							20,000
Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells		50,000							50,000
Drilling (Day Work) 16 days spud - RR \$27,000 per day		432,000							432,000
Bits		75,000		3,000					78,000
Downhole drilling tools & stabilization, survey tool		50,000							50,000
Mud Logging 11 days \$1,500 per day		16,500							16,500
Open Hole Surveys/ Gyro									0
Water well, pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 264,000 bbl complin (20% excess)		15,000		396,000					411,000
Brine Water		10,000							10,000
Fuel \$ 4.50 2,200 gal/day		158,400		500,000					658,400
Mud & Chemicals Water based mud in lateral.		250,000		25,000					275,000
Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings.		25,000							25,000
Drill string rental									0
Casing Crew & LD Machine, CRT		50,000							50,000
Welding		1,500							1,500
Cementing		225,000							225,000
Directional Drilling 16 days spud - RR \$15,000 per day		240,000							240,000
Wellsite Supervisor		40,000		40,000					80,000
JOA Overhead 8500/mo		8,500		8,500					17,000
Open Hole Logs									0
Solids Control Equipment \$4,000 per day		64,000							64,000
Cuttings Haul-off & Disposal		80,000							80,000
Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing.		160,000		280,000					440,000
BOP Rental, stripper head									0
Pulling Unit 5 days, 4000/d						20,000			20,000
Acidizing Acid crew to prep toe.				20,000					20,000
Frac Frac: see Prognosis above.				2,500,000					2,500,000
Water Transfer				45,000					45,000
Completion Tools 50 frac plugs				75,000					75,000
Cased Hole Wireline & Perforating 51 stages, 10k lube.				377,000		15,000			392,000
Frac Plug drill-out				250,000					250,000
Flowback & Well Testing						75,000			75,000
Trucking		30,000		30,000					60,000
Environmental				10,000					10,000
Materials & Supplies		5,000							5,000
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction		30,000		30,000				66,667	126,667
Insurance: Control of Well		25,000							25,000
Contingencies 10%		213,423		475,950		11,000		6,667	707,040
TOTAL INTANGIBLES		2,347,657		5,235,450		121,000		73,333	7,777,440

<b>Prognosis:</b> 3 string casing program. Tank battery allocated for 6 wells.		D-:!!!:		C		Production		Facilities	
	Code	Drilling Tangibles	Code	Completion Tangibles	Code	Tangibles	Code	Tangibles	Total Cost
Tubulars Length Size Description Price/ft FOB Loc						_			
Surface 1,700 13 3/8 54.5# J55 BTC \$78.86		134,062							134,062
1st Intermediate 5,700 9 5/8 40# L80 BTC \$77.54		441,978							441,978
2nd Intermediate		-							0
Production		-							0
Production 20,400 5 1/2 20# P110 Semi-Prem \$49.50		1,009,800							1,009,800
Tubing 8,750 2 7/8 6.5# L80 EUE \$12.00						105,000			105,000
Wellhead Equipment		35,000		30,000					65,000
Float Equipment & Centralizers, Wet Shoe.		75,000							75,000
Liner hanger, Packer, TAC, other Tools						20,000			20,000
									0
Flowlines, Valves, Fittings, pipeline						20,000		16,667	36,667
								0	0
Tanks 4 oil, 4 water (750 bbl)								66,667	66,667
Battery: Pumps /Valves/Connections								91,667	91,667
Battery: Meters, Automation								41,667	41,667
Separation Equipment: Tester, (2) 8x20' Hz HT's.						130,000		25,000	155,000
Compressors/Dehydrators								0	0
Gas Meter Run, flare, VRU, Combustor						20,000		33,333	53,333
LACT Pipeline LACT supplied by oil buyer.								0	0
Spill Containment								8,333	8,333
Artificial Lift ESP purchase, rental drive.						250,000		0	250,000
Electrical Installation						16,667		16,667	33,333
								0	0
Contingencies, taxes 10%		169,584		3,000		56,167		30,000	258,751
TOTAL TANGIBLES		1,865,424		33,000		617,833		330,000	2,846,257
TOTAL WELL COST		Drilling 4,213,081		Completion 5,268,450		Production 738,833		Facilities 403,333	Total 10,623,697

TOTAL WELL COST				4,213,001	5,266,450	130,033	403,
Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Complete			
Approval:	Kelvin Fisher	_Date:					
Partner Approval				Amou	unt:		
Joint Owner: Working Interest:				Joint Owner Appro	val:		 
By execution of this AFE, t carrier of such insurance, r you must sign below and p for any loss to your interes							
Agree to decline cov	erage, provide proof, and hold har	mless:					

Project: Field: Millie Mile [27230] GEM, BONE SPRING; EAST

Lea County, New Mexico

Millie Mile 13-24 Fed Com #102H
SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease)
BHL SE/4 SW/4 of Section 24 T19S-R33E Location:

Page 20 of 30 AFE # 20,400 ft MD 9,350 ft TD (MD): TVD: Drilled Lateral Length: 10,960 ft VS Completed Lateral Length:

Target: 10,360 ft 1st Bone Spring

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use contraint.

