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

APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NO. 24838**

EXHIBIT INDEX

Compulsory	Pooling Checklist
Exhibit A	Self-Affirmed Statement of Chad Matney
A-1	Application and Proposed Notice of Hearing
A-2	C-102s
A-3	Plat of Tracts, Ownership Interests, Applicable Lease Numbers, Unit Recapitulation
A-4	Sample Well Proposal Letter
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Shane Finegan
B-1	Resume of Shane Finegan
B-2	Regional Locator Map
B-3	Subsea Structure Map
B-4	Stratigraphic Cross-Section
Exhibit C	Self-Affirmed Statement of Michael Rodriguez
C-1	Sample Notice Letter to All Interested Parties
C-2	Chart of Notice to All Interested Parties
C-3	Affidavit of Publication from September 15, 2024

CONPULSORY POOLING APPLICATION CHECKLIST ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 24838 **APPLICANT'S RESPONSE Date** October 3, 2024 Civitas Permian Operating, LLC **Applicant** Designated Operator & OGRID (affiliation if applicable) Civitas Permian Operating, LLC (332195) Applicant's Counsel: Ocean Munds-Dry & Michael Rodriguez Case Title: APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPLIESORY POOLING

	COMPULSORY POOLING,
	LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Black Marlin Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code (Only if NSP is requested):	WC-025 G-08 S253534O;BONE SPRING [97088]
Well Location Setback Rules (Only if NSP is Requested):	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	quarter-quarter
Orientation:	Stand-up
Description: TRS/County	E/2E/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Υ
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Black Marlin Fed Com 114H SHL: 182 FNL & 1534 FEL (Unit B), S18-T25S-R36E BHL: 5 FSL & 330 FEL (Unit P), S19-T25S-R36E Completion Target: Bone Spring Completion status: Standard

HBAREOVARA P.W. SK. 24W 2024S A. TEKE P BIMITS	Exhibit A-4 Page 3	f_{2}
Completion Target (Formation, TVD and MD)	Exhibit A-4	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	8500	
Production Supervision/Month \$	850	
Justification for Supervision Costs	Exhibit A	
Requested Risk Charge	200%	
Notice of Hearing		
Proposed Notice of Hearing	Exhibit A-1	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	Exhibit A-3	
Tract List (including lease numbers and owners)	Exhibit A-3	
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A	
Pooled Parties (including ownership type)	Exhibit A-3	
Unlocatable Parties to be Pooled	Exhibit A-3	
Ownership Depth Severance (including percentage above & below)	N/A	
Joinder		
Sample Copy of Proposal Letter	Exhibit A-4	
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3	
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5	
Overhead Rates In Proposal Letter	Exhibit A-4	
Cost Estimate to Drill and Complete	Exhibit A-4	
Cost Estimate to Equip Well	Exhibit A-4	
Cost Estimate for Production Facilities	Exhibit A-4	
Geology		
Summary (including special considerations)	Exhibit B	
Spacing Unit Schematic	Exhibit B-1	
Gunbarrel/Lateral Trajectory Schematic	N/A	
Well Orientation (with rationale)	Exhibit B	
Target Formation	Exhibit B	
HSU Cross Section	Exhibit B-3	
Depth Severance Discussion Released to Imaging: 9/27/2024 10:41:36 AM	N/A	

Received by OCD: 9/26/2024 4:27:23 PM Forms, Figures and Tables	Page 4 of 2
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Michael Rodriguez
Signed Name (Attorney or Party Representative):	MAD
Date:	September 26, 2024

Civitas Permian Operating, LLC
Case No. 24838
Exhibit A

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

APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NO. 24838**

SELF-AFFIRMED STATEMENT OF CHAD MATNEY

- 1. I am employed by Civitas Permian Operating, LLC ("Civitas") 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 as an expert witness in petroleum land matters and my credentials were accepted as a matter of record.
- 2. I am familiar with the land matters involved in the above-referenced case. Copies of the subject application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. Civitas seeks an order pooling all uncommitted interests in the Bone Spring formation (WC-025 G-08 S253534O;BONE SPRING [97088]) underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County, New Mexico (the "Unit").
 - 4. Civitas is a working interest owner in the Unit and has the right to drill a well thereon.
- 5. Civitas seeks to dedicate the Unit to the Black Marlin Fed Com 114H to be horizontally drilled with the first take point in the NE/4NE/4 (Unit A) of Section 18 and the last take point in the SE/4SE/4 (Unit P) of Section 19 (the "Well").
 - 6. The producing area for the well is expected to be orthodox.
 - 7. **Exhibit A-2** contains the C-102 for the Well.
- 8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Civitas seeks to pool highlighted in yellow. All the parties are locatable in that Civitas believes it located valid addresses

for them.

- 9. Civitas conducted a diligent search of all county public records including phone directories and computer databases. Civitas also conducted internet searches to identify all potential addresses and contact information for each interest owner it seeks to pool.
- 10. Civitas has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but was unable to obtain voluntary agreements from all interest owners.
- 11. **Exhibit A-4** contains a sample well proposal letter that was sent to interest owners for the Well. The estimated costs reflected on the AFEs are fair, reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.
- 12. In my opinion, Civitas made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.
- 13. To allow Civitas to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Civitas should be designated as operator of the Well and the Unit.
- 14. Civitas requests overhead and administrative rates of \$8,500 per month while the Well is being drilled, and \$850 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Civitas and other operators in the vicinity.
- 15. The attached exhibits were prepared by me or under my supervision or were compiled from company business records.
- 16. In my opinion, the granting of Civitas's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

17. I understand this Self-Affirmed Statement will be used as written testimony in this case.

I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.

