

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING**

SEPTEMBER 15, 2026

CASE No. 26131-26132

**CHANCER 5-17 STATE WELLS
LEA COUNTY, NEW MEXICO**



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

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

CASE NOS. 26131-26132

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COMPULSORY POOLING APPLICATION CHECKLIST

Cases 26131-26132

EXHIBIT A

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 26131	APPLICANT'S RESPONSE
Date: September 15, 2026	
Applicant	FED OPERATING, LLC
Designated Operator & OGRID (affiliation if applicable)	333904
Applicant's Counsel:	Kaitlyn A. Luck
Case Title:	APPLICATION OF FED OPERATING, LLC FOR APPROVAL OF A NON-STANDARD HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	(1) Permian Resources; (2) Rockwood; (3) JR Oil; (4) EOG; (5) Mewbourne
Well Family	Chancer 5-17 State wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	MESCALERO ESCARPE; BONE SPRING [Pool Code: 45793]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	1920 acres, more or less
Building Blocks:	non-standard, 40-acres.
Orientation:	north-south
Description: TRS/County	all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico

Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Non-Standard, approval requested in application.
Other Situations	
Depth Severance: Y/N. If yes, description	No.
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	N/A.
Applicant's Ownership in Each Tract	Yes, Exhibit C
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Chancer 5-17 State #111H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 330' FWL of Section 17, T18S, R34E LTP: 100' FNL & 330' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 8850' TMD: 24490'
Well #2	Chancer 5-17 State #112H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NE/4 NW/4 (Unit C) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 1650' FWL of Section 17, T18S, R34E LTP: 100' FNL & 1650' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 8850' TMD: 24490'
Well #3	Chancer 5-17 State #113H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NE/4 (Unit B) of Section 5

Horizontal Well First and Last Take Points	FTP: 100' FSL & 2310' FEL of Section 17, T18S, R34E LTP: 100' FNL & 2310' FEL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 8850' TMD: 24490'
Well #4	Chancer 5-17 State #114H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NE/4 NE/4 (Unit A) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 990' FEL of Section 17, T18S, R34E LTP: 100' FNL & 990' FEL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 8850' TMD: 24490'
Well #5	Chancer 5-17 State #121H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 990' FWL of Section 17, T18S, R34E LTP: 100' FNL & 990' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #6	Chancer 5-17 State #122H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NE/4 NW/4 (Unit C) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 2310' FWL of Section 17, T18S, R34E LTP: 100' FNL & 2310' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #7	Chancer 5-17 State #123H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NE/4 (Unit B) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 1650' FEL of Section 17, T18S, R34E LTP: 100' FNL & 1650' FEL of Section 5, T18S, R34E

Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #8	Chancer 5-17 State #124H well with a proposed surface hole location in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NE/4 NE/4 (Unit A) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 330' FEL of Section 17, T18S, R34E LTP: 100' FNL & 330' FEL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #9	Chancer 5-17 State #131H well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 330' FWL of Section 17, T18S, R34E LTP: 100' FNL & 330' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #10	Chancer 5-17 State #132H well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and proposed last take points in the NE/4 NW/4 (Unit C) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 1650' FWL of Section 17, T18S, R34E LTP: 100' FNL & 1650' FWL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
Well #11	Chancer 5-17 State #133H well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and proposed last take points in the NW/4 NE/4 (Unit B) of Section 5
Horizontal Well First and Last Take Points	FTP: 2547' FNL & 2310' FEL of Section 17, T18S, R34E LTP: 100' FNL & 2310' FEL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'

Well #12	Chancer 5-17 State #134H well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and proposed last take points in the NE/4 NE/4 (Unit A) of Section 5
Horizontal Well First and Last Take Points	FTP: 100' FSL & 990' FEL of Section 17, T18S, R34E LTP: 100' FNL & 990' FEL of Section 5, T18S, R34E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: 9550' TMD: 25190'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000/\$1000
Production Supervision/Month \$	\$10,000/\$1000
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B, Exhibit E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit E
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C
Tract List (including lease numbers and owners)	Exhibit C
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit C
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C
Chronology of Contact with Non-Joined Working Interests	Exhibit C
Overhead Rates In Proposal Letter	Exhibit C
Cost Estimate to Drill and Complete	Exhibit C
Cost Estimate to Equip Well	Exhibit C
Cost Estimate for Production Facilities	Exhibit C
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D
Gunbarrel/Lateral Trajectory Schematic	Exhibit D
Well Orientation (with rationale)	Exhibit D

Target Formation	Exhibit D
HSU Cross Section	Exhibit D
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C
Tracts	Exhibit C
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C
General Location Map (including basin)	Exhibit D
Well Bore Location Map	Exhibit D
Structure Contour Map - Subsea Depth	Exhibit D
Cross Section Location Map (including wells)	Exhibit D
Cross Section (including Landing Zone)	Exhibit D
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	8-Sep-26

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 26132	APPLICANT'S RESPONSE
Date: September 15, 2026	
Applicant	FED OPERATING, LLC
Designated Operator & OGRID (affiliation if applicable)	333904
Applicant's Counsel:	Kaitlyn A. Luck
Case Title:	APPLICATION OF FED OPERATING, LLC FOR APPROVAL OF A NON-STANDARD HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	(1) Permian Resources; (2) Rockwood; (3) JR Oil; (4) EOG; (5) Mewbourne
Well Family	Chancer 5-17 State wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp formation
Pool Name and Pool Code:	E-K;WOLFCAMP [Pool Code: 21670]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	1920 acres, more or less
Building Blocks:	non-standard, 40-acres.
Orientation:	north-south
Description: TRS/County	all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico

Cases 26131-26132
EXHIBIT G

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

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

CASE NO. 26131

APPLICATION

FED Operating, LLC ("FED") (OGRID No. 333904), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order: (1) approving a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Pool: MESCALERO ESCARPE; BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit"), and (2) pooling all uncommitted interests therein. In support of this application, FED states as follows:

1. FED has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FED seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.
3. To allow the proposed wells to be dedicated to a state Communitization Agreement, FED seeks approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

4. FED is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the state leases within the subject area.

5. FED seeks to dedicate the Unit to the following wells:

- the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5.

6. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

7. FED sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Bone Spring formation underlying the proposed Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, FED requests this application be set for a hearing before an Examiner of the Oil Conservation Division, on June 4, 2026, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard unit and pooling all uncommitted interests in Wolfcamp formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Designating FED as operator of this unit and the wells to be drilled thereon;
- C. Authorizing FED to recover its costs of drilling, equipping and completing the Wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully,

Kaitlyn A. Luck
P.O. Box 483
Taos, New Mexico 87571
(361) 648-1973
kaitlyn.luck@outlook.com

Attorney for FED Operating, LLC

CASE NO. _____: Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Bone Spring Formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.

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

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

26132
CASE NO. _____

APPLICATION

FED Operating, LLC ("FED") (OGRID No. 333904), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order: (1) approving a non-standard 1,920-acre, more or less, horizontal well spacing unit in the Wolfcamp formation (Pool: E-K;WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit"), and (2) pooling all uncommitted interests therein. In support of this application, FED states as follows:

1. FED has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FED seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.
3. To allow the proposed wells to be dedicated to a state Communitization Agreement, FED seeks approval of a corresponding non-standard horizontal well spacing unit in the Wolfcamp formation.

4. FED is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the state leases within the subject area.

5. FED seeks to dedicate the Unit to the following wells:

- the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5;
- the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and
- the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5.

6. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

7. FED sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. Approval of this overlapping non-standard spacing unit and the pooling of interests therein will allow FED to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, lower operating costs, avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, FED requests this application be set for a hearing before an Examiner of the Oil Conservation Division, on June 4, 2026, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard unit and pooling all uncommitted interests in Wolfcamp formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Designating FED as operator of this unit and the wells to be drilled thereon;
- C. Authorizing FED to recover its costs of drilling, equipping and completing the Wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully,

Kaitlyn A. Luck
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Attorney for FED Operating, LLC

CASE NO. _____: Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Wolfcamp Formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.

**STATE OF NEW MEXICO
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**APPLICATION OF FED OPERATING,
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AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 26131-26132

SELF-AFFIRMED STATEMENT OF PAUL VENINCASA

Paul Venincasa hereby states and declares as follows:

1. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters.
3. I seek to have my credentials as a petroleum landman accepted by the Division and made a matter of record. I am qualified as an expert witness in petroleum land matters by my education and experience, as reflected in the attached **FED Exhibit C-1**. I graduated from Texas Tech University with a Bachelors of Business Administration in Energy Commerce in December 2019. Since that time, I have been a landman throughout the Permian Basin and in New Mexico. I previously worked as a Landman at Norwood Land Services, LLC and Stronghold Resource Partners prior to joining Fortress Energy, LLC, an affiliate entity to FED Operating, LLC. I am also involved in the Permian Basin Landmen’s Association and ADAM-Permian. Based on this information, I request to be recognized as an expert in petroleum land matters by the Division and in this case.
4. I am familiar with the applications filed by FED Operating, LLC in Case Nos. 26131-26132.

5. FED seeks the orders from the Division approving the pooling and operatorship requested by FED in the Applications in Case Nos. 26131-26132.

6. In Case No. **26131**, FED requests an order from the Division: (1) approving a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Pool: MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit").

7. FED seeks to dedicate the Unit to the following wells, to be horizontally drilled:
- a. the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
 - b. the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5;
 - c. the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
 - d. the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5.

8. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

9. The wells are expected to be producing within the MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793].

10. There are errors in the application for Case No. 26131 as follows:

- A. Although the application describes all Bone Spring SHLs as being in Unit C. The attached C-102s reflect the following correct locations for the Surface Hole Locations of the wells:
- The 111H–124H surface locations are in Unit C of Section 20.
 - The 131H–134H surface locations are in Unit B of Section 20.
- B. The legal land description on page 2 for the 112H/122H/132H group also appears to contain duplicated language. The text reads “NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5” and should be NE/4 NW/4 (Unit C) of Section 5.
- C. The application also lists the 113H/123H/133H LTPs as Unit D, and describes the 114H/124H/134H LTPs as Unit C. The C102's correctly reflect the following:
- The 111H/121H/131H last take points are in Unit D of Section 5.
 - The 112H/122H/132H last take points are in Unit C of Section 5.
 - The 113H/123H/133H last take points are in Unit B of Section 5.
 - The 114H/124H/134H last take points are in Unit A of Section 5.
- D. Point A. of the requested relief refers to the Wolfcamp formation rather than the Bone Spring formation.
- E. The final well group in the notice paragraph repeats the 112H/122H/132H wells instead of listing the 114H/124H/134H wells.
- F. FED requests for the OCD to recognize these corrections as described in this affidavit and the exhibits in this case.

11. In Case No. **26132**, FED seeks an order from the Division (1) approving a non-standard 1,920-acre, more or less, horizontal well spacing unit in the Wolfcamp formation (Pool:

E-K;WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit").

- a. the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5;
- b. the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5;
- c. the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and
- d. the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5.

12. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

13. The wells are expected to be producing within the E-K;WOLFCAMP [Pool Code: 21670].

14. **FED Exhibit C-2** are the C-102 for each of the wells in Case Nos. 26131-26132.

15. For Case No. **26131**, the forms demonstrate the completed intervals for the wells will comply with the standard setbacks for oil wells and the wells are assigned to the MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793].

16. For Case No. **26132**, the forms reflect that the wells will comply with standard setbacks for the E-K;WOLFCAMP [Pool Code: 21670]).

17. Attached as **FED Exhibit C-3** are the Land Tract Map for each of the units and the Uncommitted Interest Owners in Case Nos. 26131-26132. The Exhibit identifies the tracts of land in the proposed Units, the ownership interests in each tract, and the ownership interests on a spacing unit basis. The Exhibit also reflects each of the uncommitted parties that FED seeks to pool in these cases.

18. **FED Exhibit C-4** are the Sample Well Proposal Letter with AFEs for each of the units in Case Nos. 26131-26132. The costs reflected in the AFEs are consistent with what FED and other operators have incurred for drilling similar horizontal wells in the area in this formation. FED requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$10,000 per month while drilling and \$1,000 per month while producing; these costs are consistent with what other operators are charging in this area for similar wells.

19. **FED Exhibit C-5** are the Chronology of Contacts for Case Nos. 26131-26132. FED Exhibit C-5 contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, FED has made a good faith effort to locate and has had communications with all of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In this exhibit, FED also includes a table with the dates of notice for each interest owner, and whether the party is committed.

20. In my opinion, FED has undertaken good faith efforts to reach an agreement with the uncommitted interest owners, and has provided notice to each of them as reflected on this exhibit.

21. Additional information regarding FED's proposed non-standard unit is attached as FED Exhibit C-6. The above-referenced applications and notice of the hearing on these applications were sent by certified mail to the locatable affected parties, as reflected on **Exhibit G**.

22. FED's Exhibits C-1 to C-6 were either prepared by me or compiled under my direction and supervision.

23. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct.

24. I understand that this self-affirmed statement will be used as written testimony in this case.

25. This statement is made on the date next to my signature below.

A handwritten signature in black ink, appearing to read "Paul Venincasa".

Paul Venincasa, Landman

Date: 09/08/2026

Paul Anthony Venincasa

972-742-9766 | p.venincasa@fortressep.com | Midland, TX 79707

Education

Texas Tech University, Rawls College of Business

Lubbock, TX

Bachelor of Business Administration in Energy Commerce, Cum Laude

Graduated December 2019

- Cumulative GPA: 3.54
- TTU Presidential Scholarship Recipient
- Dean's List: Fall 2016, Spring 2017
- President's List: Fall 2015, Spring 2016

Professional Experience

Fortress Energy, LLC

Midland, TX

Acquisitions Landman

January 2024–Present

- Lead acquisitions of mineral, royalty, and operated and non-operated leasehold interests across the Permian Basin, with an emphasis on southeastern New Mexico.
- Support the managing partners in developing acquisition strategies, negotiating acreage trades, and prioritizing capital deployment.
- Partner with reservoir engineers to evaluate mineral, royalty, and leasehold opportunities, assess transaction economics, and support investment decisions.