Description 2 milestoral Completion 10 2001 performal v 2500 lb/ft /25 0MM lb/ 2000 mil/ft /402 l/s		1				1	I		
Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk									
bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift.		- ····							
		Drilling		Completion		Production		Facilities	
	Code		Code	Intangibles	Code	Intangibles	Code	Intangibles	Total Cost
Permits/ Well Signs		15,000							15,000
Damages/ Right of Way									0
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		10,000							10,000
Locations and Roads - shared with 6 wells		33,333							33,333
Frac Pit Shared w/ 6 wells				50,000					50,000
Conductor (drilled & set)		20,000							20,000
Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells		50,000							50,000
Drilling (Day Work) 16 days spud - RR \$27,000 per day		432,000							432,000
Bits		75,000		3,000					78,000
Downhole drilling tools & stabilization, survey tool		50,000							50,000
Mud Logging 11 days \$1,500 per day		16,500							16,500
Open Hole Surveys/ Gyro									0
Water well, pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 264,000 bbl compl'n (20% excess)		15,000		396,000					411,000
Brine Water	1	10,000		,					10,000
Fuel \$ 4.50 2,200 gal/day	1	158,400		500,000					658,400
Mud & Chemicals Water based mud in lateral.	1	250,000		25,000					275,000
Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings.	1	25,000							25,000
Drill string rental	1								0
Casing Crew & LD Machine, CRT	1	50,000							50,000
Welding	l	1,500							1,500
Cementing	1	225,000							225,000
Directional Drilling 16 days spud - RR \$15,000 per day	l	240,000							240,000
Wellsite Supervisor	1	40,000		40,000					80,000
JOA Overhead 8500/mo	1	8,500		8,500					17,000
Open Hole Logs		0,000		0,500					17,000
Solids Control Equipment \$4,000 per day	1	64,000							64,000
Cuttings Haul-off & Disposal	1	80,000							80,000
Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing.	1	160,000		280,000					440,000
BOP Rental, stripper head	1	100,000		200,000					110,000
Pulling Unit 5 days, 4000/d	1					20.000			20.000
Acidizing Acid crew to prep toe.	1			20,000		20,000			20,000
Frac Frac: see Prognosis above.	1			2,500,000					2,500,000
Water Transfer				45,000			l		45,000
Completion Tools 50 frac plugs	1	-		75,000	<b>-</b>	-	<b> </b>		75,000
· · · · · · · · · · · · · · · · · · ·	1			377,000		15,000	-		392,000
Cased Hole Wireline & Perforating 51 stages, 10k lube.  Frac Plug drill-out	-			250,000		15,000	<b> </b>		250,000
Flowback & Well Testing	1	<b> </b>		∠50,000	-	75,000	<b> </b>		75,000
y .	1	20.000		20.000		75,000	l		60,000
Trucking Environmental		30,000		30,000 10,000			<b> </b>		10,000
Environmental	╂	F 000		10,000			<b> </b>		5,000
Materials & Supplies	l	5,000		00.000				00.55=	
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction	<b> </b>	30,000		30,000			<u> </u>	66,667	126,667
Insurance: Control of Well		25,000	ļ		ļ		<u> </u>		25,000
Contingencies 10%	<u> </u>	213,423		475,950		11,000		6,667	707,040
TOTAL INTANGIBLES		2,347,657		5,235,450		121,000	l	73,333	7,777,440

Prognosis: 3 string cas	sing program. Tank batte	ery allocated for 6 wells.		Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
<u>Tubulars</u>	<u>Length</u> <u>Size</u>	<u>Description</u>	Price/ft FOB Loc									
Surface	1,700 13 3/8	54.5# J55 BTC	\$78.86		134,062							134,062
1st Intermediate	5,700 9 5/8	40# L80 BTC	\$77.54		441,978							441,978
2nd Intermediate					-							0
Production					-							0
Production	20,400 5 1/2	20# P110 Semi-Prem	\$49.50		1,009,800							1,009,800
Tubing	8,750 2 7/8	6.5# L80 EUE	\$12.00						105,000			105,000
Wellhead Equipment					35,000		30,000					65,000
Float Equipment & Cer	ntralizers, Wet Shoe.				75,000							75,000
Liner hanger, Packer,	TAC, other Tools								20,000			20,000
												0
Flowlines, Valves, Fitti	ings, pipeline								20,000		16,667	36,667
											0	0
Tanks	4 oil, 4 water (750 b	obl)									66,667	66,667
Battery: Pumps /Valve	es/Connections										91,667	91,667
Battery: Meters, Auton	nation										41,667	41,667
Separation Equipment	:: Tester, (2) 8x20' Hz H7	T's.							130,000		25,000	155,000
Compressors/Dehydra	ators										0	0
Gas Meter Run, flare,	VRU, Combustor								20,000		33,333	53,333
LACT	Pipeline LACT supp	olied by oil buyer.									0	0
Spill Containment											8,333	8,333
Artificial Lift	ESP purchase, rent	tal drive.							250,000		0	250,000
Electrical Installation									16,667		16,667	33,333
											0	0
Contingencies, taxes	10%				169,584		3,000	To the second	56,167		30,000	258,751
TOTAL TANGIBLES					1,865,424		33,000		617,833		330,000	2,846,257
TOTAL WELL COST					Drilling		Completion		Production 738 833		Facilities	Total