Chad Matney

Date

Civitas Permian Operating, LLC Case No. 24838 Exhibit A-1

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

APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NO. 24838**

APPLICATION

Civitas Permian Operating, LLC ("Civitas"), OGRID Number 332195, through its undersigned attorneys, submits to the Oil Conservation Division this application pursuant to the provisions of NMSA 1978, § 70-2-17 for an order pooling all uncommitted interests in the Bone Spring formation (WC-025 G-08 S253534O;BONE SPRING [97088]) underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County, New Mexico (the "Unit"). In support of this application, Civitas states as follows:

- 1. Civitas is a working interest owner in the Unit and has the right to drill a well thereon.
- 2. Civitas seeks to dedicate the Unit to the following well (the "Well"):
 - a. The Black Marlin Fed Com 114H to be horizontally drilled with the first take point in the NE/4NE/4 (Unit A) of Section 18 and the last take point in the SE/4SE/4 (Unit P) of Section 19.
- 3. The producing area for the well is expected to be orthodox.
- 4. Civitas has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the Unit.
- 5. The pooling of all interests in the Unit will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.
- 6. Approval of this application will allow Civitas to obtain its just and fair share of the oil and gas underlying the subject lands.

WHEREFORE, Civitas requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2024, and after notice and hearing, the Division enter

its order:

- a. Pooling all uncommitted interests in the Unit;
- b. Approving the Well in the Unit;
- c. Designating Civitas as operator of the Unit and the Well to be drilled thereon;
- d. Authorizing Civitas to recover its costs of drilling, equipping and completing the
 Well;
- e. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- f. Setting a 200% charge for the risk involved in drilling and completing the Well in the event a working interest owner elects not to participate in the Well.

Respectfully submitted,

Civitas Permian Operating, LLC

Ocean Munds-Dry Michael Rodriguez 309 Johnson St. Santa Fe, NM 87501 (505) 592-0521 (303) 312-8518

omundsdry@civiresources.com mrodriguez@civiresources.com

Attorneys for Civitas Permian Operating, LLC

CASE NO. _______: Application of Civitas Permian Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County, New Mexico. The proposed horizontal spacing unit will be dedicated to The Black Marlin Fed Com 114H to be horizontally drilled with the first take point in the NE/4NE/4 (Unit A) of Section 18 and the last take point in the SE/4SE/4 (Unit P) of Section 19. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Civitas as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11 miles southwest of Jal, New Mexico.

ceived by O	CD: 9/26/	2024 4:27:	23 PM					Civita		nian Oper	_
<u>C-102</u>					State of Nev					se No. 248	
Submit Electronic			~			al Resources			E	Exhibit A-2	<u></u>
Via OCD Permitting OIL CONSERVAT				TON DIVI	SION	Cul	omittal	Initial Submittal			
						Ty		Amended Report			
										As Drilled	
API Number		V	VELL LC Pool Code	<u>)CATIO</u>	N AND AC	CREAGE D	EDICATION	ON PL	<u>AT </u>		
a i ivamoci			1 ooi code	97088	10011		5 G-08 S25	535340	; BONE	SPRING	
roperty Code		,	Property Name		DI AOK MAE		N. 4			Well Number	
OGRID No.			Operator Name		BLACK MAR	RLIN FED CC)IVI			Ground Level Elev	114H
OKID No.	332195	;	Operator Name		AS PERMIAI	N OPERATIN	IG, LLC.				3179'
urface Owner:	State X Fee	Tribal X Federa				Mineral Owner:	State Fee Tr	ibal Feder	al	1	
					Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn		Feet from the E/W	Latitu	de	L	ongitude	County
В	18	25-S	36-E	-	182' N	1534' E	N 32.13	71304	W 103	3.3006378	LEA
						ole Location					
UL or lot no.	Section	Township	Range	Lot Idn		Feet from the E/W	Latitu		1	ongitude	County
Р	19	25-S	36-E	-	5' S	330' E	N 32.108	86198	W 103	3.2967467	LEA
Dedicated Acres	Infill or Def	ining Well Defin	ning Well API			Overlapping Spacing	g Unit (Y/N)	- I	Consolidated	Code	
160	N	-	5				N			_	
rder Numbers						Well Setbacks are u		nership:	Yes XNo		
					Kick Off I	Point (KOP)					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S		Latitu	de	L	ongitude	County
Α	18	25-S	36-E	-	50' N	330' E	N 32.13	74698	W 103	3.2967484	LEA
					First Take	Point (FTP)					
UL or lot no.	Section	Township	Range	Lot Idn		Feet from the E/W	Latitu			ongitude	County
Α	18	25-S	36-E	-	100' N	330' E	N 32.13	73323	W 103	3.2967484	LEA
					Last Take	Point (LTP)					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitu	de	L	ongitude	County
Р	19	25-S	36-E	-	100' S	330' E	N 32.108	88809	W 103	3.2967468	LEA
nitized Area or A	rea of Uniform	Intrest		Spacing Unit	y Type	tal Vertical	Gro	ound Floor El	evation	3204'	
ODED ATO	OD GEDTH	FIG A TION				GUDAENO	D.C. CEDITIEI	CATION:	r		
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the					SURVEYORS CERTIFICATION I hereby certify that the well location shown on this plat and plotted fight field						
best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the expent of release to the correct property of the second of the correct of th					notes of actual surveys made by me or under my supervising and that the same is true and correct to the best of my belief.						
										100 H	
									Z (2,45	08)	
received The consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory								(E C		
pooling order			00 100410	2. 33141110	= 15.11paisor g					4 12:32:31 PM	CURVETI
									9/19/202	۷/۱٫٫٬۱۰٬٬۱۰٬٬۰۰۰ ۱۱۱۱ 4 12:32:31 PM	THILITIES.
Signature			Date			Signature and Seal	of Professional Sur	rveyor	Date		
Print Name						Certificate Number	. 	ate of Survey	,		
Print Name					Certificate Number	` ^D	•	/ 4/2020			