Stronghold Resource Partners

Dallas, TX

Senior Landman

June 2020–January 2024

- Negotiated and closed mineral and royalty acquisitions across the Midland Basin and Haynesville Shale.
- Coordinated with operators and interest owners to resolve title defects, cure ownership issues, and facilitate the release of suspended funds following acquisitions.
- Collaborated with management to define areas of interest, evaluate acquisition opportunities, and prioritize capital deployment.

Norwood Land Services, LLC

Fort Worth, TX

Landman

May 2018–August 2019

- Performed leasehold checks to identify open, leased, and held-by-production acreage in targeted areas.
- Researched mineral title from patent to present and prepared both limited and comprehensive ownership reports.
- Coordinated probate research and drafted lease amendments and extensions for high-priority acreage.

Organizations

Permian Basin Landmen's Association

January 2024–Present

ADAM–Permian

January 2024–Present

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting ☒ Initial Submittal ☐ Amended Report ☐ As Drilled
		Submittal Type:

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 111H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,265' FWL	Latitude 32.739516	Longitude -103.583795	County LEA
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Bottom Hole Location

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FWL	Latitude 32.783740	Longitude -103.590249	County LEA
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Dedicated Acres 1,920	Infill or Defining Well DEFINING	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL M	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 330' FWL	Latitude 32.740752	Longitude -103.590093	County LEA
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Last Take Point (LTP)

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FWL	Latitude 32.783740	Longitude -103.590249	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.


Signature
09/06/2026
Date
Kayleigh Landry
Printed Name
kayleigh@fedoperating.com
Email Address

SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor

Certificate Number

Date of Survey

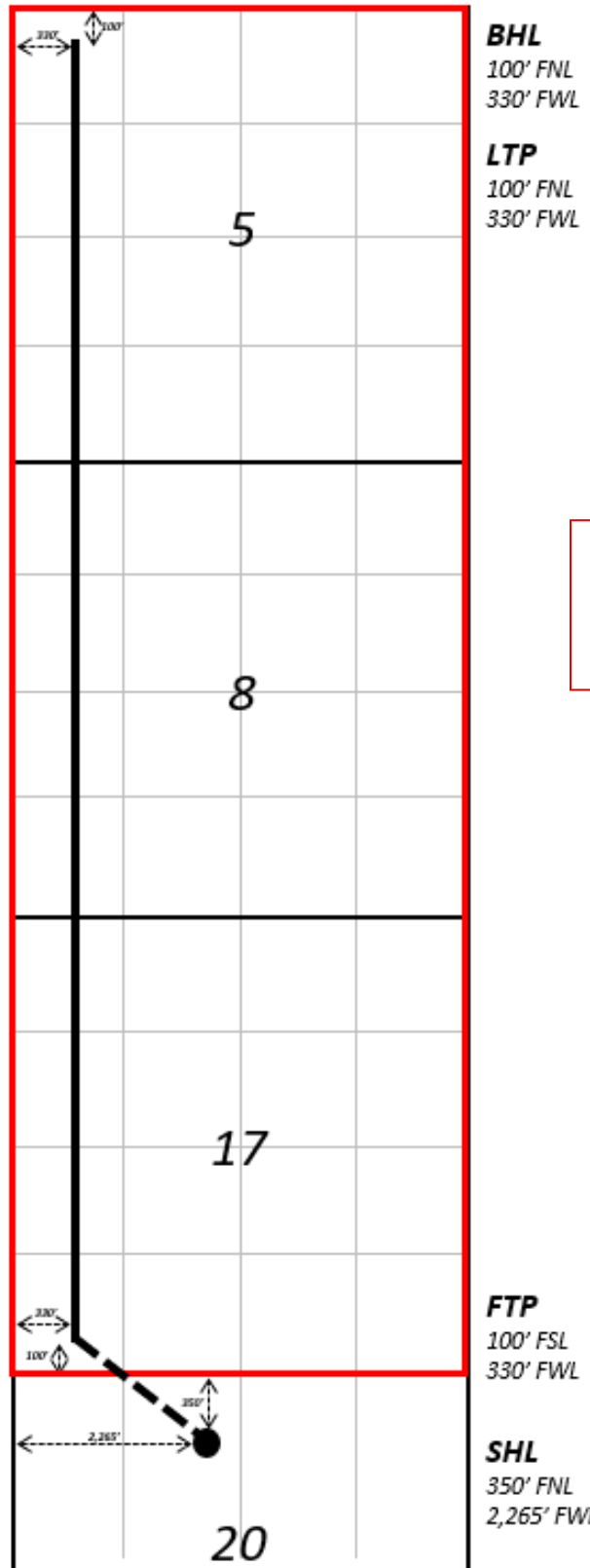
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



111H

**PRELIMINARY – FOR HEARING
PURPOSES ONLY.** Preliminary coordinates
are NAD83 and derived from publicly
available GIS data and have not been field-
surveyed. Final locations are subject to
professional survey and regulatory approval.

**Off-unit SHL –
Section 20 not
included in HSU**

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 112H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,315' FWL	Latitude 32.739516	Longitude -103.583632	County LEA
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Bottom Hole Location

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FWL	Latitude 32.783748	Longitude -103.585954	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL N	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 1,650' FWL	Latitude 32.740752	Longitude -103.585800	County LEA
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Last Take Point (LTP)

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FWL	Latitude 32.783748	Longitude -103.585954	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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OPERATOR CERTIFICATIONS

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 09/06/2026
Signature Date

Kayleigh Landry

Printed Name

kayleigh@fedoperating.com

Email Address

SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor

Certificate Number

Date of Survey

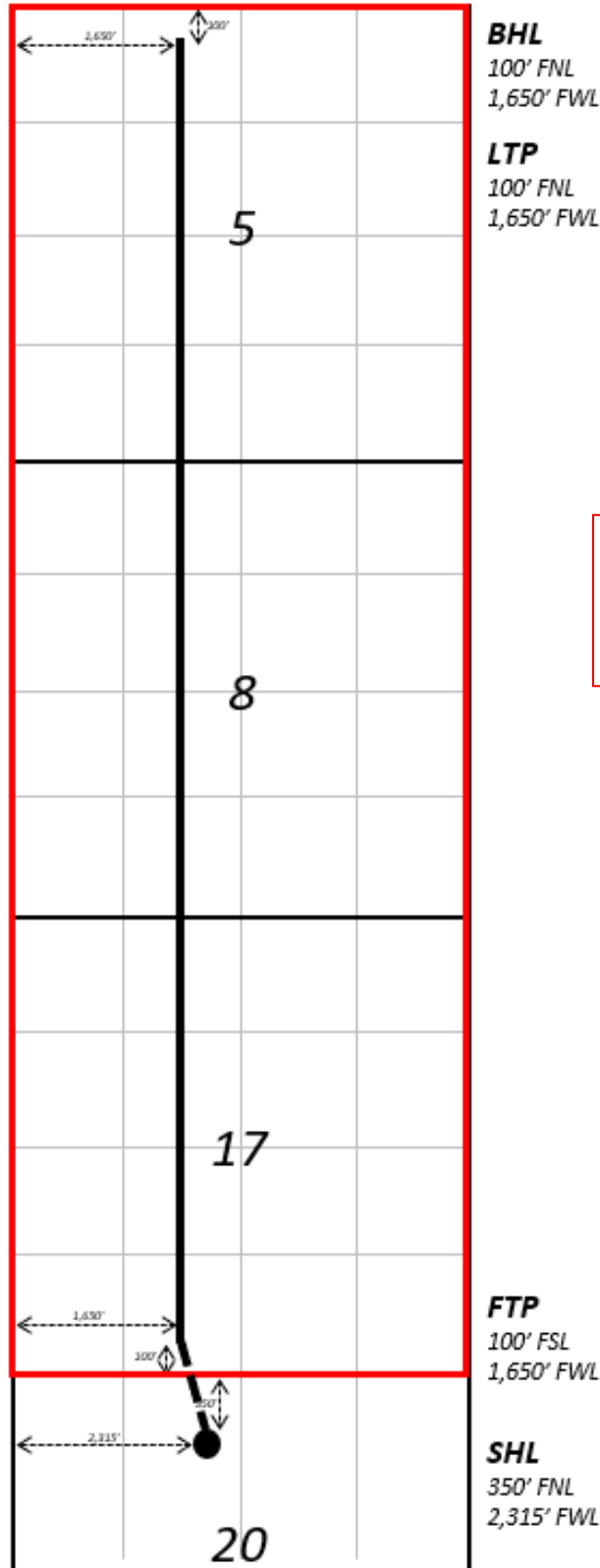
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



112H

**PRELIMINARY – FOR HEARING
PURPOSES ONLY.** Preliminary coordinates
are NAD83 and derived from publicly
available GIS data and have not been field-
surveyed. Final locations are subject to
professional survey and regulatory approval.

**Off-unit SHL –
Section 20 not
included in HSU**

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 113H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,365' FWL	Latitude 32.739516	Longitude -103.583470	County LEA
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Bottom Hole Location

UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.783755	Longitude -103.581673	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL O	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 2,310' FEL	Latitude 32.740752	Longitude -103.581481	County LEA
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Last Take Point (LTP)

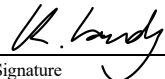
UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.783755	Longitude -103.581673	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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OPERATOR CERTIFICATIONS

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 09/06/2026
Signature Date

Printed Name
Kayleigh Landry

Printed Name

Email Address
kayleigh@fedoperating.com

Email Address

SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor

Certificate Number

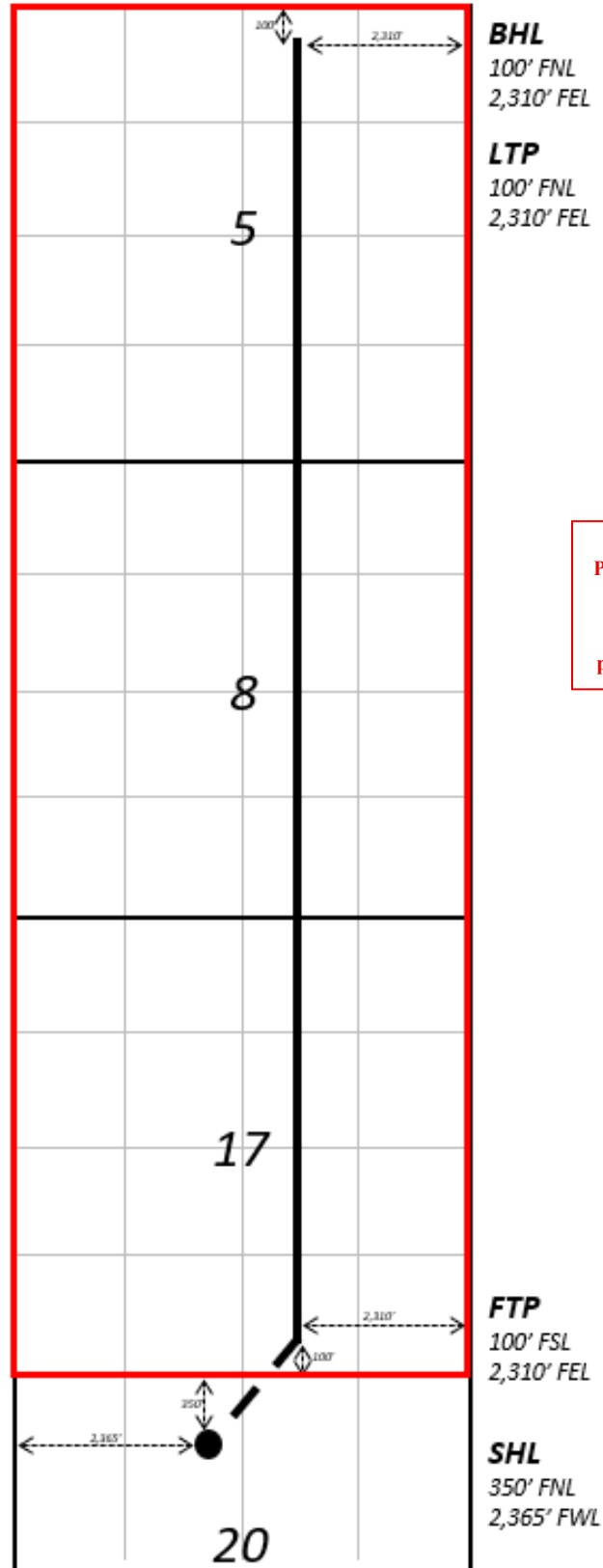
Date of Survey

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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



113H

**PRELIMINARY – FOR HEARING
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are NAD83 and derived from publicly
available GIS data and have not been field-
surveyed. Final locations are subject to
professional survey and regulatory approval.

**Off-unit SHL –
Section 20 not
included in HSU**

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 114H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,415' FWL	Latitude 32.739516	Longitude -103.583307	County LEA
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Bottom Hole Location

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL P	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 990' FEL	Latitude 32.740752	Longitude -103.577188	County LEA
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Last Take Point (LTP)

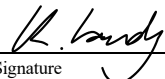
UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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 09/06/2026
Signature Date

Printed Name
Kayleigh Landry

Printed Name

Email Address
kayleigh@fedoperating.com

Email Address

SURVEYOR CERTIFICATIONS

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Signature and Seal of Professional Surveyor

Certificate Number

Date of Survey

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DRAFT – NOT SURVEYED

114H

PRELIMINARY – FOR HEARING PURPOSES ONLY. Preliminary coordinates are NAD83 and derived from publicly available GIS data and have not been field-surveyed. Final locations are subject to professional survey and regulatory approval.