TOTAL WELL COST				4,210,001		0,200,400	700,000	400,
Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Comp	plete	9,481,531		
Approval:	Kelvin Fisher	_Date:						
Partner Approval				A	Amoun	t:		
Joint Owner:								
Working Interest:				Joint Owner Ap	pprova	ıl:	 	 
carrier of such insurance, no you must sign below and pr	ee above signee is agreeing to be covered b either of which is guaranteed as sufficient by ovide a Certificate of Insurance with waiver not covered by your insurance or as otherw	y Operator. In of subrogation	order to decline coverage by Operator prior to spud date and agree to hold	or's well control ir Operator harmle	nsuranc			
Agree to decline cove	erage, provide proof, and hold har	mless:						

Project: Millie Mile Field: [27230] GE [27230] GEM, BONE SPRING; EAST

Millie Mile 13-24 Fed Com #201H SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease) BHL SW/4 SW/4 of Section 24 T19S-R33E Location:

Page 21 of 30 AFE # 21,200 ft MD TD (MD): TVD: 10,150 ft ft VS ft Drilled Lateral Length: 10,960 10,360 ft 2nd Bone Spring Completed Lateral Length: Target:

Lea County, New Mexico
Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use contraint.

Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk									
bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift.									
		Drilling		Completion		Production		Facilities	
	Code	Intangibles	Code	Intangibles	Code	Intangibles	Code	Intangibles	Total Cost
Permits/ Well Signs		15,000							15,000
Damages/ Right of Way									0
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		10,000							10,000
Locations and Roads - shared with 6 wells		33,333							33,333
Frac Pit Shared w/ 6 wells				50,000					50,000
Conductor (drilled & set)		20,000		00,000					20.000
Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells		50,000							50,000
Drilling (Day Work) 17 days spud - RR \$27,000 per day		459,000							459,000
Bits		75,000		3,000					78,000
Downhole drilling tools & stabilization, survey tool		50,000		5,000					50,000
Mud Logging 12 days \$1,500 per day		18,000							18,000
Open Hole Surveys/ Gyro		10,000							10,000
Water well, pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 264,000 bbl complin (20% excess)		15,000		396,000					411,000
Brine Water \$ 1.50 10,000 bbi drilling 204,000 bbi compin (20% excess)		10,000	-	396,000					10,000
		168,300		500,000					668,300
									275,000
Mud & Chemicals Water based mud in lateral.		250,000		25,000					25,000
Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings.		25,000							25,000
Drill string rental		50,000							50,000
Casing Crew & LD Machine, CRT		50,000							
Welding		1,500	-						1,500
Cementing		225,000							225,000 255,000
Directional Drilling 17 days spud - RR \$15,000 per day		255,000							
Wellsite Supervisor		42,500		40,000					82,500
JOA Overhead 8500/mo		8,500		8,500					17,000
Open Hole Logs									0
Solids Control Equipment \$4,000 per day		68,000							68,000
Cuttings Haul-off & Disposal		80,000							80,000
Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing.		170,000		280,000					450,000
BOP Rental, stripper head									0
Pulling Unit 5 days, 4000/d						20,000			20,000
Acidizing Acid crew to prep toe.				20,000					20,000
Frac Frac: see Prognosis above.				2,500,000			<u> </u>		2,500,000
Water Transfer				45,000			<b> </b>		45,000
Completion Tools 50 frac plugs				75,000			<u> </u>		75,000
Cased Hole Wireline & Perforating 51 stages, 10k lube.				377,000		15,000			392,000
Frac Plug drill-out				250,000			<b> </b>		250,000
Flowback & Well Testing						75,000			75,000
Trucking		30,000		30,000					60,000
Environmental				10,000					10,000
Materials & Supplies		5,000							5,000
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction		30,000		30,000				66,667	126,667
Insurance: Control of Well		25,000							25,000
Contingencies 10%		220,413		475,950		11,000		720,697	1,428,060
TOTAL INTANGIBLES		2,424,547		5,235,450		121,000		787,363	8,568,360

Prognosis: 3 string cas	sing program. Tank batt	tery allocated for 6 wells.		Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
<u>Tubulars</u>	<u>Length</u> <u>Size</u>	<u>Description</u>	Price/ft FOB Loc									
Surface	1,700 13 3/8	54.5# J55 BTC	\$78.86		134,062							134,062
1st Intermediate	5,700 9 5/8	40# L80 BTC	\$77.54		441,978							441,978
2nd Intermediate					-							0
Production					-							0
Production	21,200 5 1/2	20# P110 Semi-Prem	\$49.50		1,049,400							1,049,400
Tubing	9,550 2 7/8	6.5# L80 EUE	\$12.00						114,600			114,600
Wellhead Equipment					35,000		30,000					65,000
Float Equipment & Ce	ntralizers, Wet Shoe.				75,000							75,000
Liner hanger, Packer,	TAC, other Tools								20,000			20,000
												0
Flowlines, Valves, Fitti	ings, pipeline								20,000		16,667	36,667
											0	0
Tanks	4 oil, 4 water (750 l	bbl)									66,667	66,667
Battery: Pumps /Valve	es/Connections										91,667	91,667
Battery: Meters, Auton	nation										41,667	41,667
Separation Equipment	:: Tester, (2) 8x20' Hz H	T's.							130,000		25,000	155,000
Compressors/Dehydra	ators										0	0
Gas Meter Run, flare,	VRU, Combustor								20,000		33,333	53,333
LACT	Pipeline LACT sup	plied by oil buyer.									0	0
Spill Containment											8,333	8,333
Artificial Lift	ESP purchase, ren	ital drive.							250,000		0	250,000
Electrical Installation									16,667		16,667	33,333
											0	0
Contingencies, taxes	10%				173,544		3,000		57,127		30,000	
TOTAL TANGIBLES					1,908,984		33,000		628,393		330,000	2,900,377
TOTAL WELL COST					Drilling		Completion		Production		Facilities	Total

