

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

**APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case Nos. 24994-24995 &  
25115-25117**

**APPLICATIONS OF READ & STEVENS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case Nos. 24941-24942 &  
25145-25148**

**NOTICE OF REBUTTAL EXHIBITS**

V-F Petroleum Inc., applicant in the above- referenced cases, gives notice that it is filing the attached rebuttal exhibits for acceptance into the record.

- Rebuttal Exhibit 1A: 1<sup>st</sup> Assignment of Operating Rights
- Rebuttal Exhibit 1B: 2<sup>nd</sup> Assignment of Operating Rights
- Rebuttal Exhibit 1C: Stratigraphic Cross Section Showing Third Bone Spring Depth Severance
- Rebuttal Exhibit 2: Permian Resources' Slim Jim Well Proposals & Location Plats
- Rebuttal Exhibit 3: Affidavit of Fact
- Rebuttal Exhibit 4: Plains Marketing Oil Statement
- Rebuttal Exhibit 5: Permian Resources' Lajitas Well Proposals
- Rebuttal Exhibit 6: 43 CFR §3171.12 & Onshore Oil and Gas Order No. 1
- Rebuttal Exhibit 7: Second Bone Spring Well Locator Map
- Rebuttal Exhibit 8: Second Bone Spring Cross Section
- Rebuttal Exhibit 9: Second Bone Spring Gross Isopach
- Rebuttal Exhibit 10: Second Bone Spring Net Pay Map
- Rebuttal Exhibit 11: Third Bone Spring Well Locator Map
- Rebuttal Exhibit 12: Third Bone Spring Cross Section
- Rebuttal Exhibit 13: Third Bone Spring Gross Isopach
- Rebuttal Exhibit 14: Third Bone Spring Net Pay Map

Respectfully submitted,

ABADIE& SCHILL, PC

*/s/ Darin C. Savage*

---

Darin C. Savage

Andrew D. Schill  
William E. Zimsky  
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darin@abadieschill.com  
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bill@abadieschill.com

**Attorneys for V-F Petroleum Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on January 28, 2025:

Michael H. Feldewert - mfeldewert@hollandhart.com  
Adam G. Rankin – agrankin@hollandhart.com  
Paula M. Vance – pmvance@hollandhart.com  
***Attorneys for Read & Stevens, Inc.;***  
***And for Permian Resources Operating, LLC;***  
***And for XTO Holdings, LLC***

Kaitlyn A. Luck – luck.kaitlyn@gmail.com  
(361) 648-1973  
PO Box 483  
Taos, NM 87571  
***Attorney for Carolyn Beall***

/s/ Darin C. Savage  
Darin C. Savage

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JANUARY 28, 2025**

**REBUTTAL EXHIBITS IN SUPPORT OF  
APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

**V-F Petroleum Inc. Cases**

**Case No. 24994**

**Case No. 24995**

**Case No. 25115**

**Case No. 25116**

**Case No. 25117**

**Read & Stevens, Inc. Cases**

**Case No. 24941**

**Case No. 24942**

**Case No. 25145**

**Case No. 25146**

**Case No. 25147**

**Case No. 25148**

**V-F PETROLEUM INC.**

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## TAB 1

### Rebuttal Land Exhibits

- Rebuttal Exhibit 1A: 1<sup>st</sup> Assignment of Operating Rights
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- Rebuttal Exhibit 6: 43 CFR §3171.12 & Onshore Oil and Gas Order No. 1

**Exhibit 1A Rebutting Paragraphs 4 & 7 of Self-Affirmed Statement of Travis Macha:  
First Assignment of Operating Rights**

BOOK **71** PAGE **382**

Jamie Federal #1 (Amoco F/O)  
R&S 9394W  
R&S 8495

ASSIGNMENT OF OPERATING RIGHTS

THIS ASSIGNMENT, made and entered into this 10th day of May, 1990 by and between Read & Stevens, Inc., P.O. Box 1518, Roswell, NM 88202, hereinafter referred to as "Assignor" and those parties set out on Exhibit "A" attached hereto and made a part hereof, hereinafter referred to as "Assignees".

WITNESSETH:

WHEREAS, Pursuant to that certain Farmout Contract dated March 1, 1989 by and between Amoco Production Co. and Assignor covering the herein described lands, Assignor is the owner of an undivided 50.00% interest before payout of the Jamie Federal #1 well and an undivided 37.50% interest after payout\* of the Jamie Federal #1 well in an oil and gas lease dated November 1, 1981, from the United States of America as Lessor, to Read & Stevens, Inc., as Lessee, bearing Serial No. NM-28096 (lease) covering the following described lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST N.M.P.M.

Section 14: NE/4NW/4  
containing 40.00 acres, more or less (lands) insofar as said lease covers those depths from 3,900 feet down to and including 9,290 feet, but in no event below the base of the Bone Springs Formation

and,

WHEREAS, Assignor desires to assign unto Assignees an undivided 33.70000% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 25.27500% of 8/8ths interest after payout\* of the Jamie Federal #1 well, in and to the operating rights in said lease and lands, ("the operating rights" being defined as the exclusive right and privilege to test, drill for, mine, extract, remove, and dispose of all of the oil and gas deposits), and to retain an undivided 16.30000% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 12.22500% of 8/8ths interest after payout\* of the Jamie Federal #1 well in and to said operating rights.

NOW, THEREFORE, for and in consideration of the premises and the sum of Ten Dollars (\$10.00) and other valuable consideration paid to Assignor by the Assignees, the receipt of which is hereby acknowledged, Assignor does hereby grant, convey, set over and assign unto Assignees the interests set out above in and to the operating rights in said lease and lands, together with a like interest in and to all of the well equipment and personal property located on said lands and used or obtained in connection therewith in the following proportions, to wit:

(See Exhibit "A" Attached Hereto And Made a Part Hereof);

subject to the following:

1. The terms and provisions of the above described oil and gas lease.
2. Operating Agreement dated January 20, 1989, between Read & Stevens, Inc. as Operator and T.T. Sanders, Jr., et al, as Non-Operators.
3. Participation Agreements between Read & Stevens, Inc. and the Assignees herein, for the drilling of the Jamie Federal #1 well on the above described acreage.

RECEPTION  
905912

*Read & Stevens Inc.  
P.O. Box 1518  
Roswell, NM 88202*

Assignment of Operating Rights  
Jamie Federal #1 (Amoco F/O)  
Page 2

- 4. Farmout Contract dated March 1, 1989 by and between Amoco Production Co. and Read & Stevens, Inc. covering the herein described lands.
- 5. Assignment from Amoco Production Co. to Read & Stevens, Inc. made pursuant to the Farmout Contract set out in Paragraph #4 above, covering the herein described lands.

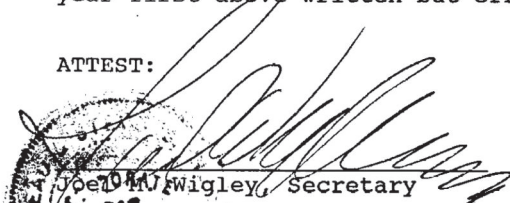
TO HAVE AND TO HOLD said interests unto the Assignees, heirs, personal representatives, (or successor) and assigns, for the full term of said lease and any extensions or renewals thereof.

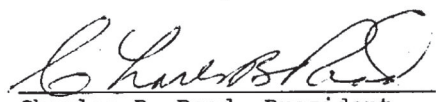
This Assignment is made without warranty whatsoever express, statutory or implied as to description, title, condition, quality, fitness for purposes, merchantability or otherwise.

IN WITNESS WHEREOF, this Assignment is executed the day and year first above written but effective as of September 1, 1989.

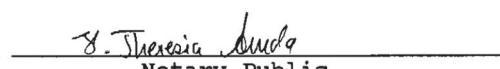
ATTEST:


Read & Stevens, Inc.

  
 Joel M. Wigley, Secretary  
 SEAL  
 STATE OF NEW MEXICO )  
 COUNTY OF CHAVES )SS

  
 Charles B. Read, President

The foregoing instrument was acknowledged before me this 19th day of June, 1990, by Charles B. Read, President of Read & Stevens, Inc., a New Mexico corporation on behalf of said corporation.

  
 Notary Public

My Commission expires:  
30-30-93  


ASGN.JAM3  
ASGN.JAM4/NAD#3



BOOK 71 PAGE 384

Exhibit "A"  
Jamie Federal #1

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
James A. Clark 7501 Bear Canyon Rd. N.E. Albuquerque, NM 87109	2.5500%	1.91250%
T. T. Sanders, Jr. P.O. Box 550 Roswell, NM 88202	8.50000%	6.3750%
Effco Investments P.O. Box 1085 Roswell, NM 88201	.8500%	.63750%
Charles B. Read Trust A P.O. Box 1518 Roswell, NM 88201	2.00000%	1.500000%
Carolyn Beall P.O. Box 3098 Midland, TX 79702	1.00000%	.75000%
Arnold Ballard P.O. Box 26355 Fort Worth, TX 76116	1.00000%	.75000%
Rex V. Desmond United Bank Plaza 400 No. Pennsylvania, Suite 900 Roswell, NM 88201	.42500%	.31875%
Karen Outland 4405 Emerson Dallas, TX 75205	.85000%	.63750%
David K. Henderson P.O. Box 1518 Roswell, NM 88202	.50000%	.37500%
Rottman Group Six 12100 Wilshire Blvd., Suite 980 Los Angeles, CA 90025	2.12500%	1.59375%
Rottman 1984 Family Trust 12100 Wilshire Blvd., Suite 980 Los Angeles, CA 90025	2.12500%	1.593750%
Southwestern Resources, Inc. 1111 West Country Club Roswell, NM 88201	.85000%	.63750%
New Mexico Salt Water Disposal Company, Inc. P.O. Box 1518 Roswell, NM 88202	2.00000%	1.500000%
Robert or Leah Angevine 3601 Imperial Midland, TX 79707	1.70000%	1.27500%
Pam Adams 1604 Tulane Roswell, NM 88201	.42500%	.31875%

EXJF/WD#4

BOOK **71** PAGE **385**

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
Dr. Terry Angevine 150 Willow Oak Ct. Double Oak, TX 75067-8264	.85000%	.63750%
Richard L. Lust 3805 Ridge Crest Flowermound, TX 75028	.85000%	.63750%
Gordon E. Holland 1984 Revocable Trust 87 Stoneridge Ponca City, OK 74601	4.25000%	3.18750%
James G. Smith P.O. Box 3234 Midland, TX 79702	<u>.85000%</u>	<u>.63750%</u>
<b>Total:</b>	<b>33.70000%</b>	<b>25.27500%</b>

\* The after payout interests set out for the Assignees herein assume an election by Amoco Production Co. to convert its before payout reserved overriding royalty to a working interest at payout of the subject well.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 27 day of June, A.D. 19 90 at 4:35 o'clock P. M., and duly recorded in BOOK 71 PAGE 382 of the Eddy County Records.

KAREN DAVIS, County Clerk

By *Dina L. Blenden* Deputy

EXJF1

Assignment of Operating Rights

BOOK 113 PAGE 701

Jamie Fed. #1 (Industry Partners, 1988 Drilling Program & Internal Partners and Amoco F/O Partners) R&S #9394W

ASSIGNMENT OF OPERATING RIGHTS

THIS ASSIGNMENT, made and entered into this 20th day of January, 1992 by and between Read & Stevens, Inc., P.O. Box 1518, Roswell, NM 88202, hereinafter referred to as "Assignor" and those parties set out on Exhibit "A" attached hereto and made a part hereof, hereinafter referred to as "Assignees".

WITNESSETH:

WHEREAS, Assignor is the owner of an undivided 100.00% of 8/8ths before payout interest and an 87.5% of 8/8ths after payout interest in the oil and gas lease set out below, covering the following described lands in Eddy County, New Mexico.

R&S #: 8495  
Lessor: USA (NM-28096)  
Lessee: S.V. Perry etal  
Date: 5/1/89  
Book/Page: BLM Records

TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.  
Section 14: NE/4NW/4  
Containing 40.00 acres, more or less,

LIMITED IN DEPTH from 3,900 feet below the surface of the earth down to and including, but not below, that subsurface depth of 9,293 feet but in no event below the base of the Bone Spring formation, (lands), and,

WHEREAS, Assignor desires to assign unto Assignees an undivided 70.29012% of 8/8ths before payout interest and a 60.61512% of 8/8ths after payout interest in and to the operating rights in said lease and lands, ("the operating rights" being defined as the exclusive right and privilege to test, drill for, mine, extract, remove, and dispose of all of the oil and gas deposits), and to retain an undivided 29.70988% of 8/8ths before payout interest and a 26.88488% of 8/8ths after payout interest in and to said operating rights. The term "payout" used herein refers to the Jamie Federal #1 well.

NOW, THEREFORE, and in consideration of the premises and the sum of Ten Dollars (\$10.00) and other valuable consideration paid to the Assignor by the Assignees, the receipt of which is hereby acknowledged, Assignor does hereby grant, convey, set over and assign unto Assignees the interests set out above in and to the interest in and to all of the well equipment and personal property located on said lands and used or obtained in connection therewith in the following proportions, to wit:

(See Exhibit "A" Attached Hereto And Made a Part Hereof);

Subject to the following:

- 1.) The terms and provision of the oil and gas lease set out above.
- 2.) Operating Agreement dated January 20, 1990 between Read & Stevens, Inc., as Operator, and Amoco Production Company etal, as Non-Operators, and all Amendments thereto.
- 3.) Purchase and Sale Agreements dated December 18, 1988 between Assignor and Assignees.

RECEPTION  
92 653

Read + Stevens Inc  
PO Box 1518  
Roswell NM 88202

BOOK 113 PAGE 702

Assignment of Operating Rights  
Jamie Fed. #1  
Page 2

- 4.) Farmout Agreement dated March 1, 1989 between Amoco Production Company, as farmor, and Read & Stevens, Inc., as farnee.
- 5.) Read & Stevens, Inc. 1988 Drilling Program.
- 6.) Assignment dated January 8, 1991 but effective October 6, 1990 from Amoco Production Company to Read & Stevens, Inc., recorded in Book 85 at Page 1044 of the Records of Eddy County, New Mexcio.

(See Exhibit "A" to determine which interests are subject to which instruments listed above).

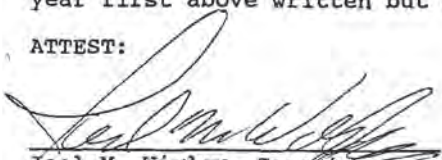
TO HAVE AND TO HOLD said interests unto the Assignees, heirs personal representatives, (or successor) and assigns, for the full term of said lease and any extensions or renewals thereof.

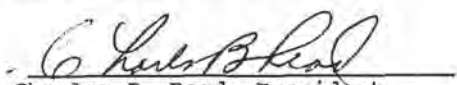
This Assignment is made without warranty whatsoever express, statutory or implied as to description, title, condition, quality, fitness for purposes, merchantability or otherwise.

IN WITNESS WHEREOF, this Assignment is executed the day and year first above written but effective as of September 1, 1989.

ATTEST:

READ & STEVENS, INC.

  
 \_\_\_\_\_  
 Joel M. Wigley, Secretary

  
 \_\_\_\_\_  
 Charles B. Read, President

STATE OF NEW MEXICO    )  
                                   )SS  
 COUNTY OF CHAVES        )

The foregoing instrument was acknowledged before me this 20th day of January, 1992, by Charles B. Read, President of Read & Stevens, Inc., a New Mexico Corporation on behalf of said Corporation.



  
 \_\_\_\_\_  
 Notary Public

assi.jamie1

EXHIBIT "A"  
JAMIE FEDERAL #1

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
H.W. Allen Company 4835 South Peoria Tulsa, OK 74105	1,2,3,6	1.84312%	1.84312%
N.M. Western Minerals, Inc. P.O. Box 1738 Roswell, NM 88202-1738	1,2,3,6	.372%	.372%
T.T. Sanders, Jr. P.O. Box 550 Roswell, NM 88202	1,2,3,6 4	2.25% 8.50% 10.75%	2.250% 6.375% 8.625%
Haskell H. Bass, Jr. 6823 S. Florence Ave. Tulsa, OK 74136	1,2,3,6	3.75%	3.75%
JasDec Oil Partners 308 East Carrillo Street Santa Barbara, CA 93101	1,2,3,6 4	3.75% 4.25% 8.00%	3.7500% 3.8175% 6.9375%
Bernhardt Oil Company 9413 Nawassa Midwest City, OK 73130	1,2,3,6	3.000%	3.000%
DHB Partnership 8144 Walnut Hill Lane Suite 982, LB 51 Dallas, TX 75240	1,2,5,6	.4216%	.372%
Merry Lou Christiansen 5121 S. Pratt Springfield, MO 65807	1,2,5,6	.4216%	.372%
Mamie L. Anderson 9005 Santa Clara Dallas, TX 75218	1,2,5,6	.4216%	.372%
Cavin C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88202	1,2,5,6	.4216%	.372%
Virginia C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88202	1,2,5,6	.4216%	.372%
Gordon E. Holland 1984 Revocable Trust P.O. Box 1364 Ponca City, OK 74601-1364	1,2,5,6 4	.4216% 4.2500% 4.6716%	.372% 3.1875% 3.5595%
Florence Ann Holland 1979 Revocable Trust 87 Stoneridge Ponca City, OK 74601	1,2,5,6	.84328%	.74407%
Don A. Buchholz 1201 Elm St., Ste. 4300 Dallas, TX 75270	1,2,5,6	1.2648%	1.1160%
Marion Turner c/o Wanda Warren 3131 McKinney, Suite 490 Lock Box 102 Dallas, TX 75204	1,2,5,6	.4216%	.3720%

BOOK 113 PAGE 704

EXHIBIT "A"  
JAMIE FEDERAL #1

Page 2

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
James P. Dowell 13773 N. Central Expressway Suite 1630 Dallas, TX 75243	1,2,5,6	.4216%	.3720%
Alfred J. Rodriguez 7777 Forest Lane Dallas, TX 75230	1,2,5,6	.50601%	.44648%
Bruce Alan MacNaughton Trust NCNB Texas National Bank P.O. Box 852029 Dallas, TX 75283-2029	1,2,5,6	.42168%	.37208%
Ralph E. Peacock 7918B E. 40th Street Tulsa, OK 74145	1,2,5,6	.42169%	.37208%
Donald E. Richter 9 Willow Wood Dallas, TX 75205	1,2,5,6	.42160%	.3720%
G. Phillip Huey 6330 E. University Dallas, TX 75214	1,2,5,6	.42160%	.3720%
Jack C. Holland 216 Goddard Blvd., Suite 10 King of Prussia, PA 19406	1,2,5,6	.42168%	.37208%
MPS, Inc. P.O. Box 52308 Tulsa, OK 74152-0308	1,2,5,6	.4216%	.3720%
Pete W. Cawthon, Jr. P.O. Box 318 Hunt, TX 78024	1,2,5,6	.4216%	.3720%
Raymond R. Trollinger, Jr. & Sharon S. Trollinger 2915 LBJ Freeway, Suite 161 Dallas, TX 75234	1,2,5,6	.4216%	.3720%
Charles B. Read P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	2.0000%	2.0000%
R&S Employee Royalty Pool P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	1.0000%	1.0000%
Charles B. Read Trust "A" P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6 4	1.0000% 2.0000% 3.0000%	1.0000% 1.5000% 2.5000%
Thomas M. Beall P.O. Box 3098 Midland, TX 79702-3098	1,2,3,6	1.0000%	1.0000%
David K. Henderson P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6 4	1.0000% .5000% 1.5000%	1.0000% .3750% 1.3750%

EXHIBIT "A"  
JAMIE FEDERAL #1

Page 3

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
Dan Lough 830 West Gore Lovington, NM 88260	1,2,3,6	.5000%	.5000%
Marion Riley P.O. 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Jamie Dennis P.O. 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Lisa Chambers 1901 N. Garden Roswell, NM 88201	1,2,3,6	.2500%	.2500%
New Mexico Salt Water Disposal Company P.O. Box 1518 Roswell, NM 88202-1518	1,2,4,6	2.0000%	1.5000%
James Clark 7501 Bear Canyon Rd. N.E. Albuquerque, NM 87109	1,2,4,6	2.55%	1.9125%
Rex V. Desmond United Bank Plaza, Suite 900 Roswell, NM 88201	1,2,4,6	.425%	.31875%
Southwestern Resources, Inc. 1111 West Coutry Club Roswell, NM 88201	1,2,4,6	.850%	.6375%
Arnold Ballard P.O. Box 122208 Fort Worth, TX 76121-2208	1,2,6 4	.500% .500% 1.000%	.375% .375% .750%
James B. & Mary Read P.O. Box 638 Ardmore, OK 73402	1,2,3,6	.2500%	.2500%
Pam Adams 1604 Tulane Roswell, NM 88201	1,2,4,6	.425%	.31875%
L. Richard Lust 3805 Ridgecrest Flower Mound, TX 75028	1,2,4,6	.850%	.6375%
Dr. Terry Angevine 150 Willow Oak Ct. Double Oak, TX 75067-8264	1,2,4,6	.850%	.6375%
Effco Investments P.O. Box 1085 Roswell, NM 88202-1085	1,2,4,6	.850%	.6375%
Robert & Leah Angevine 3601 Imperial Midland, TX 79707	1,2,4,6	1.700%	1.275%
Carolyn Beall P.O. Box 3098 Midland, TX 79702-3098	1,2,4,6	1.000%	.750%

BOOK 113 PAGE 706

EXHIBIT "A"  
JAMIE FEDERAL #1

Page 4

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
James Smith P.O. Box 3234 Midland, TX 79702-3234	1,2,4,6	.850%	.6375%
James R. Cavalieri 10 Chapman Road East Hampton, CT 06424	1,2,5,6	.84328%	.74407%
Anthony L. & Carol Schuman 5622 Twin Brooks Drive Dallas, TX 75252	1,2,5,6	.21089%	.18607%
Frank Montgomery 9 Moss Forest Place Jackson, MS 39211	1,2,5,6	.21089%	.18607%
Neil Sisson P.O. Box 2234 Ardmore, OK 73402	1,2,3,6	1.0000%	1.0000%
John C. Maxey, Jr. P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	.2500%	.2500%
William A. Bradshaw, III P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Mike Jones 4704 79th Street Lubbock, TX 79424	1,2,3,6	.5000%	.5000%
Bryan & Nancy C. Bilderback 3810 Midforest Drive Houston, TX 77068	1,2,3,6	.7500%	.7500%
Karen Outland 4405 Emerson Dallas, TX 75205	1,2,4,6	.850%	.6375%

TOTAL INTEREST CONVEYED: 70.29012% 60.61512%

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the  
21 day of January, A.D. 19 92 at 1:40 o'clock P. M., and duly recorded  
in BOOK 113 PAGE 701 of the Eddy County Records.

KAREN DAVIS, County Clerk

By Linda Donaldson Deputy



# Exhibit 1C Rebutting Paragraphs 4 & 7 of Self-Affirmed Statement of Travis Macha: Stratigraphic Cross Section Indicating 3rd Bone Spring Depth Severance

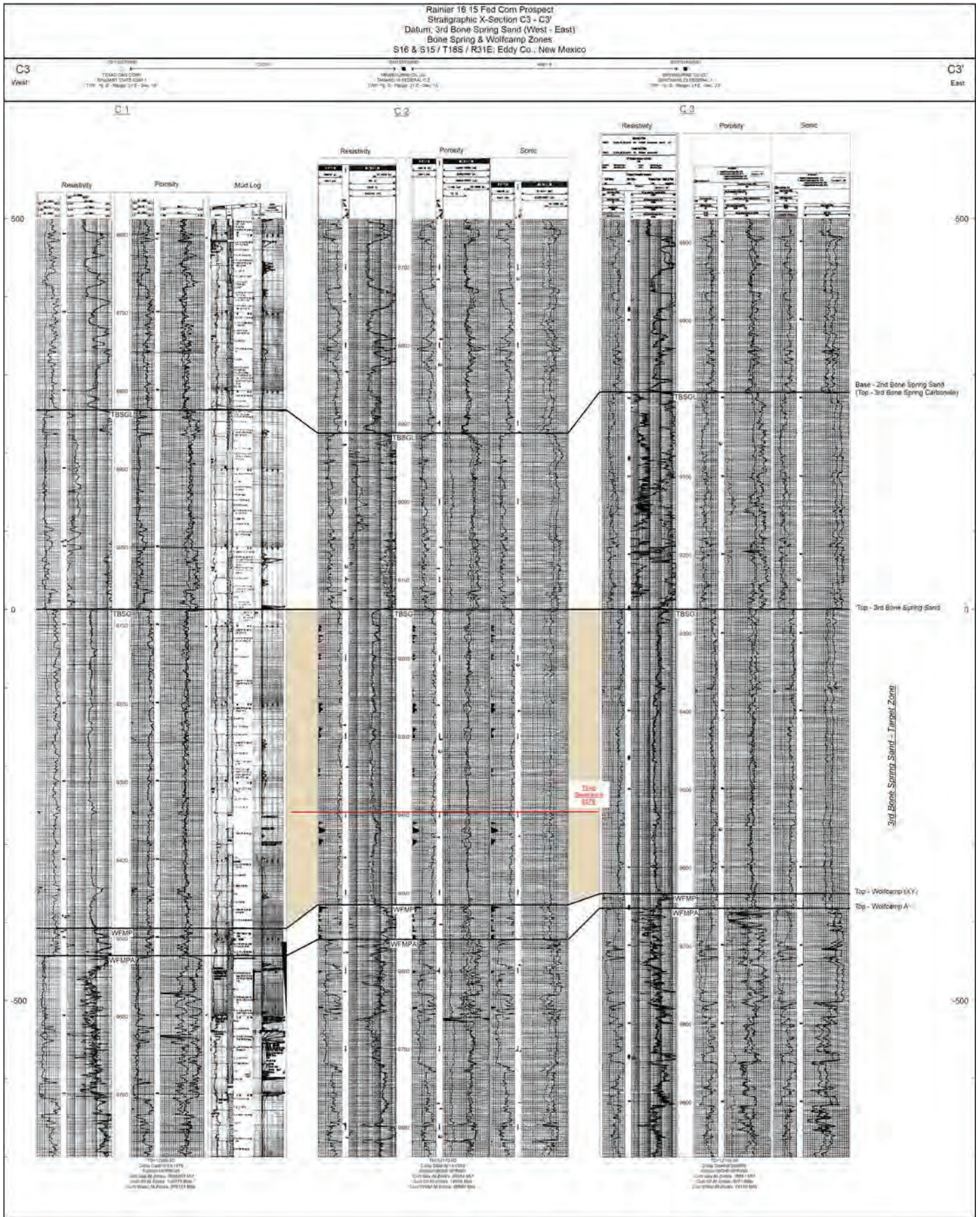


Exhibit 2 Rebutting Paragraph 13 of Self-Affirmed Statement of Travis Macha: Permian Resources' Well Proposals & Location Plats



300 N. MARIENFELD STREET, SUITE 1000 MIDLAND, TX 79701

OFFICE 432.695.4222 FAX 432.695.4063

August 16, 2024

Via Certified Mail & Email

V-F Petroleum, Inc. Attn: Land Dept. P.O. Box 1889 Midland, TX 79702

RE: Slim Jim 14-15 Fed Com – Well Proposals S/2N/2 of Sections 14 & 15, T18S-R31E Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC, as Operator for Read & Stevens, Inc. ("Permian"), hereby proposes the drilling and completion of the following two (2) Bone Spring wells, the Slim Jim 14-15 Fed Com at the following approximate locations within Township 18 South, Range 31 East:

1. Slim Jim 14-15 Fed Com 122H

SHL: 300' FEL & 2024' FNL, or at a legal location within the NE4 of Section 14
BHL: 100' FWL & 1650' FNL of Section 15
FTP: 100' FEL & 1650' FNL of Section 14
LTP: 100' FWL & 1650' FNL of Section 15
TVD: Approximately 8,595'
TMD: Approximately 18,880'
Proration Unit: S/2N/2 of Sections 14 & 15, T18S-R31E
Targeted Interval: 2nd Bone Spring
Total Cost: See attached AFE

2. Slim Jim 14-15 Fed Com 123H

SHL: 330' FEL & 2024' FNL, or at a legal location within the NE4 of Section 14
BHL: 100' FWL & 2310' FNL of Section 15
FTP: 100' FEL & 2310' FNL of Section 14
LTP: 100' FWL & 2310' FNL of Section 15
TVD: Approximately 8,810'
TMD: Approximately 19,095'
Proration Unit: S/2N/2 of Sections 14 & 15, T18S-R31E
Targeted Interval: 2nd Bone Spring
Total Cost: See attached AFE

[Continued on Next Page]

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. These locations do fall within an approved potash drill island, so any surface changes remain subject to BLM approval. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me by email at [Travis.Macha@permianres.com](mailto:Travis.Macha@permianres.com)

Respectfully,

A handwritten signature in blue ink, appearing to read "Travis Macha", written over a horizontal line.