**Off-unit SHL –
Section 20 not
included in HSU**

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		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 121H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,465' FWL	Latitude 32.739516	Longitude -103.583144	County LEA
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Bottom Hole Location

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FWL	Latitude 32.783744	Longitude -103.588102	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL M	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 990' FWL	Latitude 32.740752	Longitude -103.587946	County LEA
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Last Take Point (LTP)

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FWL	Latitude 32.783744	Longitude -103.588102	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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OPERATOR CERTIFICATIONS

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If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

 09/06/2026
Signature Date

Kayleigh Landry

Printed Name

kayleigh@fedoperating.com

Email Address

SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor

Certificate Number

Date of Survey

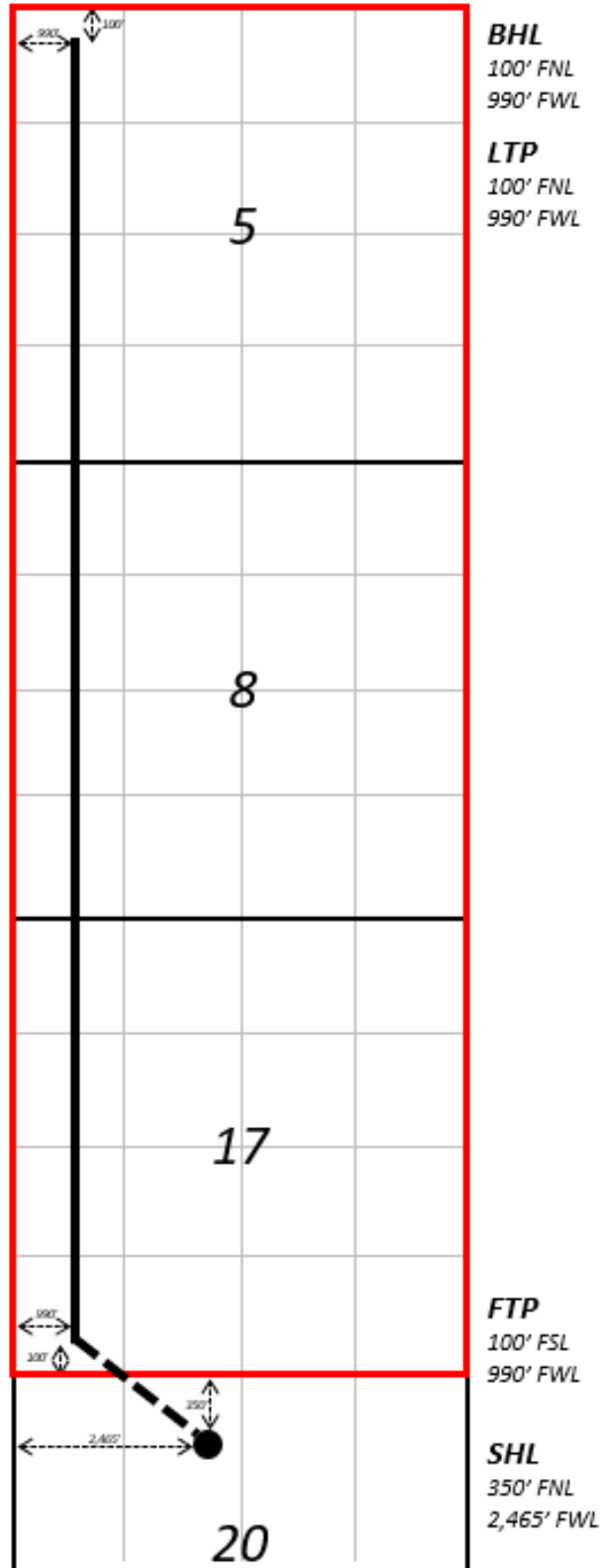
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



121H

**PRELIMINARY – FOR HEARING
PURPOSES ONLY. Preliminary coordinates
are NAD83 and derived from publicly
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**Off-unit SHL –
Section 20 not
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Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
	Submittal Type:	☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 122H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,515' FWL	Latitude 32.739516	Longitude -103.582982	County LEA
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Bottom Hole Location

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FWL	Latitude 32.783751	Longitude -103.583807	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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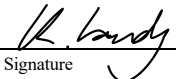
First Take Point (FTP)

UL N	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 2,310' FWL	Latitude 32.740752	Longitude -103.583653	County LEA
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Last Take Point (LTP)

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FWL	Latitude 32.783751	Longitude -103.583807	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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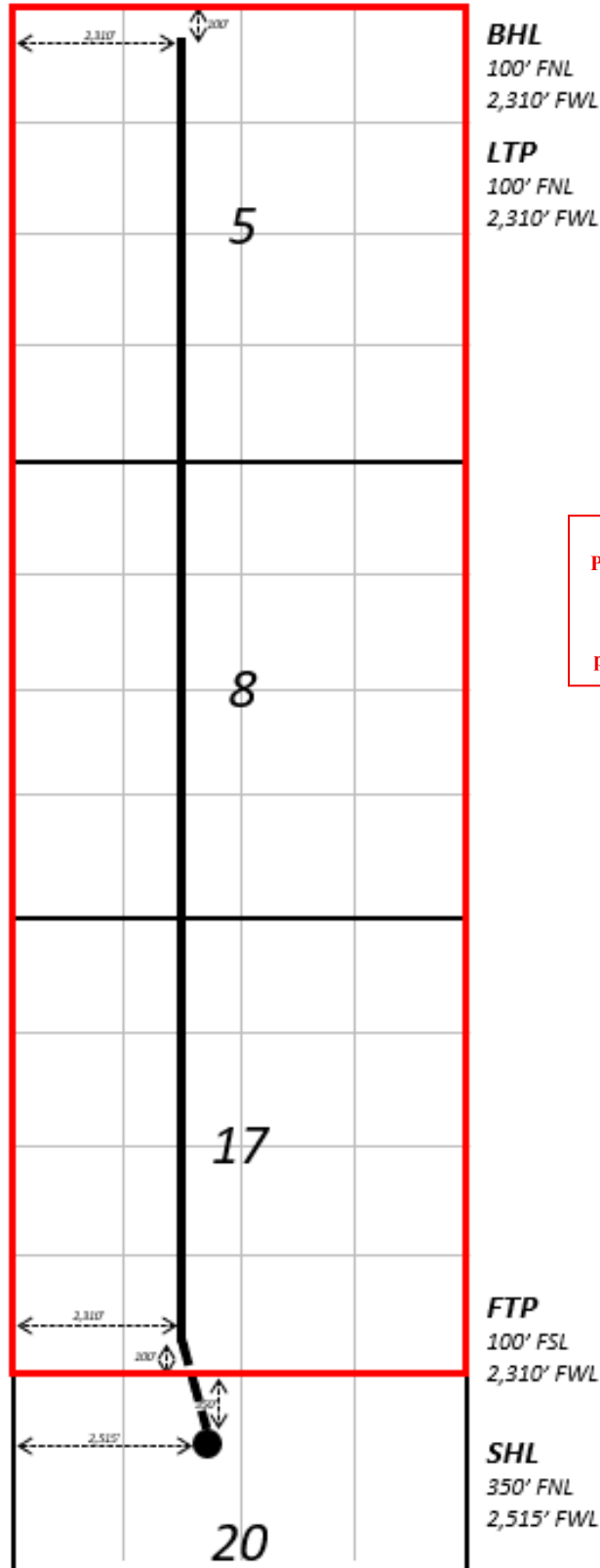
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



122H

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WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 123H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,565' FWL	Latitude 32.739516	Longitude -103.582819	County LEA
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Bottom Hole Location

UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FEL	Latitude 32.783759	Longitude -103.579526	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL O	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 1,650' FEL	Latitude 32.740752	Longitude -103.579334	County LEA
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Last Take Point (LTP)

UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FEL	Latitude 32.783759	Longitude -103.579526	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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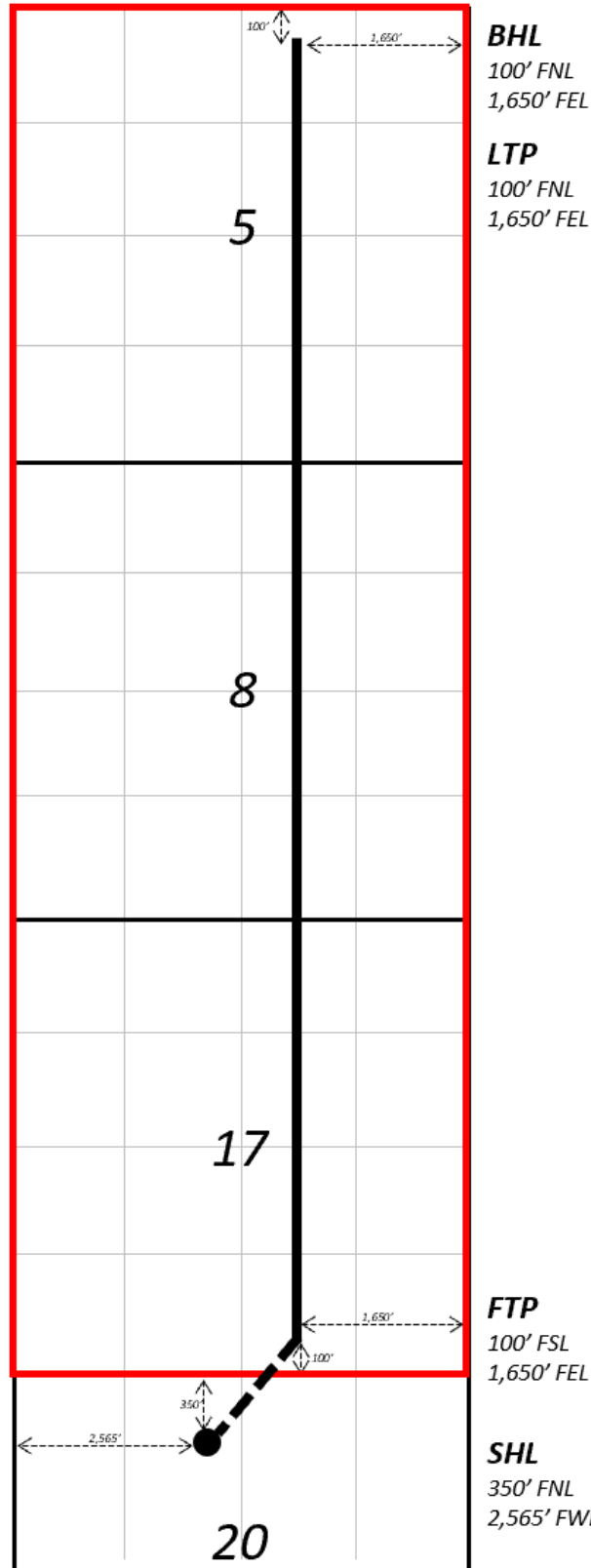
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



123H

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Section 20 not
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WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 124H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL C	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,615 FWL	Latitude 32.739516	Longitude -103.582657	County LEA
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Bottom Hole Location

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FEL	Latitude 32.783767	Longitude -103.575231	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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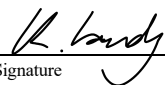
First Take Point (FTP)

UL P	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 330' FEL	Latitude 32.740752	Longitude -103.575042	County LEA
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Last Take Point (LTP)

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FEL	Latitude 32.783767	Longitude -103.575231	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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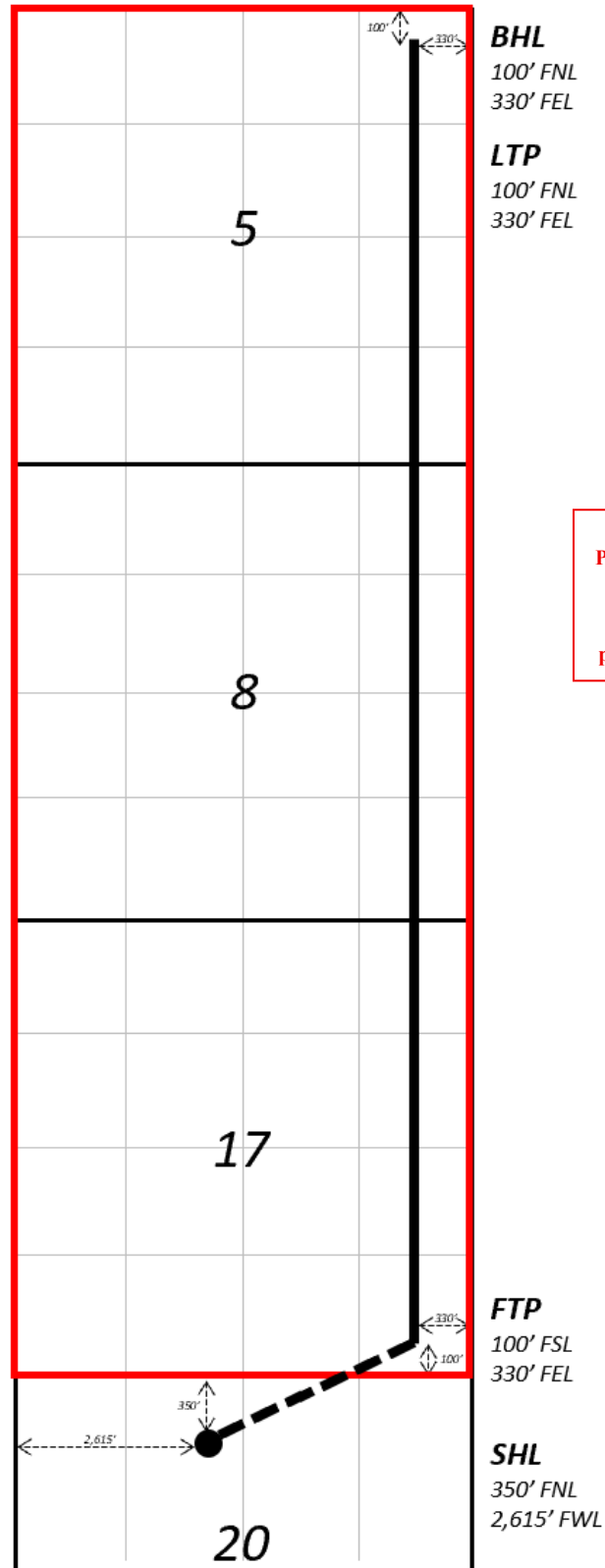
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DRAFT – NOT SURVEYED