E-mail Address

C-102 Submit Electronically	Energy,	State of New Mexi Minerals & Natural Reso			Revised July 9, 2024
Via OCD Permitting	Ol	IL CONSERVATION I	DIVISION	Submittal Type:	Initial Submittal Amended Report
Property Name and Well Number		BLACK MARLIN FED (COM 114H		As Drilled
SURFACE LOCATION (SHL) NEW MEXICO EAST NAD 1983 X=860991 Y=415156 LAT.: N 32.1371304 LONG.: W 103.3006378 NAD 1927 X=819804 Y=415098 LAT.: N 32.1370033 LONG.: W 103.3001751 182' FNL 1534' FEL KICK OFF POINT (KOP) NEW MEXICO EAST NAD 1983 X=862194 Y=415291 LAT.: N 32.1374698 LONG.: W 103.2967484 NAD 1927 X=821007 Y=415233 LAT.: N 32.1373427 LONG.: W 103.2962858 50' FNL 330' FEL FIRST TAKE POINT. (FTP) NEW MEXICO EAST NAD 1983 X=862194 Y=415241 LAT.: N 32.1373323 LONG.: W 103.2967484 NAD 1927 X=821007 Y=415183 LAT.: N 32.1372053 LONG.: W 103.2962858 100' FNL 330' FEL	12 7 13 13-25-25 72 13 13 13 13 13 13 13 13 13 13 13 13 13	DETAIL VIEW A SCALE: 1" = 300'	X=862523.30. Y=415341.99 77777777777777777777777777777777777	58 70 	AST TAKE POINT. (FTP) NEW MEXICO EAST NAD 1983 X=862294 Y=404891 LAT.: N 32.1088809 LONG.: W 103.2967468 NAD 1927 X=821107 Y=404832 LAT.: N 32.1087537 LONG.: W 103.2962856 100' FSL 330' FEL FOM HOLE LOCATION (BHL) NEW MEXICO EAST NAD 1983 X=862295 Y=404796 LAT.: N 32.1086198 LONG.: W 103.2967467 NAD 1927 X=821108 Y=404737 LAT.: N 32.1084926 LONG.: W 103.2962855 5' FSL 330' FEL
	24	19	DET/ B 	AIL I hereby plat wa made by same is 05/14/	
Released to Imaging: 9/27/2024 10:			X=861965.03 Y=404788.17 Z=86262 Y=40478 NIL VIEW B LE: 1" = 300'	Signature 15.32 Signature 25.32 Signature 25	and Seal of Professional Surveyor: DOMING AND DOMING

T25S - R36E - E/2 E/2 Sec 18 & 19

SESW SWSE SWSW 18 13 NWNE NENE NWNW NENW SENE SWNE SENW SWNW Tract 1 NESE NWSE NESW NWSW SESE SWSE SESW SWSW 19 24 NENE NENW NWNE NWNW SWNE SENE SENW SWNW Tract 2 NESE NESW NWSE NWSW SESE SWSE SESW SWSW 30 25 NENE NWNE NWNW
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Civitas Permian Operating, LLC
Case No. 24838
Exhibit A-3

Black Marlin

Tract 1
Fee
160 acres

Tract 2
USA NMNM-127449
160 acres

Pending Spacing Unit 320 acres total: 160 acres (Fee) 160 acres (Fed)



Tract # Legal

1 <u>T25S-R36E</u>

Sec. 18: E/2E/2

Lea County, New Mexico

Mineral Ownership

Type Lease Number

Fee Fee Civitas DE Ba

Owners

Civitas DE Basin Resources II, LLC

MRC Hat Mesa, LLC

*Northern Oil and Gas Inc.

*Heirs of Mabel L. Heeter

*Heirs of the Estate of Louise Heard Kincaid

*Heirs of Carl S. Ham Jr.