Travis Macha  
Permian Resources  
NM Land Lead

*Enclosures*

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**Slim Jim 14-15 Fed Com Elections:**

Well Elections: (Please indicate your responses in the space below)		
Well(s)	Elect to Participate	Elect NOT to Participate
Slim Jim 14-15 Fed Com 122H		
Slim Jim 14-15 Fed Com 123H		

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

*Company Name (If Applicable):*

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

August 16, 2024

**Via Certified Mail & Email**

V-F Petroleum, Inc.  
P.O. Box 1889  
Midland, TX 79702

**RE: Slim Jim 14-15 Fed Com – Well Proposals**  
S/2 of Sections 14 & 15, T18S-R31E  
Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC, as Operator for Read & Stevens, Inc. ("Permian"), hereby proposes the drilling and completion of the following three (3) Bone Spring wells, the Slim Jim 14-15 Fed Com at the following approximate locations within Township 18 South, Range 31 East:

1. **Slim Jim 14-15 Fed Com 124H (Infill)**  
 SHL: 300' FEL & 1400' FSL, or at a legal location within the SW4 of Section 15  
 BHL: 100' FWL & 2200' FSL of Section 14  
 FTP: 100' FWL & 2200' FSL of Section 15  
 LTP: 100' FWL & 2200' FSL of Section 14  
 TVD: Approximately 8,510'  
 TMD: Approximately 18,795'  
 Proration Unit: S/2 of Sections 14 & 15, T18S-R31E  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE
  
2. **Slim Jim 14-15 Fed Com 125H (Defining Well)**  
 SHL: 330' FEL & 1400' FSL, or at a legal location within the SW4 of Section 15  
 BHL: 100' FWL & 1430' FSL of Section 14  
 FTP: 100' FWL & 1430' FSL of Section 15  
 LTP: 100' FWL & 1430' FSL of Section 14  
 TVD: Approximately 8,670'  
 TMD: Approximately 18,955'  
 Proration Unit: S/2 of Sections 14 & 15, T18S-R31E  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE

*[Continued on Next Page]*

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**3. Slim Jim 14-15 Fed Com 126H (Infill)**

SHL: 330' FEL & 1370' FSL, or at a legal location within the SW4 of Section 15  
 BHL: 100' FWL & 660' FSL of Section 14  
 FTP: 100' FWL & 660' FSL of Section 15  
 LTP: 100' FWL & 660' FSL of Section 14  
 TVD: Approximately 8,510'  
 TMD: Approximately 18,795'  
 Proration Unit: S/2 of Sections 14 & 15, T18S-R31E  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. These locations do fall within an approved potash drill island, so any surface changes remain subject to BLM approval. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me by email at [Travis.Macha@permianres.com](mailto:Travis.Macha@permianres.com)

Respectfully,

Travis Macha  
Permian Resources  
NM Land Lead

*Enclosures*

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**Slim Jim 14-15 Fed Com Elections:**

<b>Well Elections:</b> <b>(Please indicate your responses in the space below)</b>		
<b>Well(s)</b>	<b>Elect to Participate</b>	<b>Elect NOT to Participate</b>
<b>Slim Jim 14-15 Fed Com 124H</b>		
<b>Slim Jim 14-15 Fed Com 125H</b>		
<b>Slim Jim 14-15 Fed Com 126H</b>		

*Company Name (If Applicable):*

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells





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OFFICE 432.695.4222  
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**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Well Proposal: Slim Jim 14-15 Fed Com Bone Spring Wells



300 N. MARIENFELD STREET, SUITE  
1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

January 9, 2025

**Via Certified Mail & Email**

V-F Petroleum Inc.  
500 W. Texas, Suite 350  
Midland, TX 79701

**RE: Slim Jim 14-15 Fed Com**  
Third Bone Spring Well Proposals / Second Bone Spring Informational  
All of Sections 14 & 15, T18S-R31E  
Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC, as Operator for Read & Stevens, Inc. ("Permian"), previously proposed the Slim Jim 2<sup>nd</sup> Bone Spring development being the 121H-126H wellbores. As you may be aware, V-F Petroleum, Inc. has contested Permian's development utilizing their September 2023 proposals to Permian's predecessors.

Whereas a depth severance exists in Section 14 so Permian previously limited any compulsory pooling application to the base of the 2<sup>nd</sup> Bone Spring formation. However, V-F is attempting to pool the 3<sup>rd</sup> Bone Spring under Permian's proposals therefore Permian is hereby proposing it's planned Slim Jim 14-15 Fed Com 131H-134H wellbores as its competing applications. I would *likely* expect these applications to be consolidated with the 2<sup>nd</sup> Bone Spring and set for a new contested hearing date.

**Slim Jim Third Bone Spring Formation Development:**

**1. Slim Jim 14-15 Fed Com 131H**

SHL: 350' FEL & 100' FNL, or at a legal location within the NE4 of Section 14  
BHL: 100' FWL & 660' FNL of Section 15  
FTP: 100' FEL & 660' FNL of Section 14  
LTP: 100' FWL & 660' FNL of Section 15  
TVD: Approximately 9,530'  
TMD: Approximately 19,815'  
Proration Unit: N/2N/2 of Sections 14 & 15, T18S-R31E  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

*\*Please note the 131H SHL is subject to BLM conversation on moving the NENE quarter of Section 14 monument marker for pad expansion. No material changes expected.*

*\*Additionally, please note that the 131H wellbore will be an overlapping spacing unit to the Mewbourne operated Tamano 15 AD Federal Com 1H*

[Continued on Next Page]

**2. Slim Jim 14-15 Fed Com 132H**

SHL: 2,161' FSL & 291' FWL, or at a legal location within the SW4 of Section 13  
BHL: 100' FWL & 1,980' FNL of Section 15  
FTP: 100' FEL & 1,980' FNL of Section 14  
LTP: 100' FWL & 1,980' FNL of Section 15  
TVD: Approximately 9,530'  
TMD: Approximately 19,815'  
Proration Unit: S/2N/2 of Sections 14 & 15, T18S-R31E  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

**3. Slim Jim 14-15 Fed Com 133H**

SHL: 566' FSL & 351' FWL, or at a legal location within the SW4 of Section 15  
BHL: 100' FWL & 1,980' FSL of Section 15  
FTP: 100' FEL & 1,980' FSL of Section 14  
LTP: 100' FWL & 1,980' FSL of Section 15  
TVD: Approximately 9,660  
TMD: Approximately 19,945'  
Proration Unit: N/2S/2 of Sections 14 & 15, T18S-R31E  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

**4. Slim Jim 14-15 Fed Com 134H**

SHL: 546' FSL & 325' FWL, or at a legal location within the SW4 of Section 15  
BHL: 100' FWL & 660' FSL of Section 15  
FTP: 100' FEL & 660' FSL of Section 14  
LTP: 100' FWL & 660' FSL of Section 15  
TVD: Approximately 9,660  
TMD: Approximately 19,945'  
Proration Unit: S/2S/2 of Sections 14 & 15, T18S-R31E  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

**Slim Jim Second Bone Spring Formation Development Restated:**

**1. Slim Jim 14-15 Fed Com 121H**

SHL: 400' FEL & 100' FNL, or at a legal location within the NE4 of Section 14  
BHL: 100' FWL & 330' FNL of Section 14  
FTP: 100' FEL & 330' FNL of Section 14  
LTP: 100' FWL & 330' FNL of Section 14  
TVD: Approximately 8,760'  
TMD: Approximately 14,045'  
Proration Unit: N/2N/2 of Section 14, T18S-R31E  
Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

**2. Slim Jim 14-15 Fed Com 122H**

SHL: 2,132' FSL & 274' FWL, or at a legal location within the SW4 of Section 13

BHL: 100' FWL & 1650' FNL of Section 15

FTP: 100' FEL & 1650' FNL of Section 14

LTP: 100' FWL & 1650' FNL of Section 15

TVD: Approximately 8,595'

TMD: Approximately 18,880'

Proration Unit: S/2N/2 of Sections 14 & 15, T18S-R31E

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

**3. Slim Jim 14-15 Fed Com 123H**

SHL: 2,104' FSL & 257' FWL, or at a legal location within the SW4 of Section 13

BHL: 100' FWL & 2310' FNL of Section 15

FTP: 100' FEL & 2310' FNL of Section 14

LTP: 100' FWL & 2310' FNL of Section 15

TVD: Approximately 8,810'

TMD: Approximately 19,095'

Proration Unit: S/2N/2 of Sections 14 & 15, T18S-R31E

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

**4. Slim Jim 14-15 Fed Com 124H (Infill)**

SHL: 485' FSL & 457' FWL, or at a legal location within the SW4 of Section 15

BHL: 100' FEL & 2200' FSL of Section 14

FTP: 100' FWL & 2200' FSL of Section 15

LTP: 100' FEL & 2200' FSL of Section 14

TVD: Approximately 8,510'

TMD: Approximately 18,795'

Proration Unit: S/2 of Sections 14 & 15, T18S-R31E

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

**5. Slim Jim 14-15 Fed Com 125H (Defining Well)**

SHL: 464' FSL & 431' FWL, or at a legal location within the SW4 of Section 15

BHL: 100' FEL & 1430' FSL of Section 14

FTP: 100' FWL & 1430' FSL of Section 15

LTP: 100' FEL & 1430' FSL of Section 14

TVD: Approximately 8,670'

TMD: Approximately 18,955'

Proration Unit: S/2 of Sections 14 & 15, T18S-R31E

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

[Continued on Next Page]

**6. Slim Jim 14-15 Fed Com 126H (Infill)**

SHL: 444' FSL & 406' FWL, or at a legal location within the SW4 of Section 15

BHL: 100' FEL & 660' FSL of Section 14

FTP: 100' FWL & 660' FSL of Section 15

LTP: 100' FEL & 660' FSL of Section 14

TVD: Approximately 8,510'

TMD: Approximately 18,795'

Proration Unit: S/2 of Sections 14 & 15, T18S-R31E

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. These locations do fall within an approved potash drill island, so any surface changes remain subject to BLM approval. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me by email at [Travis.Macha@permianres.com](mailto:Travis.Macha@permianres.com)

Respectfully,



Travis Macha  
Permian Resources  
NM Land Manager

Enclosures

**Slim Jim 14-15 Fed Com Elections:**

<b>Well Elections: (Please indicate your responses in the space below)</b>		
<b>Well(s)</b>	<b>Elect to Participate</b>	<b>Elect NOT to Participate</b>
<b>Slim Jim 14-15 Fed Com 131H</b>		
<b>Slim Jim 14-15 Fed Com 132H</b>		
<b>Slim Jim 14-15 Fed Com 133H</b>		
<b>Slim Jim 14-15 Fed Com 134H</b>		

*Company Name (If Applicable):*

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC (“Permian”) by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

*Company Name (If Applicable):*

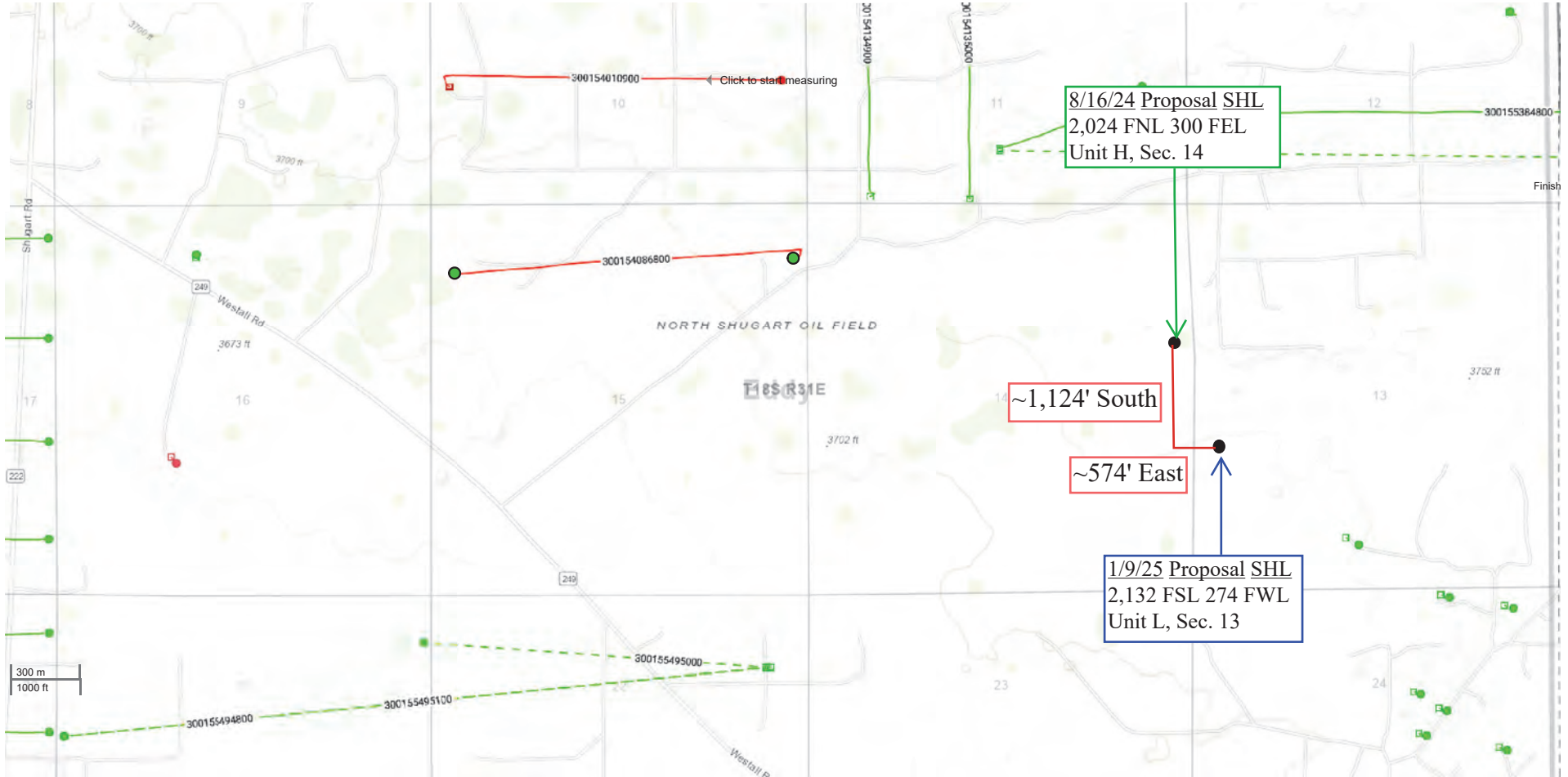
\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

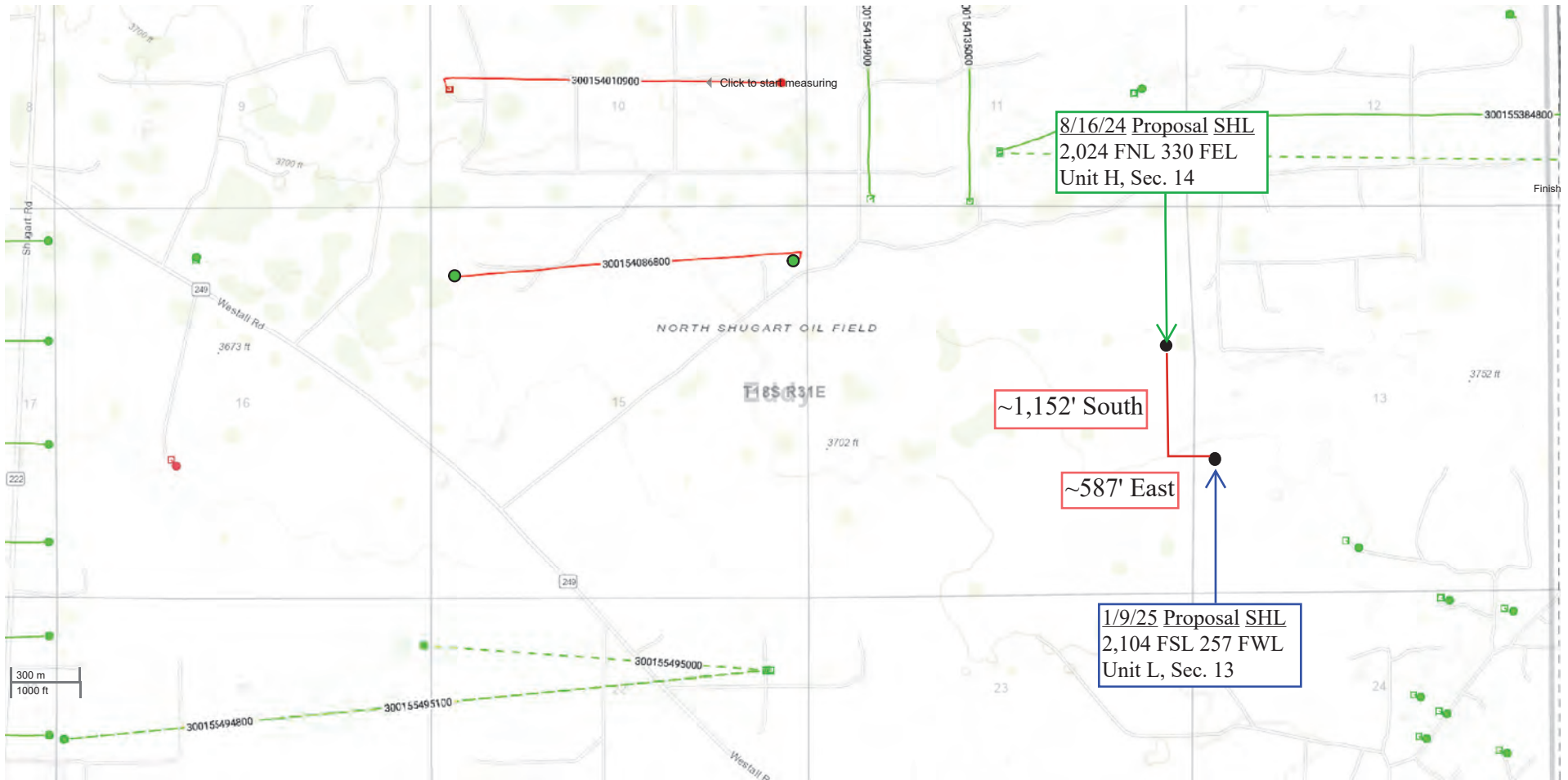
Date: \_\_\_\_\_

# SLIM JIM 14-15 FED COM #122H

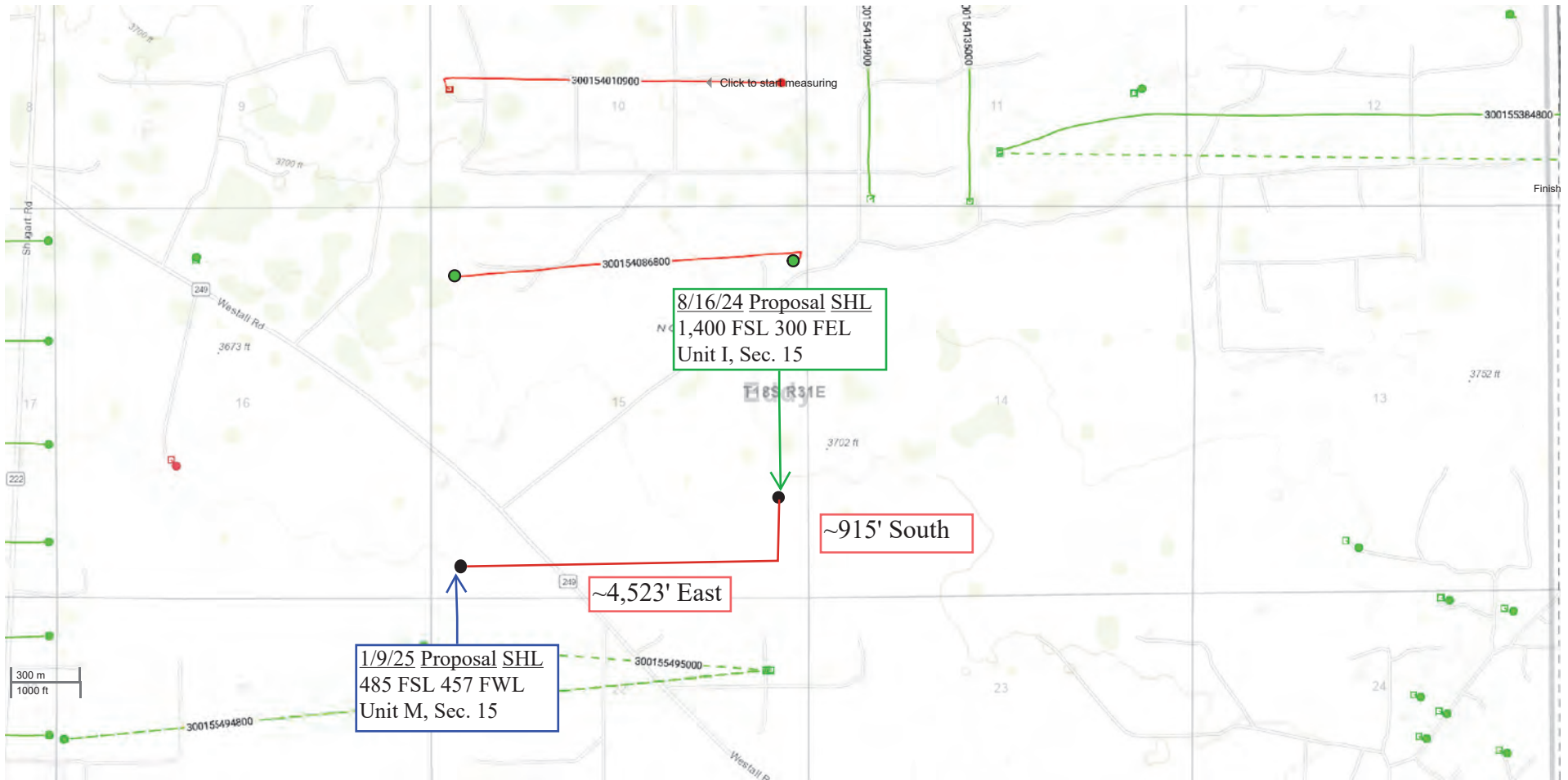




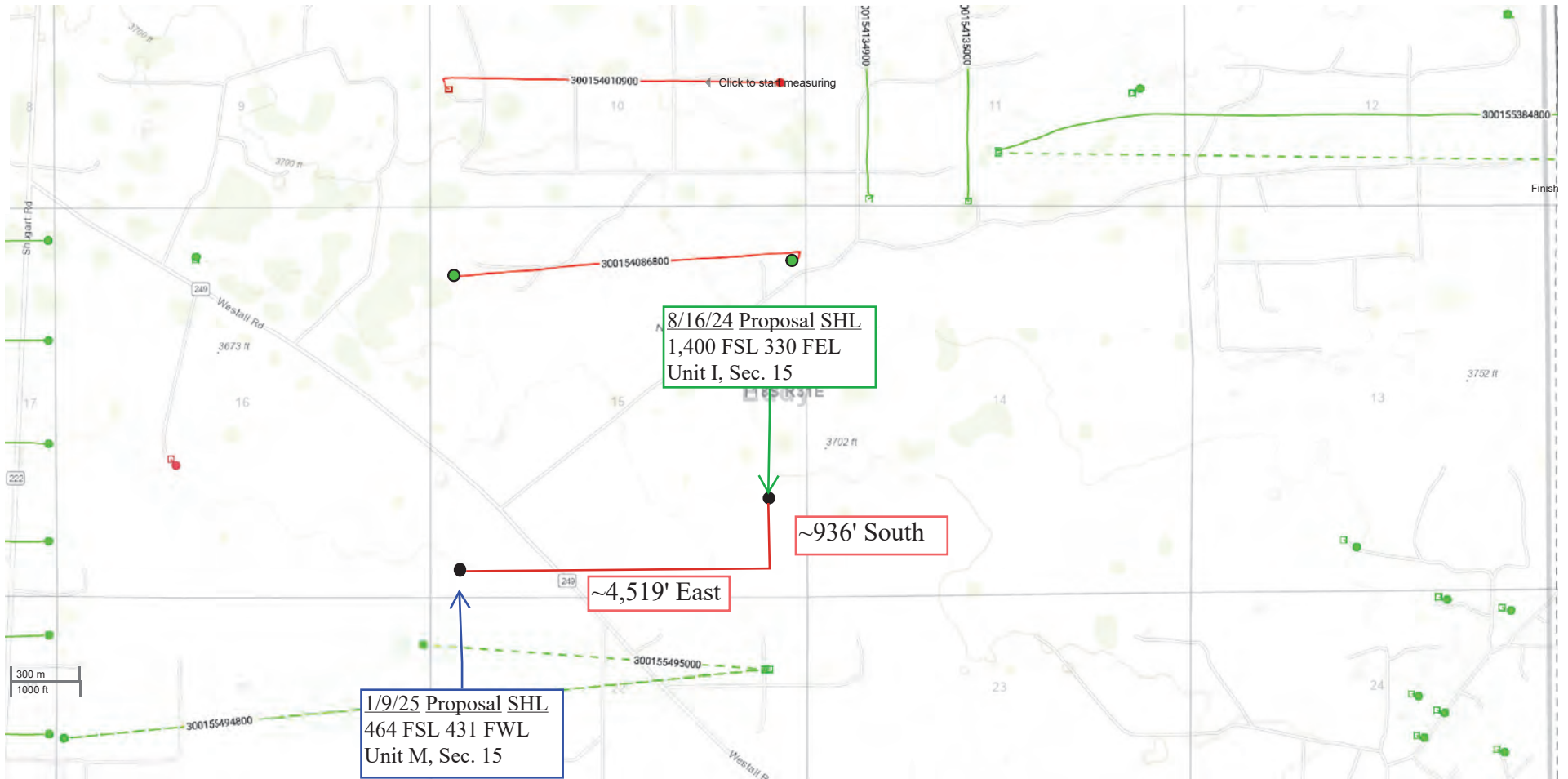
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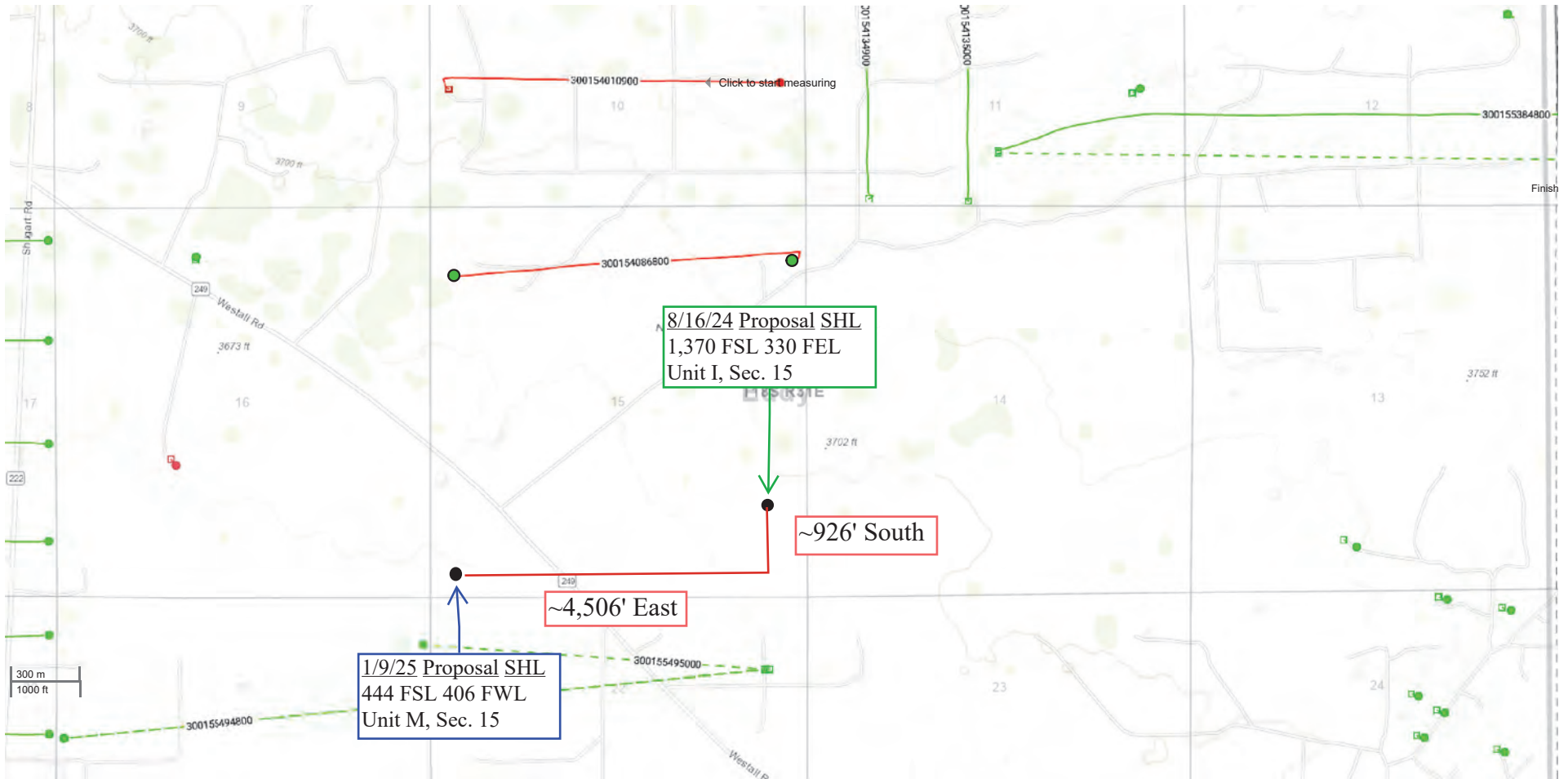
# SLIM JIM 14-15 FED COM #124H



# SLIM JIM 14-15 FED COM #125H



# SLIM JIM 14-15 FED COM #126H



**Rebuttal Exhibit 3 Rebutting Permian Resources' Exhibit C-3: Affidavit of Fact**

**AFFIDAVIT OF FACT**

STATE OF NEW MEXICO       §  
  §  
COUNTY OF EDDY           §

BEFORE ME, the undersigned authority, on this day personally appeared Sandra K. Lawlis, who swore or affirmed to tell the truth, and stated as follows:

“My name is Sandra K. Lawlis. I am over 18 years of age, have never been convicted of a felony, am of sound mind, and am capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.”

I am the Controller and Office Manager for V-F Petroleum Inc. (“V-F”) and in this capacity I manage the business records for V-F. I am aware that on or about February 16, 2024, V-F received an executed Offer Letter, Memorandum of Term Assignment and Term Assignment dated effective February 1, 2024, from Moore & Shelton Company, Ltd. On or about February 16, 2024, V-F placed the agreed upon consideration in the mail to Moore & Shelton Company, Ltd. and the check containing the agreed upon consideration did clear the bank. V-F has somehow misplaced Moore & Shelton Company, Ltd.’s original executed Memorandum of Term Assignment and Term Assignment and V-F had made several attempts to obtain re-executed originals of the referenced documents above, but these efforts are currently unsuccessful.

Please find attached as Exhibit “A” a fully executed copy of the Offer Letter, with the consideration amount redacted and attached as Exhibit “B” an unexecuted copy of the Memorandum of Term Assignment that was executed by Moore & Shelton Company, Ltd., with Exhibit “A” and Exhibit “B” both being incorporated herein by reference for all purposes.

The purpose of this Affidavit of Fact is to put the public on notice that V-F has obtained a Term Assignment from Moore & Shelton Company, Ltd. and is the current holder of the referenced leasehold estate listed on Exhibit “B”. V-F may be contacted by mail at P.O. Box 1889, Midland, Texas 79702 by any party wishing to inquire about the status of this leasehold interest.

Further affiant sayeth naught.

Dated this 24<sup>th</sup> day of January 2025.

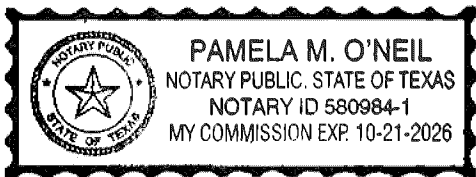
V-F Petroleum Inc.

By: *Sandra K. Lawlis*  
Sandra K. Lawlis,

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on this 24<sup>th</sup> day of January 2025, by Sandra K. Lawlis, as Controller and Office Manager for V-F Petroleum Inc., on behalf of said company.