**Proposed 1,920-
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HSU.**



124H

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WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 131H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,365' FEL	Latitude 32.739516	Longitude -103.581656	County LEA
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Bottom Hole Location

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FWL	Latitude 32.783740	Longitude -103.590249	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL M	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 330' FWL	Latitude 32.740752	Longitude -103.590093	County LEA
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Last Take Point (LTP)

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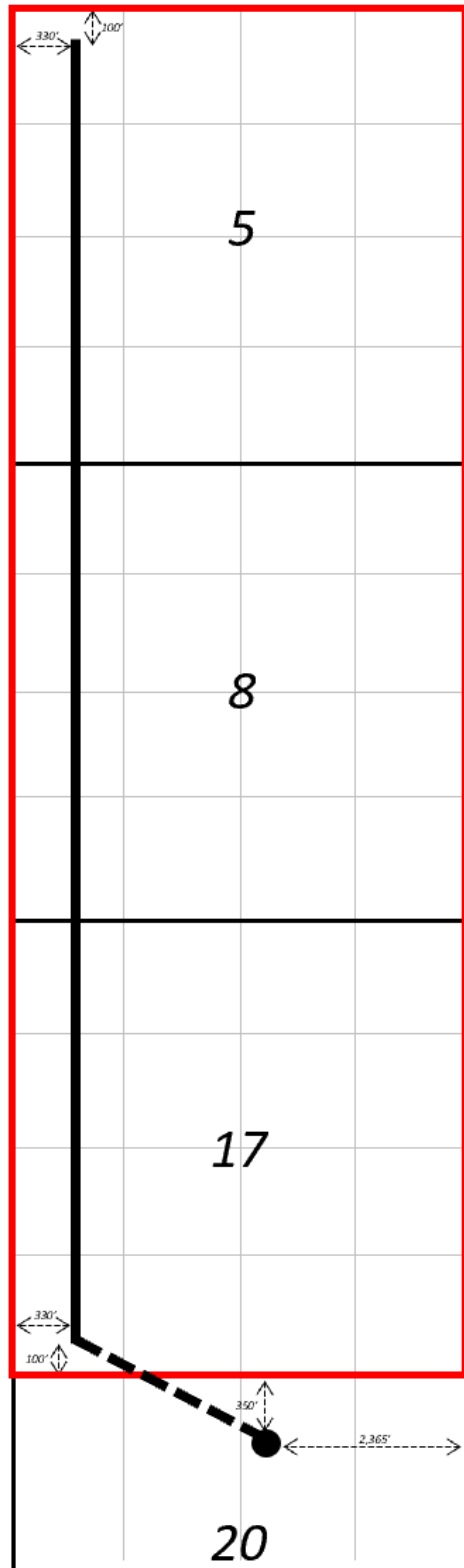
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



BHL
100' FNL
330' FWL

131H

LTP
100' FNL
330' FWL

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FTP
100' FSL
330' FWL

SHL
350' FNL
2,365' FEL

**Off-unit SHL –
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Bottom Hole Location

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FWL	Latitude 32.783748	Longitude -103.585954	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

UL N	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 1,650' FWL	Latitude 32.740752	Longitude -103.585800	County LEA
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Last Take Point (LTP)

UL C	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FWL	Latitude 32.783748	Longitude -103.585954	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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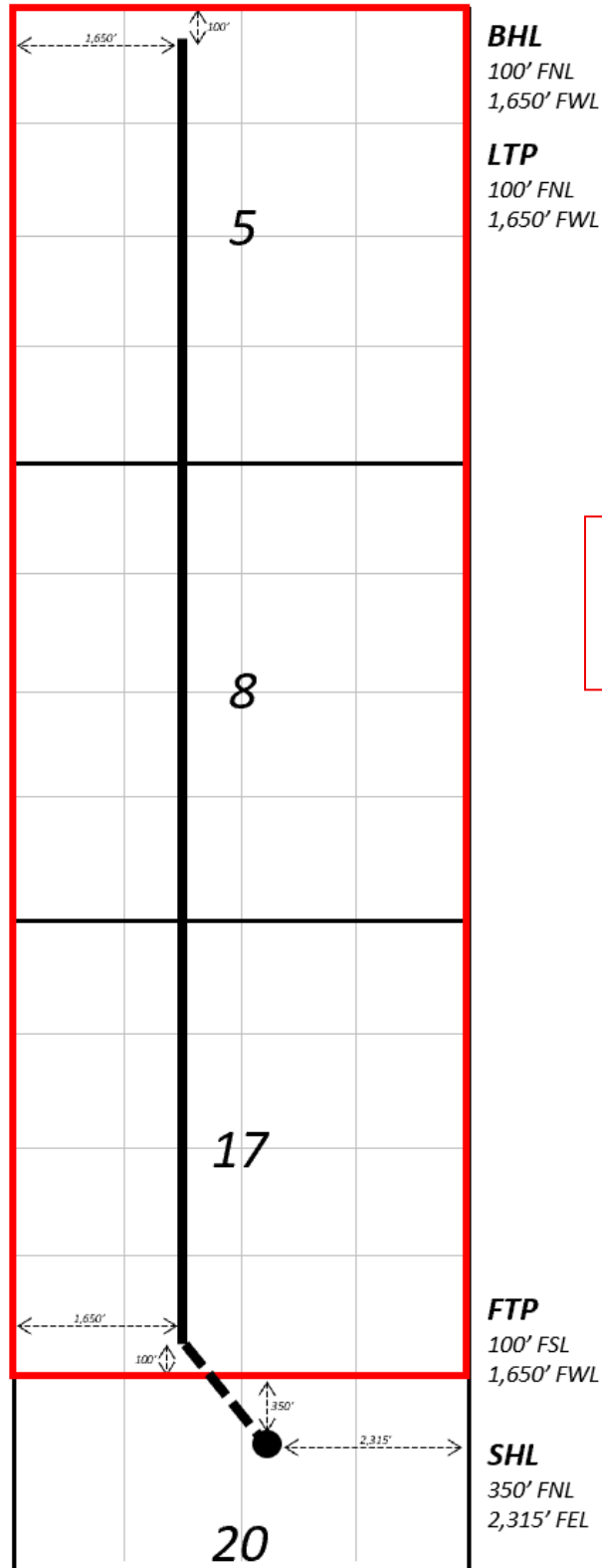
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



132H

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**Off-unit SHL –
Section 20 not
included in HSU**

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled
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WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 133H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,265' FEL	Latitude 32.739516	Longitude -103.581331	County LEA
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Bottom Hole Location

UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.783755	Longitude -103.581673	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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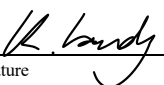
First Take Point (FTP)

UL O	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 2,310' FEL	Latitude 32.740752	Longitude -103.581481	County LEA
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Last Take Point (LTP)

UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.783755	Longitude -103.581673	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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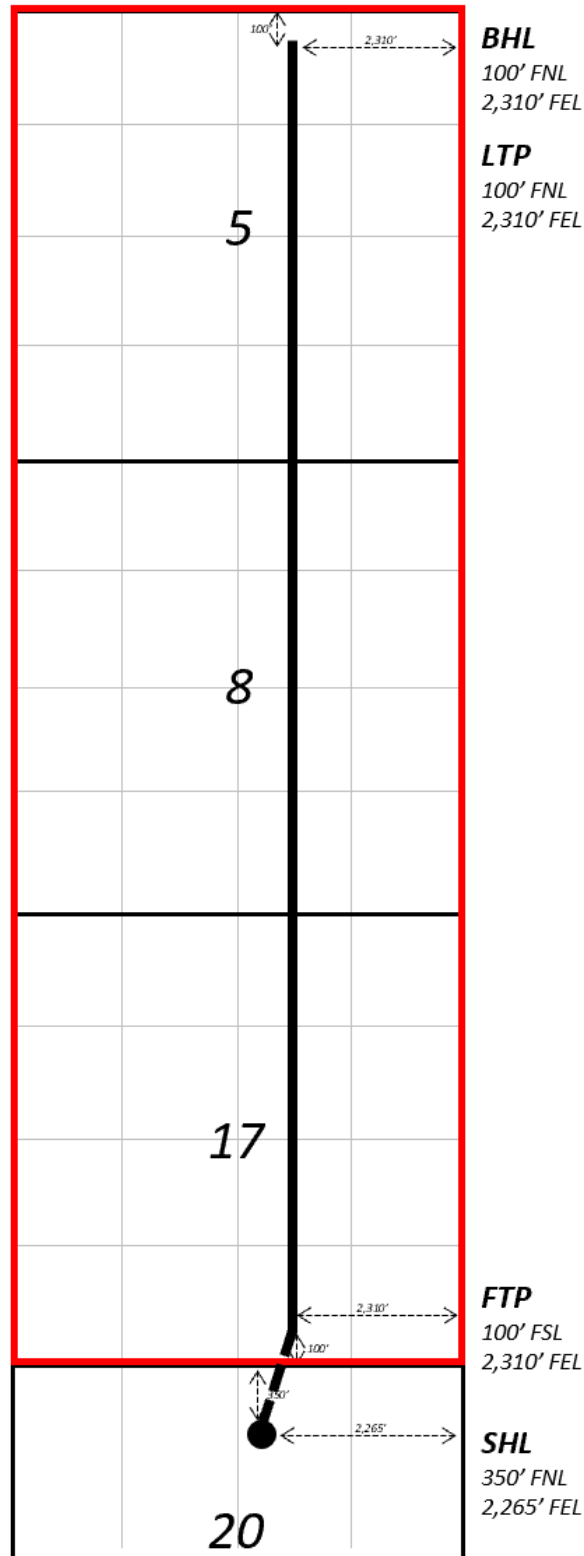
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



133H

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	Submittal Type:	☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 45793	Pool Name MESCALERO ESCARPE; BONE SPRING
Property Code	Property Name CHANCER 5-17 STATE	Well Number 134H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,115' FEL	Latitude 32.739516	Longitude -103.580843	County LEA
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Bottom Hole Location

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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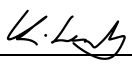
First Take Point (FTP)

UL P	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 990' FEL	Latitude 32.740752	Longitude -103.577188	County LEA
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Last Take Point (LTP)

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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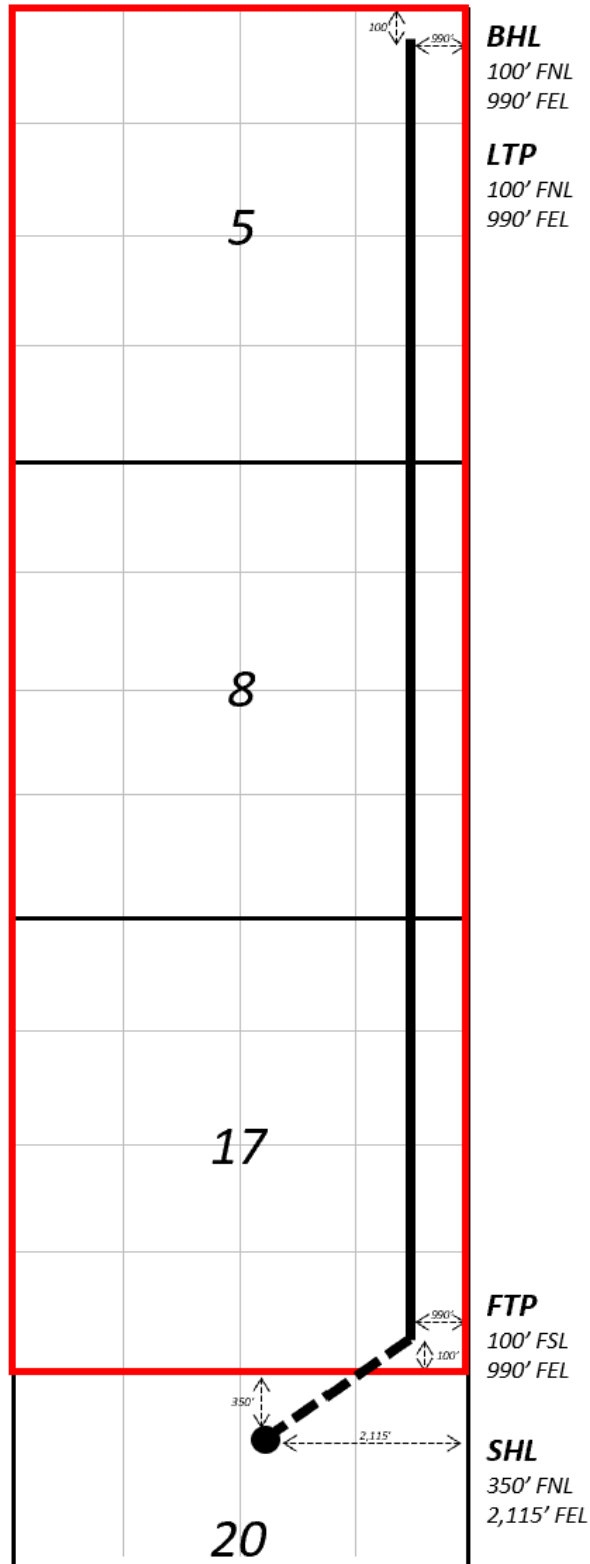
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DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