*The Ohio State University

2 <u>T25S-R36E</u>

Sec. 19: E/2E/2

Lea County, New Mexico

Federal NMNM-127449

Civitas DE Basin Resources II, LLC

*Pooled parties

Entity	Interest Type	Approximate Per	centage
Civitas DE Basin Resources II, LLC	Working Interest	9	2.190104%
MRC Hat Mesa, LLC	Working Interest		4.687500%
*Northern Oil and Gas Inc.	Uncommitted Working Interest		1.041667%
*Heirs of the Estate of Louise Heard Kincaid	Unleased Mineral Interest		0.976562%
*Heirs of Carl S. Ham Jr.	Unleased Mineral Interest		0.694445%
*Heirs of Mabel L. Heeter	Unleased Mineral Interest		0.347222%
*The Ohio State University	Unleased Mineral Interest		0.062500%
	TO	ΓAL: 10	0.000000%

^{*}Pooled parties



July 18, 2024

Civitas Permian Operating, LLC
Case No. 24838
Exhibit A-4

The Ohio State University c/o Farmers National Company 15 W 6th St., Suite 2700 Tulsa, OK 74119

RE: <u>Horizontal Well Proposal –Bonespring Formation-Black Marlin Fed Com 114H;</u>

<u>Horizontal Spacing Unit – E/2E/2 of Section 18 and E/2E/2 Section 19, T-25 South, R-36 East Lea County, New Mexico</u>

Ladies and/or Gentlemen:

Please be advised that Civitas Permian Operating, LLC ("Civitas") hereby proposes to drill, complete and equip each of the above referenced horizontal wells at the locations so indicated above. Enclosed you will find a detailed cost AFE for each of the referenced wells. Please note that the first take point and last take point of each respective well will be located at a legal or approved location and SHL may change pending further surface evaluation.

For those who elect to participate in the captioned horizontal wells, Civitas will provide an A.A.P.L. Form 610 – 1989 Model Form Operating Agreement, Horizontal Modifications ("Operating Agreement"), designating Civitas Permian Operating, LLC as Operator, covering the E/2E/2 of Section 18 and E/2E/2 of Section 19, T-25 South, R-36 East, N.M.P.M, Lea County, New Mexico, containing approximately 320 acres, more or less, covering the Bone Spring formation ("Contract Area") with the following general provisions:

- 100/300 Non-Consenting Penalty;
- \$8,500/\$850 Drilling and Producing Rate; and
- Civitas Permian Operating, LLC named Operator.

In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, Civitas will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

Please indicate your intention to either <u>participate or not participate</u> in the drilling, completion and equipping of each of the above referenced wells by placing an "X" in the appropriate spaces provided



below, and return one (1) executed copy of this letter, one (1) executed AFE for each well you have elected to participate, one original (1) Joint Operating Agreement body signature page, and one (1) original executed and notarized memorandum H signature page of the Joint Operating Agreement when provided at the address shown on this letter. If you should desire not to participate in the drilling and completion of the wells herein proposed, Civitas is willing to discuss an alternative proposal to acquire your oil and gas interests and or lease your interest. Should you have any questions regarding this matter, please do not hesitate to contact Chad Matney by phone at (303) 551-5094 or by email at cmatney@civiresources.com.

Best Regards,

Chad Matney Landman IV

The Ohio State University

	participate in Black Marlin Fed Com 114H
	non-consent Black Marlin Fed Com 114H
By:	
Name:	
Title:	
Date:	

End of Elections

August 27, 2024

The Ohio State University c/o Farmers National Company 15 W 6th St., Suite 2700 Tulsa, OK 74119

RE: <u>Horizontal Well Proposal –Bonespring Formation-Black Marlin Fed Com 114H;</u>

<u>Horizontal Spacing Unit – E/2E/2 of Section 18 and E/2E/2 Section 19, T-25 South, R-36 East Lea County, New Mexico</u>

Ladies and/or Gentlemen:

On July 18, 2024 the subject well proposal was sent to your attention. In an effort to add clarity Civitas would like to provide some additional detail. Please see below for further description as it relates to the well proposal.

Well Name	SHL	BHL	FTP	LTP	TVD	MD	Formation
Black Marlin Fed Com 114H	NW/4NE/4 Section 18, T25S-R36E	330 FEL and 10 FSL Section 19, T25S-R36E	330 FEL and 100 FNL Section 19, T25S-R36E	330 FEL and 100 FSL Section 19, T25S-R36E	9,680	20,130	1BSS

Should you have any questions regarding this matter, please do not hesitate to contact Chad Matney by phone at (303) 551-5094 or by email at cmatney@civiresources.com.