*Pamela M. O'Neil*  
Notary Public, State of Texas



Reception: 2500970 Book: 1191 Page: 0578 Pages: 6  
Recorded: 01/24/2025 03:29 PM Fee: \$25.00  
Eddy County, New Mexico ~ Cara Cooke, County Clerk  
eRecorded Document



RN

**Exhibit "A"**

to that certain Affidavit of Fact dated January 24, 2025

# V-F Petroleum Inc.

500 W. Texas, Suite 350, Midland, Texas 79701      432/683-3344      432/683-3352FAX  
Mailing Address: P.O. Box 1889, Midland, TX 79702      E-mail: jordanl@vfpetroleum.com      www.vfpetroleum.com

February 12, 2024

Moore & Shelton Company, Ltd.  
P.O. Box 3070  
Galveston, Texas 77552

Re: ~~Offer Letter~~ - **Term Assignment of Oil and Gas Lease**  
Township 18 South, Range 31 East, N.M.P.M., Eddy Co., NM  
SE/4NE/4 & SE/4 Section 15  
Limited to the Bone Spring Formation Only

After a thorough review of your title, it has been determined that Moore & Shelton Company, Ltd. owns 15 Net Mineral Acres ("NMA") of Working Interest in Leases covering the above captioned lands ("Lands"). V-F Petroleum Inc. ("V-F") is here and now offering you ("Consideration") in exchange for your execution of the enclosed Memorandum of Term Assignment of Oil and Gas Lease and Term Assignment of Oil and Gas Lease containing a three (3) Initial Term, 180 day CDC, while retaining the positive difference between existing lease burdens and a 25% royalty as an overriding royalty interest.

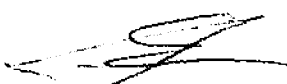
Since due diligence has already been performed, within five (5) business days from V-F Petroleum Inc.'s receipt of your original executed Offer Letter, enclosed Memorandum of Term Assignment of Oil and Gas Lease, Term Assignment of Oil and Gas Lease and W-9, V-F Petroleum Inc. will place in the Consideration check in the mail to the above listed address or any other address of your choosing. This offer shall remain in full force and effect until 5:00 p.m. Central Standard Time on February 23, 2023, at which point it shall automatically terminate.

Should you find the terms of this Offer Letter agreeable, please execute and date this Offer Letter in the place provided below. Should you have any questions or concerns, please feel free to give V-F's landman, Jordan Shaw a call at (432) 269-0569 or you may email him at jordan@vfpetroleum.com. Thank you for your time and consideration of V-F's offer.

Sincerely

**AGREED TO AND ACCEPTED**

Moore & Shelton Company, Ltd.

By:   
Jordan Shaw, Landman/Attorney

By: Paul C Moore  
Name: PAUL C. MODRE  
Title: GENERAL PARTNER  
Date: 2-13-24

#05238  
2/16/24  
Page 1 of 1

**Exhibit "B"**

to that certain Affidavit of Fact dated January 24, 2025

NOTICE OF CONFIDENTIALITY RIGHTS; IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS; YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**MEMORANDUM OF TERM ASSIGNMENT  
OF OIL AND GAS LEASE**

STATE OF NEW MEXICO     §  
  §  
COUNTY OF EDDY             §

KNOW ALL MEN BY THESE PRESENTS:

That effective as of the 1<sup>ST</sup> day of February 2024 ("Effective Date"), a Memorandum Term Assignment of Oil and Gas Lease ("Term Assignment") was entered into between **MOORE & SHELTON COMPANY, LTD.**, whose address is P.O. Box 3070, Galveston, Texas 77552 (referred to as "Assignor"), and **V-F PETROLEUM INC.**, whose address is P.O. Box 1889, Midland, TX 79702 ("Assignee").

The Assignor assigned to Assignee by Term Assignment of Oil and Gas Lease dated as of the Effective Date herein ("Term Assignment") all of its operating interest in and to those certain Oil and Gas Leases and lands listed on Exhibit "A" ("Leases"), which is attached hereto and incorporated herein by reference. The Term Assignment is for a primary term of three (3) years from the Effective Date and is effective so long thereafter as oil and/or gas is produced in paying quantities from the Leases, according to and by the terms and provisions of the Term Assignment.

Assignor therein reserves and retains unto itself, its successors and assigns, an overriding royalty interest being equal to the positive difference, if any, between Twenty-Five percent (25.00%) and existing burdens of record covering the Assigned Premises, and should the Term Assignment cover less than the entire leasehold interest in and to the Assigned Premises, this reserved overriding royalty interest shall be proportionately reduced to correspond with the interest assigned herein. Assignor's overriding royalty will be paid on the same basis as required in the underlying oil and gas lease(s) where production originates from.

This Memorandum of Term Assignment of Oil and Gas Lease is executed by Assignor and placed of record in the County in which the Leases are located for the purpose of placing all persons on notice of the existence of the Term Assignment, which is not being placed of record. Copies of the Term Assignment are in the possession of Assignor and Assignee.

IN WITNESS WHEREOF, the undersigned Assignor and Assignee signed this instrument as of the dates of the respective acknowledgements, but shall be effective for all purposes as of the Effective Date.

[Signatures and acknowledgements to follow]

“ASSIGNOR”

MOORE & SHELTON COMPANY, LTD.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, as \_\_\_\_\_ of MOORE & SHELTON COMPANY,  
LTD., on behalf of said entity.

\_\_\_\_\_  
NOTARY PUBLIC-STATE OF TEXAS



“ASSIGNEE”

V-F PETROLEUM INC.

By: \_\_\_\_\_  
Sandy K. Lawlis, Vice-President

STATE OF TEXAS                     §  
   §  
COUNTY OF MIDLAND             §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by SANDY K. LAWLIS as Vice-President of V-F PETROLEUM INC., on behalf of said entity.

\_\_\_\_\_  
NOTARY PUBLIC-STATE OF TEXAS

EXHIBIT "A"

Attached to and made part of that certain Memorandum of Term Assignment dated effective the 1<sup>st</sup> day of February 2024, by and between **MOORE & SHELTON COMPANY, LTD.**, as Assignor, and **V-F PETROLEUM INC.**, as Assignee.

Assignor assigns their interests insofar as and only insofar as it covers operating rights they own as of the effective date of the Term Assignment in and to the leases and lands listed below, **INSOFAR AS AND ONLY INSOFAR AS IT COVERS THE BONE SPRING FORMATION ONLY:**

Lease No: NMNM 089879 (Out of IC 062052)  
Date: December 1, 1959  
Lessor: United States of America  
Original Lessee: Hudson & Hudson, Inc.  
Recording: Volume 102, Page 291 Eddy County, NM  
Land Description: Insofar as and only insofar as Lease covers:  
Township 18 South, Range 31 East, N.M.P.M., Eddy Co., NM  
SE/4NE/4 Section 15, containing 40 acres, more or less

Lease No: NMNM 089882 (Out of NMLC 029388-D)  
Date: February 3, 1992  
Lessor: United States of America  
Original Lessee: Marathon Oil Company  
Recording: Memorandum of Lease Volume 119, Page 290 in Eddy County, NM  
Land Description: Insofar as and only insofar as Lease covers:  
Township 18 South, Range 31 East, N.M.P.M., Eddy Co., NM  
SE/4 Section 15, containing 160 acres, more or less

**END OF EXHIBIT**



# PLAINS MARKETING L.P.

P.O. BOX 4648  
 HOUSTON, TEXAS 77210-4648  
 1-800-772-7589

CRUDE OIL STATEMENT

V-F PETROLEUM INC  
 PO BOX 1889  
 MIDLAND TX 79702

**PROPERTY NUMBER**  
 240761(992288)

OPERATOR: V-F PETROLEUM INC  
 PROPERTY: SCANLON DRAW 34 STATE 231H  
 FIELD: UNKNOWN  
 COUNTY: EDDY  
 PRODUCT: OIL  
 STATE: NEW MEXICO  
 STATE PROPERTY NUMBER: UNKNOWN  
 STATE DISTRICT NUMBER: 020

Statement was sent via Email

\*\* WHEN INQUIRING PLEASE REFER TO PROPERTY NUMBER ABOVE \*\*

ACTIVITY DATE	CODE	TANK	TICKET NUMBER	GRAVITY	GROSS PRICE	NET BARRELS	GROSS VALUE	ADJUSTMENTS	STATE TAXES	NET VALUE
12/01/24	4	NX741	1240081	40.7	68.4285	3,194.36	218,585.26	0.00	17,690.11 T	200,895.15
12/30/24	4	NX741	1240092	40.7	68.4285	231.70	15,854.88	0.00	1,283.14 T	14,571.74
<b>STATEMENT TOTAL:</b>				<b>40.7</b>		<b>3,426.06</b>	<b>234,440.14</b>	<b>0.00</b>	<b>18,973.25</b>	<b>215,466.89</b>

Page 1 of 1	ACCOUNTING CLOSE DATE December 2024	STATEMENT PREPARED DATE 01/13/25
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**KEY TO CODE:**

1. RUN TICKET	4. CORRECTION
2. ESTIMATED RUN TICKET	5. FRAC OIL SOLD
3. LATE RUN TICKET	6. RETURNED FRAC OIL

THIS INFORMATION HAS BEEN FURNISHED BY PLAINS MARKETING L.P. AS AN ACCOMMODATION ONLY. IT DOES NOT NECESSARILY REFLECT RECORD TITLE. ANYONE RELYING ON THIS INFORMATION FOR ANY OTHER USE DOES SO AT HIS/HER OWN RISK AND WITHOUT RECOURSE ON PLAINS MARKETING L.P.. THESE PROCEEDS WERE PAID PURSUANT TO APPLICABLE DIVISION ORDERS OR OTHER CONTRACTS. STATEMENTS AVAILABLE AT WWW.PAALP.COM

SCANLON DRAW HORIZONTAL PRODUCTION

Released to Imaging: 1/28/2025 8:30:35 AM

	Oil				Gas				Water				Days Prod		
	221	231	222	232	221	231	222	232	221	231	222	232	221	231	222
2/31/2024		120				650				373				1	
1/1/2025		118				646				382				1	
1/2/2025		106				514				324				1	
1/3/2025		119				653				384				1	
1/4/2025		110				584				353				1	
1/5/2025		112				577				350				1	
1/6/2025		112				606				360				1	
1/7/2025		108				533				322				1	
1/8/2025		104				480				287				1	
1/9/2025		143				452				247				1	
1/10/2025		66				372				239				1	
1/11/2025		29				189				168				1	
1/12/2025		159				478				308				1	
1/13/2025		129				619				362				1	
1/14/2025		113				555				327				1	
1/15/2025		99				430				271				1	
1/16/2025		28				152				127				1	
1/17/2025		27				173				167				1	
1/18/2025		193				539				323				1	
1/19/2025		114				511				303				1	
1/20/2025		68				337				219				1	
1/21/2025		148				595				348				1	

Received by OCD: 1/27/2025 11:52:39 PM

**WELL PROPOSALS**  
**(WORKOVER) (DRLG) (LSG)**  
**(OUTSIDE OPERATED)**

(File with the AFE)

F: md/misc & forms/cklsts/well proposals outside operated drlg wo lsg

Date Received: 1/22/24

AFE date: 1/16/24

OPERATOR: Permian Resources

WELL Lajitas 5-4 state Com Wells (8 Well Proposals)

LOCATION (S-T-R): See Attached.

WORK TO BE PERFORMED: Drlg / Compl

AFE COSTS: (8/8) 4 Wells \$12,441,256 Each / 4 Wells \$12,985,976 Each

OUR WORKING INTEREST: No WI Listed. Read by VEP/GEC/JMG/Fuel

ELECTION DEADLINE: 2/21/24

ELECTION DECISION(circle one)  
APPROVAL:

- A. Join \_\_\_\_\_ Date \_\_\_\_\_
- B. Nonconsent \_\_\_\_\_ Date \_\_\_\_\_
- C. Other \_\_\_\_\_ Date \_\_\_\_\_

**STEPS:**

- \_\_\_\_\_ Return AFE
- \_\_\_\_\_ Also send our well requirements
- \_\_\_\_\_ Save AFE (pdf) md/eng/afes/drlg/OBO/(Operator file name)/(well name) (afe date)
- \_\_\_\_\_ Stamp file name on back.
- \_\_\_\_\_ Copy to TMB (for Fuel/TMB/CRB).
- \_\_\_\_\_ "Link" to JMG.



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

January 16, 2024

Via Certified Mail

V-F Petroleum, Inc.  
P.O. Box 1889  
Midland, Texas 79702

*Rec'd 1/22/24*

**RE: Well Proposals – Lajitas 5-4 State Com**  
All of Section 5 & All of Section 4, T19S-R28E  
Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as operator for Colgate Production, LLC, hereby proposes the drilling and completion of the following eight (8) wells, the Lajitas 5-4 State Com at the following approximate locations within Township 19 South, Range 28 East, Eddy Co., NM:

1. **Lajitas 5-4 State Com 121H**  
 SHL: At a legal location within the W/2 of the NE/4 of Section 5  
 BHL: 10' FEL & 990' FNL of Section 4  
 FTP: 100' FWL & 990' FNL of Section 5  
 LTP: 100' FEL & 990' FNL of Section 4  
 TVD: Approximately 6,810'  
 TMD: Approximately 17,095'  
 Proration Unit: N/2N/2 of Sections 4 & 5  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE
  
2. **Lajitas 5-4 State Com 122H**  
 SHL: At a legal location within the W/2 of the NE/4 of Section 5  
 BHL: 10' FEL & 2,190' FNL of Section 4  
 FTP: 100' FWL & 2,190' FNL of Section 5  
 LTP: 100' FEL & 2,190' FNL of Section 4  
 TVD: Approximately 6,810'  
 TMD: Approximately 17,095'  
 Proration Unit: S/2N/2 of Sections 4 & 5  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE
  
3. **Lajitas 5-4 State Com 123H**  
 SHL: At a legal location with the E/2 of the SE/4 of Section 6  
 BHL: 10' FEL & 1,890' FNL of Section 4  
 FTP: 100' FWL & 1,890' FSL of Section 5  
 LTP: 100' FEL & 1,890' FSL of Section 4  
 TVD: Approximately 6,910'  
 TMD: Approximately 17,195'  
 Proration Unit: N/2S/2 of Sections 4 & 5  
 Targeted Interval: 2<sup>nd</sup> Bone Spring  
 Total Cost: See attached AFE

- 4. Lajitas 5-4 State Com 124H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 690' FSL of Section 4  
FTP: 100' FWL & 690' FSL of Section 5  
LTP: 100' FEL & 690' FSL of Section 4  
TVD: Approximately 6,910'  
TMD: Approximately 17,195'  
Proration Unit: S/2S/2 of Sections 4 & 5  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
- 5. Lajitas 5-4 State Com 131H**  
SHL: At a legal location within the W/2 of the NE/4 of Section 5  
BHL: 10' FEL & 330' FNL of Section 4  
FTP: 100' FWL & 330' FNL of Section 5  
LTP: 100' FEL & 330' FNL of Section 4  
TVD: Approximately 8,040'  
TMD: Approximately 18,325'  
Proration Unit: N/2N/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 6. Lajitas 5-4 State Com 132H**  
SHL: At a legal location within the W/2 of the NE/4 of Section 5  
BHL: 10' FEL & 1,650' FNL of Section 4  
FTP: 100' FWL & 1,650' FNL of Section 5  
LTP: 100' FEL & 1,650' FNL of Section 4  
TVD: Approximately 8,110'  
TMD: Approximately 18,395'  
Proration Unit: S/2N/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 7. Lajitas 5-4 State Com 133H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 2,310' FSL of Section 4  
FTP: 100' FWL & 2,310' FSL of Section 5  
LTP: 100' FEL & 2,310' FSL of Section 4  
TVD: Approximately 8,115'  
TMD: Approximately 18,400'  
Proration Unit: N/2S/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 8. Lajitas 5-4 State Com 134H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 990' FNL of Section 4  
FTP: 100' FWL & 990' FSL of Section 5  
LTP: 100' FEL & 990' FSL of Section 4  
TVD: Approximately 8,185'  
TMD: Approximately 18,470'  
Proration Unit: S/2S/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Please further note that it is the intention of Colgate Production, LLC to relinquish all interest in this unit unto its parent company, Permian Resources Operating, LLC in the near future.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.1037 or by email at [mark.hajdik@permianres.com](mailto:mark.hajdik@permianres.com).

Respectfully,



Mark Hajdik  
Senior Landman

*Enclosures*

ELECTIONS ON PAGE TO FOLLOW



**Lajitas 5-4 State Com Elections:**

<b>Well Elections:</b> <i>(Please indicate your responses in the spaces below)</i>		
<b>Well(s)</b>	<b>Elect to Participate</b>	<b>Elect to <u>NOT</u> Participate</b>
Lajitas 5-4 State Com 121H		
Lajitas 5-4 State Com 122H		
Lajitas 5-4 State Com 123H		
Lajitas 5-4 State Com 124H		
Lajitas 5-4 State Com 131H		
Lajitas 5-4 State Com 132H		
Lajitas 5-4 State Com 133H		
Lajitas 5-4 State Com 134H		

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
  
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

*Company Name (If Applicable):*

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Permian Resources Operating, LLC**

300 N. Mariefeld St., Ste. 1000 Midland, TX 79701  
Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 121H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	17,095' / 6,810'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>INTANGIBLE COSTS</b>				
1 Land / Legal / Regulatory	\$ 48,916	-	-	\$ 48,916
2 Location, Surveys & Damages	318,597	19,981	-	338,579
4 Freight / Transportation	52,673	46,416	24,038	125,127
5 Rental - Surface Equipment	137,497	238,238	114,178	489,913
6 Rental - Downhole Equipment	227,186	66,141	-	293,327
7 Rental - Living Quarters	33,176	60,251	-	113,427
10 Directional Drilling, Surveys	475,047	-	-	475,047
11 Drilling	833,677	-	-	833,677
12 Drill Bits	110,788	-	-	110,788
13 Fuel & Power	208,950	801,871	-	1,010,821
14 Cementing & Float Equip	269,070	-	-	269,070
15 Completion Unit, Swab, CUI	-	-	18,028	18,028
16 Perforating, Wireline, Slickline	-	434,783	-	434,783
17 High Pressure Pump Truck	-	136,333	-	136,333
18 Completion Unit, Swab, CTU	-	162,002	-	162,002
20 Mud Circulation System	116,354	-	-	116,354
21 Mud Logging	19,386	-	-	19,386
22 Logging / Formation Evaluation	3,040	9,222	-	12,262
23 Mud & Chemicals	400,166	484,605	12,019	896,789
24 Water	48,062	731,714	300,469	1,080,246
25 Stimulation	-	900,269	-	900,269
26 Stimulation Flowback & Disp	-	134,489	180,281	314,770
28 Mud / Wastewater Disposal	213,580	67,629	-	281,189
30 Rig Supervision / Engineering	134,035	147,554	18,028	299,617
32 Drig & Completion Overhead	11,528	-	-	11,528
35 Labor	169,604	76,851	18,028	264,483
54 Proppant	-	1,388,201	-	1,388,201
95 Insurance	16,213	-	-	16,213
97 Contingency	-	27,008	-	27,008
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,872,526</b>	<b>5,935,556</b>	<b>685,069</b>	<b>10,493,151</b>

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>TANGIBLE COSTS</b>				
60 Surface Casing	\$ 135,183	-	-	\$ 135,183
61 Intermediate Casing	402,911	-	-	402,911
62 Drilling Liner	-	-	-	-
63 Production Casing	759,821	-	-	759,821
64 Production Liner	-	-	-	-
65 Tubing	-	-	168,263	168,263
66 Wellhead	71,686	-	48,075	119,761
67 Packers, Liner Hangers	16,292	-	24,038	40,330
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	108,169	108,169
73 Compressor	-	-	-	-
74 Installation Costs	-	-	66,771	66,771
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	36,056	36,056
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	24,038	24,038
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,031	20,031
84 Electrical / Grounding	-	-	46,740	46,740
85 Communications / SCADA	-	-	13,354	13,354
86 Instrumentation / Safety	-	-	6,677	6,677
<b>TOTAL TANGIBLES &gt;</b>	<b>1,385,895</b>	<b>0</b>	<b>562,211</b>	<b>1,948,105</b>
<b>TOTAL COSTS &gt;</b>	<b>5,258,420</b>	<b>5,935,556</b>	<b>1,247,280</b>	<b>12,441,256</b>

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	FS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

This cost estimate is for informational purposes only and may not be considered an estimate for any specific item on the listed cost of the project. Taking into account the approved AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, but not limited to, drilling, completion, and other costs under the terms of the applicable joint operating agreement, including, but not limited to, the Participant's well control and general liability insurance unless participant provides a certificate of insurance to the Operator by the date of spend.

**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 122H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	17,095' / 6,810'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	48,916	-	-	48,916
2 Location, Surveys & Damages	318,597	19,981	-	338,579
4 Freight / Transportation	52,673	48,416	24,038	125,127
5 Rental - Surface Equipment	137,497	238,238	114,178	489,913
6 Rental - Downhole Equipment	227,186	66,141	-	293,327
7 Rental - Living Quarters	53,176	60,251	-	113,427
10 Directional Drilling, Surveys	475,087	-	-	475,087
11 Drilling	833,677	-	-	833,677
12 Drill Bits	110,788	-	-	110,788
13 Fuel & Power	208,950	801,871	-	1,010,821
14 Cementing & Float Equip	269,070	-	-	269,070
15 Completion Unit, Swab, CTU	-	-	18,028	18,028
16 Perforating, Wireline, Slickline	-	434,783	-	434,783
17 High Pressure Pump Truck	-	136,333	-	136,333
18 Completion Unit, Swab, CTU	-	162,002	-	162,002
20 Mud Circulation System	116,354	-	-	116,354
21 Mud Logging	19,386	-	-	19,386
22 Logging / Formation Evaluation	8,940	9,222	-	17,262
23 Mud & Chemicals	400,166	484,605	12,019	896,789
24 Water	48,062	731,714	300,469	1,080,246
25 Stimulation	-	900,269	-	900,269
26 Stimulation Flowback & Disp	-	134,489	180,281	314,770
28 Mud / Wastewater Disposal	213,560	67,629	-	281,189
30 Rig Supervision / Engineering	134,035	147,354	18,028	299,417
32 Drig & Completion Overhead	11,528	-	-	11,528
35 Labor	169,604	76,851	18,028	264,483
54 Proppant	-	1,388,201	-	1,388,201
95 Insurance	16,213	-	-	16,213
97 Contingency	-	27,008	-	27,008
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,872,526</b>	<b>5,935,556</b>	<b>685,069</b>	<b>10,493,151</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	135,183	-	-	135,183
61 Intermediate Casing	402,911	-	-	402,911
62 Drilling Liner	-	-	-	-
63 Production Casing	759,821	-	-	759,821
64 Production Liner	-	-	-	-
65 Tubing	-	-	168,263	168,263
66 Wellhead	71,686	-	48,075	119,761
67 Packers, Liner Hangers	16,292	-	24,038	40,330
68 Janks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	108,169	108,169
73 Compressor	-	-	-	-
74 Installation Costs	-	-	66,771	66,771
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	36,056	36,056
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	24,038	24,038
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,031	20,031
84 Electrical / Grounding	-	-	46,740	46,740
85 Communications / SCADA	-	-	13,354	13,354
86 Instrumentation / Safety	-	-	6,677	6,677
<b>TOTAL TANGIBLES &gt;</b>	<b>1,385,895</b>	<b>0</b>	<b>562,211</b>	<b>1,948,105</b>
<b>TOTAL COSTS &gt;</b>	<b>5,258,420</b>	<b>5,935,556</b>	<b>1,247,280</b>	<b>12,441,256</b>

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

This AFE is for information only and may not be entered as a well on the record book of the project. Taking instructions regarding the AFE may be delayed up to one year after the well has been completed. In executing this AFE, the Permittee agrees to pay its proportionate share of related costs incurred, including, but not limited to, legal, engineering, and other costs, under the terms of the applicable joint operating agreement, operating order or other agreement covering this well. Participants shall be required to pay their proportionate share of the Operator's cost and general liability insurance unless participant provides a certificate evidencing the same insurance as an amount acceptable to the Operator by the date of sign-off.

**Permian Resources Operating, LLC**

300 N. Mariefeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 123H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	17,195' / 6,910'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian Well:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AI, install cost		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>INTANGIBLE COSTS</b>				
1 Land / Legal / Regulatory	48,916	-	-	48,916
2 Location, Surveys & Damages	318,597	19,981	-	338,579
4 Freight / Transportation	52,673	48,416	24,038	125,127
5 Rental - Surface Equipment	137,797	238,238	114,178	489,913
6 Rental - Downhole Equipment	227,186	66,141	-	293,327
7 Rental - Living Quarters	53,176	60,251	-	113,427
10 Directional Drilling, Surveys	475,047	-	-	475,047
11 Drilling	833,677	-	-	833,677
12 Drill Bits	110,788	-	-	110,788
13 Fuel & Power	208,950	801,871	-	1,010,821
14 Cementing & Float Equip	269,070	-	-	269,070
15 Completion Unit, Swab, CTU	-	-	18,028	18,028
16 Perforating, Wireline, Slickline	-	434,783	-	434,783
17 High Pressure Pump Truck	-	136,333	-	136,333
18 Completion Unit, Swab, CTU	-	162,002	-	162,002
20 Mud Circulation System	116,354	-	-	116,354
21 Mud Logging	19,386	-	-	19,386
22 Logging / Formation Evaluation	8,040	9,222	-	17,262
23 Mud & Chemicals	400,166	484,605	12,019	896,790
24 Water	48,052	731,714	300,469	1,080,246
25 Stimulation	-	900,269	-	900,269
26 Stimulation Flowback & Disp	-	134,489	180,281	314,770
28 Mud / Wastewater Disposal	213,560	67,629	-	281,189
30 Rig Supervision / Engineering	134,035	147,354	18,028	299,417
32 Drig & Completion Overhead	11,328	-	-	11,328
35 Labor	169,604	76,851	18,028	264,483
54 Proppant	-	1,388,201	-	1,388,201
95 Insurance	16,213	-	-	16,213
97 Contingency	-	27,008	-	27,008
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,872,526</b>	<b>5,935,556</b>	<b>685,069</b>	<b>10,493,151</b>

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>TANGIBLE COSTS</b>				
60 Surface Casing	135,183	-	-	135,183
61 Intermediate Casing	402,911	-	-	402,911
62 Drilling Liner	-	-	-	-
63 Production Casing	759,821	-	-	759,821
64 Production Liner	-	-	-	-
65 Tubing	-	-	168,263	168,263
66 Wellhead	71,686	-	48,075	119,761
67 Packers, Liner Hangers	16,292	-	24,038	40,330
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	108,169	108,169
73 Compressor	-	-	-	-
74 Installation Costs	-	-	66,771	66,771
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	36,056	36,056
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	24,038	24,038
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,031	20,031
84 Electrical / Grounding	-	-	46,740	46,740
85 Communications / SCADA	-	-	13,354	13,354
86 Instrumentation / Safety	-	-	6,877	6,877
<b>TOTAL TANGIBLES &gt;</b>	<b>1,385,895</b>	<b>0</b>	<b>562,211</b>	<b>1,948,105</b>
<b>TOTAL COSTS &gt;</b>	<b>5,258,420</b>	<b>5,935,556</b>	<b>1,247,280</b>	<b>12,441,256</b>

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	_____	Co-CFO	_____	VP - Operations	_____
VP - Land & Legal	WH	VP - Geosciences	JW		CRM
	BC		SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	_____	Working Interest (%):	_____	Tax ID:	_____
Signed by:	_____	Date:	_____		
Title:	_____	Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

The terms and conditions of this AFE are subject to the terms and conditions set forth in the AFE and any amendments thereto. This AFE is subject to the terms and conditions set forth in the AFE and any amendments thereto. This AFE is subject to the terms and conditions set forth in the AFE and any amendments thereto.

**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
Phone (432) 695-4222 • Fax (432) 695-4063

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lujtos 5-4 State 124H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	17,195' / 6,910'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 48,916	-	-	\$ 48,916
2 Location, Surveys & Damages	318,597	19,981	-	338,579
4 Freight / Transportation	52,673	48,416	24,038	125,127
5 Rental - Surface Equipment	137,497	238,238	114,178	489,913
6 Rental - Downhole Equipment	227,186	66,191	-	293,377
7 Rental - Living Quarters	53,176	60,251	-	113,427
10 Directional Drilling, Surveys	475,097	-	-	475,097
11 Drilling	833,677	-	-	833,677
12 Drill Bits	110,788	-	-	110,788
13 Fuel & Power	208,950	801,871	-	1,010,821
14 Cementing & Float Equip	269,070	-	-	269,070
15 Completion Unit, Swab, CTU	-	-	18,028	18,028
16 Perforating, Wireline, Slickline	-	434,783	-	434,783
17 High Pressure Pump Truck	-	136,333	-	136,333
18 Completion Unit, Swab, CTU	-	162,002	-	162,002
20 Mud Circulation System	116,354	-	-	116,354
21 Mud Logging	19,386	-	-	19,386
22 Logging / Formation Evaluation	3,040	9,222	-	12,262
23 Mud & Chemicals	400,166	484,605	12,019	896,790
24 Water	48,062	731,714	300,469	1,080,246
25 Stimulation	-	900,269	-	900,269
26 Stimulation Flowback & Disp	-	134,489	180,281	314,770
28 Mud / Wastewater Disposal	213,560	67,629	-	281,189
30 Rig Supervision / Engineering	134,035	147,554	18,028	299,617
32 Drig & Completion Overhead	11,528	-	-	11,528
35 Labor	169,604	76,851	18,028	264,483
54 Proppant	-	1,388,201	-	1,388,201
95 Insurance	16,213	-	-	16,213
97 Contingency	-	27,008	-	27,008
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,872,526</b>	<b>5,935,556</b>	<b>685,069</b>	<b>10,493,151</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 135,183	-	-	\$ 135,183
61 Intermediate Casing	402,911	-	-	402,911
62 Drilling Liner	-	-	-	-
63 Production Casing	759,821	-	-	759,821
64 Production Liner	-	-	-	-
65 Tubing	-	-	168,263	168,263
66 Wellhead	71,686	-	48,075	119,761
67 Packers, Liner Hangers	16,292	-	24,038	40,330
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	108,169	108,169
73 Compressor	-	-	-	-
74 Installation Costs	-	-	66,771	66,771
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	36,056	36,056
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	24,038	24,038
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,031	20,031
84 Electrical / Grounding	-	-	46,740	46,740
85 Communications / SCADA	-	-	13,354	13,354
86 Instrumentation / Safety	-	-	5,677	5,677
<b>TOTAL TANGIBLES &gt;</b>	<b>1,385,895</b>	<b>0</b>	<b>562,211</b>	<b>1,948,105</b>
<b>TOTAL COSTS &gt;</b>	<b>5,258,420</b>	<b>5,935,556</b>	<b>1,247,280</b>	<b>12,441,256</b>

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	FS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BC	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

The costs on this AFE are estimates only and may not be involved as entries on any specific item in the total cost of the project. Taking installation approval under this AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay the proportionate share of actual costs incurred, including legal, services, regulatory, freetrage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability by insurance unless participant provides Operator a certificate establishing its own insurance at an amount acceptable to the Operator by the date of approval.