134H

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	Submittal Type:	☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 21670	Pool Name E-K; WOLFCAMP
Property Code	Property Name CHANCER 5-17 STATE	Well Number 211H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,065' FEL	Latitude 32.739516	Longitude -103.580681	County LEA
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Bottom Hole Location

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FWL	Latitude 32.783740	Longitude -103.590249	County LEA
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Dedicated Acres 1,920	Infill or Defining Well DEFINING	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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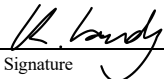
First Take Point (FTP)

UL M	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 330' FWL	Latitude 32.740752	Longitude -103.590093	County LEA
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Last Take Point (LTP)

UL D	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 330' FWL	Latitude 32.783740	Longitude -103.590249	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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WELL LOCATION INFORMATION

API Number TBD	Pool Code 21670	Pool Name E-K; WOLFCAMP
Property Code	Property Name CHANCER 5-17 STATE	Well Number 212H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 2,015' FEL	Latitude 32.739516	Longitude -103.580518	County LEA
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Bottom Hole Location

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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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First Take Point (FTP)

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Last Take Point (LTP)

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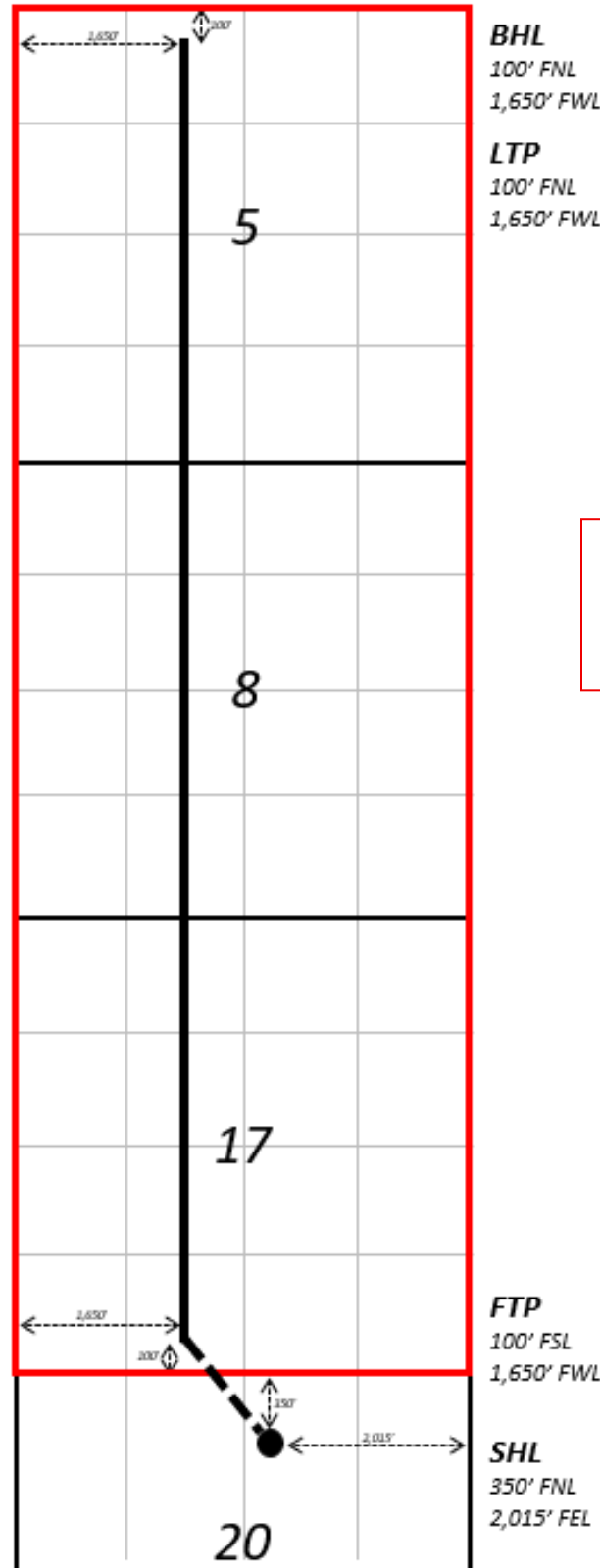
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HSU.**



212H

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Property Code	Property Name CHANCER 5-17 STATE	Well Number 213H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

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Bottom Hole Location

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Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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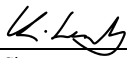
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UL B	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.783755	Longitude -103.581673	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
---	--	---------------------------------------

OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>  Signature 09/06/2026 Date Kayleigh Landry Printed Name kayleigh@fedoperating.com Email Address	SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> _____ Signature and Seal of Professional Surveyor _____ Certificate Number _____ Date of Survey
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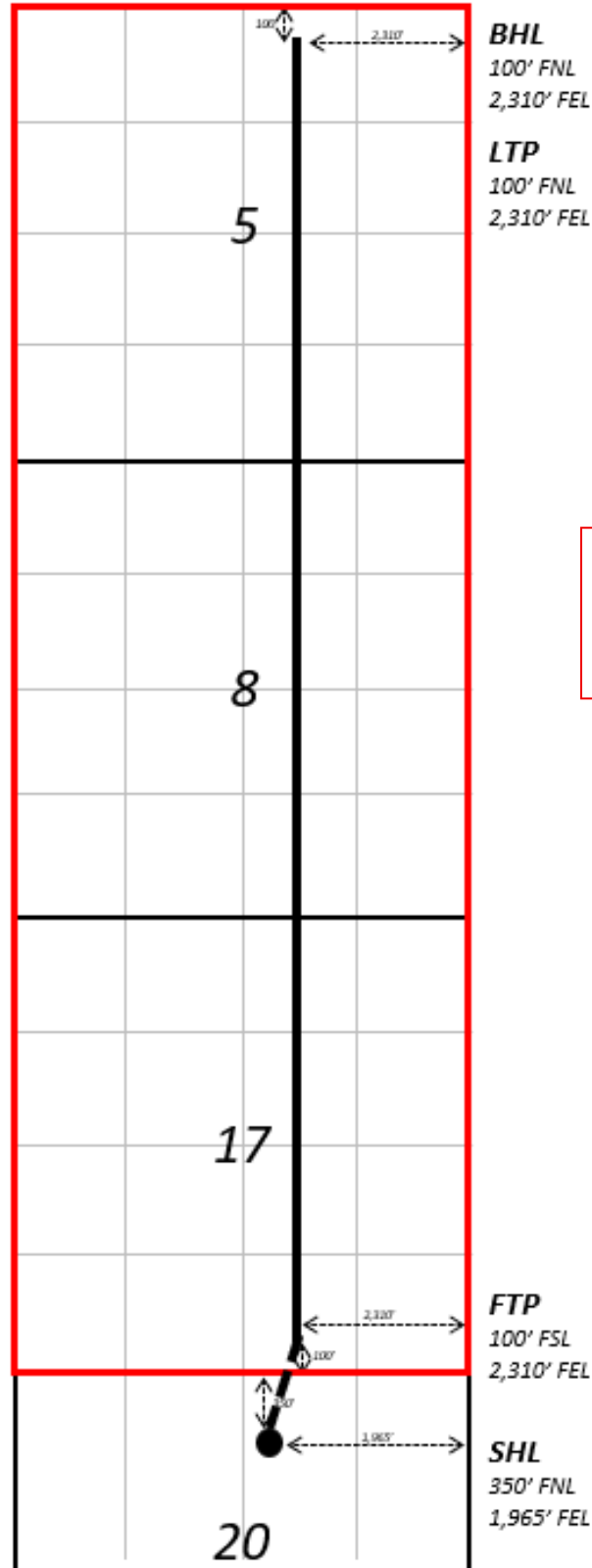
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



213H

**PRELIMINARY – FOR HEARING
PURPOSES ONLY.** Preliminary coordinates
are NAD83 and derived from publicly
available GIS data and have not been field-
surveyed. Final locations are subject to
professional survey and regulatory approval.

**Off-unit SHL –
Section 20 not
included in HSU**

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION DRAFT	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: ☒ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number TBD	Pool Code 21670	Pool Name E-K; WOLFCAMP
Property Code	Property Name CHANCER 5-17 STATE	Well Number 214H
OGRID No. 333904	Operator Name FED OPERATING, LLC	Ground Level Elevation 4,059' EST
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL B	Section 20	Township 18-S	Range 34-E	Lot	Ft. from N/S 350' FNL	Ft. from E/W 1,915' FEL	Latitude 32.739516	Longitude -103.580193	County LEA
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Bottom Hole Location

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Dedicated Acres 1,920	Infill or Defining Well INFILL	Defining Well API TBD	Overlapping Spacing Unit (Y/N) Y	Consolidation Code P
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL TBD	Section TBD	Township 18-S	Range 34-E	Lot	Ft. from N/S TBD	Ft. from E/W TBD	Latitude TBD	Longitude TBD	County LEA
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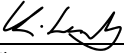
First Take Point (FTP)

UL P	Section 17	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 990' FEL	Latitude 32.740752	Longitude -103.577188	County LEA
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Last Take Point (LTP)

UL A	Section 5	Township 18-S	Range 34-E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.783763	Longitude -103.577378	County LEA
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Unitized Area or Area of Uniform Interest N/A	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: TBD
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OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>  Signature 09/06/2026 Date Kayleigh Landry Printed Name kayleigh@fedoperating.com Email Address	SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> _____ Signature and Seal of Professional Surveyor _____ Certificate Number _____ Date of Survey
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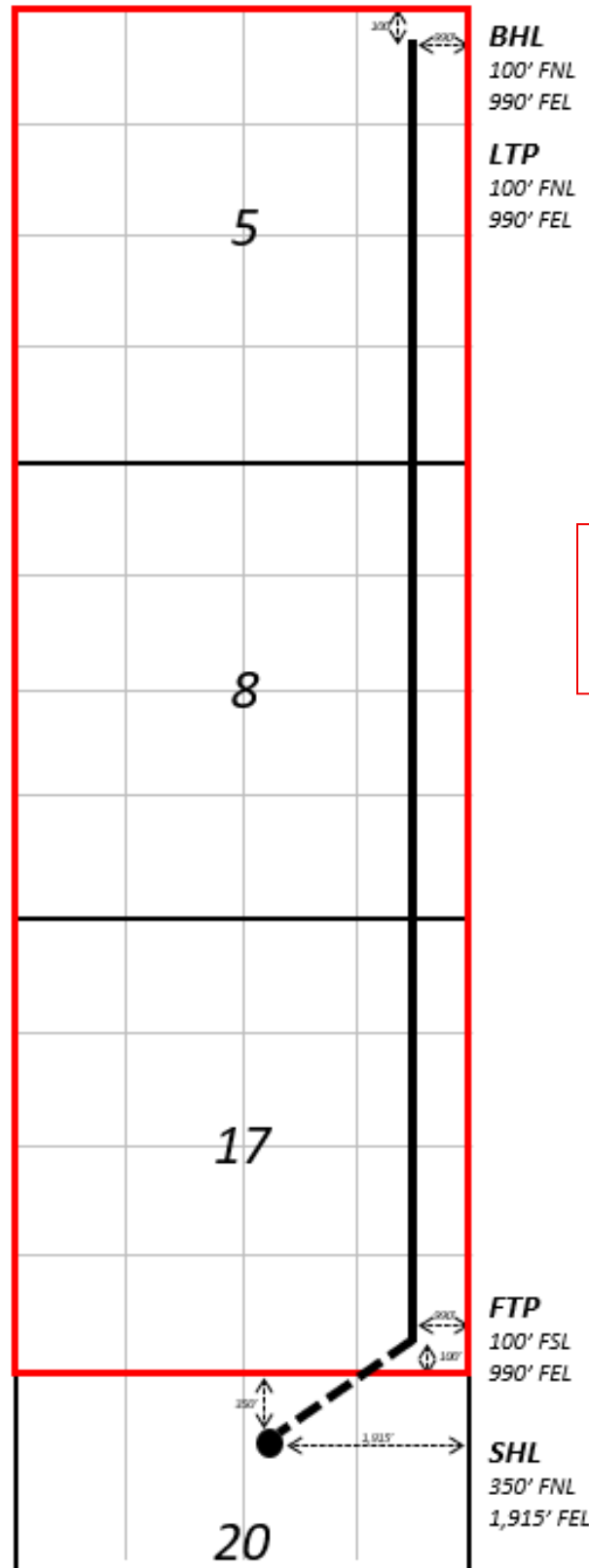
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

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Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

DRAFT – NOT SURVEYED

**Proposed 1,920-
acre non-standard
HSU.**



214H

**PRELIMINARY – FOR HEARING
PURPOSES ONLY.** Preliminary coordinates
are NAD83 and derived from publicly
available GIS data and have not been field-
surveyed. Final locations are subject to
professional survey and regulatory approval.