TOTAL WELL COST				4,000,001	0,200,400	140,000	.,	_
Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Complete	9,601,981			
Approval:	Kelvin Fisher	Date:						
Partner Approval Joint Owner:				Amount	<b>:</b> :			
Working Interest:			1	Joint Owner Approva	l:			
carrier of such insurance, ne you must sign below and pro	e above signee is agreeing to be covered by ither of which is guaranteed as sufficient by ovide a Certificate of Insurance with waiver on not covered by your insurance or as otherwi	Operator. In of subrogation	order to decline coverage by Operato prior to spud date and agree to hold (	or's well control insurance Operator harmless	e,			
Agree to decline cove	rage, provide proof, and hold har	mless:						
for any loss to your interest	not covered by your insurance or as otherwi	ise set forth in						

Project: Field: Millie Mile [27230] GEM, BONE SPRING; EAST

Location:

Lea County, New Mexico

Millie Mile 13-24 Fed Com #202H

SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease)

BHL SE/4 SW/4 of Section 24 T19S-R33E

TD (MD): TVD: 10,150 ft Drilled Lateral Length: 10,960 ft VS 10,360 ft 2nd Bone Spring Completed Lateral Length: Target:

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use contraint.

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obst  Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk		<u> </u>							
bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift.									
bory, so both. 203 stages - 31 stages, plag & peri frac. Highess prep wy acid crew. Est for artifical int.		Drilling		Completion		Production		Facilities	
	Code		Code	Intangibles	Code	Intangibles	Code	Intangibles	Total Cost
Permits/ Well Signs	-	15.000	-		-		-	0	15,000
Damages/ Right of Way		10,000							10,000
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		10,000							10.000
Locations and Roads - shared with 6 wells		33,333							33,333
Frac Pit Shared w/ 6 wells		33,333		50,000					50,000
Conductor (drilled & set)		20,000		50,000					20,000
Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells		50,000							50,000
Drilling (Day Work) 17 days spud - RR \$27,000 per day		459,000							459,000
Bits		75.000		3,000					78,000
Downhole drilling tools & stabilization, survey tool		50,000		3,000					50,000
								-	18,000
Mud Logging 12 days \$1,500 per day		18,000							10,000
Open Hole Surveys/ Gyro Water well, pump & line, water transfer		5,000		100,000			l	-	105,000
Water/Brine/Mud Hauling		10,000		20,000				-	30.000
		15,000							411,000
Fresh Water         \$ 1.50         10,000 bbl drilling         264,000 bbl complin (20% excess)           Brine Water		10,000		396,000					10,000
				500,000					668,300
Fuel \$ 4.50 2,200 gal/day		168,300		500,000					275,000
Mud & Chemicals Water based mud in lateral.		250,000		25,000					25,000
Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings.		25,000							25,000
Drill string rental		50,000							50,000
Casing Crew & LD Machine, CRT		50,000							
Welding		1,500							1,500 225.000
Cementing		225,000							255,000
Directional Drilling 17 days spud - RR \$15,000 per day		255,000		40.000					82,500
Wellsite Supervisor  JOA Overhead 8500/mo		42,500		40,000					17,000
		8,500		8,500					17,000
Open Hole Logs		00.000							68.000
Solids Control Equipment \$4,000 per day		68,000							,
Cuttings Haul-off & Disposal		80,000		200 200					80,000 450,000
Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing.		170,000		280,000					450,000
BOP Rental, stripper head									20,000
Pulling Unit 5 days, 4000/d				00.000		20,000			20,000
Acidizing Acid crew to prep toe.				20,000					-,
Frac Frac: see Prognosis above.				2,500,000					2,500,000
Water Transfer				45,000			<b> </b>		45,000 75,000
Completion Tools 50 frac plugs		-		75,000	<b> </b>	45.000	l	1	75,000 392,000
Cased Hole Wireline & Perforating 51 stages, 10k lube.		-		377,000		15,000		<b> </b>	
Frac Plug drill-out				250,000		75.000	<b> </b>		250,000 75,000
Flowback & Well Testing		22.222		20.000	<b> </b>	75,000	<b> </b>	1	60,000
Trucking		30,000		30,000			l	-	10,000
Environmental				10,000			<b> </b>		5,000
Materials & Supplies		5,000					l		,
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction		30,000		30,000			<u> </u>	66,667	126,667
Insurance: Control of Well		25,000	ļ		ļ		<u> </u>		25,000
Contingencies 10%		220,413		475,950		11,000	<u> </u>	6,667	714,030
TOTAL INTANGIBLES		2,424,547		5,235,450	<u> </u>	121,000		73,333	7,854,330