**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 131H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	18,325' / 8,040'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 48,916	-	-	\$ 48,916
2 Location, Surveys & Damages	332,602	20,860	-	353,461
4 Freight / Transportation	54,989	50,544	25,094	130,627
5 Rental - Surface Equipment	143,541	248,710	119,197	511,448
6 Rental - Downhole Equipment	237,172	69,048	-	306,220
7 Rental - Living Quarters	55,514	67,899	-	123,413
10 Directional Drilling, Surveys	495,928	-	-	495,928
11 Drilling	870,322	-	-	870,322
12 Drill Bits	115,658	-	-	115,658
13 Fuel & Power	218,134	837,118	-	1,055,253
14 Cementing & Float Equip	280,897	-	-	280,897
15 Completion Unit, Swab, CTU	-	-	18,821	18,821
16 Perforating, Wireline, Slickline	-	453,895	-	453,895
17 High Pressure Pump Truck	-	142,326	-	142,326
18 Completion Unit, Swab, CTU	-	169,122	-	169,122
20 Mud Circulation System	121,469	-	-	121,469
21 Mud Logging	20,238	-	-	20,238
22 Logging / Formation Evaluation	8,395	9,627	-	18,021
23 Mud & Chemicals	417,755	305,906	12,547	736,209
24 Water	50,175	763,878	313,676	1,127,729
25 Stimulation	-	939,841	-	939,841
26 Stimulation Flowback & Disp	-	140,401	188,206	328,606
28 Mud / Wastewater Disposal	222,948	70,601	-	293,549
30 Rig Supervision / Engineering	139,927	154,039	18,821	312,787
32 Drig & Completion Overhead	12,034	-	-	12,034
35 Labor	177,059	80,229	18,821	276,108
54 Proppant	-	1,449,221	-	1,449,221
95 Insurance	16,925	-	-	16,925
97 Contingency	-	28,195	-	28,195
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>4,040,597</b>	<b>6,196,461</b>	<b>715,182</b>	<b>10,952,240</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 411,125	-	-	\$ 411,125
61 Intermediate Casing	420,621	-	-	420,621
62 Drilling Liner	-	-	-	-
63 Production Casing	793,220	-	-	793,220
64 Production Liner	-	-	-	-
65 Tubing	-	-	175,659	175,659
66 Wellhead	74,837	-	50,188	125,026
67 Packers, Liner Hangers	17,009	-	25,094	42,103
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	112,923	112,923
73 Compressor	-	-	-	-
74 Installation Costs	-	-	69,706	69,706
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	37,641	37,641
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	25,094	25,094
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Bumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Hare Stack	-	-	20,912	20,912
84 Electrical / Grounding	-	-	48,794	48,794
85 Communications / SCADA	-	-	13,941	13,941
86 Instrumentation / Safety	-	-	6,971	6,971
<b>TOTAL TANGIBLES &gt;</b>	<b>1,446,813</b>	<b>0</b>	<b>586,923</b>	<b>2,033,737</b>
<b>TOTAL COSTS &gt;</b>	<b>5,487,410</b>	<b>6,196,461</b>	<b>1,302,105</b>	<b>12,985,976</b>

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BC	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

The items on this AFE are estimates only and may not be entered as entries on any specific item as the total cost of the project. Taking final decision approval under the AFE may be delayed up to a period after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, royalties, regulatory, leasehold and well costs under the terms of the applicable joint operating agreement, regulatory orders or other agreement covering the well. Participants shall be bound by and shall comply with the Operator's well record and general liability insurance unless participant provides Operator a certificate evidencing the most insurance to be known acceptable to the Operator by the date of approval.

**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajtas 5-4 State 132H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	18,395' / 8,110'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land/ Legal/ Regulatory	\$ 48,916	-	-	\$ 48,916
2 Location, Surveys & Damages	332,602	20,860	-	353,461
4 Freight / Transportation	54,989	30,544	25,094	130,627
5 Rental - Surface Equipment	143,541	298,710	119,197	511,448
6 Rental - Downhole Equipment	237,172	85,048	-	306,220
7 Rental - Living Quarters	55,514	62,899	-	118,413
10 Directional Drilling, Surveys	495,928	-	-	495,928
11 Drilling	870,322	-	-	870,322
12 Drill Bits	115,658	-	-	115,658
13 Fuel & Power	218,134	837,118	-	1,055,253
14 Cementing & Float Equip	280,897	-	-	280,897
15 Completion Unit, Swab, CIU	-	-	18,821	18,821
16 Perforating, Wireline, Stickline	-	453,895	-	453,895
17 High Pressure Pump Truck	-	142,326	-	142,326
18 Completion Unit, Swab, CTU	-	169,122	-	169,122
20 Mud Circulation System	121,469	-	-	121,469
21 Mud Logging	20,238	-	-	20,238
22 Logging/ Formation Evaluation	8,393	9,677	-	18,071
23 Mud & Chemicals	417,756	505,306	12,547	935,609
24 Water	50,175	763,878	313,876	1,127,929
25 Stimulation	-	939,841	-	939,841
26 Stimulation Flowback & Disp	-	140,401	188,206	328,606
28 Mud / Wastewater Disposal	222,948	70,601	-	293,549
30 Rig Supervision / Engineering	139,927	154,039	18,821	312,787
32 Drig & Completion Overhead	12,034	-	-	12,034
35 Labor	177,059	80,229	18,821	276,108
54 Proppant	-	1,449,221	-	1,449,221
95 Insurance	16,925	-	-	16,925
97 Contingency	-	28,195	-	28,195
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>4,040,597</b>	<b>6,196,461</b>	<b>715,182</b>	<b>10,952,240</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 141,125	-	-	\$ 141,125
61 Intermediate Casing	420,621	-	-	420,621
62 Drilling Liner	-	-	-	-
63 Production Casing	795,220	-	-	795,220
64 Production Liner	-	-	-	-
65 Tubing	-	-	175,659	175,659
66 Wellhead	74,857	-	59,188	125,026
67 Packers, Liner Hangers	17,009	-	25,094	42,103
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	112,923	112,923
73 Compressor	-	-	-	-
74 Installation Costs	-	-	69,706	69,706
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	37,641	37,641
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	25,094	25,094
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Hare Stack	-	-	20,912	20,912
84 Electrical / Grounding	-	-	48,794	48,794
85 Communications / SCADA	-	-	13,941	13,941
86 Instrumentation / Safety	-	-	6,971	6,971
<b>TOTAL TANGIBLES &gt;</b>	<b>1,446,813</b>	<b>0</b>	<b>586,923</b>	<b>2,033,737</b>
<b>TOTAL COSTS &gt;</b>	<b>5,487,410</b>	<b>6,196,461</b>	<b>1,302,105</b>	<b>12,985,976</b>

**PREPARED BY Permian Resources Operating, LLC:**

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

**Permian Resources Operating, LLC APPROVAL:**

Co-CEO _____	Co-CEO _____	VP - Operations _____
VP - Land & Legal _____	VP - Geosciences _____	CRM _____
_____	_____	_____

**NON OPERATING PARTNER APPROVAL:**

Company Name: _____	Working Interest (%): _____	Tax ID: _____
Signed by: _____	Date: _____	
Title: _____	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

The costs on this AFE are estimates only and may not be considered as a budget or any specific item or the total cost of the project. Taking modification approved under the AFE may be doing up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs (including, but not limited to, regulatory, permitting, and other costs) under the terms of the applicable joint operating agreement, regulatory order or other agreement relating to this well. Participants shall be bound by and held proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of approval.



**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
Phone (432) 695-4222 • Fax (432) 695-4063

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 133FH	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	18,400' / 8,115'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	48,916	-	-	48,916
2 Location, Surveys & Damages	332,602	20,860	-	353,461
4 Freight / Transportation	54,989	50,544	25,094	130,627
5 Rental - Surface Equipment	143,541	248,710	119,197	511,448
6 Rental - Downhole Equipment	237,172	69,048	-	306,220
7 Rental - Living Quarters	55,514	62,899	-	118,413
10 Directional Drilling, Surveys	495,928	-	-	495,928
11 Drilling	870,322	-	-	870,322
12 Drill Bits	115,658	-	-	115,658
13 Fuel & Power	218,134	837,118	-	1,055,253
14 Cementing & Float Equip	280,897	-	-	280,897
15 Completion Unit, Swab, CTU	-	-	18,821	18,821
16 Perforating, Wireline, Slickline	-	453,895	-	453,895
17 High Pressure Pump Truck	-	142,326	-	142,326
18 Completion Unit, Swab, CTU	-	169,122	-	169,122
20 Mud Circulation System	121,469	-	-	121,469
21 Mud Logging	20,238	-	-	20,238
22 Logging / Formation Evaluation	8,393	9,627	-	18,021
23 Mud & Chemicals	417,756	505,906	12,947	936,209
24 Water	50,175	763,878	313,676	1,127,729
25 Stimulation	-	939,841	-	939,841
26 Stimulation Flowback & Disp	-	140,401	188,206	328,606
28 Mud / Wastewater Disposal	222,948	70,601	-	293,549
30 Rig Supervision / Engineering	139,927	154,039	18,821	312,787
32 Drlg. & Completion Overhead	12,034	-	-	12,034
35 Labor	177,059	80,229	18,821	276,108
54 Proppant	-	1,449,221	-	1,449,221
95 Insurance	16,925	-	-	16,925
97 Contingency	-	28,195	-	28,195
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>4,040,597</b>	<b>6,196,461</b>	<b>715,182</b>	<b>10,952,240</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	141,125	-	-	141,125
61 Intermediate Casing	420,621	-	-	420,621
62 Drilling Liner	-	-	-	-
63 Production Casing	793,220	-	-	793,220
64 Production Liner	-	-	-	-
65 Tubing	-	-	175,639	175,639
66 Wellhead	74,837	-	50,188	125,025
67 Packers, Liner Hangers	17,009	-	25,094	42,103
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	112,923	112,923
73 Compressor	-	-	-	-
74 Installation Costs	-	-	69,706	69,706
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	37,641	37,641
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	25,094	25,094
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,912	20,912
84 Electrical / Grounding	-	-	48,794	48,794
85 Communications / SCADA	-	-	13,941	13,941
86 Instrumentation / Safety	-	-	6,971	6,971
<b>TOTAL TANGIBLES &gt;</b>	<b>1,446,813</b>	<b>0</b>	<b>586,923</b>	<b>2,033,737</b>
<b>TOTAL COSTS &gt;</b>	<b>5,487,410</b>	<b>6,196,461</b>	<b>1,302,105</b>	<b>12,985,976</b>

**PREPARED BY Permian Resources Operating, LLC:**

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

**Permian Resources Operating, LLC APPROVAL:**

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BC	VP - Geosciences	SO		

**NON OPERATING PARTNER APPROVAL:**

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

The costs on this AFE are estimates only and may not be recovered as follows on any specific item or the total cost of the project. Taking hypothetical approval under the AFE may be delayed up to 90 days after the well has been completed. In executing the AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, regulatory, geologic and other costs under the terms of the applicable joint operating agreement, regulatory order or other agreement governing this well. Participants shall be bound and held jointly and severally for the actual and potential liability insurance under participants' own policies and any liability insurance to be provided by the Operator by the date of spend.

**Permian Resources Operating, LLC**

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	1.12.2024	AFE NO.:	1
WELL NAME:	Lajas 5-4 State 134H	FIELD:	
LOCATION:	Section 5, T19S-R28E	MD/TVD:	18,470' / 8,185'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land/ Legal/ Regulatory	\$ 48,916	-	-	\$ 48,916
2 Location, Surveys & Damages	332,602	20,860	-	353,461
4 Freight/ Transportation	54,989	50,544	25,094	130,627
5 Rental - Surface Equipment	143,541	246,710	119,197	511,448
6 Rental - Downhole Equipment	237,172	69,048	-	306,220
7 Rental - Living Quarters	55,514	62,899	-	118,413
10 Directional Drilling, Surveys	495,928	-	-	495,928
11 Drilling	870,322	-	-	870,322
12 Drill Bits	115,658	-	-	115,658
13 Fuel & Power	218,134	837,118	-	1,055,253
14 Cementing & Float Equip	280,897	-	-	280,897
15 Completion Unit, Swab, CTU	-	-	18,821	18,821
16 Perforating, Wireline, Slickline	-	453,895	-	453,895
17 High Pressure Pump Truck	-	142,326	-	142,326
18 Completion Unit, Swab, CTU	-	169,122	-	169,122
20 Mud Circulation System	121,469	-	-	121,469
21 Mud Logging	20,238	-	-	20,238
22 Logging/ Formation Evaluation	8,393	9,627	-	18,021
23 Mud & Chemicals	417,756	305,905	12,547	936,209
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28 Mud/ Wastewater Disposal	222,948	70,601	-	293,549
30 Rig Supervision/ Engineering	139,927	154,039	18,821	312,787
32 Drig & Completion Overhead	12,034	-	-	12,034
35 Labor	177,059	80,229	18,821	276,108
54 Proppant	-	1,449,221	-	1,449,221
95 Insurance	16,925	-	-	16,925
97 Contingency	-	28,195	-	28,195
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>4,040,597</b>	<b>6,196,461</b>	<b>715,182</b>	<b>10,952,240</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 141,125	-	-	\$ 141,125
61 Intermediate Casing	420,621	-	-	420,621
62 Drilling Liner	-	-	-	-
63 Production Casing	793,220	-	-	793,220
64 Production Liner	-	-	-	-
65 Tubing	-	-	175,659	175,659
66 Wellhead	74,837	-	50,188	125,026
67 Packers, Liner Hangers	17,009	-	25,094	42,103
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	112,923	112,923
73 Compressor	-	-	-	-
74 Installation Costs	-	-	69,706	69,706
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	37,641	37,641
78 Gas Conditioning/ Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	25,094	25,094
80 Gathering/ Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank/ Facility Containment	-	-	-	-
83 Flare Stack	-	-	20,912	20,912
84 Electrical/ Grounding	-	-	48,794	48,794
85 Communications/ SCADA	-	-	13,941	13,941
86 Instrumentation/ Safety	-	-	6,971	6,971
<b>TOTAL TANGIBLES &gt;</b>	<b>1,446,813</b>	<b>0</b>	<b>586,923</b>	<b>2,033,737</b>
<b>TOTAL COSTS &gt;</b>	<b>5,487,410</b>	<b>6,196,461</b>	<b>1,302,105</b>	<b>12,985,976</b>

**PREPARED BY Permian Resources Operating, LLC:**

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

**Permian Resources Operating, LLC APPROVAL:**

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

**NON OPERATING PARTNER APPROVAL:**

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)	

This estimate on this AFE are minimum only and may not be considered an estimate on any specific item on the total cost of the project. Taking installation approval under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Permittee agrees to pay its proportionate share of actual costs incurred, including, legal, royalties, regulations, freight and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement governing this well. Participants shall be bound and held proportionately for the Permittee's cost and general liability insurance unless participants provide Operator a certificate evidencing the same insurance to the same extent as the Operator by the date of approval.

**WELL PROPOSALS**  
**(WORKOVER) (DRLG) (LSG)**  
**(OUTSIDE OPERATED)**

(File with the AFE)

F: md/misc & forms/cklsts/well proposals outside operated drlg wo lsg

Date Received: 10-29-24

1 Well Proposals

AFE date: 9-11-24

OPERATOR: Permian Resources

WELL Hajitan 5-4 State Com #121,122,123,124,131,132,133

LOCATION (S-T-R): See attached

WORK TO BE PERFORMED: D+C

AFE COSTS: \$9,405,555 - \$9,706,794

OUR WORKING INTEREST: not listed

ELECTION DEADLINE: 11-26-24

ELECTION DECISION(circle one)

APPROVAL:

- A. Join \_\_\_\_\_ Date
- B. Nonconsent \_\_\_\_\_ Date
- C. Other \_\_\_\_\_ Date

**STEPS:**

- \_\_\_\_\_ Return AFE
- \_\_\_\_\_ Also send our well requirements
- \_\_\_\_\_ Save AFE (pdf) md/eng/afes/drlg/OBO/(Operator file name)/(well name) (afe date)
- \_\_\_\_\_ Stamp file name on back.
- \_\_\_\_\_ Copy to TMB (for Fuel/TMB/CRB).
- \_\_\_\_\_ "Link" to JMG.



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

September 11, 2024

Via Certified Mail

V-F Petroleum, Inc.  
P.O. Box 1889  
Midland, Texas 79702

*Rec'd Oct 29, 2024*

**RE: Well Proposals – Lajitas 5-4 State Com**  
T19S-R28E, N.M.P.M.  
Section 4: All  
Section 5: All  
Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), hereby proposes the drilling and completion of the following eight (8) wells, the Lajitas 5-4 State Com at the following approximate locations within Township 19 South, Range 28 East, Eddy Co., New Mexico:

- 1. Lajitas 5-4 State Com 121H**  
SHL: At a legal location within the W/2 of the NW/4 of Section 5  
BHL: 10' FEL & 330' FNL of Section 4  
FTP: 100' FWL & 330' FNL of Section 5  
LTP: 100' FEL & 330' FNL of Section 4  
TVD: Approximately 6,810'  
TMD: Approximately 17,095'  
Proration Unit: N/2 of Sections 4 & 5  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
- 2. Lajitas 5-4 State Com 122H**  
SHL: At a legal location within the W/2 of the NW/4 of Section 5  
BHL: 10' FEL & 2,190' FNL of Section 4  
FTP: 100' FWL & 2,190' FNL of Section 5  
LTP: 100' FEL & 2,190' FNL of Section 4  
TVD: Approximately 6,810'  
TMD: Approximately 17,095'  
Proration Unit: N/2 of Sections 4 & 5  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
- 3. Lajitas 5-4 State Com 123H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 1,890' FSL of Section 4  
FTP: 100' FWL & 1,890' FSL of Section 5  
LTP: 100' FEL & 1,890' FSL of Section 4  
TVD: Approximately 6,910'  
TMD: Approximately 17,195'  
Proration Unit: S/2 of Sections 4 & 5  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

- 4. Lajitas 5-4 State Com 124H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 690' FSL of Section 4  
FTP: 100' FWL & 690' FSL of Section 5  
LTP: 100' FEL & 690' FSL of Section 4  
TVD: Approximately 6,910'  
TMD: Approximately 17,195'  
Proration Unit: S/2 of Sections 4 & 5  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
- 5. Lajitas 5-4 State Com 131H**  
SHL: At a legal location within the W/2 of the NW/4 of Section 5  
BHL: 10' FEL & 330' FNL of Section 4  
FTP: 100' FWL & 330' FNL of Section 5  
LTP: 100' FEL & 330' FNL of Section 4  
TVD: Approximately 8,040'  
TMD: Approximately 18,325'  
Proration Unit: N/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 6. Lajitas 5-4 State Com 132H (Defining Well)**  
SHL: At a legal location within the W/2 of the NW/4 of Section 5  
BHL: 10' FEL & 1,640' FNL of Section 4  
FTP: 100' FWL & 1,640' FNL of Section 5  
LTP: 100' FEL & 1,640' FNL of Section 4  
TVD: Approximately 8,110'  
TMD: Approximately 18,395'  
Proration Unit: N/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 7. Lajitas 5-4 State Com 133H**  
SHL: At a legal location with the E/2 of the SE/4 of Section 6  
BHL: 10' FEL & 2,310' FSL of Section 4  
FTP: 100' FWL & 2,310' FSL of Section 5  
LTP: 100' FEL & 2,310' FSL of Section 4  
TVD: Approximately 8,115'  
TMD: Approximately 18,400'  
Proration Unit: S/2 of Sections 4 & 5  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**8. Lajitas 5-4 State Com 134H (Defining Well)**

- SHL: At a legal location with the E/2 of the SE/4 of Section 6
- BHL: 10' FEL & 1,000' FSL of Section 4
- FTP: 100' FWL & 1,000' FSL of Section 5
- LTP: 100' FEL & 1,000' FSL of Section 4
- TVD: Approximately 8,185'
- TMD: Approximately 18,470'
- Proration Unit: S/2 of Sections 4 & 5
- Targeted Interval: 3<sup>rd</sup> Bone Spring
- Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me by email at [Travis.Macha@permianres.com](mailto:Travis.Macha@permianres.com).

Elections can be returned by mail &/or email to the attention of Erin Lloyd – [Erin.Lloyd@permianres.com](mailto:Erin.Lloyd@permianres.com)

Respectfully,

Travis Macha  
New Mexico Land  
Manager

Enclosures

*ELECTIONS ON PAGE TO FOLLOW*

Well Proposal: Lajitas 5-4 State Com 121H-124H, 131H-134H



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**Lajitas 5-4 State Com Elections:**

<i>Well Elections: (Please indicate your responses in the spaces below)</i>		
<b>Well(s)</b>	<b>Elect to Participate</b>	<b>Elect to <u>NOT</u> Participate</b>
Lajitas 5-4 State Com 121H		
Lajitas 5-4 State Com 122H		
Lajitas 5-4 State Com 123H		
Lajitas 5-4 State Com 124H		
Lajitas 5-4 State Com 131H		
Lajitas 5-4 State Com 132H		
Lajitas 5-4 State Com 133H		
Lajitas 5-4 State Com 134H		

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Well Proposal: Lajitas 5-4 State Com 121H-124H, 131H-134H



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_





**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 - 4 STATE COM 121H
<b>AFE Name:</b>	LAJITAS 5 - 4 STATE COM 121H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.5000	IDC - WELL CONTROL INSURANCE	\$8,285.13
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8015.5200	IDC - CONTINGENCY	\$124,812.11
8015.2400	IDC - RIG WATER	\$7,150.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
8015.2350	IDC - FUEL/MUD	\$40,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$18,000.00
8015.2300	IDC - FUEL / POWER	\$97,750.00
8015.3100	IDC - CASING CREW & TOOLS	\$50,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$50,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$418,000.00
8015.4100	IDC - RENTAL EQUIPMENT	\$23,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$66,000.00
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$160,000.00
8015.4200	IDC - MANCAMP	\$28,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$45,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$30,500.00
8015.2150	IDC - DRILL BIT	\$53,000.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$39,700.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$8,400.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$108,333.33
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$45,000.00
8015.3700	IDC - DISPOSAL	\$97,000.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$110,000.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$224,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$30,000.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1500	IDC - RIG MOB / TRUCKING	\$100,000.00
	<b>Sub-total</b>	<b>\$2,091,930.57</b>
<b>Facilities</b>		
8035.1310	FAC - PEMANENT EASEMENT	\$3,333.00
8035.2100	FAC - INSPECTION & TESTING	\$833.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$13,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$86,667.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$833.00
8035.3700	FAC - AUTOMATION MATERIAL	\$41,667.00

300 N Marienfeld Street, Suite 1000, Midland, TX 79701  
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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.2500	FAC - CONSULTING SERVICES	\$2,500.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$4,167.00
8035.1600	FAC - TRANSPORTATION TRUCKING	\$5,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$150,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$16,667.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$500.00
8035.3400	FAC - METER & LACT	\$34,467.00
8035.2400	FAC - SUPERVISION	\$5,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$108,333.00
8035.2900	FAC - TANK BATTERY	\$96,667.00
8035.3500	FAC - COMPRESSOR	\$5,333.00
8035.3600	FAC - ELECTRICAL	\$41,667.00
8035.1400	FAC - ROAD LOCATIONS PITS	\$29,167.00
8035.4500	FAC - CONTINGENCY	\$23,833.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$833.00
	<b>Sub-total</b>	<b>\$671,467.00</b>
<b>Completion Intangible</b>		
8025.2000	ICC - TRUCKING	\$14,375.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$2,405,186.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$172,358.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.1500	ICC - FUEL / POWER	\$560,880.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.3100	ICC - WELLHEAD/FRACTURE REPAIR	\$40,000.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.1600	ICC - COILED TUBING	\$226,602.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3400	ICC - RENTAL EQUIPMENT	\$198,747.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$406,429.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$20,160.00
8025.3050	ICC - SOURCE WATER	\$318,862.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
	<b>Sub-total</b>	<b>\$4,517,699.00</b>
<b>Artificial Lift Tangible</b>		
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT	\$40,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT	\$10,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$95,000.00
8065.3400	TAL - CONTRACT LABOR INSTALL	\$30,000.00
8065.1700	TAL - PACKER/DOWNHOLE TOOLS	\$5,000.00
8065.1100	TAL - TUBING	\$105,000.00
	<b>Sub-total</b>	<b>\$315,000.00</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Artificial Lift Intangible</b>		
8060.3500	IAL - WELLSITE SUPERVISION	\$10,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$20,000.00
8060.3700	IAL - HEALTH & SAFETY	\$5,000.00
8060.1200	IAL - WORKOVER RIG	\$30,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$25,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$20,000.00
	<b>Sub-total</b>	<b>\$130,000.00</b>
<b>Pipeline</b>		
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$11,666.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$33,333.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$20,000.00
8036.1310	PLN - PERMANENT EASEMENT	\$23,100.00
8036.1300	PLN - SURFACE DAMAGE / ROW	\$2,500.00
8036.2200	PLN - CONTRACT LABOR	\$70,000.00
8036.2800	PLN - FLOWLINE MATERIAL	\$66,528.00
	<b>Sub-total</b>	<b>\$227,127.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
	<b>Sub-total</b>	<b>\$47,250.00</b>
<b>Drilling Tangible</b>		
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$177,697.81
8020.1100	TDC - CASING - SURFACE	\$33,834.25
8020.1400	TDC - CASING - PRODUCTION	\$652,674.41
8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
	<b>Sub-total</b>	<b>\$930,081.47</b>
<b>Flowback Intangible</b>		
8040.2900	IFC - WELL TESTING / FLOWBACK	\$150,000.00
8040.1899	IFC - FRAC WATER RECOVERY	\$290,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
8040.3400	IFC - RENTAL EQUIPMENT	\$25,000.00
	<b>Sub-total</b>	<b>\$475,000.00</b>
	<b>Grand Total</b>	<b>\$9,405,555.04</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 - 4 STATE COM 122H
<b>AFE Name:</b>	LAJITAS 5 - 4 STATE COM 122H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.5000	IDC - WELL CONTROL INSURANCE	\$8,285.13
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8015.5200	IDC - CONTINGENCY	\$124,812.11
8015.2400	IDC - RIG WATER	\$7,150.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
8015.2350	IDC - FUEL/MUD	\$40,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$18,000.00
8015.2300	IDC - FUEL / POWER	\$97,750.00
8015.3100	IDC - CASING CREW & TOOLS	\$50,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$50,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$418,000.00
8015.4100	IDC - RENTAL EQUIPMENT	\$23,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$66,000.00
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$160,000.00
8015.4200	IDC - MANCAMP	\$28,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$45,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$30,500.00
8015.2150	IDC - DRILL BIT	\$53,000.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$39,700.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$8,400.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$108,333.33
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$45,000.00
8015.3700	IDC - DISPOSAL	\$97,000.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$110,000.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$224,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$30,000.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1500	IDC - RIG MOB / TRUCKING	\$100,000.00
	<b>Sub-total</b>	<b>\$2,091,930.57</b>
<b>Facilities</b>		
8035.1310	FAC - PEMANENT EASEMENT	\$3,333.00
8035.2100	FAC - INSPECTION & TESTING	\$833.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$13,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$86,667.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$833.00
8035.3700	FAC - AUTOMATION MATERIAL	\$41,667.00

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**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.2500	FAC - CONSULTING SERVICES	\$2,500.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$4,167.00
8035.1600	FAC - TRANSPORTATION TRUCKING	\$5,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$150,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$16,667.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$500.00
8035.3400	FAC - METER & LACT	\$34,467.00
8035.2400	FAC - SUPERVISION	\$5,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$108,333.00
8035.2900	FAC - TANK BATTERY	\$96,667.00
8035.3500	FAC - COMPRESSOR	\$5,333.00
8035.3600	FAC - ELECTRICAL	\$41,667.00
8035.1400	FAC - ROAD LOCATIONS PITS	\$29,167.00
8035.4500	FAC - CONTINGENCY	\$23,833.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$833.00
	<b>Sub-total</b>	<b>\$671,467.00</b>
<b>Completion Intangible</b>		
8025.2000	ICC - TRUCKING	\$14,375.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$2,405,186.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$172,358.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.1500	ICC - FUEL / POWER	\$560,880.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.1600	ICC - COILED TUBING	\$226,602.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3400	ICC - RENTAL EQUIPMENT	\$198,747.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$406,429.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$20,160.00
8025.3050	ICC - SOURCE WATER	\$318,862.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
	<b>Sub-total</b>	<b>\$4,517,699.00</b>
<b>Artificial Lift Tangible</b>		
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT	\$40,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT	\$10,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$95,000.00
8065.3400	TAL - CONTRACT LABOR INSTALL	\$30,000.00
8065.1700	TAL - PACKER/DOWNHOLE TOOLS	\$5,000.00
8065.1100	TAL - TUBING	\$105,000.00
	<b>Sub-total</b>	<b>\$315,000.00</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Artificial Lift Intangible</b>		
8060.3500	IAL - WELLSITE SUPERVISION	\$10,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$20,000.00
8060.3700	IAL - HEALTH & SAFETY	\$5,000.00
8060.1200	IAL - WORKOVER RIG	\$30,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$25,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$20,000.00
	<b>Sub-total</b>	<b>\$130,000.00</b>
<b>Pipeline</b>		
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$11,666.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$33,333.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$20,000.00
8036.1310	PLN - PERMANENT EASEMENT	\$23,100.00
8036.1300	PLN - SURFACE DAMAGE / ROW	\$2,500.00
8036.2200	PLN - CONTRACT LABOR	\$70,000.00
8036.2800	PLN - FLOWLINE MATERIAL	\$66,528.00
	<b>Sub-total</b>	<b>\$227,127.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
	<b>Sub-total</b>	<b>\$47,250.00</b>
<b>Drilling Tangible</b>		
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$177,697.81
8020.1100	TDC - CASING - SURFACE	\$33,834.25
8020.1400	TDC - CASING - PRODUCTION	\$652,674.41
8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
	<b>Sub-total</b>	<b>\$930,081.47</b>
<b>Flowback Intangible</b>		
8040.2900	IFC - WELL TESTING / FLOWBACK	\$150,000.00
8040.1899	IFC - FRAC WATER RECOVERY	\$290,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
8040.3400	IFC - RENTAL EQUIPMENT	\$25,000.00
	<b>Sub-total</b>	<b>\$475,000.00</b>
	<b>Grand Total</b>	<b>\$9,405,555.04</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 - 4 STATE COM 123H
<b>AFE Name:</b>	LAJITAS 5 - 4 STATE COM 123H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.5000	IDC - WELL CONTROL INSURANCE	\$8,285.13
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8015.5200	IDC - CONTINGENCY	\$124,812.11
8015.2400	IDC - RIG WATER	\$7,150.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
8015.2350	IDC - FUEL/MUD	\$40,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$18,000.00
8015.2300	IDC - FUEL / POWER	\$97,750.00
8015.3100	IDC - CASING CREW & TOOLS	\$50,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$50,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$418,000.00
8015.4100	IDC - RENTAL EQUIPMENT	\$23,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$66,000.00
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$160,000.00
8015.4200	IDC - MANCAMP	\$28,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$45,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$30,500.00
8015.2150	IDC - DRILL BIT	\$53,000.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$39,700.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$8,400.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$108,333.33
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$45,000.00
8015.3700	IDC - DISPOSAL	\$97,000.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$110,000.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$224,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$30,000.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1500	IDC - RIG MOB / TRUCKING	\$100,000.00
	<b>Sub-total</b>	<b>\$2,091,930.57</b>
<b>Facilities</b>		
8035.1310	FAC - PEMANENT EASEMENT	\$3,333.00
8035.2100	FAC - INSPECTION & TESTING	\$833.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$13,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$86,667.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$833.00
8035.3700	FAC - AUTOMATION MATERIAL	\$41,667.00