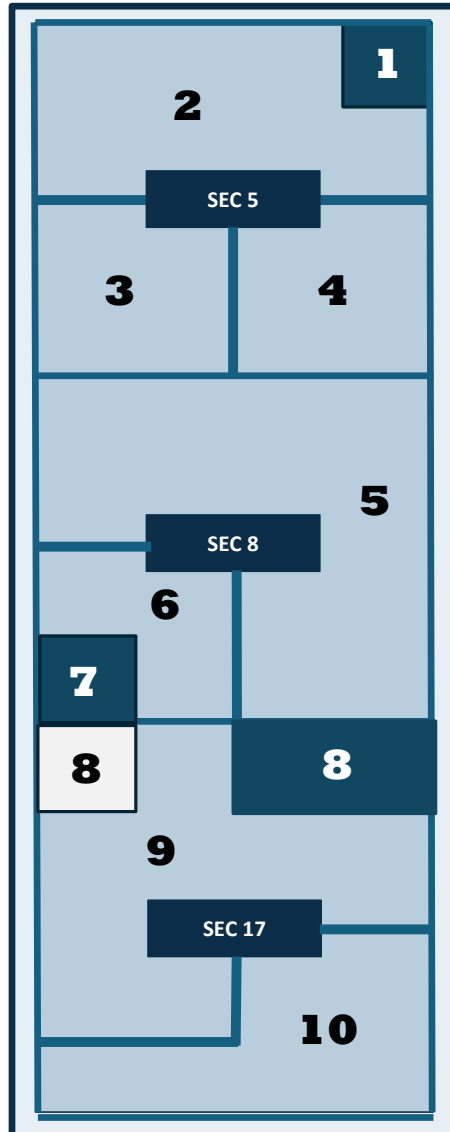
**Off-unit SHL –
Section 20 not
included in HSU**

Chancer 5-17 State#111H-114H, #121-124H, #131H-134H
#211H-214H**Lease Tract Map**

Exhibit C-3

**FED Operating owns majority working interest in the unit**

N ↑



Tract No.	Type	Lease / ID	Acres
1	STATE	B0-4118-00	40.00
2	STATE	B0-4118-01	280.00
3	STATE	VC-0938-01	160.00
4	STATE	B0-3011-03	160.00
5	STATE	E0-7990-03	480.00
6	STATE	E0-5014-04	120.00
7	STATE	LG-1284-01	40.00
8	STATE	LG-3406-01	120.00
9	STATE	LG-1125-01	280.00
10	STATE	LG-2868-02	240.00
TOTAL			1920.00

Chancer 5-17 State

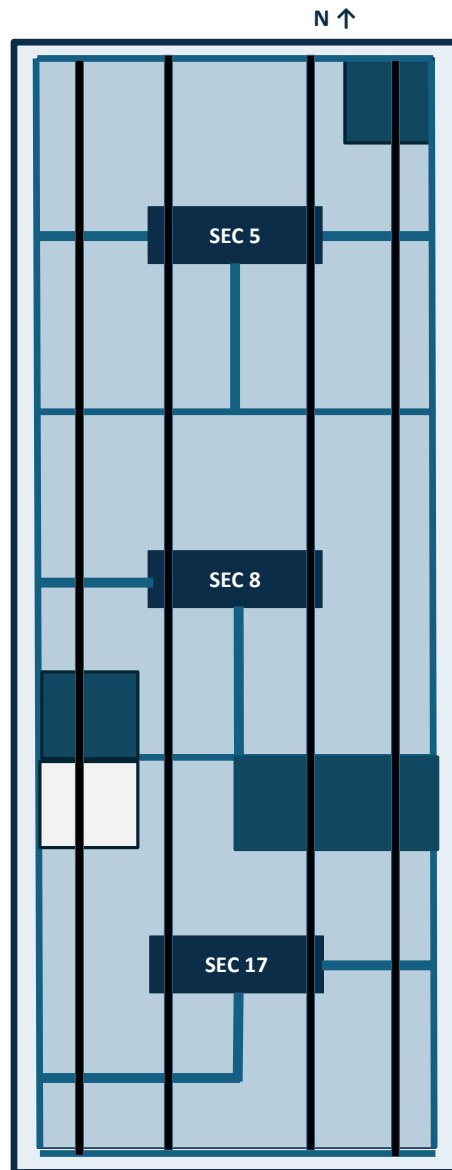
#111H-114H, #121-124H, #131H-134H

Lease Tract Map with Locations

Exhibit C-3



Tract map with approximate well locations



Approximate lateral paths

Well Name	Surface / BHL	Target
Chancer 5-17 State #111H	NE4NW4 Sec 20 / NW4NW4 Sec 5	1BS
Chancer 5-17 State #112H	NW4NE4 Sec 20 / NW4NW4NE4NW4 Sec 5	1BS
Chancer 5-17 State #113H	NW4NE4 Sec 20 / NW4NE4 Sec 5	1BS
Chancer 5-17 State #114H	NW4NE4 Sec 20 / NW4NW4NE4NE4 Sec 5	1BS
Chancer 5-17 State #121H	NE4NW4 Sec 20 / NW4NW4 Sec 5	2BS
Chancer 5-17 State #122H	NE4NW4 Sec 20 / NW4NW4NE4NW4 Sec 5	2BS
Chancer 5-17 State #123H	NE4NW4 Sec 20 / NW4NE4 Sec 5	2BS
Chancer 5-17 State #124H	NW4NE4 Sec 20 / NW4NW4NE4NE4 Sec 5	2BS
Chancer 5-17 State #131H	NW4NE4 Sec 20 / NW4NW4 Sec 5	3BS
Chancer 5-17 State #132H	NW4NE4 Sec 20 / NW4NW4NE4NW4 Sec 5	3BS
Chancer 5-17 State #133H	NW4NE4 Sec 20 / NW4NE4 Sec 5	3BS
Chancer 5-17 State #134H	NW4NE4 Sec 20 / NW4NW4NE4NE4 Sec 5	3BS

Chancer 5-17 State

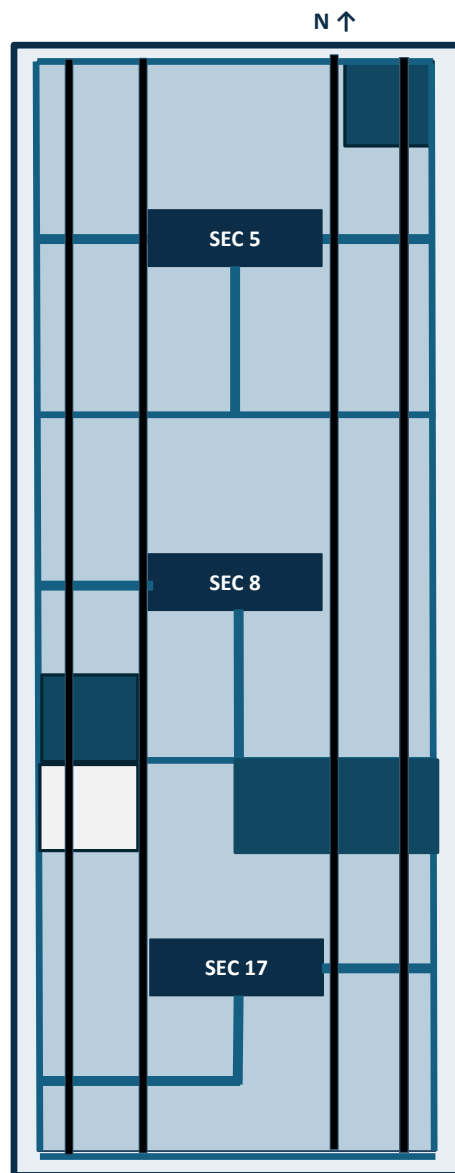
#211H-214H

Lease Tract Map with Locations

Exhibit C-3



Tract map with approximate well locations



Approximate lateral paths

Well Name	Surface / BHL	Target
Chancer 5-17 State #211H	NW4NE4 Sec 20 / NW4NW4 Sec 5	WC
Chancer 5-17 State #211H	NW4NE4 Sec 20 / NW4NW4NE4NW4 Sec 5	WC
Chancer 5-17 State #213H	NW4NE4 Sec 20 / NW4NW4 Sec 5	WC
Chancer 5-17 State #214H	NW4NE4 Sec 20 / NW4NW4NE4NW4 Sec 5	WC

Chancer 5-17 State

#111H-114H, #121-124H, #131H-134H
#211H-214H

Summary of Working Interest Owners

Exhibit C-3



All of Sections 5, 8, 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico

Owner	Type	WI	NMA	Tract(s)	Status
FED Operating, LLC and its affiliates	WI/RT	27.78%	533.33	1, 2, 3, 5	OPERATOR
Occidental Permian Ltd.	WI/RT	25.00%	480.00	6, 7, 9	UNCOMMITTED – COMPULSARY POOL
Colt Energy, LLC	WI	8.33%	160.00	5	UNCOMMITTED – COMPULSARY POOL
Armstrong Energy Corporation	WI/RT	8.33%	160.00	4	UNCOMMITTED – COMPULSARY POOL
Hilcorp Permian CT TXNM, LLC	WI	7.81%	150.00	10	UNCOMMITTED – COMPULSARY POOL
Mewbourne Oil Company	WI	6.96%	133.65	8, 10	UNCOMMITTED – COMPULSARY POOL
Stumhoffer Family Partnership, LP	WI	3.91%	75.00	8, 10	UNCOMMITTED – COMPULSARY POOL
C. W. Seely	WI	3.13%	60.00	6	UNCOMMITTED – COMPULSARY POOL
Cavalry Resources, LLC	WI	2.78%	53.33	5	COMMITTED – FED SUPPORT
DSD Energy II, LLC	WI	2.78%	53.33	5	COMMITTED – FED SUPPORT
EOG Resources Inc.	WI	2.34%	45.00	8	UNCOMMITTED – COMPULSARY POOL
Estate of Patsy Carr, Deceased	WI	0.39%	7.50	8	UNCOMMITTED – COMPULSARY POOL
Seely Oil Company	WI/RT	0.39%	7.50	8	UNCOMMITTED – COMPULSARY POOL
Rockwood Energy, LP	WI	0.07%	1.35	8, 10	UNCOMMITTED – COMPULSARY POOL
TOTAL		100.00%	1920.00		Highlighted = action required / party to be pooled



PO BOX 4695, MIDLAND, TX 79704-4695

Cases 26131-26132
EXHIBIT C-4

November 18, 2025

INSERT ADDRESS

XXX LLC

16400 Dallas Parkway Ste: 305

Dallas, Texas 75248

Attn: XXX XXX

Re: **Well Proposals**

Chancer 5-17 State #111H, #112H, #113H, #114H, #121H, #122H, #123H, #124H, #131H, #132H, #133H, #134H, #211H, #212H, #213H, #214H

All of Sections 5, 8, & 17, Township 18 South, Range 34 East

Lea County, New Mexico

Ladies and Gentlemen:

FED Operating, LLC ("FED"), hereby proposes to drill and complete the Chancer 5-17 State #111H, #112H, #113H, #114H, #121H, #122H, #123H, #124H, #131H, #132H, #133H, #134H, #211H, #212H, #213H, and #214H wells in Sections 5, 8 and 17, Township 18 South, Range 34 East, Lea County, New Mexico. FED is finalizing reports and title shows that you have an interest in the referenced lands.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the sixteen (16) enclosed Authority for Expenditures ("AFE") dated November 18, 2025.
- **Chancer 5-17 State #111H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,265' FWL and a BHL of S5-T18S-R34E 100' FNL, 330' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 8,850' TVD and will be drilled horizontally to a Measured Depth of approximately 24,490'.
- **Chancer 5-17 State #112H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,315' FWL and a BHL of S5-T18S-R34E 100' FNL, 1,650' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 8,850' TVD and will be drilled horizontally to a Measured Depth of approximately 24,490'.

- **Chancer 5-17 State #113H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,365' FWL and a BHL of S5-T18S-R34E 100' FNL, 2,310' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 8,850' TVD and will be drilled horizontally to a Measured Depth of approximately 24,490'.
- **Chancer 5-17 State #114H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,415' FWL and a BHL of S5-T18S-R34E 100' FNL, 990' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 8,850' TVD and will be drilled horizontally to a Measured Depth of approximately 24,490'.
- **Chancer 5-17 State #121H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,465' FWL and a BHL of S5-T18S-R34E 100' FNL, 990' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,550' TVD and will be drilled horizontally to a Measured Depth of approximately 25,190'.
- **Chancer 5-17 State #122H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,515' FWL and a BHL of S5-T18S-R34E 100' FNL, 2,310' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,550' TVD and will be drilled horizontally to a Measured Depth of approximately 25,190'.
- **Chancer 5-17 State #123H:** to be drilled from a SHL of S20-T18S-R34E 350" FNL, 2,565' FWL and a BHL of S5-T18S-R34E 100' FNL, 1,650' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,550' TVD and will be drilled horizontally to a Measured Depth of approximately 25,190'.
- **Chancer 5-17 State #124H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,615' FWL and a BHL of S5-T18S-R34E 100' FNL, 330' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,550' TVD and will be drilled horizontally to a Measured Depth of approximately 25,190'.
- **Chancer 5-17 State #131H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,365' FEL and a BHL of S5-T18S-R34E 100' FNL, 330' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,150' TVD and will be drilled horizontally to a Measured Depth of approximately 25,790'.
- **Chancer 5-17 State #132H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,315' FEL and a BHL of S5-T18S-R34E 100' FNL, 1,650' FWL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,150' TVD and will be drilled horizontally to a Measured Depth of approximately 25,790'.
- **Chancer 5-17 State #133H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,265' FEL and a BHL of S5-T18S-R34E 100' FNL, 2,310' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,150' TVD and will be drilled horizontally to a Measured Depth of approximately 25,790'.