<b>Prognosis:</b> 3 string casing program. Tank battery allocated for 6 wells.		D.:!!!!		C		Production		Facilities	
	Code	Drilling Tangibles	Code	Completion Tangibles	Code	Tangibles	Code	Tangibles	Total Cost
Tubulars Length Size Description Price/ft FOB Loc		J				J			
Surface 1,700 13 3/8 54.5# J55 BTC \$78.86		134,062							134,062
1st Intermediate 5,700 9 5/8 40# L80 BTC \$77.54		441,978							441,978
2nd Intermediate		-							0
Production		-							0
Production 21,200 5 1/2 20# P110 Semi-Prem \$49.50		1,049,400							1,049,400
Tubing 9,550 2 7/8 6.5# L80 EUE \$12.00						114,600			114,600
Wellhead Equipment		35,000		30,000					65,000
Float Equipment & Centralizers, Wet Shoe.		75,000							75,000
Liner hanger, Packer, TAC, other Tools						20,000			20,000
									0
Flowlines, Valves, Fittings, pipeline						20,000		16,667	36,667
								0	0
Tanks 4 oil, 4 water (750 bbl)								66,667	66,667
Battery: Pumps /Valves/Connections								91,667	91,667
Battery: Meters, Automation								41,667	41,667
Separation Equipment: Tester, (2) 8x20' Hz HT's.						130,000		25,000	155,000
Compressors/Dehydrators								0	0
Gas Meter Run, flare, VRU, Combustor						20,000		33,333	53,333
LACT Pipeline LACT supplied by oil buyer.								0	0
Spill Containment								8,333	8,333
Artificial Lift ESP purchase, rental drive.						250,000		0	250,000
Electrical Installation						16,667		16,667	33,333
								0	0
Contingencies, taxes 10%	_	173,544		3,000		57,127		30,000	263,671
TOTAL TANGIBLES		1,908,984		33,000		628,393		330,000	2,900,377
TOTAL WELL COST		Drilling 4,333,531		5,268,450		Production 749,393		Facilities 403,333	Total 10,754,707

TOTAL WELL COST				4,000,001	3,200,430	749,090	+00,
Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Complete	9,601,981		
Approval:	Kelvin Fisher	Date:					
Partner Approval				Amount	::		
Joint Owner:							
Working Interest:				Joint Owner Approva	l:		
carrier of such insurance, n you must sign below and p	ne above signee is agreeing to be covered be either of which is guaranteed as sufficient by rovide a Certificate of Insurance with waiver not covered by your insurance or as otherw	Operator. In of subrogation	order to decline coverage by Operator prior to spud date and agree to hold	or's well control insurance Operator harmless	e,		
Agree to decline cov	erage, provide proof, and hold har	mless:					

ft VS

25.000 721,020

7,931,220

6,667

ft

21,800 ft MD

10,750 ft

10,960

10.360

Wolfcamp 'XY'

TD (MD):

TVD:

Target:

Project: Millie Mile Field: WC, Wolfcamp Well: Millie Mile 13-24 Fed Com #401H Drilled Lateral Length: Location: SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease) Completed Lateral Length:

BHL SW/4 SW/4 of Section 24 T19S-R33E Lea County, New Mexico

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use contraint.

Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift. Drilling Completion Production Facilities Intangibles Intangibles Intangibles Intangibles **Total Cost** Permits/ Well Signs 15,000 15,000 Damages/ Right of Way Title & Abstracts, Drilling Title Opinion 10,000 10,000 Survey and Stake Location 33,333 Locations and Roads - shared with 6 wells 33,333 Frac Pit Shared w/ 6 wells 50,000 50.000 Conductor (drilled & set) 20,000 20,000 Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells 50,000 50,000 Drilling (Day Work) 18 days spud - RR \$27,000 per day 486.000 486,000 78,000 3,000 Bits 75,000 Downhole drilling tools & stabilization, survey tool 50,000 50.000 days Mud Logging 13 \$1,500 per day 19,500 19,500 Open Hole Surveys/ Gyro Water well, pump & line, water transfer 5,000 100,000 105 000 30,000 Water/Brine/Mud Hauling 10,000 20,000 411,000 Fresh Water \$ 1.50 10,000 bbl drilling 264,000 bbl compl'n (20% excess) 15,000 396,000 10,000 10.000 Brine Water 678,200 Fuel \$ 4.50 2.200 gal/day 178.200 500.000 Mud & Chemicals Water based mud in lateral. 275,000 250,000 25,000 Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings. 25,000 25,000 Drill string rental 50.000 asing Crew & LD Machine, CRT 50,000 Welding 1.500 1,500 225,000 225,000 Cementing Directional Drilling 270.000 18 days spud - RR \$15,000 per day 270,000 Wellsite Supervisor 45,000 40,000 85,000 JOA Overhead 8500/mo 17,000 8,500 8,500 Open Hole Logs 72,000 \$4,000 per day Solids Control Equipment 72.000 Cuttings Haul-off & Disposal 80,000 Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing. 180,000 280,000 460,000 BOP Rental, stripper head 5 days, 4000/d 20,000 20,000 Pulling Unit Acidizing Acid crew to prep toe 20.000 20,000 2,500,000 Frac Frac: see Prognosis above. 2,500,000 Water Transfer 45,000 45,000 Completion Tools 50 frac plugs 75.000 75 000 392,000 Cased Hole Wireline & Perforating 51 stages, 10k lube. 15,000 377,000 250.000 Frac Plug drill-out 250,000 75,000 Flowback & Well Testing 75,000 60,000 30,000 30,000 Trucking 10,000 10,000 Materials & Supplies 5.000 5,000 Wellhead field service, NU crews, pit cleaning, battery construction 126,667 Contract Labor, Roustabouts 30,000 30,000 66,667