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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.2500	FAC - CONSULTING SERVICES	\$2,500.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$4,167.00
8035.1600	FAC - TRANSPORTATION TRUCKING	\$5,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$150,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$16,667.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$500.00
8035.3400	FAC - METER & LACT	\$34,467.00
8035.2400	FAC - SUPERVISION	\$5,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$108,333.00
8035.2900	FAC - TANK BATTERY	\$96,667.00
8035.3500	FAC - COMPRESSOR	\$5,333.00
8035.3600	FAC - ELECTRICAL	\$41,667.00
8035.1400	FAC - ROAD LOCATIONS PITS	\$29,167.00
8035.4500	FAC - CONTINGENCY	\$23,833.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$833.00
	<b>Sub-total</b>	<b>\$671,467.00</b>
<b>Completion Intangible</b>		
8025.2000	ICC - TRUCKING	\$14,375.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$2,405,186.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$172,358.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.1500	ICC - FUEL / POWER	\$560,880.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.3100	ICC - WELLHEAD/FRACTURE REPAIR	\$40,000.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.1600	ICC - COILED TUBING	\$226,602.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3400	ICC - RENTAL EQUIPMENT	\$198,747.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$406,429.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$20,160.00
8025.3050	ICC - SOURCE WATER	\$318,862.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
	<b>Sub-total</b>	<b>\$4,517,699.00</b>
<b>Artificial Lift Tangible</b>		
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT	\$40,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT	\$10,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$95,000.00
8065.3400	TAL - CONTRACT LABOR INSTALL	\$30,000.00
8065.1700	TAL - PACKER/DOWNHOLE TOOLS	\$5,000.00
8065.1100	TAL - TUBING	\$105,000.00
	<b>Sub-total</b>	<b>\$315,000.00</b>





Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Artificial Lift Intangible</b>		
8060.3500	IAL - WELLSITE SUPERVISION	\$10,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$20,000.00
8060.3700	IAL - HEALTH & SAFETY	\$5,000.00
8060.1200	IAL - WORKOVER RIG	\$30,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$25,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$20,000.00
	<b>Sub-total</b>	<b>\$130,000.00</b>
<b>Pipeline</b>		
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$11,666.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$33,333.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$20,000.00
8036.1310	PLN - PEMANENT EASEMENT	\$23,100.00
8036.1300	PLN - SURFACE DAMAGE / ROW	\$2,500.00
8036.2200	PLN - CONTRACT LABOR	\$70,000.00
8036.2800	PLN - FLOWLINE MATERIAL	\$66,528.00
	<b>Sub-total</b>	<b>\$227,127.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
	<b>Sub-total</b>	<b>\$47,250.00</b>
<b>Drilling Tangible</b>		
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$177,697.81
8020.1100	TDC - CASING - SURFACE	\$33,834.25
8020.1400	TDC - CASING - PRODUCTION	\$652,674.41
8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
	<b>Sub-total</b>	<b>\$930,081.47</b>
<b>Flowback Intangible</b>		
8040.2900	IFC - WELL TESTING / FLOWBACK	\$150,000.00
8040.1899	IFC - FRAC WATER RECOVERY	\$290,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
8040.3400	IFC - RENTAL EQUIPMENT	\$25,000.00
	<b>Sub-total</b>	<b>\$475,000.00</b>
	<b>Grand Total</b>	<b>\$9,405,555.04</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 - 4 STATE COM 124H
<b>AFE Name:</b>	LAJITAS 5 - 4 STATE COM 124H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.5000	IDC - WELL CONTROL INSURANCE	\$8,285.13
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8015.5200	IDC - CONTINGENCY	\$124,812.11
8015.2400	IDC - RIG WATER	\$7,150.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
8015.2350	IDC - FUEL/MUD	\$40,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$18,000.00
8015.2300	IDC - FUEL / POWER	\$97,750.00
8015.3100	IDC - CASING CREW & TOOLS	\$50,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$50,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$418,000.00
8015.4100	IDC - RENTAL EQUIPMENT	\$23,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$66,000.00
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$160,000.00
8015.4200	IDC - MANCAMP	\$28,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$45,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$30,500.00
8015.2150	IDC - DRILL BIT	\$53,000.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$39,700.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$8,400.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$108,333.33
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$45,000.00
8015.3700	IDC - DISPOSAL	\$97,000.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$110,000.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$224,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$30,000.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1500	IDC - RIG MOB / TRUCKING	\$100,000.00
	<b>Sub-total</b>	<b>\$2,091,930.57</b>
<b>Facilities</b>		
8035.1310	FAC - PEMANENT EASEMENT	\$3,333.00
8035.2100	FAC - INSPECTION & TESTING	\$833.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$13,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$86,667.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$833.00
8035.3700	FAC - AUTOMATION MATERIAL	\$41,667.00

300 N Marienfeld Street, Suite 1000, Midland, TX 79701  
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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.2500	FAC - CONSULTING SERVICES	\$2,500.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$4,167.00
8035.1600	FAC - TRANSPORTATION TRUCKING	\$5,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$150,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$16,667.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$500.00
8035.3400	FAC - METER & LACT	\$34,467.00
8035.2400	FAC - SUPERVISION	\$5,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$108,333.00
8035.2900	FAC - TANK BATTERY	\$96,667.00
8035.3500	FAC - COMPRESSOR	\$5,333.00
8035.3600	FAC - ELECTRICAL	\$41,667.00
8035.1400	FAC - ROAD LOCATIONS PITS	\$29,167.00
8035.4500	FAC - CONTINGENCY	\$23,833.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$833.00
	<b>Sub-total</b>	<b>\$671,467.00</b>
<b>Completion Intangible</b>		
8025.2000	ICC - TRUCKING	\$14,375.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$2,405,186.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$172,358.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.1500	ICC - FUEL / POWER	\$560,880.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.1600	ICC - COILED TUBING	\$226,602.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3400	ICC - RENTAL EQUIPMENT	\$198,747.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$406,429.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$20,160.00
8025.3050	ICC - SOURCE WATER	\$318,862.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
	<b>Sub-total</b>	<b>\$4,517,699.00</b>
<b>Artificial Lift Tangible</b>		
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT	\$40,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT	\$10,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$95,000.00
8065.3400	TAL - CONTRACT LABOR INSTALL	\$30,000.00
8065.1700	TAL - PACKER/DOWNHOLE TOOLS	\$5,000.00
8065.1100	TAL - TUBING	\$105,000.00
	<b>Sub-total</b>	<b>\$315,000.00</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Artificial Lift Intangible</b>		
8060.3500	IAL - WELLSITE SUPERVISION	\$10,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$20,000.00
8060.3700	IAL - HEALTH & SAFETY	\$5,000.00
8060.1200	IAL - WORKOVER RIG	\$30,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$25,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$20,000.00
	<b>Sub-total</b>	<b>\$130,000.00</b>
<b>Pipeline</b>		
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$11,666.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$33,333.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$20,000.00
8036.1310	PLN - PERMANENT EASEMENT	\$23,100.00
8036.1300	PLN - SURFACE DAMAGE / ROW	\$2,500.00
8036.2200	PLN - CONTRACT LABOR	\$70,000.00
8036.2800	PLN - FLOWLINE MATERIAL	\$66,528.00
	<b>Sub-total</b>	<b>\$227,127.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
	<b>Sub-total</b>	<b>\$47,250.00</b>
<b>Drilling Tangible</b>		
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$177,697.81
8020.1100	TDC - CASING - SURFACE	\$33,834.25
8020.1400	TDC - CASING - PRODUCTION	\$652,674.41
8020.1500	TDC - WELLHEAD EQUIPMENT	\$65,875.00
	<b>Sub-total</b>	<b>\$930,081.47</b>
<b>Flowback Intangible</b>		
8040.2900	IFC - WELL TESTING / FLOWBACK	\$150,000.00
8040.1899	IFC - FRAC WATER RECOVERY	\$290,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
8040.3400	IFC - RENTAL EQUIPMENT	\$25,000.00
	<b>Sub-total</b>	<b>\$475,000.00</b>
	<b>Grand Total</b>	<b>\$9,405,555.04</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 -4 STATE COM 131H
<b>AFE Name:</b>	LAJITAS 5 -4 STATE COM 131H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.3700	IDC - DISPOSAL	\$145,411.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00
8015.4100	IDC - RENTAL EQUIPMENT	\$115,500.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$27,000.00
8015.3100	IDC - CASING CREW & TOOLS	\$73,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$123,746.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$82,556.25
8015.5000	IDC - WELL CONTROL INSURANCE	\$11,550.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$176,811.69
8015.2300	IDC - FUEL / POWER	\$196,350.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$95,625.00
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$809,943.75
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.2150	IDC - DRILL BIT	\$66,750.00
8015.2400	IDC - RIG WATER	\$26,250.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$42,500.00
8015.1500	IDC - RIG MOB / TRUCKING	\$127,500.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$190,500.00
8015.4200	IDC - MANCAMP	\$54,600.00
8015.2350	IDC - FUEL/MUD	\$66,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$121,800.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$345,843.75
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$23,100.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$37,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$12,500.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$36,300.00
8015.5200	IDC - CONTINGENCY	\$141,058.68
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
	<b>Sub-total</b>	<b>\$3,275,696.12</b>
<b>Facilities</b>		
8035.2500	FAC - CONSULTING SERVICES	\$1,667.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$1,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$50,000.00
8035.4400	FAC - COMPANY LABOR	\$3,333.00
8035.1800	FAC - FUEL / POWER	\$2,667.00
8035.4500	FAC - CONTINGENCY	\$11,450.00

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**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2400	FAC - SUPERVISION	\$20,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$110,000.00
8035.3700	FAC - AUTOMATION MATERIAL	\$23,333.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$667.00
8035.3500	FAC - COMPRESSOR	\$10,000.00
8035.3400	FAC - METER & LACT	\$37,000.00
8035.3600	FAC - ELECTRICAL	\$25,000.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$10,000.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$1,667.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$50,000.00
8035.2100	FAC - INSPECTION & TESTING	\$1,667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$23,333.00
	<b>Sub-total</b>	<b>\$393,117.00</b>
<b>Completion Intangible</b>		
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$16,065.00
8025.3050	ICC - SOURCE WATER	\$266,933.00
8025.1500	ICC - FUEL / POWER	\$441,443.00
8025.3400	ICC - RENTAL EQUIPMENT	\$164,232.00
8025.1600	ICC - COILED TUBING	\$207,532.00
8025.2000	ICC - TRUCKING	\$14,375.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$317,380.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,621,954.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$117,765.00
	<b>Sub-total</b>	<b>\$3,361,779.00</b>
<b>Artificial Lift Intangible</b>		
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$5,000.00
8060.1400	IAL - WIRELINE OPEN/CASED HOLE	\$10,000.00
8060.1900	IAL - INSPECTION & TESTING	\$3,000.00
8060.1200	IAL - WORKOVER RIG	\$17,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$5,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$5,000.00
8060.3420	IAL - REVERSE UNIT RENTAL	\$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION	\$5,000.00
8060.3410	IAL - LAYDOWN MACHINE	\$5,000.00
8060.2010	IAL - KILL TRUCK	\$5,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$15,000.00



**Cost Estimate**

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
		<b>Sub-total</b>
		<b>\$80,000.00</b>
<b>Flowback Intangible</b>		
8040.1899	IFC - FRAC WATER RECOVERY	\$544,058.58
8040.4000	IFC - CHEMICALS	\$15,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00
8040.3430	IFC - SURFACE PUMP RENTAL	\$20,000.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$125,000.00
8040.3420	IFC - TANK RENTALS	\$20,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
		<b>Sub-total</b>
		<b>\$759,058.58</b>
<b>Artificial Lift Tangible</b>		
8065.2000	TAL - WELLHEAD EQUIPMENT	\$60,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$15,000.00
8065.1320	TAL - GAS LIFT EQUIPMENT/INSTALL	\$30,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2300	TAL - GAS LIFT INJECTION LINE & INSTALL	\$130,000.00
8065.1100	TAL - TUBING	\$125,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	\$10,000.00
8065.2400	TAL - COMPRESSOR INSTALL & STARTUP	\$70,000.00
		<b>Sub-total</b>
		<b>\$470,000.00</b>
<b>Drilling Tangible</b>		
8020.1400	TDC - CASING - PRODUCTION	\$504,604.05
8020.1500	TDC - WELLHEAD EQUIPMENT	\$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$429,641.69
8020.1100	TDC - CASING - SURFACE	\$77,295.28
		<b>Sub-total</b>
		<b>\$1,064,666.02</b>
<b>Pipeline</b>		
8036.1310	PLN - PEMANENT EASEMENT	\$22,727.00
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$25,000.00
8036.2200	PLN - CONTRACT LABOR	\$87,500.00
8036.2800	PLN - FLOWLINE MATERIAL	\$80,000.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$15,000.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$25,000.00
		<b>Sub-total</b>
		<b>\$255,227.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
		<b>Sub-total</b>
		<b>\$47,250.00</b>
		<b>Grand Total</b>
		<b>\$9,706,793.73</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 -4 STATE COM 132H
<b>AFE Name:</b>	LAJITAS 5 -4 STATE COM 132H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.3700	IDC - DISPOSAL	\$145,411.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00
8015.4100	IDC - RENTAL EQUIPMENT	\$115,500.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$27,000.00
8015.3100	IDC - CASING CREW & TOOLS	\$73,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$123,746.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$82,556.25
8015.5000	IDC - WELL CONTROL INSURANCE	\$11,550.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$176,811.69
8015.2300	IDC - FUEL / POWER	\$196,350.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$95,625.00
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$809,943.75
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.2150	IDC - DRILL BIT	\$66,750.00
8015.2400	IDC - RIG WATER	\$26,250.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$42,500.00
8015.1500	IDC - RIG MOB / TRUCKING	\$127,500.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$190,500.00
8015.4200	IDC - MANCAMP	\$54,600.00
8015.2350	IDC - FUEL/MUD	\$66,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$121,800.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$345,843.75
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$23,100.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$37,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$12,500.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$36,300.00
8015.5200	IDC - CONTINGENCY	\$141,058.68
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
	<b>Sub-total</b>	<b>\$3,275,696.12</b>
<b>Facilities</b>		
8035.2500	FAC - CONSULTING SERVICES	\$1,667.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$1,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$50,000.00
8035.4400	FAC - COMPANY LABOR	\$3,333.00
8035.1800	FAC - FUEL / POWER	\$2,667.00
8035.4500	FAC - CONTINGENCY	\$11,450.00

300 N Marienfeld Street, Suite 1000, Midland, TX 79701  
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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2400	FAC - SUPERVISION	\$20,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$110,000.00
8035.3700	FAC - AUTOMATION MATERIAL	\$23,333.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$667.00
8035.3500	FAC - COMPRESSOR	\$10,000.00
8035.3400	FAC - METER & LACT	\$37,000.00
8035.3600	FAC - ELECTRICAL	\$25,000.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$10,000.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$1,667.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$50,000.00
8035.2100	FAC - INSPECTION & TESTING	\$1,667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$23,333.00
	<b>Sub-total</b>	<b>\$393,117.00</b>
<b>Completion Intangible</b>		
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$16,065.00
8025.3050	ICC - SOURCE WATER	\$266,933.00
8025.1500	ICC - FUEL / POWER	\$441,443.00
8025.3400	ICC - RENTAL EQUIPMENT	\$164,232.00
8025.1600	ICC - COILED TUBING	\$207,532.00
8025.2000	ICC - TRUCKING	\$14,375.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$317,380.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,621,954.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.3100	ICC - WELLHEAD/FRACTURE REPAIR	\$40,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$117,765.00
	<b>Sub-total</b>	<b>\$3,361,779.00</b>
<b>Artificial Lift Intangible</b>		
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$5,000.00
8060.1400	IAL - WIRELINE OPEN/CASED HOLE	\$10,000.00
8060.1900	IAL - INSPECTION & TESTING	\$3,000.00
8060.1200	IAL - WORKOVER RIG	\$17,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$5,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$5,000.00
8060.3420	IAL - REVERSE UNIT RENTAL	\$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION	\$5,000.00
8060.3410	IAL - LAYDOWN MACHINE	\$5,000.00
8060.2010	IAL - KILL TRUCK	\$5,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$15,000.00



Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
		<b>Sub-total</b>
		<b>\$80,000.00</b>
<b>Flowback Intangible</b>		
8040.1899	IFC - FRAC WATER RECOVERY	\$544,058.58
8040.4000	IFC - CHEMICALS	\$15,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00
8040.3430	IFC - SURFACE PUMP RENTAL	\$20,000.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$125,000.00
8040.3420	IFC - TANK RENTALS	\$20,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
		<b>Sub-total</b>
		<b>\$759,058.58</b>
<b>Artificial Lift Tangible</b>		
8065.2000	TAL - WELLHEAD EQUIPMENT	\$60,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$15,000.00
8065.1320	TAL - GAS LIFT EQUIPMENT/INSTALL	\$30,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2300	TAL - GAS LIFT INJECTION LINE & INSTALL	\$130,000.00
8065.1100	TAL - TUBING	\$125,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	\$10,000.00
8065.2400	TAL - COMPRESSOR INSTALL & STARTUP	\$70,000.00
		<b>Sub-total</b>
		<b>\$470,000.00</b>
<b>Drilling Tangible</b>		
8020.1400	TDC - CASING - PRODUCTION	\$504,604.05
8020.1500	TDC - WELLHEAD EQUIPMENT	\$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$429,641.69
8020.1100	TDC - CASING - SURFACE	\$77,295.28
		<b>Sub-total</b>
		<b>\$1,064,666.02</b>
<b>Pipeline</b>		
8036.1310	PLN - PERMANENT EASEMENT	\$22,727.00
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$25,000.00
8036.2200	PLN - CONTRACT LABOR	\$87,500.00
8036.2800	PLN - FLOWLINE MATERIAL	\$80,000.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$15,000.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$25,000.00
		<b>Sub-total</b>
		<b>\$255,227.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
		<b>Sub-total</b>
		<b>\$47,250.00</b>
		<b>Grand Total</b>
		<b>\$9,706,793.73</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 -4 STATE COM 133H
<b>AFE Name:</b>	LAJITAS 5 -4 STATE COM 133H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.3700	IDC - DISPOSAL	\$145,411.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00
8015.4100	IDC - RENTAL EQUIPMENT	\$115,500.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$27,000.00
8015.3100	IDC - CASING CREW & TOOLS	\$73,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$123,746.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$82,556.25
8015.5000	IDC - WELL CONTROL INSURANCE	\$11,550.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$176,811.69
8015.2300	IDC - FUEL / POWER	\$196,350.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$95,625.00
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$809,943.75
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.2150	IDC - DRILL BIT	\$66,750.00
8015.2400	IDC - RIG WATER	\$26,250.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$42,500.00
8015.1500	IDC - RIG MOB / TRUCKING	\$127,500.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$190,500.00
8015.4200	IDC - MANCAMP	\$54,600.00
8015.2350	IDC - FUEL/MUD	\$66,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$121,800.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$345,843.75
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$23,100.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$37,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$12,500.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$36,300.00
8015.5200	IDC - CONTINGENCY	\$141,058.88
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
	<b>Sub-total</b>	<b>\$3,275,696.12</b>
<b>Facilities</b>		
8035.2500	FAC - CONSULTING SERVICES	\$1,667.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$1,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$50,000.00
8035.4400	FAC - COMPANY LABOR	\$3,333.00
8035.1800	FAC - FUEL / POWER	\$2,667.00
8035.4500	FAC - CONTINGENCY	\$11,450.00

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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2400	FAC - SUPERVISION	\$20,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$110,000.00
8035.3700	FAC - AUTOMATION MATERIAL	\$23,333.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$667.00
8035.3500	FAC - COMPRESSOR	\$10,000.00
8035.3400	FAC - METER & LACT	\$37,000.00
8035.3600	FAC - ELECTRICAL	\$25,000.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$10,000.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$1,667.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$50,000.00
8035.2100	FAC - INSPECTION & TESTING	\$1,667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$23,333.00
	<b>Sub-total</b>	<b>\$393,117.00</b>
<b>Completion Intangible</b>		
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$16,065.00
8025.3050	ICC - SOURCE WATER	\$266,933.00
8025.1500	ICC - FUEL / POWER	\$441,443.00
8025.3400	ICC - RENTAL EQUIPMENT	\$164,232.00
8025.1600	ICC - COILED TUBING	\$207,532.00
8025.2000	ICC - TRUCKING	\$14,375.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$317,380.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,621,954.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.3100	ICC - WELLHEAD/FRACTURE REPAIR	\$40,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$117,765.00
	<b>Sub-total</b>	<b>\$3,361,779.00</b>
<b>Artificial Lift Intangible</b>		
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$5,000.00
8060.1400	IAL - WIRELINE OPEN/CASED HOLE	\$10,000.00
8060.1900	IAL - INSPECTION & TESTING	\$3,000.00
8060.1200	IAL - WORKOVER RIG	\$17,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$5,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$5,000.00
8060.3420	IAL - REVERSE UNIT RENTAL	\$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION	\$5,000.00
8060.3410	IAL - LAYDOWN MACHINE	\$5,000.00
8060.2010	IAL - KILL TRUCK	\$5,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$15,000.00



Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
		<b>Sub-total</b>
		<b>\$80,000.00</b>
<b>Flowback Intangible</b>		
8040.1899	IFC - FRAC WATER RECOVERY	\$544,058.58
8040.4000	IFC - CHEMICALS	\$15,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00
8040.3430	IFC - SURFACE PUMP RENTAL	\$20,000.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$125,000.00
8040.3420	IFC - TANK RENTALS	\$20,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
		<b>Sub-total</b>
		<b>\$759,058.58</b>
<b>Artificial Lift Tangible</b>		
8065.2000	TAL - WELLHEAD EQUIPMENT	\$60,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$15,000.00
8065.1320	TAL - GAS LIFT EQUIPMENT/INSTALL	\$30,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2300	TAL - GAS LIFT INJECTION LINE & INSTALL	\$130,000.00
8065.1100	TAL - TUBING	\$125,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	\$10,000.00
8065.2400	TAL - COMPRESSOR INSTALL & STARTUP	\$70,000.00
		<b>Sub-total</b>
		<b>\$470,000.00</b>
<b>Drilling Tangible</b>		
8020.1400	TDC - CASING - PRODUCTION	\$504,604.05
8020.1500	TDC - WELLHEAD EQUIPMENT	\$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$429,641.69
8020.1100	TDC - CASING - SURFACE	\$77,295.28
		<b>Sub-total</b>
		<b>\$1,064,666.02</b>
<b>Pipeline</b>		
8036.1310	PLN - PERMANENT EASEMENT	\$22,727.00
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$25,000.00
8036.2200	PLN - CONTRACT LABOR	\$87,500.00
8036.2800	PLN - FLOWLINE MATERIAL	\$80,000.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$15,000.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$25,000.00
		<b>Sub-total</b>
		<b>\$255,227.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
		<b>Sub-total</b>
		<b>\$47,250.00</b>
		<b>Grand Total</b>
		<b>\$9,706,793.73</b>



**Cost Estimate**

Printed Date: Sep 6, 2024

<b>AFE Number:</b>		<b>Description:</b>	LAJITAS 5 -4 STATE COM 134H
<b>AFE Name:</b>	LAJITAS 5 -4 STATE COM 134H	<b>AFE TYPE:</b>	Drill and Complete
<b>Well Operator:</b>	PERMIAN RESOURCES		
<b>Operator AFE #:</b>			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
<b>Drilling Intangible</b>		
8015.3700	IDC - DISPOSAL	\$145,411.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00
8015.4100	IDC - RENTAL EQUIPMENT	\$115,500.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$27,000.00
8015.3100	IDC - CASING CREW & TOOLS	\$73,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$123,746.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$82,556.25
8015.5000	IDC - WELL CONTROL INSURANCE	\$11,550.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$176,811.69
8015.2300	IDC - FUEL / POWER	\$196,350.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$95,625.00
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.1700	IDC - DAYWORK CONTRACT	\$809,943.75
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.2150	IDC - DRILL BIT	\$66,750.00
8015.2400	IDC - RIG WATER	\$26,250.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$42,500.00
8015.1500	IDC - RIG MOB / TRUCKING	\$127,500.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$190,500.00
8015.4200	IDC - MANCAMP	\$54,600.00
8015.2350	IDC - FUEL/MUD	\$66,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$121,800.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$345,843.75
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$23,100.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$37,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$12,500.00
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$36,300.00
8015.5200	IDC - CONTINGENCY	\$141,058.68
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
	<b>Sub-total</b>	<b>\$3,275,696.12</b>
<b>Facilities</b>		
8035.2500	FAC - CONSULTING SERVICES	\$1,667.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$1,333.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$50,000.00
8035.4400	FAC - COMPANY LABOR	\$3,333.00
8035.1800	FAC - FUEL / POWER	\$2,667.00
8035.4500	FAC - CONTINGENCY	\$11,450.00

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## Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2400	FAC - SUPERVISION	\$20,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$110,000.00
8035.3700	FAC - AUTOMATION MATERIAL	\$23,333.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$667.00
8035.3500	FAC - COMPRESSOR	\$10,000.00
8035.3400	FAC - METER & LACT	\$37,000.00
8035.3600	FAC - ELECTRICAL	\$25,000.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$10,000.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$1,667.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$50,000.00
8035.2100	FAC - INSPECTION & TESTING	\$1,667.00
8035.1700	FAC - RENTAL EQUIPMENT	\$23,333.00
	<b>Sub-total</b>	<b>\$393,117.00</b>
<b>Completion Intangible</b>		
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$16,065.00
8025.3050	ICC - SOURCE WATER	\$266,933.00
8025.1500	ICC - FUEL / POWER	\$441,443.00
8025.3400	ICC - RENTAL EQUIPMENT	\$164,232.00
8025.1600	ICC - COILED TUBING	\$207,532.00
8025.2000	ICC - TRUCKING	\$14,375.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3500	ICC - WELLSITE SUPERVISION	\$48,600.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$317,380.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$1,621,954.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.3000	ICC - WATER HANDLING	\$117,765.00
	<b>Sub-total</b>	<b>\$3,361,779.00</b>
<b>Artificial Lift Intangible</b>		
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$5,000.00
8060.1400	IAL - WIRELINE OPEN/CASED HOLE	\$10,000.00
8060.1900	IAL - INSPECTION & TESTING	\$3,000.00
8060.1200	IAL - WORKOVER RIG	\$17,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$5,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$5,000.00
8060.3420	IAL - REVERSE UNIT RENTAL	\$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION	\$5,000.00
8060.3410	IAL - LAYDOWN MACHINE	\$5,000.00
8060.2010	IAL - KILL TRUCK	\$5,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$15,000.00



Cost Estimate

Printed Date: Sep 6, 2024

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
		<b>Sub-total</b>
		<b>\$80,000.00</b>
<b>Flowback Intangible</b>		
8040.1899	IFC - FRAC WATER RECOVERY	\$544,058.58
8040.4000	IFC - CHEMICALS	\$15,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS	\$5,000.00
8040.3430	IFC - SURFACE PUMP RENTAL	\$20,000.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$125,000.00
8040.3420	IFC - TANK RENTALS	\$20,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
		<b>Sub-total</b>
		<b>\$759,058.58</b>
<b>Artificial Lift Tangible</b>		
8065.2000	TAL - WELLHEAD EQUIPMENT	\$60,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$15,000.00
8065.1320	TAL - GAS LIFT EQUIPMENT/INSTALL	\$30,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$30,000.00
8065.2300	TAL - GAS LIFT INJECTION LINE & INSTALL	\$130,000.00
8065.1100	TAL - TUBING	\$125,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	\$10,000.00
8065.2400	TAL - COMPRESSOR INSTALL & STARTUP	\$70,000.00
		<b>Sub-total</b>
		<b>\$470,000.00</b>
<b>Drilling Tangible</b>		
8020.1400	TDC - CASING - PRODUCTION	\$504,604.05
8020.1500	TDC - WELLHEAD EQUIPMENT	\$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$429,641.69
8020.1100	TDC - CASING - SURFACE	\$77,295.28
		<b>Sub-total</b>
		<b>\$1,064,666.02</b>
<b>Pipeline</b>		
8036.1310	PLN - PERMANENT EASEMENT	\$22,727.00
8036.3620	PLN - POWER DISTRIBUTION LABOR	\$25,000.00
8036.2200	PLN - CONTRACT LABOR	\$87,500.00
8036.2800	PLN - FLOWLINE MATERIAL	\$80,000.00
8036.3200	PLN - VALVES FITTINGS & PIPE	\$15,000.00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$25,000.00
		<b>Sub-total</b>
		<b>\$255,227.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
		<b>Sub-total</b>
		<b>\$47,250.00</b>
		<b>Grand Total</b>
		<b>\$9,706,793.73</b>



## Exhibit 6 Rebutting Permian Resources' Support Letters

LII > Electronic Code of Federal Regulations (e-CFR) > Title 43—Public Lands: Interior  
> Subtitle B—Regulations Relating to Public Lands  
> CHAPTER II—BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR  
> SUBCHAPTER C—MINERALS MANAGEMENT (3000)  
> PART 3170—ONSHORE OIL AND GAS PRODUCTION  
> Subpart 3171—Approval of Operations > **§ 3171.12 APD posting and processing.**

### 43 CFR § 3171.12 - APD posting and processing.

CFR Table of Popular Names

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#### **§ 3171.12 APD posting and processing.**

**(a) Posting.** The BLM and the Federal surface managing agency, if other than the BLM, must provide at least 30 days public notice before the BLM may approve an APD or Master Development Plan on a Federal oil and gas lease. Posting is not required for an APD for an Indian oil and gas lease or agreement.