- **Chancer 5-17 State #134H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,115' FEL and a BHL of S5-T18S-R34E 100' FNL, 990' FEL. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,150' TVD and will be drilled horizontally to a Measured Depth of approximately 25,790'.
- **Chancer 5-17 State #211H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,065' FEL and a BHL of S5-T18S-R34E 100' FNL, 330' FWL. The Well will have a targeted interval within the Wolfcamp formation at a depth of approximately 11,600' TVD and will be drilled horizontally to a Measured Depth of approximately 27,240'.
- **Chancer 5-17 State #212H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 2,015' FEL and a BHL of S5-T18S-R34E 100' FNL, 1,650' FWL. The Well will have a targeted interval within the Wolfcamp formation at a depth of approximately 11,600' TVD and will be drilled horizontally to a Measured Depth of approximately 27,240'.
- **Chancer 5-17 State #213H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 1,965' FEL and a BHL of S5-T18S-R34E 100' FNL, 2,310' FEL. The Well will have a targeted interval within the Wolfcamp formation at a depth of approximately 11,600' TVD and will be drilled horizontally to a Measured Depth of approximately 27,240'.
- **Chancer 5-17 State #214H:** to be drilled from a SHL of S20-T18S-R34E 350' FNL, 1,915' FEL and a BHL of S5-T18S-R34E 100' FNL, 990' FEL. The Well will have a targeted interval within the Wolfcamp formation at a depth of approximately 11,600' TVD and will be drilled horizontally to a Measured Depth of approximately 27,240'.

FED reserves the right to modify the locations and drilling plans described above to address topography, cultural or environmental concerns, among other reasons.

FED is proposing to drill the proposed wells under the terms of a modified 1989 AAPL form of Operating Agreement ("JOA"). This JOA will be sent to you following this proposal with the following general provisions:

- 100%/300%/300% non-consent penalty
- \$10,000/\$1,000 drilling and producing monthly overhead rates
- Contract Area of Section 5-T18S-R34E, Section 8-T18S-R34E and Section 17-T18S-R34E
- This proposed Operating Agreement will supersede any and all existing Operating Agreements as to all depths on all horizontal wells drilled after the effective date of the JOA.

If we do not reach an agreement within thirty (30) days of receipt of these well proposals, FED will file an application(s) with the New Mexico Oil Conservation Division to compulsory pool your interest into a spacing unit(s) for the proposed wells to promote the development of these lands.

Please indicate your elections in the spaces provided on the following pages. If you elect to participate in the drilling and completion of the wells proposed herein, please sign, and return a copy of this letter along with the enclosed AFEs within thirty (30) days of receipt of this proposal.

In the event you do not wish to participate in this proposed development and would be interested in selling your interest, please let us know. Should you have any questions, please contact the undersigned at kayleigh@fedoperating.com.

Sincerely,

Kayleigh Landry

Senior Planning Engineer



PO BOX 4695, MIDLAND, TX 79704-4695

AUTHORIZATION FOR EXPENDITURE**AFE: NM100**

Well Name: Chancer 5-17 State #111H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 24,490'/8,850'

SHL: S20-T18S-R34E 350' FNL, 2,265' FWL

BHL: S5-T18S-R34E 100' FNL, 330' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #111H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,329,139
COMPLETIONS:	\$6,315,692
FACILITIES:	\$1,188,950
COMPLETED WELL COST:	\$12,833,782

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM100
Chancer 5-17 State #111H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
24490'/8850'

INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	21,753	202.01	-	203.01	-	21,753
Staking/Surveying	201.02	21,753	202.02	-	203.02	-	21,753
Legal/Title Services	201.03	18,852	202.03	-	203.03	-	18,852
Surface Damage/Row	201.04	50,756	202.04	-	203.04	-	50,756
Permanent Easement	201.05	17,402	202.05	-	203.05	-	17,402
Road/Locations/Pits	201.06	138,674	202.06	-	203.06	-	138,674
Rig Mob/Trucking	201.07	184,899	202.07	-	203.07	-	184,899
Rig Mob/Standby Rate	201.08	50,901	202.08	-	203.08	-	50,901
Daywork Contract	201.09	838,284	202.09	-	203.09	-	838,284
Directional Drill/Survey	201.10	370,182	202.10	-	203.10	-	370,182
Conductor Hole/Service	201.11	61,633	202.11	-	203.11	-	61,633
Drill Bit	201.12	142,118	202.12	-	203.12	-	142,118
Bits/Tools/Stabilizers	201.13	81,625	202.13	-	203.13	-	81,625
Fuel/Power	201.14	210,168	202.14	-	203.14	-	210,168
Fuel/Mud	201.15	124,716	202.15	-	203.15	-	124,716
Rig Water	201.16	28,097	202.16	-	203.16	-	28,097
Mud/Chemicals/Acidizing	201.17	322,418	202.17	-	203.17	-	322,418
Inspection/Testing & Repair	201.18	53,657	202.18	-	203.18	-	53,657
Cement Services/Float Equip	201.19	390,100	202.19	-	203.19	-	390,100
Casing Crew/Tools	201.20	101,513	202.20	-	203.20	-	101,513
Contract Labor/Roustabout	201.21	39,155	202.21	-	203.21	-	39,155
Materials Supplies	201.22	7,251	202.22	-	203.22	-	7,251
Trucking/Vacuum/Transp	201.23	33,717	202.23	-	203.23	-	33,717
Solids Control/Closed Loop System	201.24	88,366	202.24	-	203.24	-	88,366
Disposal	201.25	209,553	202.25	-	203.25	-	209,553
Wellhead Prepare/Repair	201.26	18,127	202.26	-	203.26	-	18,127
Rental Equipment	201.27	123,628	202.27	-	203.27	-	123,628
Mancamp	201.28	58,442	202.28	-	203.28	-	58,442
Wellsite Supervision	201.29	130,372	202.29	-	203.29	-	130,372
Safety/Environmental	201.30	24,726	202.30	-	203.30	-	24,726
Well Control Insurance	201.31	12,363	202.31	-	203.31	-	12,363
Contingency	201.32	178,884	202.32	-	203.32	-	178,884
Completion							
Road/Locations/Pits	201.33	-	202.33	17,460	203.33	-	17,460
Wireline Open/Cased Hole	201.34	-	202.34	66,515	203.34	-	66,515
Fuel/Power	201.35	-	202.35	422,240	203.35	-	422,240
Coiled Tubing	201.36	-	202.36	303,287	203.36	-	303,287
Water Disposal/Vacuum Truck	201.37	-	202.37	31,254	203.37	-	31,254
Trucking	201.38	-	202.38	23,904	203.38	-	23,904
Electric Logging/Perforating	201.39	-	202.39	609,504	203.39	-	609,504
Completion Fluids	201.40	-	202.40	16,629	203.40	-	16,629
Well Stimulation/Fracture	201.41	-	202.41	2,988,503	203.41	-	2,988,503
Contract Labor/Roustabout	201.42	-	202.42	24,943	203.42	-	24,943
Water Handling	201.43	-	202.43	291,005	203.43	-	291,005
Source Water	201.44	-	202.44	476,833	203.44	-	476,833
Wellhead/Fracture Repair	201.45	-	202.45	66,515	203.45	-	66,515
Rental Equipment	201.46	-	202.46	279,953	203.46	-	279,953
Wellsite Supervision	201.47	-	202.47	74,082	203.47	-	74,082
Supervision/Engineering	201.48	-	202.48	8,314	203.48	-	8,314
Safety/Environmental	201.49	-	202.49	24,943	203.49	-	24,943
Overhead	201.50	-	202.50	16,629	203.50	-	16,629
Artificial Lift							
Workover Rig	201.51	-	202.51	15,141	203.51	-	15,141
Spooling Services	201.52	-	202.52	6,056	203.52	-	6,056
Wireline Open/Cased Hole	201.53	-	202.53	5,047	203.53	-	5,047
Inspection & Testing	201.54	-	202.54	3,028	203.54	-	3,028
Trucking/Vacuum/Transp	201.55	-	202.55	7,066	203.55	-	7,066
Kill Truck	201.56	-	202.56	5,047	203.56	-	5,047
Completion Fluids	201.57	-	202.57	5,047	203.57	-	5,047
Contract Labor/Roustabout	201.58	-	202.58	10,094	203.58	-	10,094
Rental Equipment	201.59	-	202.59	10,094	203.59	-	10,094
Laydown Machine	201.60	-	202.60	5,047	203.60	-	5,047
Reverse Unit Rental	201.61	-	202.61	5,047	203.61	-	5,047
Wellsite Supervision	201.62	-	202.62	9,085	203.62	-	9,085
Acid	201.63	-	202.63	25,235	203.63	-	25,235
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,262	1,262
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,047	5,047
Road Locations Pits	201.66	-	202.66	-	201.66	37,853	37,853
Materials & Supplies	201.67	-	202.67	-	201.67	10,094	10,094
Transportation rucking	201.68	-	202.68	-	201.68	7,571	7,571
Rental Equipment	201.69	-	202.69	-	201.69	20,188	20,188
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,262	1,262
Inspection & Testing	201.71	-	202.71	-	201.71	631	631
Contract Labor/Roustab	201.72	-	202.72	-	201.72	75,705	75,705
Supervision	201.73	-	202.73	-	201.73	25,235	25,235
Consulting Services	201.74	-	202.74	-	201.74	1,262	1,262
Safety/Environmental	201.75	-	202.75	-	201.75	3,785	3,785
Company Labor	201.76	-	202.76	-	201.76	1,262	1,262
Contingency	201.77	-	202.77	-	201.77	24,037	24,037
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	167,878	167,878
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	20,188	20,188
Well Testing/Flowback	201.80	-	202.80	-	201.80	110,025	110,025
Tank Rental	201.81	-	202.81	-	201.81	20,188	20,188
Surface Pump Rental	201.82	-	202.82	-	201.82	20,188	20,188
Wellsite Supervision	201.83	-	202.83	-	201.83	10,094	10,094
Chemicals	201.84	-	202.84	-	201.84	15,141	15,141
TOTAL INTANGIBLE COSTS		\$ 4,154,087		\$ 5,853,549		\$ 578,894	\$ 10,586,530

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	123,631	302.01	-	303.01	-	123,631
Casing - Intermediate	301.02	265,013	302.02	-	303.02	-	265,013
Casing Production	301.03	632,327	302.03	-	303.03	-	632,327
Wellhead Equipment	301.04	77,041	302.04	-	303.04	-	77,041
Packer/Downhole Tools	301.05	77,041	302.05	-	303.05	-	77,041
Completion							
Wellhead Equipment	301.06	-	302.06	78,571	303.06	-	78,571
Artificial Lift							
Tubing	301.07	-	302.07	65,611	303.07	-	65,611
Downhole Artificial Lift Equip	301.08	-	302.08	15,141	303.08	-	15,141
ESP Equipment/Install	301.09	-	302.09	100,940	303.09	-	100,940
Wellhead Equipment	301.10	-	302.10	50,470	303.10	-	50,470
Well Site Power Equipment/Install	301.11	-	302.11	75,705	303.11	-	75,705
OHP Infrastructure Equipment/Install	301.12	-	302.12	50,470	303.12	-	50,470
Valves/Connections/FTGS	301.13	-	302.13	15,141	303.13	-	15,141
Measurement Equipment	301.14	-	302.14	5,047	303.14	-	5,047
Comm, Telemetry & Automa	301.15	-	302.15	5,047	303.15	-	5,047
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	101,697	101,697
Heater Treater/Seperator	301.17	-	302.17	-	303.17	122,390	122,390
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	113,558	113,558
Circulating Transfer Pump	301.19	-	302.19	-	303.19	21,828	21,828
Meters	301.20	-	302.20	-	303.20	95,388	95,388
Compressors	301.21	-	302.21	-	303.21	7,571	7,571
Electrical	301.22	-	302.22	-	303.22	88,323	88,323
Automation Material	301.23	-	302.23	-	303.23	31,544	31,544
Flare/Combuster	301.24	-	302.24	-	303.24	27,759	27,759
TOTAL TANGIBLE COSTS		\$ 1,175,053		\$ 462,143		\$ 610,056	\$ 2,247,252
Cost Category Summary							
		Drilling AFE		Completion/AL AFE		Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$	4,154,087	\$	5,853,549	\$	578,894	\$ 10,586,530
TOTAL TANGIBLE COSTS	\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
TOTAL CONTINGENCIES	\$		\$		\$		\$
TOTAL DEVELOPMENT COSTS	\$	5,329,139	\$	6,315,692	\$	1,188,950	\$ 12,833,782

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM101**

Well Name: Chancer 5-17 State #112H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 24,490'/8,850'

SHL: S20-T18S-R34E 350' FNL, 2,315' FWL

BHL: S5-T18S-R34E 100' FNL, 1,650' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #112H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	<u>TOTAL</u>
DRILLING:	\$5,329,139
COMPLETIONS:	\$6,315,692
FACILITIES:	\$1,188,950
COMPLETED WELL COST:	\$12,833,782

