

**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**

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A-2	Order No. R-22821
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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF E.G.L. RESOURCES, INC.  
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LEA COUNTY, NEW MEXICO.**

**CASE NO. 24707  
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**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.

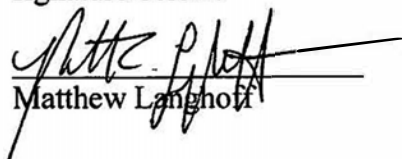
9. In my opinion, E.G.L. made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

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.

  
Matthew Langhoff

July 29, 2024  
Date

**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@hinklelawfirm.com

jmclean@hinklelawfirm.com

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

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

**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**

**ORDER**

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**

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.

**ORDER**

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

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ORDER NO. R-22821

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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

CASE NO. 23329  
 ORDER NO. R-22821

**Exhibit A**

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 23329</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: June 15, 2023</b>	
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, <i>et al.</i>
Well Family	Millie Mile Bone Spring wells
<b>Formation/Pool</b>	
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
<b>Spacing Unit</b>	
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 <u>and is approval of non-standard unit requested in this application?</u>	Yes  EXHIBIT <i>6</i>
<b>Other Situations</b>	
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
<b>Well(s)</b>	
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
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8500
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost plus 200%
<b>Notice of Hearing</b>	
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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<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-A
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	
Pooled Parties (including ownership type)	Exhibit 2-A; Working Interest Owners
Unlocatable Parties to be Pooled	Yes
Ownership Depth Severance (including percentage above & below)	No Depth Severance
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit 2-B
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-A
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-B
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-C
Cost Estimate to Equip Well	Exhibit 2-C
Cost Estimate for Production Facilities	Exhibit 2-C
<b>Geology</b>	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibits 2-A and 3-A
Gunbarrel/Lateral Trajectory Schematic	
Well Orientation (with rationale)	North-South; Exhibits 3 and 3-A
Target Formation	First and Second Bone Spring Sands
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit 2-A

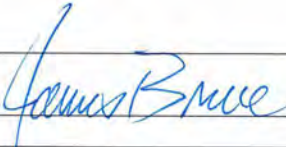
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Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-A
General Location Map (including basin)	Exhibit 3-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-C
Cross Section (including Landing Zone)	Exhibit 3-C
<b>Additional Information</b>	
Special Provisions/Stipulations	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	June 13, 2023

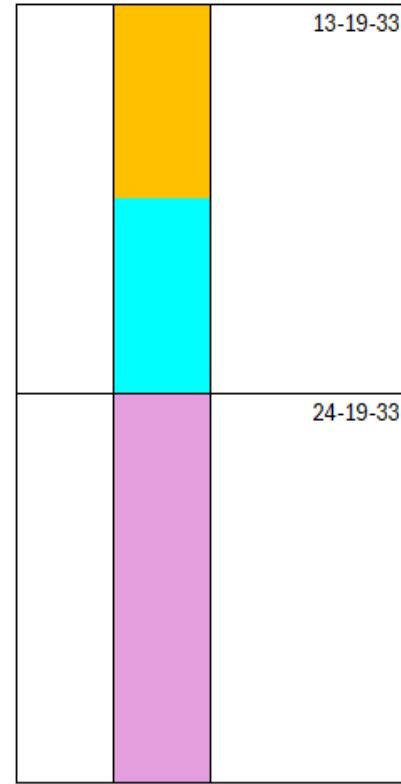
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**MILLIE MILE 13-24 FED COM 102H & 202H**

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



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

UNIT INTEREST		DOCUMENTS SENT
E2W2 BONE SPRING		Well Proposals - YES JOA - YES Communitization Agreement - YES
COG Operating LLC	0.00747071	
DSD Energy Resources LLC	0.00882352	
Earthstone Permian LLC	0.09251092	
Estate of David J. Sorenson	0.01411764	
<b>Hutchings Oil Company</b>	<b>0.00882353</b>	
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	
<b>TOTAL</b>	<b>1.00000000</b>	

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
<b>Hutchings Oil Company</b>	<b>WI</b>	<b>PO Box 1216, Albuquerque, NM 87103</b>
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

\*Additional party to be pooled highlighted in yellow

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

August 11, 2022



## E. G. L. Resources, Inc.

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 #401H, 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.