**(1)** The BLM will post information about the APD or Notice of Staking for Federal oil and gas leases to the internet and in an area of the BLM Field Office having jurisdiction that is readily accessible to the public. Posting to the internet under this provision will not be required until after March 13, 2017. If the surface is managed by a Federal agency other than the BLM, that agency also is required to post the notice for at least 30 days. This would include the BIA where the surface is held in trust but the mineral estate is federally owned. The posting is for informational purposes only and is not an appealable decision. The purpose of the posting is to give any interested party notification that a Federal approval of mineral operations has been requested. The BLM or the FS will not post confidential information.

(2) Reposting of the proposal may be necessary if the posted location of the proposed well is:

- (i) Moved to a different quarter-quarter section;
- (ii) Moved more than 660 feet for lands that are not covered by a Public Land Survey; or
- (iii) If the BLM or the FS determine that the move is substantial.

**(b) Processing.** The timeframes established in this paragraph apply to both individual APDs and to the multiple APDs included in Master Development Plans and to leases of Indian minerals as well as leases of Federal minerals. If there is enough information to begin processing the application, the BLM (and the FS if applicable) will process it up to the point that missing information or uncorrected deficiencies render further processing impractical or impossible.

(1) Within 10 days of receiving an application, the BLM (in consultation with the FS if the application concerns NFS lands) will notify the operator as to whether or not the application is complete. The BLM will request additional information and correction of any material submitted, if necessary, in the 10-day notification. If an onsite inspection has not been performed, the applicant will be notified that the application is not complete. Within 10 days of receiving the application, the BLM, in coordination with the operator and surface managing agency, including the private surface owner in the case of split estate minerals, will schedule a date for the onsite inspection (unless the onsite inspection has already been conducted as part of a Notice of Staking). The onsite inspection will be held as soon as practicable based on participants' schedules and weather conditions. The operator will be notified at the onsite inspection of any additional deficiencies that are discovered during the inspection. The operator has 45 days after receiving notice from the BLM to provide any additional information necessary to complete the APD, or the APD may be returned to the operator.

(2) Within 30 days after the operator has submitted a complete application, including incorporating any changes that resulted from the onsite inspection, the BLM will:

- (i) Approve the application, subject to reasonable Conditions of Approval, if the appropriate requirements of the NEPA, National Historic Preservation Act, Endangered Species Act, and other applicable law have been met and, if on NFS

lands, the FS has approved the Surface Use Plan of Operations;

(ii) Notify the operator that it is deferring action on the permit; or

(iii) Deny the permit if it cannot be approved and the BLM cannot identify any actions that the operator could take that would enable the BLM to issue the permit or the FS to approve the Surface Use Plan of Operations, if applicable.

(3) The notice of deferral in paragraph (b)(2)(ii) of this section must specify:

(i) Any action the operator could take that would enable the BLM (in consultation with the FS if applicable) to issue a final decision on the application. The FS will notify the applicant of any action the applicant could take that would enable the FS to issue a final decision on the Surface Use Plan of Operations on NFS lands. Actions may include, but are not limited to, assistance with:

(A) Data gathering; and

(B) Preparing analyses and documents.

(ii) If applicable, a list of actions that the BLM or the FS need to take before making a final decision on the application, including appropriate analysis under NEPA or other applicable law and a schedule for completing these actions.

(4) The operator has 2 years from the date of the notice under paragraph (b)(3)(i) of this section to take the action specified in the notice. If the appropriate analyses required by NEPA, National Historic Preservation Act, Endangered Species Act, and other applicable laws have been completed, the BLM (and the FS if applicable), will make a decision on the permit and the Surface Use Plan of Operations within 10 days of receiving a report from the operator addressing all of the issues or actions specified in the notice under paragraph (b)(3)(i) of this section and certifying that all required actions have been taken. If the operator has not completed the actions specified in the notice within 2 years from the operator's receipt of the notice under paragraph (b)(3)(i), the BLM will deny the permit.

(5) For APDs on NFS lands, the decision to approve a Surface Use Plan of Operations or Master Development Plan may be subject to FS appeal procedures. The BLM cannot approve an APD until the appeal of the Surface Use Plan of Operations is resolved.

## CFR Toolbox

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**Department of Agriculture  
Forest Service  
36 CFR Part 228**

**Department of the Interior  
Bureau of Land Management  
43 CFR 3160**

Federal Register / Vol. 72, No. 44  
Wednesday March 7, 2007 / Rules and Regulations  
Effective Date: April 6, 2007

**Onshore Oil and Gas Order No. 1 – Approval of Operations on Onshore Federal and Indian Oil and Gas Leases**

- I. Introduction
  - A. Authority
  - B. Purpose
  - C. Scope
- II. Definitions
- III. Application for Permit to Drill (APD)
  - A. Where to File
  - B. Early Notification
  - C. Notice of Staking Option
  - D. Components of a Complete APD Package
  - E. APD Posting and Processing
  - F. Approval of APDs
  - G. Valid Period of Approved APD
  - H. Master Development Plans
- IV. General Operating Requirements
- V. Rights-of-Way and Special Use Authorizations
- VI. Operating on Lands with Private/State Surface and Federal or Indian Oil and Gas
- VII. Leases for Indian Oil and Gas
  - A. Approval of Operations
  - B. Surface Use
- VIII. Subsequent Operations and Sundry Notices
  - A. Surface Disturbing Operations
  - B. Emergency Repairs
- IX. Well Conversions
  - A. Conversion to an Injection Well
  - B. Conversion to a Water Supply Well
- X. Variances
- XI. Waivers, Exceptions, or Modifications
- XII. Abandonment
  - A. Plugging
  - B. Reclamation
- XIII. Appeal Procedures



## Onshore Oil and Gas Order Number 1

### *Approval of Operations*

#### **I. Introduction**

##### **A. Authority**

The Secretaries of the Interior and Agriculture have authority under various Federal and Indian mineral leasing laws, as defined in 30 U.S.C. 1702, to manage oil and gas operations. The Secretary of the Interior has delegated this authority to the Bureau of Land Management (BLM), which has issued onshore oil and gas operating regulations codified at part 3160 of Title 43 of the Code of Federal Regulations. The operating regulations at 43 CFR 3164.1 authorize the BLM's Director to issue Onshore Oil and Gas Orders when necessary to implement and supplement the operating regulations. The section also states that all such Orders are binding on the operator(s) of Federal and Indian onshore oil and gas leases (other than those of the Osage Tribe). For leases on Indian lands, the delegation to the BLM appears at 25 CFR parts 211, 212, 213, 225, and 227.

The Secretary of Agriculture has authority under the Federal Onshore Oil and Gas Leasing Reform Act of 1987 (P.L. 100-203) (Reform Act) to regulate surface disturbing activities conducted pursuant to a Federal oil and gas lease on National Forest Service (NFS) lands. This authority has been delegated to the Forest Service (FS). Its regulatory authority is at Title 36 CFR, Chapter II, including, but not limited to, part 228 subpart E, part 251 subpart B, and part 261. Section 228.105 of 36 CFR authorizes the Chief of the FS to issue, or cosign with the Director of the BLM Onshore Oil and Gas Orders necessary to implement and supplement the operating regulations. The FS is responsible only for approving and regulating surface disturbing activities on NFS lands and appeals related to FS decisions or approvals.

##### **B. Purpose**

The purpose of this Order is to state the application requirements for the approval of all proposed oil and gas and service wells, certain subsequent well operations, and abandonment.

##### **C. Scope**

This Order applies to all onshore leases of Federal and Indian oil and gas (other than those of the Osage Tribe). It also applies to Indian Mineral Development Act agreements. For proposed operations on a committed state or fee tract in a federally supervised unit or communitized tract, the operator must furnish a copy of the approved state permit to the authorized officer of the BLM which will be accepted for record purposes.

#### **II. Definitions**

As used in this Order, the following definitions apply:

Best Management Practices (BMPs) are practices that provide for state-of-the-art mitigation of specific impacts that result from surface operations. Best Management Practices are

voluntary unless they have been analyzed as a mitigation measure in the environmental review for a Master Development Plan, APD, Right-of-Way, or other related facility and included as a Condition of Approval.

Blooi Line means a discharge line used in conjunction with a rotating head in drilling operations when air or gas is used as the circulating medium.

Casual Use means activities involving practices that do not ordinarily lead to any appreciable disturbance or damage to lands, resources, or improvements. This term does not apply to private surface. Casual use includes surveying activities.

Complete APD means that the information in the APD package is accurate and addresses all of the requirements of this Order. The onsite inspection verifies important information that is part of the APD package and is a critical step in determining if the package is complete. Therefore, the onsite inspection must be conducted, and any deficiencies identified at the onsite corrected, before the APD package can be considered to be complete. While cultural, biological, or other inventories and environmental assessments (EA) or environmental impact statements (EIS) may be required to approve the APD, they are not required before an APD package is considered to be complete.

**The APD package must contain:**

- A completed Form 3160-3 (Application for Permit to Drill or Reenter) (see 43 CFR 3162.3-1(d));
- A well plat certified by a registered surveyor with a surveyor's original stamp (see Section III.D.2. of this Order);
- A Drilling Plan (see 43 CFR 3162.3-1(d) and Section III.D.3. of this Order);
- A Surface Use Plan of Operations (see 43 CFR 3162.3-1(d) and Section III.D.4. of this Order);
- Evidence of bond coverage (see 43 CFR 3162.3-1(d) and Section III.D.5. of this Order);
- Operator certification with original signature (see Section III.D.6. of this Order); and
- Other information that may be required by Order or Notice (see 43 CFR 3162.3-1(d)(4)).

The BLM and the Surface Managing Agency, as appropriate, will review the APD package and determine that the drilling plan, the Surface Use Plan of Operations, and other information that the BLM may require (43 CFR 3162.3-1(d)(4)), including the well location plat and geospatial databases, completely describe the proposed action.

Condition of Approval (COA) means a site-specific requirement included in an approved APD or Sundry Notice that may limit or amend the specific actions proposed by the operator. Conditions of Approval minimize, mitigate, or prevent impacts to public lands or other resources. Best Management Practices may be incorporated as a Condition of Approval.

Days means all calendar days including holidays.

Emergency Repairs means actions necessary to correct an unforeseen problem that could cause or threaten immediate substantial adverse impact on public health and safety or the environment.



Geospatial Database means a set of georeferenced computer data that contains both spatial and attribute data. The spatial data defines the geometry of the object and the attribute data defines all other characteristics.

Indian Lands means any lands or interest in lands of an Indian tribe or an Indian allottee held in trust by the United States or which is subject to a Federal restriction against alienation.

Indian Oil and Gas means any oil and gas interest of an Indian tribe or on allotted lands where the interest is held in trust by the United States or is subject to Federal restrictions against alienation. It does not include minerals subject to the provisions of Section 3 of the Act of June 28, 1906 (34 Stat. 539), but does include oil and gas on lands administered by the United States under Section 14(g) of P. L. 92-203, as amended.

Master Development Plan means information common to multiple planned wells, including drilling plans, Surface Use Plans of Operations, and plans for future production.

National Forest System Lands means those Federal lands administered by the U.S. Forest Service, such as the National Forests and the National Grasslands.

Onsite Inspection means an inspection of the proposed drill pad, access road, flowline route, and any associated Right-of-Way or Special Use Authorization needed for support facilities, conducted before the approval of the APD or Surface Use Plan of Operations and construction activities.

Private Surface Owner means a non-Federal or non-state owner of the surface estate and includes any Indian owner of surface estate not held in trust by the United States.

Reclamation means returning disturbed land as near to its predisturbed condition as is reasonably practical.

Split Estate means lands where the surface is owned by an entity or person other than the owner of the Federal or Indian oil and gas.

Surface Managing Agency means any Federal or state agency having jurisdiction over the surface overlying Federal or Indian oil and gas.

Variance means an approved alternative to a provision or standard of an Order or Notice to Lessee.

### **III. Application for Permit to Drill (APD)**

An Application for Permit to Drill or Reenter, on Form 3160-3, is required for each proposed well, and for reentry of existing wells (including disposal and service wells), to develop an onshore lease for Federal or Indian oil and gas.

#### **A. Where to file**

The operator must file an APD or other required document in the BLM Field Office having jurisdiction over the lands described in the application. As an alternative to filing in a local BLM office, an operator may file an APD using the BLM's electronic commerce application for oil and gas permitting and reporting. Contact the local BLM Field Office for details before using the electronic commerce application.

**B. Early Notification**

The operator may wish to contact the BLM and any applicable Surface Managing Agency, as well as all private surface owners, to request an initial planning conference as soon as the operator has identified a potential area of development. Early notification is voluntary and would precede the Notice of Staking option or filing of an APD. It allows the involved Surface Managing Agency or private surface owner to apprise the prospective operator of any unusual conditions on the lease area. Early notification also provides both the Surface Managing Agency or private surface owner and the prospective operator with the earliest possible identification of seasonal restrictions and determination of potential areas of conflict. The prospective operator should have a map of the proposed project available for Surface Managing Agency review to determine if a cultural or biological inventory or other information may be required. Inventories are not the responsibility of the operator.

**C. Notice of Staking Option**

Before filing an APD or Master Development Plan, the operator may file a Notice of Staking with the BLM. The purpose of the Notice of Staking is to provide the operator with an opportunity to gather information to better address site-specific resource concerns while preparing the APD package. This may expedite approval of the APD. Attachment I, Sample Format for Notice of Staking, provides the information required for the Notice of Staking option.

For Federal lands managed by other Surface Managing Agencies, the BLM will provide a copy of the Notice of Staking to the appropriate Surface Managing Agency office. In Alaska, when a subsistence stipulation is part of the lease, the operator must also send a copy of the Notice of Staking to the appropriate Borough and/or Native Regional or Village Corporation.

Within 10 days of receiving the Notice of Staking, the BLM or the FS will review it for required information and schedule a date for the onsite inspection. The onsite inspection will be conducted as soon as weather and other conditions permit. The operator must stake the proposed drill pad and ancillary facilities, and flag new or reconstructed access routes, before the onsite inspection. The staking must include a center stake for the proposed well, two reference stakes, and a flagged access road centerline. Staking activities are considered casual use unless the particular activity is likely to cause more than negligible disturbance or damage. Off-road vehicular use for the purposes of staking is casual use unless, in a particular case, it is likely to cause more than negligible disturbance or damage, or otherwise prohibited.

On non-NFS lands, the BLM will invite the Surface Managing Agency and private surface owner, if applicable, to participate in the onsite inspection. If the surface is privately owned, the operator must furnish to the BLM the name, address, and telephone number of the surface owner if known. All parties who attend the onsite inspection will jointly develop a list of resource concerns that the operator must address in the APD. The operator will be provided a list of these concerns either during the onsite inspection or within 7 days of the onsite inspection. Surface owner concerns will be considered to the extent practical within the law. Failure to submit an APD within 60 days of the onsite inspection will result in the Notice of Staking being returned to the operator.

#### **D. Components of a Complete APD Package**

Operators are encouraged to consider and incorporate Best Management Practices into their APDs because Best Management Practices can result in reduced processing times and reduced number of Conditions of Approval. An APD package must include the following information that will be reviewed by technical specialists of the appropriate agencies to determine the technical adequacy of the package:

1. A completed Form 3160-3; and
2. Well Plat.

Operators must include in the APD package a well plat and geospatial database prepared by a registered surveyor depicting the proposed location of the well and identifying the points of control and datum used to establish the section lines or metes and bounds. The purpose of this plat is to ensure that operations are within the boundaries of the lease or agreement and that the depiction of these operations is accurately recorded both as to location (latitude and longitude) and in relation to the surrounding lease or agreement boundaries (public land survey corner and boundary ties). The registered surveyor should coordinate with the cadastral survey division of the appropriate BLM State Office, particularly where the lands have not been surveyed under the Public Land Survey System.

The plat and geospatial database must describe the location of operations in:

- Geographical coordinates referenced to the National Spatial Reference System, North American Datum 1983 or latest edition; and
- In feet and direction from the nearest two adjacent section lines, or, if not within the Rectangular Survey System, the nearest two adjacent property lines, generated from the BLM's current Geographic Coordinate Data Base.

The surveyor who prepared the plat must sign it, certifying that the location has been staked on the ground as shown on the plat.

- a. Surveying and staking are necessary casual uses, typically involving negligible surface disturbance. The operator is responsible for making access arrangements with the appropriate Surface Managing Agency (other than the BLM and the FS) or private surface owner. On tribal or allotted lands, the operator must contact the appropriate office of the BIA to make access arrangements with the Indian surface owners. In the event that not all of the Indian owners consent or may be located, but a majority of those who can be located consent, or the owners of interests are so numerous that it would be impracticable to obtain their consent and the BIA finds that the issuance of the APD will cause no substantive injury to the land or any owner thereof, the BIA may approve access. Typical off-road vehicular use, when conducted in conjunction with these activities, is a necessary action for obtaining a permit and may be done without advance approval from the Surface Managing Agency, except for:
  - Lands administered by the Department of Defense;
  - Other lands used for military purposes;
  - Indian lands; or

- Where more than negligible surface disturbance is likely to occur or is otherwise prohibited.
  - b. No entry on split estate lands for surveying and staking should occur without the operator first making a good faith effort to notify the surface owner. Also, operators are encouraged to notify the BLM or the FS, as appropriate, before entering private lands to stake for Federal mineral estate locations.
3. Drilling Plan

With each copy of Form 3160-3, the operator must submit to the BLM either a Drilling Plan or reference a previously submitted field-wide drilling plan (a drilling plan that can be used for all the wells in a field, any differences for specific wells will be described in the APD specific to that well). The Drilling Plans must be in sufficient detail to permit a complete appraisal of the technical adequacy of, and environmental effects associated with, the proposed project. The Drilling Plan must adhere to the provisions and standards of Onshore Oil and Gas Order Number 2 (see 53 FR 46790) (Order 2) and, if applicable, Onshore Oil and Gas Order Number 6 (see 55 FR 48958) (Order 6), and must include the following information:

- a. Names and estimated tops of all geologic groups, formations, members, or zones.
- b. Estimated depth and thickness of formations, members, or zones potentially containing usable water, oil, gas, or prospectively valuable deposits of other minerals that the operator expects to encounter, and the operator's plans for protecting such resources.
- c. The operator's minimum specifications for blowout prevention equipment and diverter systems to be used, including size, pressure rating, configuration, and the testing procedure and frequency. Blowout prevention equipment must meet the minimum standards outlined in Order 2.
- d. The operator's proposed casing program, including size, grade, weight, type of thread and coupling, the setting depth of each string, and its condition. The operator must include the minimum design criteria, including casing loading assumptions and corresponding safety factors for burst, collapse, and tensions (body yield and joint strength). The operator must also include the lengths and setting depth of each casing when a tapered casing string is proposed. The hole size for each well bore section of hole drilled must be included. Special casing designs such as the use of coiled tubing or expandable casing may necessitate additional information.
- e. The estimated amount and type(s) of cement expected to be used in the setting of each casing string. If stage cementing will be used, provide the setting depth of the stage tool(s) and amount and type of cement, including additives, to be used for each stage. Provide the yield of each cement slurry and the expected top of cement, with excess, for each cemented string or stage.
- f. Type and characteristics of the proposed circulating medium or mediums proposed for the drilling of each well bore section, the quantities and types of mud and weighting material to be maintained, and the monitoring equipment to be

used on the circulating system. The operator must submit the following information when air or gas drilling is proposed:

- Length, size, and location of the blooie line, including the gas ignition and dust suppression systems;
  - Location and capacity of the compressor equipment, including safety devices, describe the distance from the well bore, and location within the drill site; and
  - Anticipated amounts, types, and other characteristics as defined in this section, of the stand by mud or kill fluid and associated circulating equipment.
- g. The testing, logging, and coring procedures proposed, including drill stem testing procedures, equipment, and safety measures.
- h. The expected bottom-hole pressure and any anticipated abnormal pressures, temperatures, or potential hazards that the operator expects to encounter, such as lost circulation and hydrogen sulfide (see Order 6 for information on hydrogen sulfide operations). A description of the operator's plans for mitigating such hazards must be included.
- i. Any other facets of the proposed operation that the operator would like the BLM to consider in reviewing the application. Examples include, but are not limited to:
- For directional wells, proposed directional design, plan view, and vertical section in true vertical and measured depths;
  - Horizontal drilling; and
  - Coil tubing operations.
4. Surface Use Plan of Operations

The Surface Use Plan of Operations must:

- Describe the access road(s) and drill pad, the construction methods that the operator plans to use, and the proposed means for containment and disposal of all waste materials;
- Provide for safe operations, adequate protection of surface resources, groundwater, and other environmental components;
- Include adequate measures for stabilization and reclamation of disturbed lands;
- Describe any Best Management Practices the operator plans to use; and
- Where the surface is privately owned, include a certification of Surface Access Agreement or an adequate bond, as described in Section VI. of this Order.

All maps that are included in the Surface Use Plan of Operations must be of a scale no smaller than 1:24,000, unless otherwise stated below. Geospatial vector and raster data must include appropriate attributes and metadata. Georeferenced raster images must be from the same source as hardcopy plats and maps submitted in the APD package. All proposed on-lease surface disturbance must be surveyed and staked as described below in items a through l, including:

- The well location;
- Two 200-foot (61-meter) directional reference stakes;
- The exterior pad dimensions;

- The reserve pit;
- Cuts and fills;
- Outer limits of the area to be disturbed (catch points); and
- Any off-location facilities.

Proposed new roads require centerline flagging with stakes clearly visible from one to the next. In rugged terrain, cut and fill staking and/or slopestaking of proposed new access roads and locations for ancillary facilities that may be necessary, as determined by the BLM or the FS.

The onsite inspection will not occur until the required surveying and staking is complete, and any new access road(s) have been flagged, unless a variance is first granted under Section X. of this Order.

Information required by the Surface Use Plan of Operations may be shown on the same map if it is appropriately labeled or on separate diagrams or maps and must include the following:

- a. *Existing Roads:* The operator must submit a legible map such as a highway or county road, United States Geological Survey (USGS) topographic, Alaska Borough, or other such map that shows the proposed well site and access route to the proposed well in relation to a town, village, or other locatable public access point.
  1. The operator must improve or maintain existing roads in a condition the same as or better than before operations began. The operator must provide any plans for improvement and/or maintenance of existing roads. The information provided by the operator for construction and use of roads will be used by the BLM for any Right-of-Way application, as described in Section V. of this Order. The operator may use existing terrain and two-track trails, where appropriate, to assure environmental protection. The operator should consider using Best Management Practices in improving or maintaining existing roads.
  2. The operator may use existing roads under the jurisdiction of the FS for access if they meet the transportation objectives of the FS. When access involves the use of existing roads, the FS may require that the operator contribute to road maintenance. This is usually authorized by a Road Use Permit or a joint road use agreement. The FS will charge the operator a pro rata share of the costs of road maintenance and improvement, based upon the anticipated use of the road.
- b. *New or Reconstructed Access Roads:* The operator must identify on a map all permanent and temporary access roads that it plans to construct or reconstruct in connection with the drilling of the proposed well. Locations of all existing and proposed road structures (culverts, bridges, low water crossings, etc.) must be shown. The proposed route to the proposed drill site must be shown, including distances from the point where the access route exits established roads. All permanent and temporary access roads must be located and designed to meet the applicable standards of the appropriate Surface Managing Agency, and be consistent with the needs of the operator. The operator should consider using Best Management Practices in designing and constructing roads.

The operator must design roads based upon the class or type of road, the safety requirements, traffic characteristics, environmental conditions, and the vehicles the road is expected to carry. The operator must describe for all road construction or reconstruction:

- Road width;
  - Maximum grade;
  - Crown design;
  - Turnouts;
  - Drainage and ditch design;
  - On-site and off-site erosion control;
  - Revegetation of disturbed areas;
  - Location and size of culverts and/or bridges;
  - Fence cuts and/or cattleguards;
  - Major cuts and fills;
  - Source and storage of topsoil; and
  - Type of surfacing materials, if any, that will be used.
- c. *Location of Existing Wells:* The operator must include a map and may include a geospatial database that includes all known wells, regardless of the well status (producing, abandoned, etc.), within a one-mile radius of the proposed location.
- d. *Location of Existing and/or Proposed Production Facilities:* The operator must include a map or diagram of facilities planned either on or off the well pad that shows, to the extent known or anticipated, the location of all production facilities and lines likely to be installed if the well is successfully completed for production.

The map or diagram and optional geospatial database must show and differentiate between proposed and existing flow lines, overhead and buried power lines, and water lines. If facilities will be located on the well pad, the information should be consistent with the layout provided in item i. of this section.

The operator must show the dimensions of the facility layouts for all new construction. This information may be used by the BLM or the FS for Right-of-Way or Special Use Authorization application information, as specified in Section V. of this Order.

If the operator has not developed information regarding production facilities, it may defer submission of that information until a production well is completed, in which case the operator will follow the procedures in Section VIII. of this Order. However, for purposes of NEPA analysis, the BLM or the FS will need a reasonable estimate of the facilities to be employed.

- e. *Location and Types of Water Supply:* Information concerning water supply, such as rivers, creeks, springs, lakes, ponds, and wells, may be shown by quarter-quarter section on a map or plat, or may be described in writing. The operator must identify the source, access route, and transportation method for all water anticipated for use in drilling the proposed well. The operator must describe any newly constructed or reconstructed access roads crossing Federal or Indian lands that are needed to haul the water as provided in item b. of this section. The operator must

indicate if it plans to drill a water supply well on the lease and, if so, the operator must describe the location, construction details, and expected production requirements, including a description of how water will be transported and procedures for well abandonment.

- f. *Construction Materials*: The operator must state the character and intended use of all construction materials, such as sand, gravel, stone, and soil material. The proposed source must be shown on a quarter-quarter section of a map or plat or in a written description.
- g. *Methods for Handling Waste*: The Surface Use Plan of Operations must contain a written description of the methods and locations proposed for safe containment and disposal of each type of waste material (e.g., cuttings, garbage, salts, chemicals, sewage, etc.) that results from drilling the proposed well. The narrative must include plans for the eventual disposal of drilling fluids and any produced oil or water recovered during testing operations. The operator must describe plans for the construction and lining, if necessary, of the reserve pit.
- h. *Ancillary Facilities*: The operator must identify on a map the location and construction methods and materials for all anticipated ancillary facilities such as camps, airstrips, and staging areas. The operator must stake on the ground the approximate center of proposed camps and the centerline of airstrips. If the ancillary facilities are located off-lease, depending on Surface Managing Agency policy, the BLM or the FS may require the operator to obtain an additional authorization, such as a Right-of-Way or Special Use Authorization.
- i. *Well Site Layout*: A diagram of the well site layout must have an arrow indicating the north direction. Diagrams with cuts and fills must be surveyed, designed, drawn, digitized, and certified by licensed professional surveyors or engineers. The operator must submit a plat of a scale of not less than 1 inch = 50 feet showing the location and orientation of:
  - The proposed drill pad;
  - Reserve pit/blooiie line/flare pit location;
  - Access road entry points and their approximate location with respect to topographic features and with cross section diagrams of the drill pad; and
  - The reserve pit showing all cuts and fills and the relation to topography.

The plat must also include the approximate proposed location and orientation of the:

- Drilling rig;
  - Dikes and ditches to be constructed; and
  - Topsoil and/or spoil material stockpiles.
- j. *Plans for Surface Reclamation*: The operator must submit a plan for the surface reclamation or stabilization of all disturbed areas. This plan must address interim (during production) reclamation for the area of the well pad not needed for production, as well as final abandonment of the well location. Such plans must include, as appropriate:
    - Configuration of the reshaped topography;



- Drainage systems;
- Segregation of spoil materials (stockpiles);
- Surface disturbances;
- Backfill requirements;
- Proposals for pit/sump closures;
- Redistribution of topsoil;
- Soil treatments;
- Seeding or other steps to reestablish vegetation;
- Weed control; and
- Practices necessary to reclaim all disturbed areas, including any access roads and pipelines.

The operator may amend this reclamation plan at the time of abandonment. Further details for reclamation are contained in Section XII. of this Order.

- k. *Surface Ownership:* The operator must indicate (in a narrative) the surface ownership at the well location, and of all lands crossed by roads that the operator plans to construct or upgrade, including, if known, the name of the agency or owner, phone number, and address. The operator must certify that they have provided a copy of the Surface Use Plan of Operations required in this section to the private surface owner of the well site location, if applicable, or that they made a good faith effort if unable to provide the document to the surface owner.
- l. *Other Information:* The operator must include other information required by applicable orders and notices (43 CFR 3162.3-1(d)(4)). When an integrated pest management program is needed for weed or insect control, the operator must coordinate plans with state or local management agencies and include the pest management program in the Surface Use Plan of Operations. The BLM also encourages the operator to submit any additional information that may be helpful in processing the application.

## 5. Bonding

- a. Most bonding needs for oil and gas operations on Federal leases are discussed in 43 CFR subpart 3104. The operator must obtain a bond in its own name as principal, or a bond in the name of the lessee or sublessee. If the operator uses the lessee or sublessee's bond, the operator must furnish a rider (consent of surety and principal) that includes the operator under the coverage of the bond. The operator must specify on the APD, Form 3160-3, the type of bond and bond number under which the operations will be conducted.

For Indian oil and gas, the appropriate provisions at 25 CFR Subchapter I, govern bonding.

Under the regulations at 43 CFR 3104.5 and 36 CFR 228.109, the BLM or the FS may require additional bond coverage for specific APDs. Other factors that the BLM or the FS may consider include:

- History of previous violations;
- Location and depth of wells;

- The total number of wells involved;
- The age and production capability of the field; and
- Unique environmental issues.

These bonds may be in addition to any statewide, nationwide, or separate lease bond already applicable to the lease. In determining the bond amount, the BLM may consider impacts of activities on both Federal and non-Federal lands required to develop the lease that impact lands, waters, and other resources off the lease.

Separate bonds may be required for associated Rights-of-Way and/or Special Use Authorizations that authorize activities not covered by the approved APD.

- b. On Federal leases, operators may request a phased release of an individual lease bond. The BLM will grant this reduction after reclamation of some portion of the lease only if the operator:
  - Has satisfied the terms and conditions in the plan for surface reclamation for that particular operation; and
  - No longer has any down-hole liability.
- c. If appropriate, the BLM may reduce the bond in the amount requested by the operator or appropriate Surface Managing Agency. The FS also may reduce bonds it requires (but not the BLM-required bonds). The BLM and the FS will base the amount of the bond reduction on a calculation of the sum that is sufficient to cover the remaining operations (including royalty payments) and abandonment (including reclamation) as authorized by the Surface Use Plan of Operations.

6. Operator Certification

The operator must include its name, address, and telephone number, and the same information for its field representative, in the APD package. The following certification must carry the operator’s original signature or meet the BLM standards for electronic commerce:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Name \_\_\_\_\_

Position Title \_\_\_\_\_.