Best Regards,

Chad Matney Landman IV

	CIVI	TAS			an Operating, LLC N FOR EXPENDITURE				Det:	May 40 000
ell Name				Black Marlin Fed COM 114H			Location:		Date State	May 13, 2024 NM
get eral Length				1BSS 10,200					County Section	Lea 18, 19
) I Wall Count				9,705 20,056					Township Range	25S 36E
d Well Count B Well Count				7	<u> </u>					
	Account Code		Concat.		LE WELL COSTS	ļ <u></u>				
	Major 8305 8305	Minor 101 102	8305101 8305102	Category Location, Clean Up & Damages Rig Move - MIRU, RDMO	Comments	150,000 60,000	Completion	Production	Facility	Total 1
	8305 8305	103 104	8305103 8305104	Rig Contractor-Daywork/FT Rig Contractor-Turnkey		735,000				7
	8305 8305	105 106	8305105 8305106	Power & Fuel Drill Fluids & Chemicals		42,875 243,000				2
	8305 8305	107 108	8305107 8305108	Bits, Reamer, Stabilizers Cement & Cementing Services		85,000 180,000				1
	8305 8305	109 110	8305109 8305110	Mud Logging Open Hole Logging		9,625				
	8305 8305	111	8305111 8305112	Csg Crews & Tools-Drive Hammer Directional Tools & Service		30,000 238,750 25,000				2
_	8305 8305 8305	115 116 117	8305115 8305116 8305117	Tubular Inspection Equipment Rentals Production Labor, Maintenance		189,875 75,000				
DRILLING	8305 8305	118 119	8305118 8305119	Wellsite Consultants Company Supervision & Labor		100,800				
Ä	8305 8305	120 121	8305120 8305121	Transportation Mud,Cuttings & Water Disposal		30,000 37,852				
	8305 8305	122 123	8305122 8305123	Insurance Overhead		6,356				
	8305 8305	124 125	8305124 8305125	Water & Water Well Unanticipated Major Expenses (Fishing)		19,250				
	8305 8305	126 127	8305126 8305127	Legal Outside Operated Other		30,000				
	8305 8305	128 129	8305128 8305129	Regulatory Permits Environmental & Safety		5,000 7,500				
	8305 8305	130 132	8305130 8305132	Other Specialized Services		8,000				
	8305 8305 8305	190 199 200	8305190 8305199 8305200	Miscellaneous Contingency Air Compliance & Design		8,000 131,912				
	8306 8306	201	8306201 8306202	Location & Cleanup Power & Fuel		-	20,000 619,122			
	8306 8306	203 204	8306203 8306204	Compl Fluids & Chemicals Bits, Reamer, Stabilizers			35,000 50,000	7,500		
	8306 8306	205 206	8306205 8306206	Cement & Cementing Svcs Logging & Perforation Svcs			229,300			
	8306 8306	207 208	8306207 8306208	Csg Crews & Tools-Drive Hammer Directional Tools & Svcs						
	8306 8306	209 210	8306209 8306210	Formation Stimulatn Acid Frac Formation Evaluation			2,557,798 32,500	70,000		2,
	8306 8306	211 212	8306211 8306212	Tubular Inspection Equipment Rentals			375,000	5,000 40,000		
	8306 8306	213 214	8306213 8306214	Contract Labor & Services Wellsite Consultant			95,000	5,000		
_	8306 8306	215 216	8306215 8306216	Company Supervision & Labor Transportation			5,000 15,000	00.000		
COMPLETION	8306 8306 8306	217 218 219	8306217 8306218 8306219	Mud Cuttings & Water Disposal Insurance Overhead			25,000	90,000		
COMP	8306 8306	220 221	8306220 8306221	Water & Water Well Unanticipated MajExp Fishing			533,700	5,000		
	8306 8306	222	8306222 8306223	Outside Operated Other Misc Supplies & Materials			-			
	8306 8306	224 225	8306224 8306225	Legal Regulatory Permits						
	8306 8306	226 227	8306226 8306227	Environmental & Safety Costs Plugging			-			
	8306 8306	228 229	8306228 8306229	Completion Rig Artificial Lift			165,000	50,000 70,000		
	8306 8306	230 240	8306230 8306240	Other Specialized Srvs Hopper Rig			-			
	8306 8306	290 299	8306290 8306299	Miscellaneous Contingency			118,936			
	8306 8306 8306	950 995	8306301 8306950 8306995	Air Compliance & Design Allocation Contra Account AFE Acrual - Gross			-			
	8306 8311	999 540	8306999 8311540	Net WIP Offset Permits / ROW / SUA / USR						
	8311 8311	541 542	8311541 8311542	Survey Consultnt(Eng,Env,Sfty,Pwr,etc					23,556	
	8311 8311	543 544	8311543 8311544	Shipping/Transport/Freight Taxes					16,116	
	8311 8311	577 578	8311577 8311578	Civil Labor & Contracts Structural Steel Labor & Ctrct					39,400	
	8311 8311	579 580	8311579 8311580	Mechanical Labor & Contracts Automate & Elec Labor & Cntrct					24,633 202,024	
FACILITY	8311 8311	581 582	8311581 8311582	Pipeline Labor & Contracts Shop & Skid Fab Labor & Cntrct					25,446	
F	8311 8311	583 584	8311583 8311584	Insulation Labor & Contracts Painting/Coating Labor & Ctrct					-	
	8311 8311 8311	585 586 587	8311585 8311586	NDE Inspection 3rd Party Construct Inspection					7,796 11,924	
	8311 8311	591 592	8311587 8311591 8311592	Construct Equip & Svcs/Rental Air Permits & Fees Air Testing & Analysis					15,003	
	8311 8311	593 594	8311593 8311594	LDAR Costs EHSRC Compliance Systems					-	
	8311 8311	599 600	8311599 8311600	Contingency EHRSC COC Compliance					-	
					E WELL COSTS	\$ 2,448,795.00	\$ 4,876,355.61	\$ 342,500.00	\$ 365,897.07	\$ 8,033
	8308 8308	301 302	8308301 8308302	Drive Pipe Conductor Casing Surface Casing		30,000 68,280				
BNI.	8308 8308	303 304	8308303 8308304	Intermediate Casing Production Casing		401,625 802,240				
DRILLING	8308 8308 8308	305 306 307	8308305 8308306 8308307	Subs Fit Eqpt Centralizers Etc Casinghead Drilling Spool		59,875 80,000				
	8308 8308	308 390	8308308 8308390	Sub Surface Equipment Outside Operated Other Miscellaneous		10,000				
	8308 8309	399 402	8308399 8309402	Contingency		-		72,788		
Z O	8309 8309	403 404	8309403 8309404	Subs Flt Eqpt Centralizers Etc Sub Surface Equipment				40,000		
COMPLETION	8309 8309	405 406	8309405 8309406	Well Head Equipment Outside Operated Other				70,000		
8	8309 8309	407 490	8309407 8309490	Artificial Lift Miscellaneous				75,000		
	8309 8311	499 547	8309499 8311547	Contingency Concrete & Foundation Material						
	8311 8311	548 549	8311548 8311549	Road Base,Gravel,Civil Fill Structural Steel Material					-	
	8311 8311	550 552	8311550 8311552	Buildings(GasLift,cmprsr, etc) Press Vessels/Filters/Heat Exc					- - 5 241	
	8311 8311 8311	553 554 555	8311553 8311554 8311555	Separatrs/Heat Trtr/Fire Equip Tanks Deby Equipment					5,241 189,535 50,733	
	8311 8311 8311	555 556 557	8311556 8311556 8311557	Dehy Equipment Compressors Pumps					3,931	
È	8311 8311	558 559	8311558 8311559	ECD's/Flares Pipe, Valves & fittings					17,487 16,444	
FAGUTY	8311 8311	563 564	8311563 8311564	Instrumentation / Automation Meters/Measurement					90,777	
	8311 8311	565 566	8311565 8311566	Electrical/Power Equipment Instrument Air Systems					36,560 117,852	
	8311 8311	567 568	8311567 8311568	LACT Systems Automation Bulk Materials					-	
	8311 8311	569 570	8311569 8311570	Heat Trace Power/Control Panels					-	
	8311 8311	571 572	8311571 8311572	SCADA Software/Systems Telemetry Equipment / Radios					-	
	8311	573	8311573	Chem Inj. Systems & Chemicals					-	
	8311	590	8311590	Miscellaneous Total Tangible Costs		\$ 1,452,020.00	s -	6.057.55	\$ 540,352.71	\$ 2,250