Prognosis: 3 string casi	ng program. T	Tank bat	tery allocated for 6 wells.		Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
Tubulars	<u>Length</u>	Size	Description	Price/ft FOB Loc									
Surface	1,700	13 3/8	54.5# J55 BTC	\$78.86		134,062							134,062
1st Intermediate	7,000	9 5/8	40# HCL80 BTC	\$77.54		542,780							542,780
2nd Intermediate	3,075	9 5/8	43.5# HCL80 BTC	\$92.55		284,591							284,591
Production						-							0
Production	21,800	5 1/2	20# P110 Semi-Prem	\$49.50		1,079,100							1,079,100
Tubing	10,150	2 7/8	6.5# L80 EUE	\$12.00						121,800			121,800
Wellhead Equipment						35,000		30,000					65,000
Float Equipment & Cen	tralizers, Wet	Shoe.				75,000							75,000
Liner hanger, Packer, T	AC, other Too	ols								20,000			20,000
													0
Flowlines, Valves, Fittir	ngs, pipeline									20,000		16,667	36,667
												0	0
Tanks	4 oil, 4 wa	ter (750	bbl)									66,667	66,667
Battery: Pumps /Valves	/Connections											91,667	91,667
Battery: Meters, Autom	ation											41,667	41,667
Separation Equipment:	Tester, (2) 8x	20' Hz F	łT's.							130,000		25,000	155,000
Compressors/Dehydrat	ors											0	0
Gas Meter Run, flare, \	/RU, Combus	tor								20,000		33,333	53,333
LACT	Pipeline L	ACT sup	plied by oil buyer.									0	0
Spill Containment												8,333	8,333
Artificial Lift	ESP purch	hase, rer	ntal drive.							250,000		0	250,000
Electrical Installation										16,667		16,667	33,333
												0	0
Contingencies, taxes	10%					215,053		3,000		57,847		30,000	305,900
TOTAL TANGIBLES						2,365,587		33,000		636,313		330,000	3,364,900
TOTAL WELL COST						Drilling 4.867.023		Completion 5,268,450		Production 757,313		Facilities 403.333	Total 11,296,120

25,000

227,403

2,501,437

475,950

5,235,450

11,000

121,000

					<u> </u>	 
Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Complete	10,135,473	
Approval:	Kelvin Fisher	_Date:				
Partner Approval				Amoun	t:	
Joint Owner:						
Working Interest:				Joint Owner Approva	al:	 
carrier of such insurance, no you must sign below and pr	ne above signee is agreeing to be covered be either of which is guaranteed as sufficient be ovide a Certificate of Insurance with waiver not covered by your insurance or as otherw	y Operator. In of subrogation	order to decline coverage by Operato prior to spud date and agree to hold	or's well control insuranc Operator harmless		
Agree to decline cove	erage, provide proof, and hold har	mless:				

nsurance: Control of Well

TOTAL INTANGIBLES

10%

Project: Millie Mile
Field: WC, Wolfca WC, Wolfcamp

Well:

Lea County, New Mexico

Location:

TD (MD): TVD: 10,960 ft VS 10,360 ft Wolfcamp 'XY' Millie Mile 13-24 Fed Com #402H SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease) BHL SE/4 SW/4 of Section 24 T19S-R33E Drilled Lateral Length: Completed Lateral Length: Target:

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use contraint.