Address \_\_\_\_\_.

Telephone \_\_\_\_\_.

Field representative (if not above signatory) \_\_\_\_\_.

Address (if different from above) \_\_\_\_\_.  
 Telephone (if different from above) \_\_\_\_\_.  
 Email (optional) \_\_\_\_\_.

Agents not directly employed by the operator must submit a letter from the operator authorizing that agent to act or file this application on their behalf.

#### 7. Onsite Inspection

The onsite inspection must be conducted before the APD will be considered complete.

### **E. APD Posting and Processing**

#### 1. Posting

The BLM and the Federal Surface Managing Agency, if other than the BLM, must provide at least 30 days public notice before the BLM may approve an APD or Master Development Plan on a Federal oil and gas lease. Posting is not required for an APD for an Indian oil and gas lease or agreement.

The BLM will post the APD or Notice of Staking in an area of the BLM Field Office having jurisdiction that is readily accessible to the public and, when possible, electronically on the internet. If the surface is managed by a Federal agency other than the BLM, that agency also is required to post the notice for 30 days. This would include the BIA where the surface is held in trust but the mineral estate is federally owned. The posting is for informational purposes only and is not an appealable decision. The purpose of the posting is to give any interested party notification that a Federal approval of mineral operations has been requested. The BLM or the FS will not post confidential information.

Reposting of the proposal may be necessary if the posted location of the proposed well is:

- a. Moved to a different quarter-quarter section;
- b. Moved more than 660 feet for lands that are not covered by a Public Land Survey; or
- c. If the BLM or the FS determine that the move is substantial.

#### 2. Processing

The timeframes established in this subsection apply to both individual APDs and to the multiple APDs included in Master Development Plans and to leases of Indian minerals as well as leases of Federal minerals.

If there is enough information to begin processing the application, the BLM (and the FS if applicable) will process it up to the point that missing information or uncorrected deficiencies render further processing impractical or impossible.

- a. Within 10 days of receiving an application, the BLM (in consultation with the FS if the application concerns NFS lands) will notify the operator as to whether or not the application is complete. The BLM will request additional information and correction of any material submitted, if necessary, in the 10-day notification. If an onsite inspection has not been performed, the applicant will be notified that the application is not complete. Within 10 days of receiving the

application, the BLM, in coordination with the operator and Surface Managing Agency, including the private surface owner in the case of split estate minerals, will schedule a date for the onsite inspection (unless the onsite inspection has already been conducted as part of a Notice of Staking). The onsite inspection will be held as soon as practicable based on participants' schedules and weather conditions. The operator will be notified at the onsite inspection of any additional deficiencies that are discovered during the inspection. The operator has 45 days after receiving notice from the BLM to provide any additional information necessary to complete the APD, or the APD may be returned to the operator.

- b. Within 30 days after the operator has submitted a complete application, including incorporating any changes that resulted from the onsite inspection, the BLM will:
  1. Approve the application, subject to reasonable Conditions of Approval, if the appropriate requirements of the NEPA, National Historic Preservation Act, Endangered Species Act, and other applicable law have been met and, if on NFS lands, the FS has approved the Surface Use Plan of Operations;
  2. Notify the operator that it is deferring action on the permit; or
  3. Deny the permit if it cannot be approved and the BLM cannot identify any actions that the operator could take that would enable the BLM to issue the permit or the FS to approve the Surface Use Plan of Operations, if applicable.
- c. The notice of deferral in paragraph (b)(2) of this section must specify:
  1. Any action the operator could take that would enable the BLM (in consultation with the FS if applicable) to issue a final decision on the application. The FS will notify the applicant of any action the applicant could take that would enable the FS to issue a final decision on the Surface Use Plan of Operations on NFS lands. Actions may include, but are not limited to, assistance with:
    - (A) Data gathering; and
    - (B) Preparing analyses and documents.
  2. If applicable, a list of actions that the BLM or the FS need to take before making a final decision on the application, including appropriate analysis under NEPA or other applicable law and a schedule for completing these actions.
- d. The operator has 2 years from the date of the notice under paragraph (c)(1) of this section to take the action specified in the notice. If the appropriate analyses required by NEPA, National Historic Preservation Act, Endangered Species Act, and other applicable laws have been completed, the BLM (and the FS if applicable), will make a decision on the permit and the Surface Use Plan of Operations within 10 days of receiving a report from the operator addressing all of the issues or actions specified in the notice under paragraph (c)(1) of this section and certifying that all required actions have been taken. If the operator

has not completed the actions specified in the notice within 2 years from the operator's receipt of the paragraph (c)(1) notice, the BLM will deny the permit.

- e. For APDs on NFS lands, the decision to approve a Surface Use Plan of Operations or Master Development Plan may be subject to FS appeal procedures. The BLM cannot approve an APD until the appeal of the Surface Use Plan of Operations is resolved.

#### ***F. Approval of APDs***

- a.1. The BLM has the lead responsibility for completing the environmental review process, except in the case of NFS lands.
- 2. The BLM cannot approve an APD or Master Development Plan until the requirements of certain other laws and regulations including NEPA, the National Historic Preservation Act, and the Endangered Species Act have been met. The BLM must document that the needed reviews have been adequately conducted. In some cases, operators conduct these reviews, but the BLM remains responsible for their scope and content and makes its own evaluation of the environmental issues, as required by 40 CFR 1506.5(b).
- 3. The approved APD will contain Conditions of Approval that reflect necessary mitigation measures. In accordance with 43 CFR 3101.1-2 and 36 CFR 228.107, the BLM or the FS may require reasonable mitigation measures to ensure that the proposed operations minimize adverse impacts to other resources, uses, and users, consistent with granted lease rights. The BLM will incorporate any mitigation requirements, including Best Management Practices, identified through the APD review and appropriate NEPA and related analyses, as Conditions of Approval to the APD.
- 4. The BLM will establish the terms and Conditions of Approval for any associated Right-of-Way when the application is approved.
- b. For NFS lands, the FS will establish the terms and Conditions of Approval for both the Surface Use Plan of Operations and any associated Surface Use Authorization. On NFS lands the FS has principal responsibility for compliance with NEPA, the National Historic Preservation Act, and the Endangered Species Act, but the BLM should be a cooperating or co-lead agency for this purpose and adopt the analysis as the basis for its decision.

After the FS notifies the BLM it has approved a Surface Use Plan of Operations on NFS lands, the BLM must approve the APD before the operator may begin any surface-disturbing activity.

- c. On Indian lands, BIA has responsibility for approving Rights-of-Way.
- d. In the case of Indian lands, the BLM may be a cooperating or co-lead agency for NEPA compliance or may adopt the NEPA analysis prepared by the BIA (516 DM 3).

#### ***G. Valid Period of Approved APD***

- 1. An APD approval is valid for 2 years from the date that it is approved, or until lease expiration, whichever occurs first. If the operator submits a written request before the

expiration of the original approval, the BLM, in coordination with the FS, as appropriate, may extend the APD's validity for up to 2 additional years.

2. The operator is responsible for reclaiming any surface disturbance that resulted from its actions, even if a well was not drilled.

#### ***H. Master Development Plans***

An operator may elect to submit a Master Development Plan addressing two or more APDs that share a common drilling plan, Surface Use Plan of Operations, and plans for future development and production. Submitting a Master Development Plan facilitates early planning, orderly development, and the cumulative effects analysis for all the APDs expected to be drilled by an operator in a developing field. Approval of a Master Development Plan serves as approval of all of the APDs submitted with the Plan. Processing of a Master Development Plan follows the procedures in Section III.E.2. of this Order. After the Master Development Plan is approved, subsequent APDs can reference the Master Development Plan and be approved using the NEPA analysis for the Master Development Plan, absent substantial deviation from the Master Development Plan previously analyzed or significant new information relevant to environmental effects. Therefore, an approved Master Development Plan results in timelier processing of subsequent APDs. Each subsequent proposed well must have a survey plat and an APD (Form 3160-3) that references the Master Development Plan and any specific variations for that well.

#### ***IV. General Operating Requirements***

##### ***Operator Responsibilities***

In the APD package, the operator must describe or show, as set forth in this Order, the procedures, equipment, and materials to be used in the proposed operations. The operator must conduct operations to minimize adverse effects to surface and subsurface resources, prevent unnecessary surface disturbance, and conform with currently available technology and practice. While appropriate compliance with certain statutes, such as NEPA, the National Historic Preservation Act, and the Endangered Species Act, are Federal responsibilities, the operator may choose to conduct inventories and provide documentation to assist the BLM or the Surface Managing Agency to meet these requirements. The inventories and other work may require entering the lease and adjacent lands before approval of the APD. As in Staking and Surveying, the operator should make a good faith effort to contact the Surface Managing Agency or surface owner before entry upon the lands for these purposes.

The operator can not commence either drilling operations or preliminary construction activities before the BLM's approval of the APD. A copy of the approved APD and any Conditions of Approval must be available for review at the drill site. Operators are responsible for their contractor and subcontractor's compliance with the requirements of the approved APD and/or Surface Use Plan of Operations. Drilling without approval or causing surface disturbance without approval is a violation of 43 CFR 3162.3-1(c) and is subject to a monetary assessment under 43 CFR 3163.1(b)(2).

The operator must comply with the provisions of the approved APD and applicable laws, regulations, Orders, and Notices to Lessees, including, but not limited to, those that address the issues described below.

- a. Cultural and Historic Resources. If historic or archaeological materials are uncovered during construction, the operator must immediately stop work that might further disturb such materials, contact the BLM and if appropriate, the FS or other Surface Managing Agency. The BLM or the FS will inform the operator within 7 days after the operator contacted the BLM as to whether the materials appear eligible for listing on the National Register of Historic Places.

If the operator decides to relocate operations to avoid further costs to mitigate the site, the operator remains responsible for recording the location of any historic or archaeological resource that are discovered as a result of the operator's actions. The operator also is responsible for stabilizing the exposed cultural material if the operator created an unstable condition that must be addressed immediately. The BLM, the FS, or other appropriate Surface Managing Agency, will assume responsibility for evaluation and determination of significance related to the historic or archaeological site.

If the operator does not relocate operations, the operator is responsible for mitigation and stabilization costs and the BLM, the FS, or appropriate Surface Managing Agency will provide technical and procedural guidelines for conducting mitigation. The operator may resume construction operations when the BLM or the FS verifies that the operator has completed the required mitigation.

Relocation of activities may subject the proposal to additional environmental review. Therefore, if the presence of such sites is suspected, the operator may want to submit alternate locations for advance approval before starting construction.

- b. Endangered Species Act. To comply with the Endangered Species Act, as amended (16 U.S.C. 1531 et seq.), and its implementing regulations, the operator must conduct all operations such that all operations avoid a "take" of listed or proposed threatened or endangered species and their critical habitats.
- c. Surface Protection. Except as otherwise provided in an approved Surface Use Plan of Operations, the operator must not conduct operations in areas subject to mass soil movement, riparian areas, floodplains, lakeshores, and/or wetlands. The operator also must take measures to minimize or prevent erosion and sediment production. Such measures may include, but are not limited to:
- Avoiding steep slopes and excessive land clearing when siting structures, facilities; and other improvements; and
  - Temporarily suspending operations when frozen ground, thawing, or other weather-related conditions would cause otherwise avoidable or excessive impacts.
- d. Safety Measures. The operator must maintain structures, facilities, improvements, and equipment in a safe condition in accordance with the approved APD. The operator must also take appropriate measures as specified in Orders and Notices to

Lessees to protect the public from any hazardous conditions resulting from operations.

In the event of an emergency, the operator may take immediate action without prior Surface Managing Agency approval to safeguard life or to prevent significant environmental degradation. The BLM or the FS must receive notification of the emergency situation and the remedial action taken by the operator as soon as possible, but not later than 24 hours after the emergency occurred. If the emergency only affected drilling operations and had no surface impacts, only the BLM must be notified. If the emergency involved surface resources on other Surface Managing Agency lands, the operator should also notify the Surface Managing Agency and private surface owner within 24 hours. Upon conclusion of the emergency, the BLM or the FS, where appropriate, will review the incident and take appropriate action.

- e. Completion Reports. Within 30 days after the well completion, the lessee or operator must submit to the BLM two copies of a completed Form 3160-4, Well Completion or Recompletion Report and Log. Well logs may be submitted to the BLM in an electronic format such as “.LAS” format. Surface and bottom-hole locations must be in latitude and longitude.

#### **V. *Rights-of-Way and Special Use Authorizations***

The BLM or the FS will notify the operator of any additional Rights-of-Way, Special Use Authorizations, licenses, or other permits that are needed for roads and support facilities for drilling or off-lease access, as appropriate. This notification will normally occur at the time the operator submits the APD or Notice of Staking package, or Sundry Notice, or during the onsite inspection.

The BLM or the FS, as appropriate, will approve or accept on-lease activities that are associated with actions proposed in the APD or Sundry Notice and that will occur on the lease as part of the APD or Sundry Notice. These actions do not require a Right-of-Way or Special Use Authorization. For pipeline Rights-of-Way crossing lands under the jurisdiction of two or more Federal Surface Managing Agencies, except lands in the National Park Service or Indian lands, applications should be submitted to the BLM. Refer to 43 CFR parts 2800 and 2880 for guidance on BLM Right-of-Ways and 36 CFR part 251 for guidance on FS Special Use Authorizations.

##### **A. *Rights-of-Way (BLM)***

For BLM lands, the APD package may serve as the supporting document for the Right-of-Way application in lieu of a Right-of-Way plan of development. Any additional information specified in 43 CFR parts 2800 and 2880 will be required in order to process the Right-of-Way.

The BLM will notify the operator within 10 days of receipt of a Notice of Staking, APD, or other notification if any parts of the project require a Right-of-Way. If a Right-of-Way is needed, the information required from the operator to approve the Right-of-Way may be submitted by the operator with the APD package if the Notice of Staking option has been used.

##### **B. *Special Use Authorizations (FS) (36 CFR 251 subpart B)***



On NFS lands, uses directly related to the drilling and production of a well (e.g., an access road or crew camp, or connecting pipeline to a gathering system), will be incorporated into the approved Surface Use Plan of Operations. When a Special Use Authorization is required, the Surface Use Plan of Operations may serve as the application for the Special Use Authorization if the facility for which a Special Use Authorization is required is adequately described (see 36 CFR 251.54(d)(ii)). Conditions regulating the authorized use may be imposed to protect the public interest, to ensure compatibility with other NFS lands programs and activities, and to comply with directions provided in the Forest Land and Resources Management Plan. A Special Use Authorization, when related to an APD, will include terms and conditions (36 CFR 251.56) and may require a specific reclamation plan or incorporate applicable parts of the Surface Use Plan of Operations reclamation plan by reference.

#### **VI. *Operating on Lands with Non-Federal Surface and Federal Oil and Gas***

The operator must submit the name, address, and phone number of the surface owner, if known, in its APD. The BLM will invite the surface owner to the onsite inspection to assure that their concerns are considered. As provided in the oil and gas lease, the BLM may request that the applicant conduct surveys or otherwise provide information needed for the BLM's National Historic Preservation Act consultation with the State Historic Preservation Officer or Indian tribe or its Endangered Species Act consultation with the relevant fisheries agency. The Federal mineral lessee has the right to enter the property for this purpose, since it is a necessary prerequisite to development of the dominant mineral estate. Nevertheless, the lessee or operator should seek to reach agreement with the surface owner about the time and method by which any survey would be conducted.

Likewise, in the case of actual oil and gas operations, the operator must make a good faith effort to notify the private surface owner before entry and make a good faith effort to obtain a Surface Access Agreement from the surface owner. This section also applies to lands with Indian trust surface and Federal minerals. In these cases, the operator must make a good faith effort to obtain surface access agreement with the tribe in the case of tribally owned surface, otherwise with the majority of the Indian surface owners who can be located with the assistance and concurrence of the BIA. The Surface Access Agreement may include terms or conditions of use, be a waiver, or an agreement for compensation. The operator must certify to the BLM that: (1) It made a good faith effort to notify the surface owner before entry; and (2) That an agreement with the surface owner has been reached or that a good faith effort to reach an agreement failed. If no agreement was reached with the surface owner, the operator must submit an adequate bond (minimum of \$1,000) to the BLM for the benefit of the surface owner sufficient to: (1) Pay for loss or damages; or (2) As otherwise required by the specific statutory authority under which the surface was patented and the terms of the lease.

Surface owners have the right to appeal the sufficiency of the bond. Before the approval of the APD, the BLM will make a good faith effort to contact the surface owner to assure that they understand their rights to appeal.

The BLM must comply with NEPA, the National Historic Preservation Act, the Endangered Species Act, and related Federal statutes when authorizing lease operations on split estate lands where the surface is not federally owned and the oil and gas is

Federal. For split estate lands within FS administrative boundaries, the BLM has the lead responsibility, unless there is a local BLM/FS agreement that gives the FS this responsibility.

The operator must make a good faith effort to provide a copy of their Surface Use Plan of Operations to the surface owner. After the APD is approved the operator must make a good faith effort to provide a copy of the Conditions of Approval to the surface owner. The APD approval is not contingent upon delivery of a copy of the Conditions of Approval to the surface owner.

## ***VII. Leases for Indian Oil and Gas***

### ***A. Approval of Operations***

The BLM will process APDs, Master Development Plans, and Sundry Notices on Indian tribal and allotted oil and gas leases, and Indian Mineral Development Act mineral agreements in a manner similar to Federal leases. For processing such applications, the BLM considers the BIA to be the Surface Managing Agency. Operators are responsible for obtaining any special use or access permits from appropriate BIA and, where applicable, tribal offices. The BLM is not required to post for public inspection APDs for minerals subject to Indian oil and gas leases or agreements.

### ***B. Surface Use***

Where the wellsite and/or access road is proposed on Indian lands with a different beneficial owner than the minerals, the operator is responsible for entering into a surface use agreement with the Indian tribe or the individual Indian surface owner, subject to BIA approval. This agreement must specify the requirements for protection of surface resources, mitigation, and reclamation of disturbed areas. The BIA, the Indian surface owner, and the BLM, pursuant to 25 CFR 211.4, 212.4 and 225.4, will develop the Conditions of Approval. If the operator is unable to obtain a surface access agreement, it may provide a bond for the benefit of the surface owner(s) (see Section VI. of the Order).

## ***VIII. Subsequent Operations and Sundry Notices***

Subsequent operations must follow 43 CFR part 3160, applicable lease stipulations, and APD Conditions of Approval. The operator must file the Sundry Notice in the BLM Field Office having jurisdiction over the lands described in the notice or the operator may file it using the BLM's electronic commerce system.

### ***A. Surface Disturbing Operations***

Lessees and operators must submit for BLM or FS approval a request on Form 3160-5 before:

- Undertaking any subsequent new construction outside the approved area of operations; or
- Reconstructing or altering existing facilities including, but not limited to, roads, emergency pits, firewalls, flowlines, or other production facilities on any lease that will result in additional surface disturbance.

If, at the time the original APD was filed, the lessee or operator elected to defer submitting information under Section III.E.3.d. (Location of Existing and/or Proposed Facilities) of this Order, the lessee or operator must supply this information before construction and installation of the facilities. The BLM, in consultation with any other involved Surface Managing Agency, may require a field inspection before approving the proposal. The lessee or operator may not begin construction until the BLM approves the proposed plan in writing.

The operator must certify on Form 3160-5 that they have made a good faith effort to provide a copy of any proposal involving new surface disturbance to the private surface owner in the case of split estate.

### ***B. Emergency Repairs***

Lessees or operators may undertake emergency repairs without prior approval if they promptly notify the BLM. Lessees or operators must submit sufficient information to the BLM or the FS to permit a proper evaluation of any:

- Resulting surface disturbing activities; or
- Planned accommodations necessary to mitigate potential adverse environmental effects.

## ***IX. Well Conversions***

### ***A. Conversion to an Injection Well***

When subsequent operations will result in a well being converted to a Class II injection well (i.e., for disposal of produced water, oil and gas production enhancement, or underground storage of hydrocarbons), the operator must file with the appropriate BLM office a Sundry Notice, Notice of Intent to Convert to Injection on Form 3160-5. The BLM and the Surface Managing Agency, if applicable, will review the information to ensure its technical and administrative adequacy. Following the review, the BLM, in consultation with the Surface Managing Agency, where applicable, will decide upon the approval or disapproval of the application based upon relevant laws and regulations and the circumstances (e.g., the well used for lease or non-lease operations, surface ownership, and protection of subsurface mineral ownership). The BLM will determine if a Right-of-Way or Special Use Authorization and additional bonding are necessary and notify the operator.

### ***B. Conversion to a Water Supply Well***

In cases where the Surface Managing Agency or private surface owner desires to acquire an oil and gas well and convert it to a water supply well or acquire a water supply well that was drilled by the operator to support lease operations, the Surface Managing Agency or private surface owner must inform the appropriate BLM office of its intent before the approval of the APD in the case of a dry hole and no later than the time a Notice of Intent to Abandon is submitted for a depleted production well. The operator must abandon the well according to BLM instructions, and must complete the surface cleanup and reclamation, in conjunction with the approved APD, Surface Use Plan of Operations, or Notice of Intent to Abandon, if the BLM or the FS require it. The Surface Managing Agency or private surface owner must reach agreement with the operator as to the satisfactory completion of reclamation operations before the BLM will approve any

abandonment or reclamation. The BLM approval of the partial abandonment under this section, completion of any required reclamation operations, and the signed release agreement will relieve the operator of further obligation for the well. If the Surface Managing Agency or private surface owner acquires the well for water use purposes, the party acquiring the well assumes liability for the well.

#### **X. *Variances***

The operator may make a written request to the agency with jurisdiction to request a variance from this Order. A request for a variance must explain the reason the variance is needed and demonstrate how the operator will satisfy the intent of the Order. The operator may include the request in the APD package. A variance from the requirements of this Order does not constitute a variance to provisions of other regulations, laws, or orders. When the BLM is the decision maker on a request for a variance, the decision whether to grant or deny the variance request is entirely within the BLM's discretion. The decision on a variance request is not subject to administrative appeals either to the State Director or pursuant to 43 CFR part 4.

#### **XI. *Waivers, Exceptions, or Modifications***

An operator may also request that the BLM waive (permanently remove), except (case-by-case exemption) or modify (permanently change) a lease stipulation for a Federal lease. In the case of Federal leases, a request to waive, except, or modify a stipulation should also include information demonstrating that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified or that the proposed operation would not cause unacceptable impacts.

When the waiver, exception, or modification is substantial, the proposed waiver, exception, or modification is subject to public review for 30 days. Prior to such public review, the BLM, and when applicable the FS, will post it in their local Field Office and, when possible, electronically on the internet. When the request is included in the Notice of Staking or APD, the request will be included as part of the application posting under Section III.C. of this Order. Prior to granting a waiver, exception, or modification, the BLM will obtain the concurrence or approval of the FS or Federal Surface Managing Agency. Decisions on such waivers, exceptions, or modifications are subject to appeal pursuant to 43 CFR part 4.

After drilling has commenced, the BLM and the FS may consider verbal requests for waivers, exceptions, or modifications. However, the operator must submit a written notice within 7 days after the verbal request. The BLM and the FS will confirm in writing any verbal approval. Decisions on waivers, exceptions, or modifications submitted after drilling has commenced are final for the Department of the Interior and not subject to administrative review by the State Director or appeal pursuant to 43 CFR part 4.

#### **XII. *Abandonment***

In accordance with the requirements of 43 CFR 3162.3-4, before starting abandonment operations the operator must submit a Notice of Intent to Abandon on Sundry Notices and Reports on Wells, Form 3160-5. If the operator proposes to modify the plans for surface

reclamation approved at the APD stage, the operator must attach these modifications to the Notice of Intent to Abandon.

**A. *Plugging***

The operator must obtain BLM approval for the plugging of the well by submitting a Notice of Intent to Abandon. In the case of dry holes, drilling failures, and in emergency situations, verbal approval for plugging may be obtained from the BLM, with the Notice of Intent to Abandon promptly submitted as written documentation. Within 30 days following completion of well plugging, the operator must file with the BLM a Subsequent Report of Plug and Abandon, using Sundry Notices and Reports on Wells, Form 3160-5. For depleted production wells, the operator must submit a Notice of Intent to Abandon and obtain the BLM's approval before plugging.

**B. *Reclamation***

Plans for surface reclamation are a part of the Surface Use Plan of Operations, as specified in Section III.D.4.j., and must be designed to return the disturbed area to productive use and to meet the objectives of the land and resource management plan. If the operator proposes to modify the plans for surface reclamation approved at the APD stage, the operator must attach these modifications to the Subsequent Report of Plug and Abandon using Sundry Notices and Reports on Wells, Form 3160-5.

For wells not having an approved plan for surface reclamation, operators must submit to the BLM a proposal describing the procedures to be followed for complete abandonment, including a map showing the disturbed area and roads to be reclaimed. The BLM will forward the request to the FS or other Surface Managing Agency. If applicable, the private surface owner will be notified and their views will be carefully considered.

Earthwork for interim and final reclamation must be completed within 6 months of well completion or well plugging (weather permitting). All pads, pits, and roads must be reclaimed to a satisfactorily revegetated, safe, and stable condition, unless an agreement is made with the landowner or Surface Managing Agency to keep the road or pad in place. Pits containing fluid must not be breached (cut) and pit fluids must be removed or solidified before backfilling. Pits may be allowed to air dry subject to BLM or FS approval, but the use of chemicals to aid in fluid evaporation, stabilization, or solidification must have prior BLM or FS approval. Seeding or other activities to reestablish vegetation must be completed within the time period approved by the BLM or the FS.

Upon completion of reclamation operations, the lessee or operator must notify the BLM or the FS using Form 3160-5, Final Abandonment Notice, when the location is ready for inspection. Final abandonment will not be approved until the surface reclamation work required in the Surface Use Plan of Operations or Subsequent Report of Plug and Abandon has been completed to the satisfaction of the BLM or the FS and Surface Managing Agency, if appropriate.

**XIII. Appeal Procedures**

Complete information concerning the review and appeal processes for BLM actions is contained in 43 CFR part 4 and subpart 3165. Incorporation of a FS approved Surface Use Plan of Operations into the approval of an APD or a Master Development Plan is not subject to protest to the BLM or appeal to the Interior Board of Land Appeals.

The FS's decisions approving use of NFS lands may be subject to agency appeal procedures, in accordance with 36 CFR parts 215 or 251. Decisions governing Surface Use Plan of Operations and Special Use Authorization approvals on NFS lands that involve analysis, documentation, and other requirements of the NEPA may be subject to agency appeal procedures, under 36 CFR part 215.

The FS's regulations at 36 CFR part 251 govern appeals by an operator of written FS decisions related to Conditions of Approval or administration of Surface Use Plans of Operations or Special Use Authorizations to occupy and use NFS lands.

The operator may appeal decisions of the BIA under 25 CFR part 2.

## ATTACHMENT I - Sample Format for Notice of Staking

(Not to be used in place of Application for Permit to Drill or Reenter Form 3160-3)

1. Oil Well, Gas Well, Other (Specify)
2. Name, Address, and Telephone of Operator
3. Name and Telephone of Specific Contact Person
4. Surface Location of Well  
Attach:
  - (a) Sketch showing road entry onto pad, pad dimensions, and reserve pit
  - (b) Topographical or other acceptable map (e.g., a USGS 7-1/2" Quadrangle) showing location, access road, and lease boundaries
5. Lease Number
6. If Indian, Allottee or Tribe Name
7. Unit Agreement Name
8. Well Name and Number
9. American Petroleum Institute (API) Well Number (if available)
10. Field Name or Wildcat
11. Section, Township, Range, Meridian; or Block and Survey; or Area
12. County, Parish, or Borough
13. State
14. Name and Depth of Formation Objective(s)
15. Estimated Well Depth
16. For directional or horizontal wells, anticipated bottom-hole location.
17. Additional Information (as appropriate; include surface owner's name, address and, if known, telephone).
18. Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Note: When the Bureau of Land Management or the Forest Service, as appropriate, receives this Notice, the agency will schedule the date of the onsite inspection. You must stake the location and flag the access road before the onsite inspection. Operators should consider the following before the onsite inspection and incorporate these considerations into the Notice of Staking Option, as appropriate:

- (a) H<sub>2</sub>S Potential;
- (b) Cultural Resources (Archeology); and
- (c) Federal Right-of-Way or Special Use Permit.