Owner	Communication
	7/18/24: Sent Well Proposal
	8/19/24: Northern returned elections to participate in the wells
	9/10/24: Sent proposed JOA form
Heirs of Mabel L. Heeter	7/18/24: Sent Well Proposal
	7/25/24: Spoke with the daughter, Cathy about the well proposal and the pooling process. We are working
	towards a possible acquisition of this interest.
Heirs of the Estate of Louise Heard Kincaid	7/18/24: Sent Well Proposal
	7/23/24: Received Voicemail from son of one of the heirs.
	8/5/24: Called back and left a voicemail
	9/18/24: Spoke with the son and talked through the upcoming pooling process.
Heirs of Carl S Ham Jr.	7/18/24: Sent Well Proposal
The Ohio State University	7/18/24: Sent Well Proposal

Civitas Permian Operating, LLC
Case No. 24838
Exhibit A-5

Released to Imaging: 9/27/2024 10:41:36 AM

Civitas Permian Operating, LLC
Case No. 24838
Exhibit B

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

APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NO. 24838**

SELF-AFFIRMED STATEMENT OF SHANE FINEGAN

- 1. I am employed by Civitas Permian Operating, LLC ("Civitas") as a petroleum geologist.

 I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement.
- 2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters and my credentials were accepted as a matter of record.
- 3. I am familiar with the geological matters involved in the above-referenced case and have conducted a geologic study of the lands in the subject area.
- 4. **Exhibit B-1** is a regional locator map identifying the proposed horizontal spacing unit for the captioned case (the "Unit").
- 5. **Exhibit B-2** is a subsea structure map of the Bone Spring formation. The contour interval is 50 feet. The map demonstrates the formation is gently dipping to the west-southwest in this area. The structure appears consistent across the proposed wellbore path for the Black Marlin 114H well (the "Well"). I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.
- 6. **Exhibit B-3** is a stratigraphic cross-section from A to A' using the representative wells identified on Exhibit B-2. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from southwest to northeast and is hung on the top of the Bone Spring formation. The proposed landing zone for the Well is labeled on the exhibit. This cross-section demonstrates the target interval is consistent in thickness across the Unit.
- 7. In my opinion, a standup orientation for the Well is appropriate to properly develop the *Released to Imaging: 9/27/2024 10:41:36 AM*

subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

- 8. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will be productive and contribute more or less equally to the production of the Well.
- 9. In my opinion, granting the application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 10. The attached exhibits were prepared by me or under my supervision or were compiled from company business records.
- 11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.