- **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’.
- **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’.
- **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’.
- **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**



August 3, 2022

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 [mlanghoff@pbex.com](mailto:mlanghoff@pbex.com), 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,

**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 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: \_\_\_\_\_

Authority For Expenditure (AFE)

Project: Millie Mile
Field: [27230] GEM, BONE SPRING; EAST
Well: Millie Mile 13-24 Fed Com #101H
Location: SHL SW/4 SW/4 of Section 12 T19S-R33E (#500' off-lease)
BHL SW/4 SW/4 of Section 24 T19S-R33E
Lea County, New Mexico

AFE #
TD (MD): 20,400 ft MD
TVD: 9,350 ft
Drilled Lateral Length: 10,960 ft VS
Completed Lateral Length: 10,360 ft
Target: 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 constraint.

Table with 10 columns: Code, Drilling Intangibles, Code, Completion Intangibles, Code, Production Intangibles, Code, Facilities Intangibles, Total Cost. Rows include items like Permits/Well Signs, Damages/Right of Way, Title & Abstracts, Survey and Stake Location, Locations and Roads, etc.

Table with 10 columns: Code, Drilling Tangibles, Code, Completion Tangibles, Code, Production Tangibles, Code, Facilities Tangibles, Total Cost. Rows include Tubulars (Surface, Intermediate), Production, Tubing, Wellhead Equipment, Float Equipment, etc.

Prepared By: Kelvin Fisher Date: 8/2/2022 Drill & Complete 9,481,531

Approval: Kelvin Fisher Date:

Partner Approval Amount:
Joint Owner:
Working Interest: Joint Owner Approval:

By 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 carrier of such insurance, neither of which is guaranteed as sufficient by Operator.

Agree to decline coverage, provide proof, and hold harmless:

By: Date:



Project: Millie Mile
Field: [27230] GEM, BONE SPRING; EAST
Well: Millie Mile 13-24 Fed Com #201H
Location: SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease)
BHL SW/4 SW/4 of Section 24 T19S-R33E
Lea County, New Mexico

AFE #
TD (MD): 21,200 ft MD
TVD: 10,150 ft
Drilled Lateral Length: 10,960 ft VS
Completed Lateral Length: 10,360 ft
Target: 2nd 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 constraint.

Table with columns: Code, Drilling Intangibles, Completion Intangibles, Production Intangibles, Facilities Intangibles, Total Cost. Rows include various well completion items like Permits, Damages, Drilling, Completion, Production, and Facilities costs.

Table with columns: Code, Drilling Tangibles, Completion Tangibles, Production Tangibles, Facilities Tangibles, Total Cost. Rows include tubulars, production, tubing, wellhead equipment, and other tangible costs.

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 Approval:

By 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 carrier of such insurance, neither of which is guaranteed as sufficient by Operator.

Agree to decline coverage, provide proof, and hold harmless:
By: Date:

Authority For Expenditure (AFE)

Project: Millie Mile
Field: [27230] GEM, BONE SPRING; EAST
Well: Millie Mile 13-24 Fed Com #202H
Location: SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease)
BHL SE/4 SW/4 of Section 24 T19S-R33E
Lea County, New Mexico

AFE #
TD (MD): 21,200 ft MD
TVD: 10,150 ft
Drilled Lateral Length: 10,960 ft VS
Completed Lateral Length: 10,360 ft
Target: 2nd 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 constraint.

Table with 10 columns: Code, Drilling Intangibles, Code, Completion Intangibles, Code, Production Intangibles, Code, Facilities Intangibles, Total Cost. Rows include various well completion items like Permits, Damages, Survey, Drilling, Completion, Production, and Facilities costs.