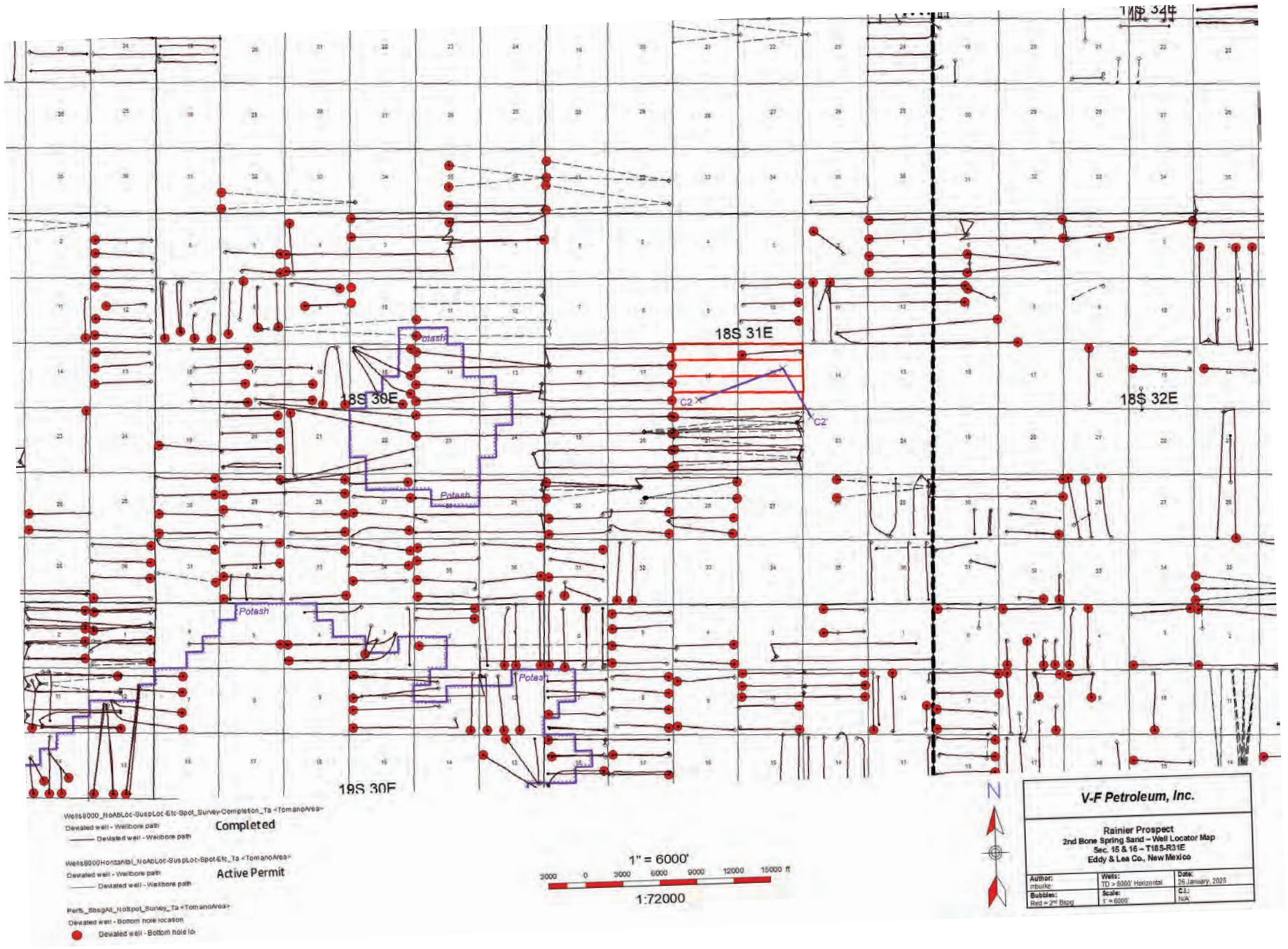
## TAB 2

Exhibits in Rebuttal of Permian Resources' Exhibits E-3, E-4, E-6 & E-7

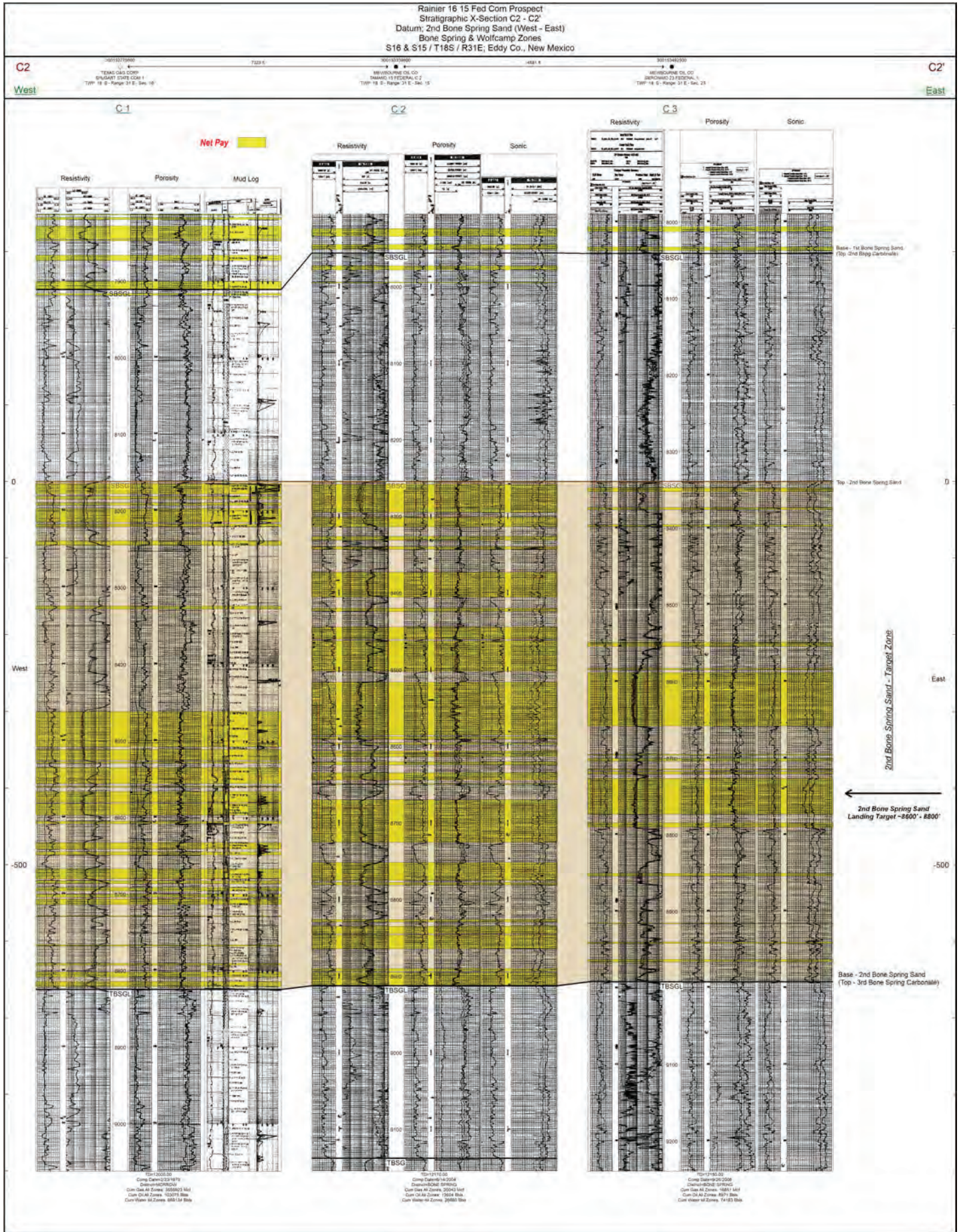
Rebuttal Exhibit 7:	Second Bone Spring Well Locator Map
Rebuttal Exhibit 8:	Second Bone Spring Cross Section
Rebuttal Exhibit 9:	Second Bone Spring Gross Isopach
Rebuttal Exhibit 10:	Second Bone Spring Net Pay Map
Rebuttal Exhibit 11:	Third Bone Spring Well Locator Map
Rebuttal Exhibit 12:	Third Bone Spring Cross Section
Rebuttal Exhibit 13:	Third Bone Spring Gross Isopach
Rebuttal Exhibit 14:	Third Bone Spring Net Pay Map



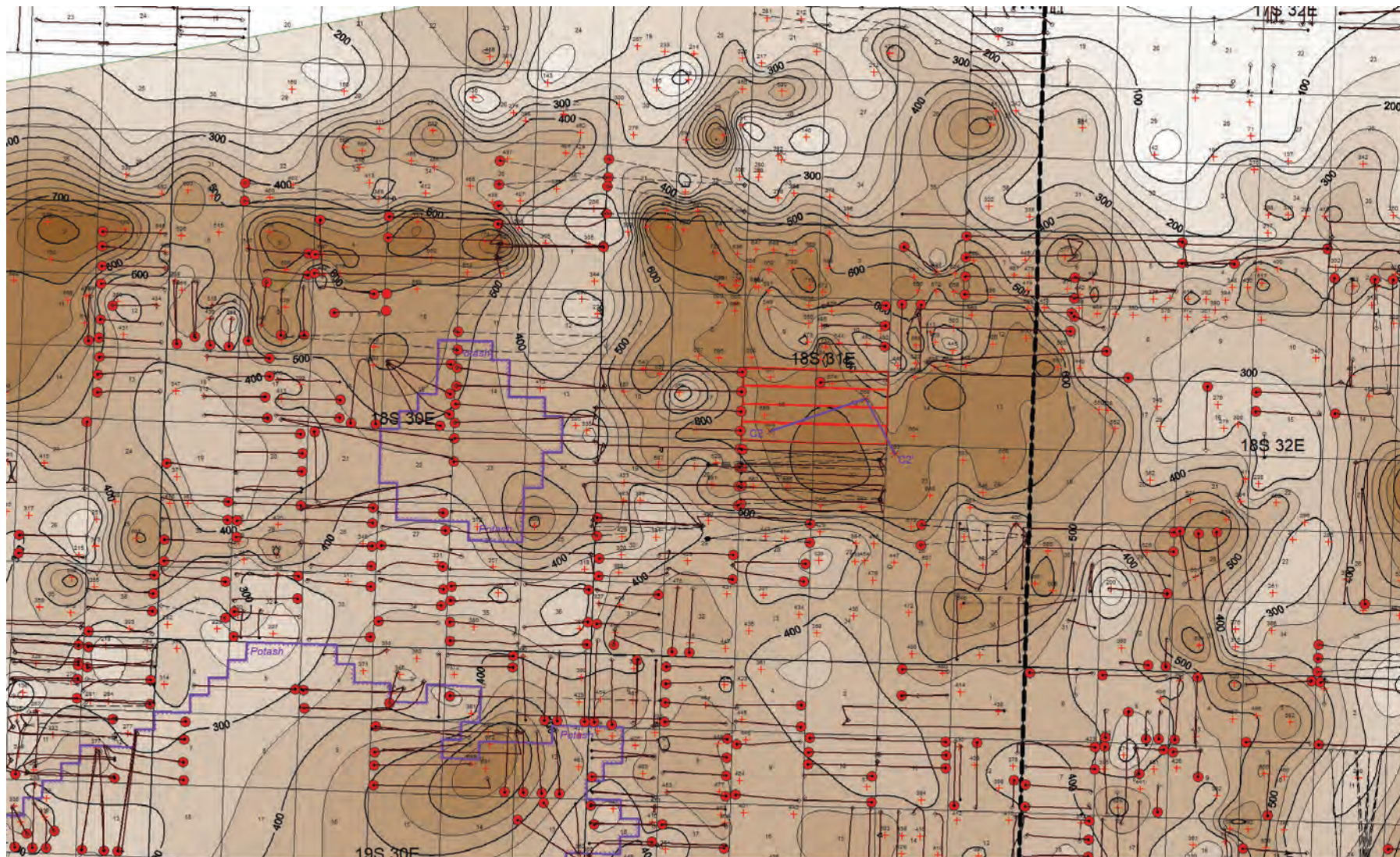
# Rebuttal Exhibit 7: Second Bone Spring Well Locator Map



# Rebuttal Exhibit 8: Second Bone Spring Net Pay Cross Section



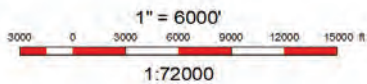
# Rebuttal Exhibit 9: Second Bone Spring Gross Isopach



Wells8000\_NoAbLoc-SuspLoc-Etc-Spot\_Survey-Completion\_Ta = TomanoArea  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Completed**

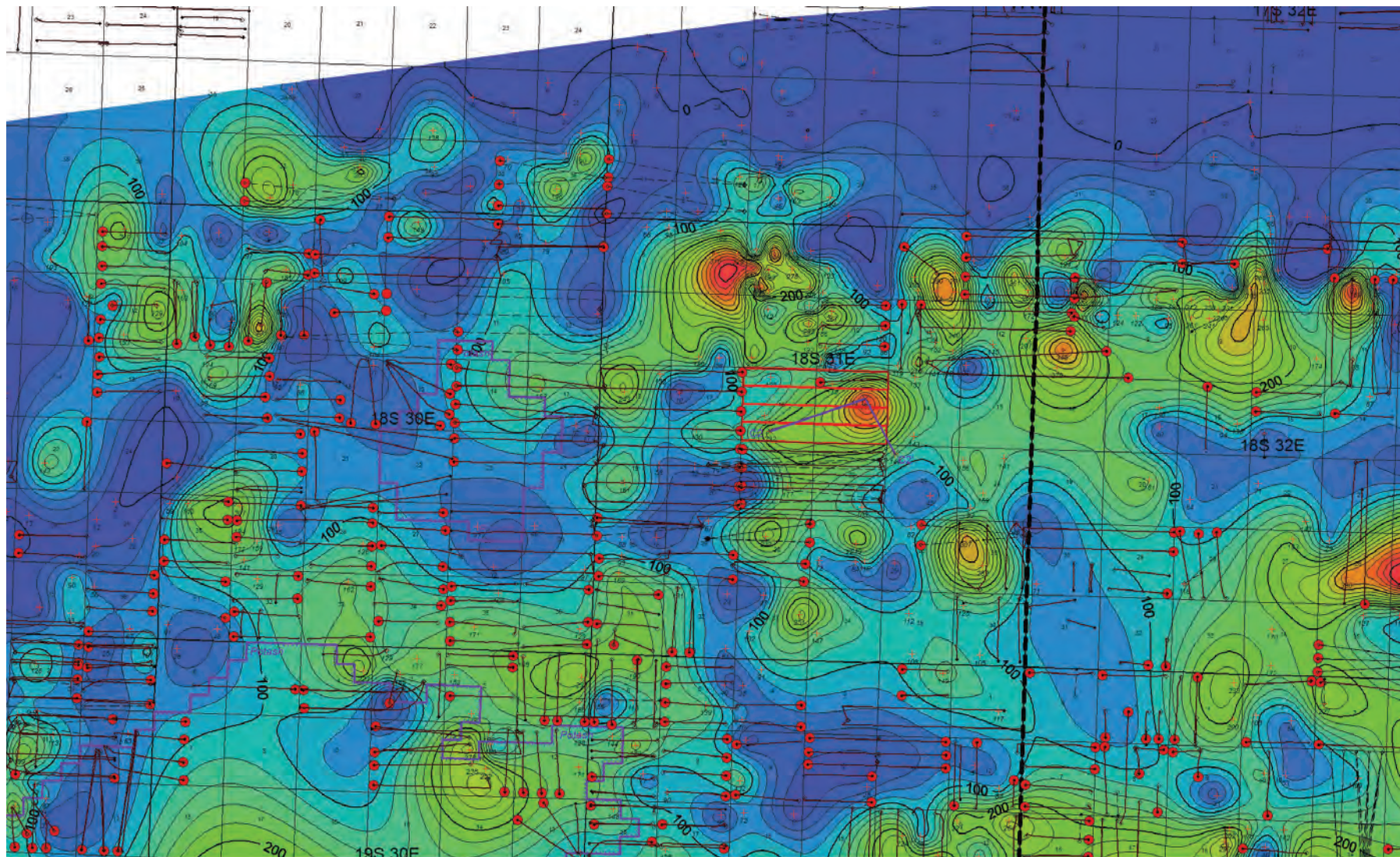
Wells8000Horizontal\_NoAbLoc-SuspLoc-Spot-Etc\_Ta = TomanoArea  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Active Permit**

Parts\_8trigAll\_NoSpot\_Survey\_Ta = TomanoArea  
 Deviated well - Bottom hole location  
 ● Deviated well - Bottom hole location



<b>V-F Petroleum, Inc.</b>		
Rainier Prospect 2nd Bone Spring Sand - Gross Isopach Map Sec. 15 & 16 - T18S-R31E Eddy & Lea Co., New Mexico		
Author: V-F Petroleum	Wells: 113 - 3000 Horizontal	Date: 28 January 2025
Bubbles: Red = 2nd Bspg	Scale: 1" = 6000'	C.I.: 50'

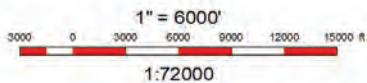
# Rebuttal Exhibit 10: Second Bone Spring Net Pay Isopach



Wells9000\_NeAbLoc-SuspLoc-Etc-Spot-Survey-Completion\_Ta = TomanoArea+  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Completed**

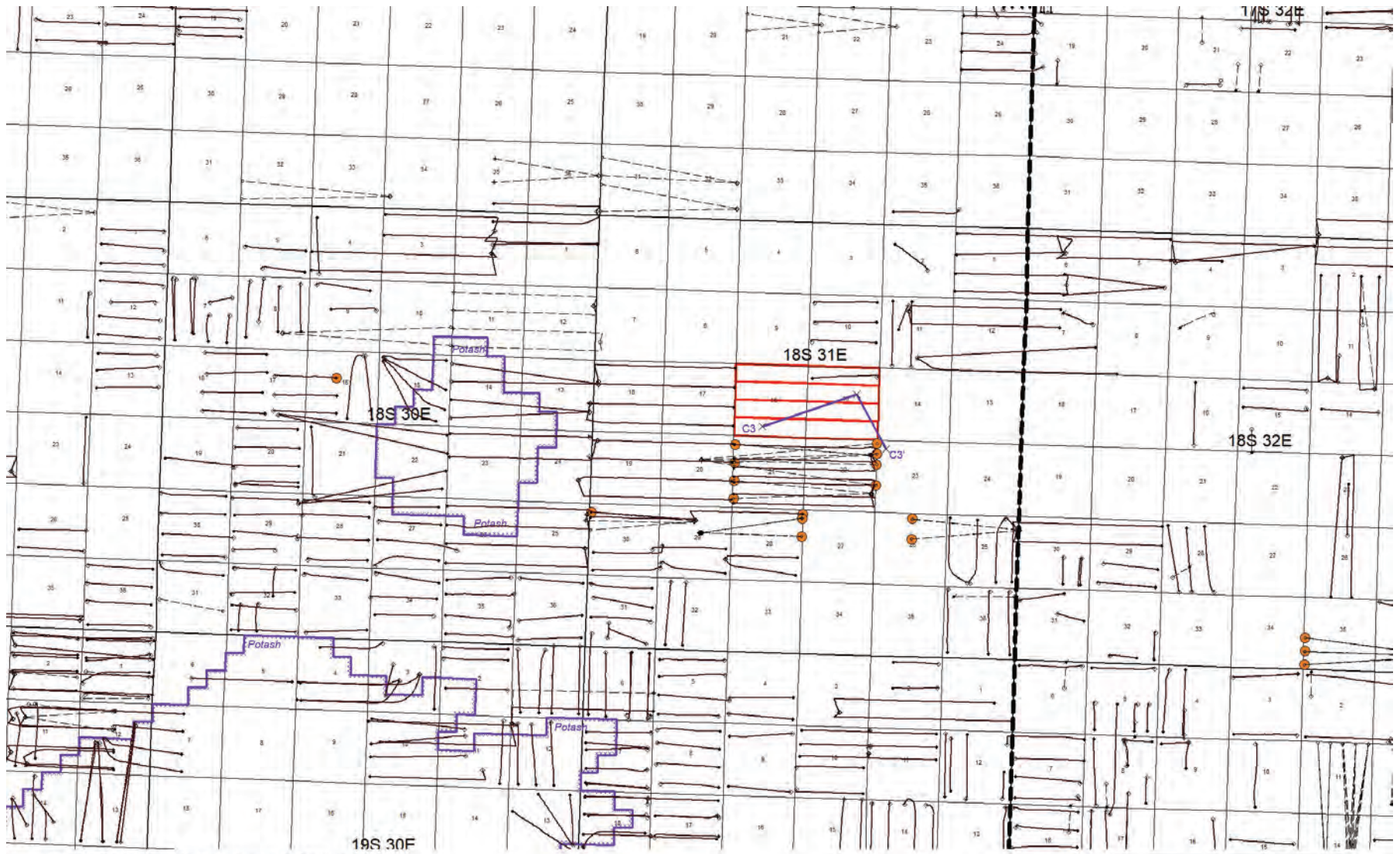
Wells9000Horizontal\_1roAbLoc-SuspLoc-Spot-Etc\_Ta = TomanoArea+  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Active Permit**

Perfs\_3StrgAll\_NoSpot\_Survey\_Ta = TomanoArea+  
 Deviated well - Bottom hole location  
 ● Deviated well - Bottom hole loc



<b>V-F Petroleum, Inc.</b>		
<b>Rainier Prospect</b>		
<b>2nd Bone Spring Sand - Net Isopach Map</b>		
Dphi > 8% Im, DfMa > 84 ms.; Pb < 2.6 Mg & Gr > 60 Apl		
Sec. 16 & 16 - T18S-R31E		
Eddy & Lea Co., New Mexico		
Author: maurice	Wells: T18 > 8000' Horizontal	Date: 26 January 2025
Scale: 1" = 6000'	Drawn: CJA	Sheet: 20
Red = 2" Step		

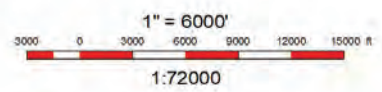
# Rebuttal Exhibit 11: Third Bone Spring Well Locator Map



Wells000\_HoAbLoc-SuspLoc-Etc-Spot-Survey-Completion\_Ta ~TomanoArea~  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Completed**

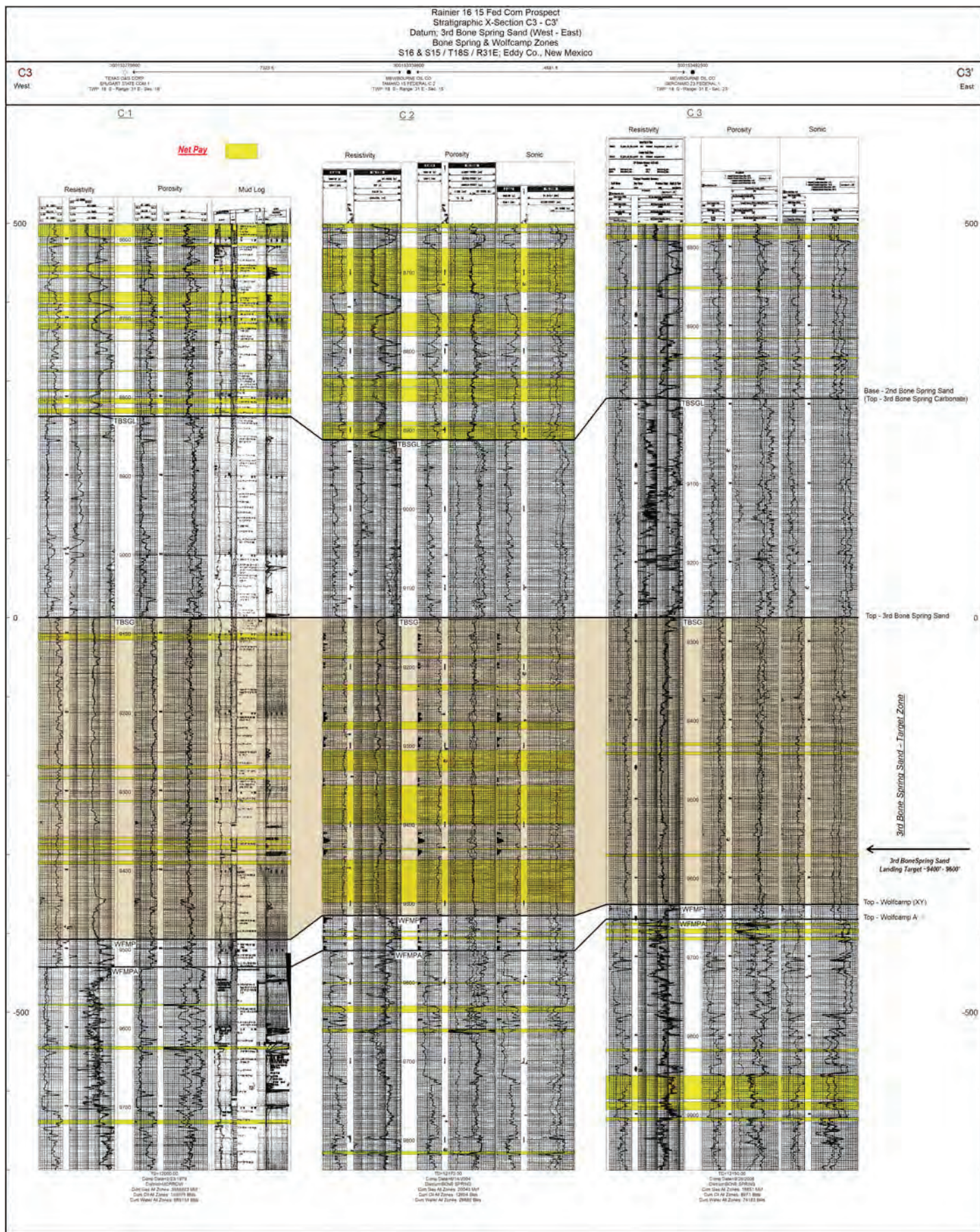
Wells000Horizontal\_HoAbLoc-SuspLoc-Spot-Etc\_Ta ~TomanoArea~  
 Deviated well - Wellbore path  
 — Deviated well - Wellbore path  
**Active Permit**

Perfs\_TbqgOnly\_NoSpot\_Survey\_Ta ~TomanoArea~  
 Deviated well - Bottom hole location  
 ● Deviated well - Bottom hole loc



<b>V-F Petroleum, Inc.</b>		
Reinier Prospect 3rd Bone Spring Sand - Well Locator Map Sec. 15 & 16 - T18S-R31E Eddy & Lea Co., New Mexico		
Author: mpj	Wells: 13 - 3000' Horizontal	Date: 28 January, 2025
Bubbles: Orange = 3rd Bsgp	Scale: 1" = 6000'	C.I.: N/A

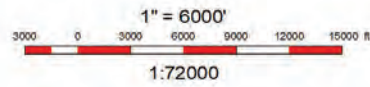
### Rebuttal Exhibit 12: Third Bone Spring Net Pay Cross Section



# Rebuttal Exhibit13 : Third Bone Spring Gross Isopach

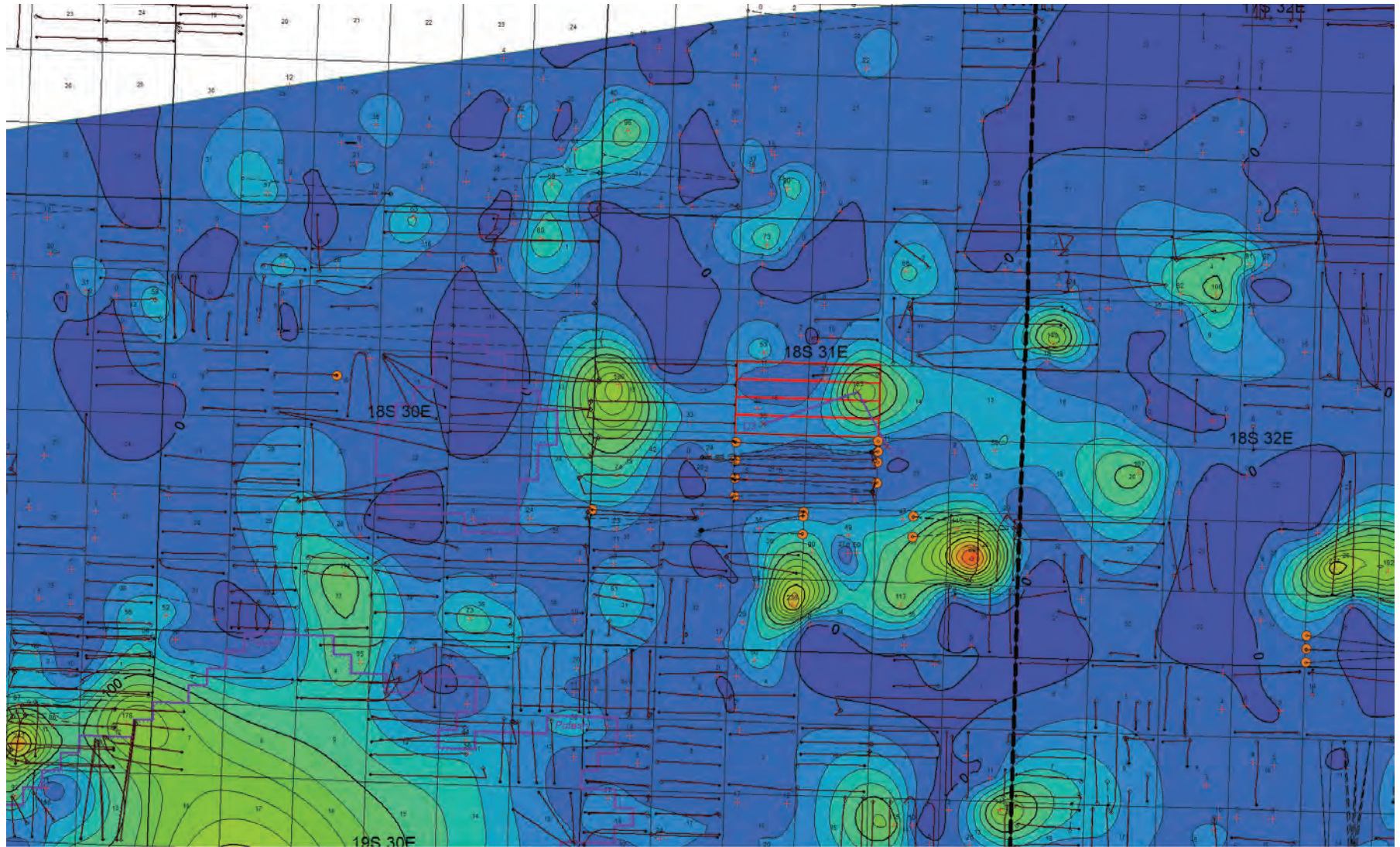


— Deviated well - Wellbore path  
**Completed**  
 Wells@000Horizontal\_No#Loc-SuspLoc-Spot-Etc\_Ta <TomanArea>  
 - - - - - Deviated well - Wellbore path  
 - - - - - Deviated well - Wellbore path  
**Active Permit**  
 Perfs\_TbspOnly\_NoSpot\_Survey\_Ta <TomanArea>  
 - - - - - Deviated well - Bottom hole location  
 ● Deviated well - Bottom hole loc



<b>V-F Petroleum, Inc.</b>		
<b>Rainier Prospect</b> 3rd Bone Spring Sand - Gross Isopach Map Sec. 15 & 16 - T18S-R31E Eddy & Lea Co., New Mexico		
Author: mrg	Wells: T18 > 8000' Horizontal	Date: 28 January, 2025
Bubbles: Orange = 3rd Bsgp	Scale: 1" = 6000'	C.I.: 25'

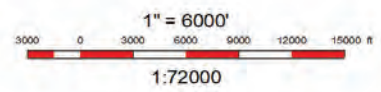
### Rebuttal Exhibit 14: Third Bone Spring Net Pay Isopach



Wells#000\_NoAbLoc\_SuspLoc\_Etc\_Spot\_SurveyCompletion\_Ta -TomanoArea-  
 Devalued well - Wellbore path      **Completed**  
 ——— Devalued well - Wellbore path

Wells#000Horizontal\_NoAbLoc\_SuspLoc\_Spot\_Etc\_Ta -TomanoArea-  
 Devalued well - Wellbore path      **Active Permit**  
 ..... Devalued well - Wellbore path

Perfs\_Ts#gOnly\_NoSpot\_Survey\_Ta -TomanoArea-  
 Devalued well - Bottom hole location  
 ● Devalued well - Bottom hole to



<b>V-F Petroleum, Inc.</b>		
<b>Rainier Prospect</b>		
3rd Bone Spring Sand – Net Isopach Map		
Dphi > 8% Im, DfMa > 64 ms.; Pb < 2.6 Mg & Gr > 60 Api		
Sec. 16 & 18 – T18S-R31E		
Eddy & Lea Co., New Mexico		
Author:	Wells:	Date:
rsburia:	TD > 3000' Horizontal	25 January 2025
Bubbles:	Scale:	C.J.
Orange = 3" Bupp	1" = 3000'	20'