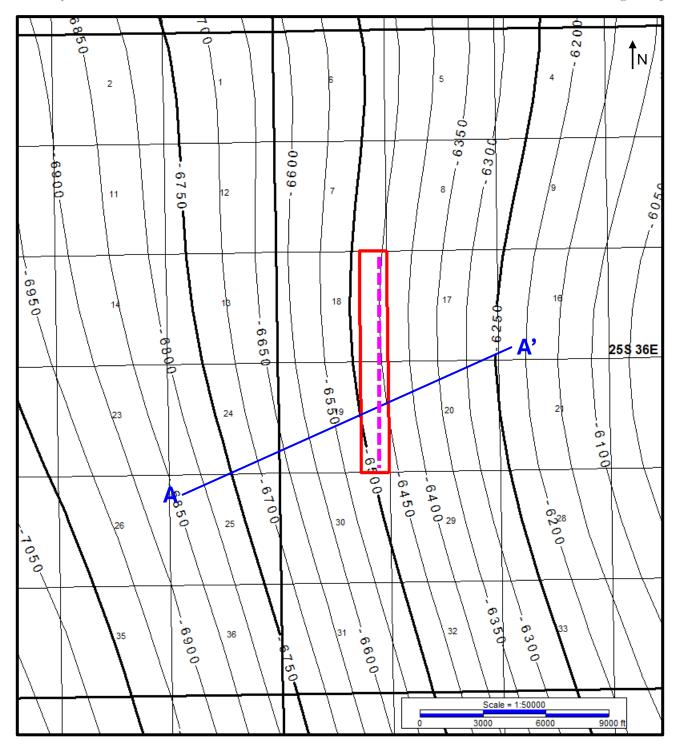
/s/ Shane Finegan	9/20/2024
Shane Finegan	Date

Civitas Permian Operating, LLC Case No. 24838 Exhibit B-1

						L				
,	28	27	26	25	30	29	28	27	26	↑ 25 N
2	33	34	35	36	31	32	33	34	35	36
	4	3	2	1	6	5	4	3	2	1
	9	10	11	12	7	8	9	10	11	12
7	16	15 25 \$ 35 E	14	13	18	17	16	15 258 36E	14	13
20	21	22	23	24	19	20	21	22	23	24
29	28	27	26	25	30	29	28 27		26	25
32	33	34	35	36	31	32	33	34	35	36
5	4	3	2	1	6	5	4	3	2	1
8	9	10	11	12	7	8	9	10 Scale = 1:750		12 15000 ft



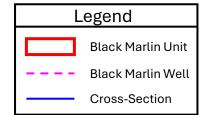




Top 1st Bone Spring Sand Depth Structure (SSTVD)

Civitas Permian Operating, LLC
Case No. 24838
Exhibit B-2

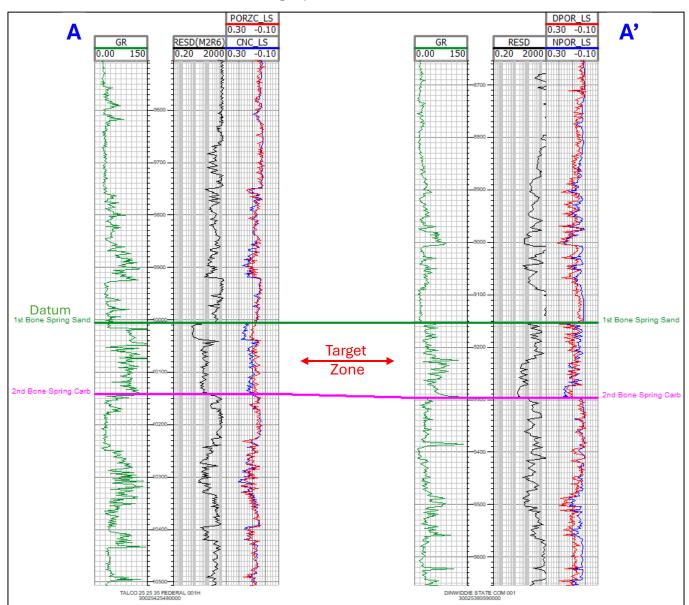
CI = 50'





Civitas Permian Operating, LLC
Case No. 24838
Exhibit B-3

Stratigraphic Cross-Section





Civitas Permian Operating, LLC Case No. 24838 Exhibit C

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

APPLICATION OF CIVITAS PERMIAN OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NO. 24838**

SELF-AFFIRMED STATEMENT OF MICHAEL RODRIGUEZ

- I am attorney in fact and authorized representative of Civitas Permian Operating, LLC. I
 have personal knowledge of the matters addressed herein and am competent to provide this SelfAffirmed Statement.
- 2. I caused the notice of hearing letter attached as **Exhibit C-1** and the application in this case to be sent by certified mail to the locatable affected parties on the date identified in the notice of hearing letter.
- 3. **Exhibit C-2** contains the names and addresses of the parties to whom notice was provided to and the status of delivery provided by the United States Postal Service as of the date identified therein.
- 4. On September 15, 2024, I caused a notice to be published to all affected parties subject to the application in this case. A copy of the Affidavit of Publication from the Legal Clerk of the publication and a copy of the legal notice are attached as **Exhibit C-3**.
- 5. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.

MOD	09/24/2024
Michael Rodriguez	Date



September 13, 2024

Civitas Permian Operating, LLC Case No. 24838 Exhibit C-1

VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 24836 & 24838 – Applications of Civitas Permian Operating, LLC for Compulsory Pooling, 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. A hearing has been requested before a Division Examiner on October 3, 2024, and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/.

You are not required to attend this hearing, but as an owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Chad Matney at 303-551-5094 or cmatney@civiresources.com.