Table with 10 columns: Code, Drilling Tangibles, Code, Completion Tangibles, Code, Production Tangibles, Code, Facilities Tangibles, Total Cost. Rows include tubulars (Surface, 1st Intermediate, 2nd Intermediate, Production, Tubing), Wellhead Equipment, Float Equipment, Liner hanger, Flowlines, Tanks, Battery, Separation Equipment, Compressors, Gas Meter, LACT, Spill Containment, Artificial Lift, and Electrical Installation.

Prepared By: Kelvin Fisher

Date: 8/2/2022

Drill & Complete 9,601,981

Approval: Kelvin Fisher

Date:

Partner Approval
Joint Owner:
Working Interest:

Amount:

Joint Owner Approval:

By 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 carrier of such insurance, neither of which is guaranteed as sufficient by Operator.

Agree to decline coverage, provide proof, and hold harmless:

By:

Date:



Authority For Expenditure (AFE)

Project: Millie Mile
Field: WC, Wolfcamp
Well: Millie Mile 13-24 Fed Com #402H
Location: SHL SW/4 SW/4 of Section 12 T19S-R33E (±500' off-lease)
BHL SE/4 SW/4 of Section 24 T19S-R33E
Lea County, New Mexico

AFE #
TD (MD): 21,800 ft MD
TVD: 10,750 ft
Drilled Lateral Length: 10,960 ft VS
Completed Lateral Length: 10,360 ft
Target: Wolfcamp 'XY'

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 constraint.

Table with 9 columns: Code, Drilling Intangibles, Code, Completion Intangibles, Code, Production Intangibles, Code, Facilities Intangibles, Total Cost. Rows include various well construction items like Permits, Drilling, Completion, and Production costs.

Table with 9 columns: Code, Drilling Tangibles, Code, Completion Tangibles, Code, Production Tangibles, Code, Facilities Tangibles, Total Cost. Rows include tubulars, production, tubing, and various equipment costs.

Prepared By: Kelvin Fisher Date: 8/2/2022 Drill & Complete 10,135,473

Approval: Kelvin Fisher Date:

Partner Approval Amount:
Joint Owner:
Working Interest: Joint Owner Approval:

By 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 carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for 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:

By: Date:



**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**



hinklelawfirm.com

# HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

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

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

July 11, 2024

**VIA CERTIFIED MAIL**  
**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: <https://www.emnrd.nm.gov/oed/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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

If you have any questions about these applications, please contact Matthew Langhoff, Landman at PBEX, LLC – [mlanghoff@pbex.com](mailto:mlanghoff@pbex.com).

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

**E.G.L. Resources, Inc.**

**Case No. 24707**

**Exhibit B-1**

Enclosure

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

7601 JEFFERSON ST NE - SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
FAX (505) 858-8321

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554  
FAX (505) 982-8623

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

**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**

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

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

9589 0710 5270 0752 4582 79

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

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee \$ \_\_\_\_\_

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

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

**Total Postage and Fees** \$ \_\_\_\_\_

Sent To

Street and Apt. No., Hutchings Oil Company  
 PO Box 1216  
 Albuquerque, NM 87103

City, State, ZIP+4® 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 style="list-style-type: none"> <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>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X <i>Jane L Widner</i></p> <p>B. Received by (Printed Name) <i>Jane L Widner</i></p> <p>C. Date of Delivery <i>7-23-24</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No          If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>Hutchings Oil Company          PO Box 1216          Albuquerque, NM 87103          24707-08 – EGL Millie Mile Re-Open</p> <p>9590 9402 8913 4064 1104 21</p>	<p><b>RECEIVED</b></p> <p>JUL 26 2024</p>
<p>2. Article Number (Transfer from service label)</p> <p>9589 0710 5270 0752 4582 79</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
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  
January 29, 2027

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

**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.  
#00292251

02107475

00292251

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.

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

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