Prognosis: 2 mi lateral. Completion: 10,360' perf interval x 2500 lb/ft (25.9MM lb), 2000 gal/ft (493kk									
bbl), 80 bpm. 203' stages = 51 stages, plug & perf frac. Rigless prep w/ acid crew. ESP for artifical lift									
		Drilling		Completion		Production		Facilities	
	Code	Intangibles	Code	Intangibles	Code	Intangibles	Code	Intangibles	Total Cost
Permits/ Well Signs		15,000							15,000
Damages/ Right of Way									0
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		10,000							10,000
Locations and Roads - shared with 6 wells		33,333							33,333
Frac Pit Shared w/ 6 wells				50,000					50,000
Conductor (drilled & set)		20,000							20,000
Mobilization / Demobilization 7 days pre-spud + trucks & cranes / shared w/ 6 wells		50,000							50,000
Drilling (Day Work) 18 days spud - RR \$27,000 per day		486,000							486,000
Bits		75,000		3,000					78,000
Downhole drilling tools & stabilization, survey tool		50,000		0,000					50,000
Mud Logging 13 days \$1,500 per day		19,500							19,500
Open Hole Surveys/ Gyro		,							0
Water well, pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 264,000 bbl complin (20% excess)		15,000		396,000					411,000
Brine Water		10,000		000,000					10,000
Fuel \$ 4.50 2,200 gal/day		178,200		500,000					678,200
Mud & Chemicals Water based mud in lateral.		250,000		25,000					275,000
Tubular Inspection DP: Cat IV on 1 strings, repairs. Casing: clean, drift, visual 3 strings.		25,000		23,000					25,000
Drill string rental		23,000							23,000
Casing Crew & LD Machine, CRT		50,000							50,000
Welding		1,500							1,500
Cementing		225,000							225,000
•		270,000							270,000
				40,000					85,000
Wellsite Supervisor JOA Overhead 8500/mo		45,000 8,500		8,500					17,000
		6,500		8,500		-			17,000
Open Hole Logs	-	70,000							72,000
Solids Control Equipment \$4,000 per day	-	72,000							80,000
Cuttings Haul-off & Disposal		80,000		202 222					460,000
Surface Rental Equipment \$10,000 /d Drilling. Frac stack, light towers, generators, housing.		180,000		280,000					400,000
BOP Rental, stripper head	-					00.000			20,000
Pulling Unit 5 days, 4000/d				00.000		20,000			
Acidizing Acid crew to prep toe.				20,000					20,000
Frac Frac: see Prognosis above.				2,500,000					
Water Transfer	1	<b> </b>	<b> </b>	45,000	<b> </b>	-	<b> </b>		45,000
Completion Tools 50 frac plugs		-		75,000			<b> </b>		75,000
Cased Hole Wireline & Perforating 51 stages, 10k lube.	-	-		377,000		15,000			392,000
Frac Plug drill-out	-			250,000					250,000
Flowback & Well Testing	-					75,000			75,000
Trucking	1	30,000	ļ	30,000	ļ				60,000
Environmental	-			10,000					10,000
Materials & Supplies	-	5,000							5,000
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction	-	30,000		30,000				66,667	126,667
Insurance: Control of Well		25,000			<u> </u>				25,000
Contingencies 10%	1	227,403		475,950		11,000		6,667	721,020
TOTAL INTANGIBLES		2,501,437		5,235,450		121,000		73,333	7,931,220

Prognosis: 3 string casi	ing program. T	ank bat	tery allocated for 6 wells.		Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
<u>Tubulars</u>	<u>Length</u>	Size	<u>Description</u>	Price/ft FOB Loc									
Surface	1,700	13 3/8	54.5# J55 BTC	\$78.86		134,062							134,062
1st Intermediate	7,000	9 5/8	40# HCL80 BTC	\$77.54		542,780							542,780
2nd Intermediate	3,075	9 5/8	43.5# HCL80 BTC	\$92.55		284,591							284,591
Production						-							0
Production	21,800	5 1/2	20# P110 Semi-Prem	\$49.50		1,079,100							1,079,100
Tubing	10,150	2 7/8	6.5# L80 EUE	\$12.00						121,800			121,800
Wellhead Equipment						35,000		30,000					65,000
Float Equipment & Cen	ntralizers, Wet	Shoe.				75,000							75,000
Liner hanger, Packer, T	ΓAC, other Too	ols								20,000			20,000
													0
Flowlines, Valves, Fittir	ngs, pipeline									20,000		16,667	36,667
												0	0
Tanks	4 oil, 4 wat	ter (750	bbl)									66,667	66,667
Battery: Pumps /Valves	s/Connections											91,667	91,667
Battery: Meters, Autom	ation											41,667	41,667
Separation Equipment:	Tester, (2) 8x	20' Hz F	∃T's.							130,000		25,000	155,000
Compressors/Dehydrat	tors											0	0
Gas Meter Run, flare, \	/RU, Combust	tor								20,000		33,333	53,333
LACT	Pipeline LA	ACT sup	pplied by oil buyer.									0	0
Spill Containment												8,333	8,333
Artificial Lift	ESP purch	nase, rer	ntal drive.							250,000		0	250,000
Electrical Installation										16,667		16,667	33,333
		-										0	0
Contingencies, taxes	10%					215,053		3,000		57,847		30,000	305,900
TOTAL TANGIBLES						2,365,587		33,000		636,313		330,000	3,364,900
TOTAL WELL COST						Drilling		Completion		Production 757 313		Facilities	Total

Prepared By:	Kelvin Fisher	Date:	8/2/2022	Drill & Complete 10,135,473						
Approval:	Kelvin Fisher	_Date:								
Partner Approval				An	nount:					
Joint Owner:										
Working Interest:				Joint Owner App	proval:				_	
y execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and arrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, ou must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless or any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.										
Agree to decline coverage, provide proof, and hold harmless:										

#### **COMMUNICATION TIMELINE**

8/11/2022 - Well proposals sent to Hutchings Oil

9/13/2023 – well proposals sent Under the Order to Hutchings Oil (This is when we discovered we did not pool them originally)

Have attempted contact with Hutchings Oil over the past 18 months and no response.

E.G.L. Resources, Inc. Case No. 24707 Exhibit A-5 STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF E.G.L. RESOURCES, INC. TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22821, LEA COUNTY, NEW MEXICO.