Thank you,

<u>/s/ Michael Rodriguez</u>

Michael Rodriguez

Attorney for Civitas Permian Operating, LLC

MailClass	TrackingNo	ToCompanyName	ToName	DeliveryAddress	AddressLine2	City	State	Zip	MailDate	ERR_SigDate	ERR_FTPStatus	USPS_Status	StatusCode	Last_Modified
Certified with Return Receipt (Signature)	941481189876 484128350	5 As An Heir Of The Estate Of C S Ham	The Heirs of Carl S Ham Jr.	4100 SE 1000		Andrews	TX	79714-6064	09/13/2024	09/17/2024 00:46:38	SUCCESS	Your item was picked up at a postal facility at 4:09 pm on September 16, 2024 in ANDREWS, TX 79714. sender on September 16, 2024 at 4:09 pm in YUMA, AZ 85365 because	D	09/17/2024 04:02:57
Return Receipt (Signature)	941481189876 484128367	Estate of Louise Heard Kincaid,	c/o Eileen Heard	9202 W County 14th St		Yuma	AZ	85365-9754	09/13/2024			it could not be delivered as addressed.	1	09/14/2024 05:22:09
Certified with Return Receipt (Signature)	941481189876 484128329	5 C/O Farmers National Company	The Ohio State University	15 W 6th St Ste 2700		Tulsa	OK	74119-5421	09/13/2024			Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.	ı	09/14/2024 05:22:09
Certified with Return Receipt (Signature)	941481189876 484128398	5	Northern Oil and Gas Inc.	4350 Baker Rd Ste 400		Minnetonka	MN	55343-8628	09/13/2024	09/18/2024 06:47:11	SUCCESS	Your item has been delivered to an agent at the front desk, reception, or mail room at 10:24 am on September 17, 2024 in HOPKINS, MN 55343. Your package will arrive later than		09/18/2024 10:02:04
Certified with Return Receipt (Signature)	941481189876 484128343	5 Lloyd Wayne Johnson as an Heir of The Estate	Mabel L Heeter as an Heir of The Estate of		of Shirley N Van Zandt Johnson as an Heir of	Sun City	AZ	85351	. 09/13/2024			expected, but is still on its way. It is currently in transit to the next facility.	I	09/14/2024 05:22:08
Certified with Return Receipt (Signature)	941481189876 484128381	5 Estate of Louise Heard Kincaid,	c/o Eileen Heard	10317 S Del Rey Dr		Yuma	AZ	85367-7315	09/13/2024	09/19/2024 01:45:57	SUCCESS	Your item was picked up at the post office at 1:35 pm on September 18, 2024 in YUMA, AZ 85367.	D	09/19/2024 02:06:07
Certified with Return Receipt (Signature)	941481189876 484128336	5 Estate of Louise Heard Kincaid,	c/o Eileen Heard	9202 W County 14th St		Yuma	AZ	85365-9754	09/13/2024			Your item was returned to the sender on September 16, 2024 at 4:09 pm in YUMA, AZ 85365 because it could not be delivered as addressed. Your package will arrive later than	I	09/14/2024 05:22:08
Certified with Return Receipt (Signature)	941481189876 484128374	5 C/O Farmers National Company	The Ohio State University	15 W 6th St Ste 2700		Tulsa	ОК	74119-5421	09/13/2024			expected, but is still on its way. It is currently in transit to the next facility.	ı	09/14/2024 05:22:08

Civitas Permian Operating, LLC Case No. 24838 Exhibit C-2

Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated September 15, 2024 and ending with the issue dated September 15, 2024.

Publisher

Sworn and subscribed to before me this 15th day of September 2024.

fuscell

Business Manager

My commission expires

anuary 28740E70F NEW MEXICO NOTARY PUBLIC Seal) 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.

Civitas Permian Operating, LLC Case No. 24838 Exhibit C-3

LEGAL NOTICE September 15, 2024

This is to notify all interested parties, including: Estate of Louise Heard Kincaid c.o. Eileen Heard; MRC Hat Mesa, LLC; Northern Oil and Gas Inc.; The Heirs of Jamie L Ellison Ham as an Heir of The Estate of C S Ham; The Heirs of Carl'S Ham Jr as an Heir of The Estate of C S Ham; Mabel L Heeter as an Heir of The Estate of C S Ham; Mabel L Heeter as an Heir of The Ham Jr as an Heir of The Estate of C S Ham; Mabel L Heeter as an Heir of The Estate of Shirley N Van Zandt Johnson; Mabel L Heeter as an Heir of The Estate of C S Ham; The Ohio State University c.o. Farmers National Company; and their respective successors and assigns, that Civitas Permian Operating, LLC ("Civitas") filed applications in Case Nos. 24836 and 24838 with the New Mexico Oil Conservation Division ("Division"). A hearing has been requested before a Division Examiner on October 3, 2024. It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The Oil Conservation Division ("Division"). A hearing has been requested before a Division Examiner on October 3, 2024. It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ccd/hearing-info/, You are not required to attend this hearing, but as an owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

In Case No. 24836, Civitas seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2E/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County, New Mexico. The proposed horizontal spacing unit will be dedicated to The Black Marlin Fed Com, 113H to be horizontally drilled with first take point in the NW/4NE/4 (Unit B) of Section 18 and last take point in the SW/4SE/4 (Unit O) of Section 19. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Civitas as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11 miles southwest of Jal, New Mexico. The proposed horizontal spacing unit will be dedicated to The Black Marlin Fed Com, 114H to be horizontally drilled with the first take point in the NE/4NE/4 (Unit A)

67118016

00294111

MICHAEL RODRIQUEZ **CIVITAS RESOURCES** 8100 Wyoming Blvd NE Ste M4 #463 ALBUQUERQUE, NM 87113