CASE NO. 24707 ORDER NO. R-22821

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of E.G.L. Resources, Inc., the

Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice

Letter, along with the Application in this case, to be sent to the parties set out in the chart attached

as Exhibit B-2.

3. Exhibit B-2 also provides the date each Notice Letter was sent and the date each

return was received.

4. Copies of the certified mail green cards and white slips are attached as **Exhibit B-**

3 as supporting documentation for proof of mailing and the information provided on Exhibit B-2.

5. On July 14, 2024, I caused a notice to be published to all interested parties in the

Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along

with a copy of the notice publication, is attached as **Exhibit B-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the

subject case. I affirm that my testimony above is true and correct and is made under penalty of

perjury under the laws of the State of New Mexico. My testimony is made as of the date

handwritten next to my signature below.

/s/ Dana S. Hardy

Dana S. Hardy

July 27, 2024

Date

E.G.L. Resources, Inc. Case No. 24707 Exhibit B



#### HINKLE SHANOR LLP

ATTORNEYS AT LAW
P.O. BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

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

July 11, 2024

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

#### TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 24707 & 24708 – Applications of E.G.L. Resources, Inc. to Pool Additional Interests Under Order Nos. R-22821 & R-22822, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **August 8**, **2024**, beginning at 8:15 a.m.

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

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<a href="https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/">https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/</a>) or via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about these applications, please contact Matthew Langhoff, Landman at PBEX, LLC – mlanghoff@pbex.com.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

E.G.L. Resources, Inc. Case No. 24707 Exhibit B-1

Enclosure

7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321 PO BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554 FAX (505) 982-8623

PO BOX 10 ROSWELL, NEW MEXICO 88202 (575) 622-6510 FAX (575) 623-9332

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

APPLICATIONS OF E.G.L. RESOURCES, INC. TO POOL ADDITIONAL INTERESTS UNDER ORDER NOS. R-22821 & R-22822, LEA COUNTY, NEW MEXICO.

CASE NOS. 24707 & 24708 ORDER NOS. R-22821 & R-22822

#### **NOTICE LETTER CHART**

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Hutchings Oil Company	07/11/24	07/26/24
PO Box 1216		
Albuquerque, NM 87103		

E.G.L. Resources, Inc. Case No. 24707 Exhibit B-2

79	U.S. Postal Service™ CERTIFIED MAIL® RECEIPT  Domestic Mail Only						
무	For delivery information, visit our website at www.usps.com®.						
45	OFFICIALLISE						
52	Certified Mail Fee						
120	Extra Services & Fees (check box, add fee as appropriate)						
	Return Receipt (electronic) \$ Postmark						
5270	Certified Mail Restricted Delivery  Adult Signature Required						
52	Adult Signature Restricted Delivery \$						
	Postage \$						
0770	Total Postage and Fees						
	\$ Sent To						
5	Hutchings Oil Company   Street and Apt. No., PO Box 1216						
958	Albuquerque, NM 87103  City, State, ZIP+46 24707-08 – EGL Millie Mile Re-Open						
	PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions						

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY				
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature  X Agent Addressee  B. Received by (Printed Name)  C. Date of Delivery  Charles Club Agent Addressee  D. Is delivery address different from item 12 Yes				
Hutchings Oil Company PO Box 1216 Albuquerque, NM 87103 24707-08 - EGL Millie Mile Re-Open	D. Is delivery address different from item 1? If YES, enter delivery address below: No RECEIVED  JUL 2 6 2024				
9590 9402 8913 4064 1104 21  2. Article Number (Transfer from service label)  9589 0710 5270 0752 4582 79	3. Service Type  □ Adult Signature □ Hinkle Shanor □ Priority Mail Express® □ Adult Signature Restricted Delivery □ Certified Mail® □ Certified Mail Restricted Delivery □ Collect on Delivery □ Collect on Delivery Restricted Delivery □ Insured Mail □ Insured Mail □ Insured Mail Restricted Delivery (over \$500)				
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt				

E.G.L. Resources, Inc. Case No. 24707 Exhibit B-3

### **Affidavit of Publication**

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated July 14, 2024 and ending with the issue dated July 14, 2024.

Publisher

Sworn and subscribed to before me this 14th day of July 2024.

Business Manager

My commission expires

anuary 29, 2027

(Seal)

NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

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

#### LEGAL NOTICE July 14, 2024

This is to notify all interested parties, including Hutchings Oil Company; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by E.G.L. Resources, Inc. (Case No. 24707). The hearing will be conducted on August 8, 2024, in a hybrid fashion, both virtually and in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505. To participate virtually, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. E.G.L. Resources, Inc. ("Applicant") seeks to pool additional uncommitted interests under the terms of Order No. R- 22821 ("Order"). The Order: pooled all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 13 and 24, Township 19 South, Range 33 East, Lea County, New Mexico ("Unit"); dedicated the Unit to the Millie Mile 13-24 Federal Com No. 101H and Millie Mile 13-24 Federal Com 201H wells ("Wells"); and designated Applicant as operator of the Unit and Wells. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 7 miles east- northeast of Halfway, New Mexico.

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

> E.G.L. Resources, Inc. Case No. 24707 Exhibit B-4