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM101
Chancer 5-17 State #112H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
24490'/8850'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	21,753	202.01	-	203.01	-	-	21,753
Staking/Surveying	201.02	21,753	202.02	-	203.02	-	-	21,753
Legal/Title Services	201.03	18,852	202.03	-	203.03	-	-	18,852
Surface Damage/Row	201.04	50,756	202.04	-	203.04	-	-	50,756
Permanent Easement	201.05	17,402	202.05	-	203.05	-	-	17,402
Road/Locations/Pits	201.06	138,674	202.06	-	203.06	-	-	138,674
Rig Mob/Trucking	201.07	184,899	202.07	-	203.07	-	-	184,899
Rig Mob/Standby Rate	201.08	50,901	202.08	-	203.08	-	-	50,901
Daywork Contract	201.09	838,284	202.09	-	203.09	-	-	838,284
Directional Drill/Survey	201.10	370,182	202.10	-	203.10	-	-	370,182
Conductor Hole/Service	201.11	61,633	202.11	-	203.11	-	-	61,633
Drill Bit	201.12	142,118	202.12	-	203.12	-	-	142,118
Bits/Tools/Stabilizers	201.13	81,625	202.13	-	203.13	-	-	81,625
Fuel/Power	201.14	210,168	202.14	-	203.14	-	-	210,168
Fuel/Mud	201.15	124,716	202.15	-	203.15	-	-	124,716
Rig Water	201.16	28,097	202.16	-	203.16	-	-	28,097
Mud/Chemicals/Acidizing	201.17	322,418	202.17	-	203.17	-	-	322,418
Inspection/Testing & Repair	201.18	53,657	202.18	-	203.18	-	-	53,657
Cement Services/Float Equip	201.19	390,100	202.19	-	203.19	-	-	390,100
Casing Crew/Tools	201.20	101,513	202.20	-	203.20	-	-	101,513
Contract Labor/Roustabout	201.21	39,155	202.21	-	203.21	-	-	39,155
Materials Supplies	201.22	7,251	202.22	-	203.22	-	-	7,251
Trucking/Vacuum/Transp	201.23	33,717	202.23	-	203.23	-	-	33,717
Solids Control/Closed Loop System	201.24	88,366	202.24	-	203.24	-	-	88,366
Disposal	201.25	209,553	202.25	-	203.25	-	-	209,553
Wellhead Prepare/Repair	201.26	18,127	202.26	-	203.26	-	-	18,127
Rental Equipment	201.27	123,628	202.27	-	203.27	-	-	123,628
Mancamp	201.28	58,442	202.28	-	203.28	-	-	58,442
Wellsite Supervision	201.29	130,372	202.29	-	203.29	-	-	130,372
Safety/Environmental	201.30	24,726	202.30	-	203.30	-	-	24,726
Well Control Insurance	201.31	12,363	202.31	-	203.31	-	-	12,363
Contingency	201.32	178,884	202.32	-	203.32	-	-	178,884
Completion								
Road/Locations/Pits	201.33	-	202.33	17,460	203.33	-	-	17,460
Wireline Open/Cased Hole	201.34	-	202.34	66,515	203.34	-	-	66,515
Fuel/Power	201.35	-	202.35	422,240	203.35	-	-	422,240
Coiled Tubing	201.36	-	202.36	303,287	203.36	-	-	303,287
Water Disposal/Vacuum Truck	201.37	-	202.37	31,254	203.37	-	-	31,254
Trucking	201.38	-	202.38	23,904	203.38	-	-	23,904
Electric Logging/Perforating	201.39	-	202.39	609,504	203.39	-	-	609,504
Completion Fluids	201.40	-	202.40	16,629	203.40	-	-	16,629
Well Stimulation/Fracture	201.41	-	202.41	2,988,503	203.41	-	-	2,988,503
Contract Labor/Roustabout	201.42	-	202.42	24,943	203.42	-	-	24,943
Water Handling	201.43	-	202.43	291,005	203.43	-	-	291,005
Source Water	201.44	-	202.44	476,833	203.44	-	-	476,833
Wellhead/Fracture Repair	201.45	-	202.45	66,515	203.45	-	-	66,515
Rental Equipment	201.46	-	202.46	279,953	203.46	-	-	279,953
Wellsite Supervision	201.47	-	202.47	74,082	203.47	-	-	74,082
Supervision/Engineering	201.48	-	202.48	8,314	203.48	-	-	8,314
Safety/Environmental	201.49	-	202.49	24,943	203.49	-	-	24,943
Overhead	201.50	-	202.50	16,629	203.50	-	-	16,629
Artificial Lift								
Workover Rig	201.51	-	202.51	15,141	203.51	-	-	15,141
Spooling Services	201.52	-	202.52	6,056	203.52	-	-	6,056
Wireline Open/Cased Hole	201.53	-	202.53	5,047	203.53	-	-	5,047
Inspection & Testing	201.54	-	202.54	3,028	203.54	-	-	3,028
Trucking/Vacuum/Transp	201.55	-	202.55	7,066	203.55	-	-	7,066
Kill Truck	201.56	-	202.56	5,047	203.56	-	-	5,047
Completion Fluids	201.57	-	202.57	5,047	203.57	-	-	5,047
Contract Labor/Roustabout	201.58	-	202.58	10,094	203.58	-	-	10,094
Rental Equipment	201.59	-	202.59	10,094	203.59	-	-	10,094
Laydown Machine	201.60	-	202.60	5,047	203.60	-	-	5,047
Reverse Unit Rental	201.61	-	202.61	5,047	203.61	-	-	5,047
Wellsite Supervision	201.62	-	202.62	9,085	203.62	-	-	9,085
Acid	201.63	-	202.63	25,235	203.63	-	-	25,235
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,262	-	1,262
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,047	-	5,047
Road Locations/Pits	201.66	-	202.66	-	201.66	37,853	-	37,853
Materials & Supplies	201.67	-	202.67	-	201.67	10,094	-	10,094
Transportation rucking	201.68	-	202.68	-	201.68	7,571	-	7,571
Rental Equipment	201.69	-	202.69	-	201.69	20,188	-	20,188
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,262	-	1,262
Inspection & Testing	201.71	-	202.71	-	201.71	631	-	631
Contract Labor/Roustab	201.72	-	202.72	-	201.72	75,705	-	75,705
Supervision	201.73	-	202.73	-	201.73	25,235	-	25,235
Consulting Services	201.74	-	202.74	-	201.74	1,262	-	1,262
Safety/Environmental	201.75	-	202.75	-	201.75	3,785	-	3,785
Company Labor	201.76	-	202.76	-	201.76	1,262	-	1,262
Contingency	201.77	-	202.77	-	201.77	24,037	-	24,037
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	167,878	-	167,878
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	20,188	-	20,188
Well Testing/Flowback	201.80	-	202.80	-	201.80	110,025	-	110,025
Tank Rental	201.81	-	202.81	-	201.81	20,188	-	20,188
Surface Pump Rental	201.82	-	202.82	-	201.82	20,188	-	20,188
Wellsite Supervision	201.83	-	202.83	-	201.83	10,094	-	10,094
Chemicals	201.84	-	202.84	-	201.84	15,141	-	15,141
TOTAL INTANGIBLE COSTS		\$ 4,154,087		\$ 5,853,549		\$ 578,894	\$ 10,586,530	

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	123,631	302.01	-	303.01	-	-	123,631
Casing - Intermediate	301.02	265,013	302.02	-	303.02	-	-	265,013
Casing Production	301.03	632,327	302.03	-	303.03	-	-	632,327
Wellhead Equipment	301.04	77,041	302.04	-	303.04	-	-	77,041
Packer/Downhole Tools	301.05	77,041	302.05	-	303.05	-	-	77,041
Completion								
Wellhead Equipment	301.06	-	302.06	78,571	303.06	-	-	78,571
Artificial Lift								
Tubing	301.07	-	302.07	65,611	303.07	-	-	65,611
Downhole Artificial Lift Equip	301.08	-	302.08	15,141	303.08	-	-	15,141
ESP Equipment/Install	301.09	-	302.09	100,940	303.09	-	-	100,940
Wellhead Equipment	301.10	-	302.10	50,470	303.10	-	-	50,470
Well Site Power Equipment/Install	301.11	-	302.11	75,705	303.11	-	-	75,705
OHP Infrastructure Equipment/Install	301.12	-	302.12	50,470	303.12	-	-	50,470
Valves/Connections/FTGS	301.13	-	302.13	15,141	303.13	-	-	15,141
Measurement Equipment	301.14	-	302.14	5,047	303.14	-	-	5,047
Comm, Telemetry & Automa	301.15	-	302.15	5,047	303.15	-	-	5,047
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	101,697	-	101,697
Heater Treater/Separator	301.17	-	302.17	-	303.17	122,390	-	122,390
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	113,558	-	113,558
Circulating Transfer Pump	301.19	-	302.19	-	303.19	21,828	-	21,828
Meters	301.20	-	302.20	-	303.20	95,388	-	95,388
Compressors	301.21	-	302.21	-	303.21	7,571	-	7,571
Electrical	301.22	-	302.22	-	303.22	88,323	-	88,323
Automation Material	301.23	-	302.23	-	303.23	31,544	-	31,544
Flare/Combuster	301.24	-	302.24	-	303.24	27,759	-	27,759
TOTAL TANGIBLE COSTS		\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS		\$	4,154,087	\$	5,853,549	\$	578,894	\$ 10,586,530
TOTAL TANGIBLE COSTS		\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
TOTAL CONTINGENCIES		\$	-	\$	-	\$	-	-
TOTAL DEVELOPMENT COSTS		\$	5,329,139	\$	6,315,692	\$	1,188,950	\$ 12,833,782



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM102**

Well Name: Chancer 5-17 State #113H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 24,490'/8,850'

SHL: S20-T18S-R34E 350' FNL, 2,365' FWL

BHL: S5-T18S-R34E 100' FNL, 2,310' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #113H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,329,139
COMPLETIONS:	\$6,315,692
FACILITIES:	\$1,188,950
COMPLETED WELL COST:	\$12,833,782

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM102
Chancer 5-17 State #113H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
24490'/8850'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	21,753	202.01	-	203.01	-	-	21,753
Staking/Surveying	201.02	21,753	202.02	-	203.02	-	-	21,753
Legal/Title Services	201.03	18,852	202.03	-	203.03	-	-	18,852
Surface Damage/Row	201.04	50,756	202.04	-	203.04	-	-	50,756
Permanent Easement	201.05	17,402	202.05	-	203.05	-	-	17,402
Road/Locations/Pits	201.06	138,674	202.06	-	203.06	-	-	138,674
Rig Mob/Trucking	201.07	184,899	202.07	-	203.07	-	-	184,899
Rig Mob/Standby Rate	201.08	50,901	202.08	-	203.08	-	-	50,901
Daywork Contract	201.09	838,284	202.09	-	203.09	-	-	838,284
Directional Drill/Survey	201.10	370,182	202.10	-	203.10	-	-	370,182
Conductor Hole/Service	201.11	61,633	202.11	-	203.11	-	-	61,633
Drill Bit	201.12	142,118	202.12	-	203.12	-	-	142,118
Bits/Tools/Stabilizers	201.13	81,625	202.13	-	203.13	-	-	81,625
Fuel/Power	201.14	210,168	202.14	-	203.14	-	-	210,168
Fuel/Mud	201.15	124,716	202.15	-	203.15	-	-	124,716
Rig Water	201.16	28,097	202.16	-	203.16	-	-	28,097
Mud/Chemicals/Acidizing	201.17	322,418	202.17	-	203.17	-	-	322,418
Inspection/Testing & Repair	201.18	53,657	202.18	-	203.18	-	-	53,657
Cement Services/Float Equip	201.19	390,100	202.19	-	203.19	-	-	390,100
Casing Crew/Tools	201.20	101,513	202.20	-	203.20	-	-	101,513
Contract Labor/Roustabout	201.21	39,155	202.21	-	203.21	-	-	39,155
Materials Supplies	201.22	7,251	202.22	-	203.22	-	-	7,251
Trucking/Vacuum/Transp	201.23	33,717	202.23	-	203.23	-	-	33,717
Solids Control/Closed Loop System	201.24	88,366	202.24	-	203.24	-	-	88,366
Disposal	201.25	209,553	202.25	-	203.25	-	-	209,553
Wellhead Prepare/Repair	201.26	18,127	202.26	-	203.26	-	-	18,127
Rental Equipment	201.27	123,628	202.27	-	203.27	-	-	123,628
Mancamp	201.28	58,442	202.28	-	203.28	-	-	58,442
Wellsite Supervision	201.29	130,372	202.29	-	203.29	-	-	130,372
Safety/Environmental	201.30	24,726	202.30	-	203.30	-	-	24,726
Well Control Insurance	201.31	12,363	202.31	-	203.31	-	-	12,363
Contingency	201.32	178,884	202.32	-	203.32	-	-	178,884
Completion								
Road/Locations/Pits	201.33	-	202.33	17,460	203.33	-	-	17,460
Wireline Open/Cased Hole	201.34	-	202.34	66,515	203.34	-	-	66,515
Fuel/Power	201.35	-	202.35	422,240	203.35	-	-	422,240
Coiled Tubing	201.36	-	202.36	303,287	203.36	-	-	303,287
Water Disposal/Vacuum Truck	201.37	-	202.37	31,254	203.37	-	-	31,254
Trucking	201.38	-	202.38	23,904	203.38	-	-	23,904
Electric Logging/Perforating	201.39	-	202.39	609,504	203.39	-	-	609,504
Completion Fluids	201.40	-	202.40	16,629	203.40	-	-	16,629
Well Stimulation/Fracture	201.41	-	202.41	2,988,503	203.41	-	-	2,988,503
Contract Labor/Roustabout	201.42	-	202.42	24,943	203.42	-	-	24,943
Water Handling	201.43	-	202.43	291,005	203.43	-	-	291,005
Source Water	201.44	-	202.44	476,833	203.44	-	-	476,833
Wellhead/Fracture Repair	201.45	-	202.45	66,515	203.45	-	-	66,515
Rental Equipment	201.46	-	202.46	279,953	203.46	-	-	279,953
Wellsite Supervision	201.47	-	202.47	74,082	203.47	-	-	74,082
Supervision/Engineering	201.48	-	202.48	8,314	203.48	-	-	8,314
Safety/Environmental	201.49	-	202.49	24,943	203.49	-	-	24,943
Overhead	201.50	-	202.50	16,629	203.50	-	-	16,629
Artificial Lift								
Workover Rig	201.51	-	202.51	15,141	203.51	-	-	15,141
Spooling Services	201.52	-	202.52	6,056	203.52	-	-	6,056
Wireline Open/Cased Hole	201.53	-	202.53	5,047	203.53	-	-	5,047
Inspection & Testing	201.54	-	202.54	3,028	203.54	-	-	3,028
Trucking/Vacuum/Transp	201.55	-	202.55	7,066	203.55	-	-	7,066
Kill Truck	201.56	-	202.56	5,047	203.56	-	-	5,047
Completion Fluids	201.57	-	202.57	5,047	203.57	-	-	5,047
Contract Labor/Roustabout	201.58	-	202.58	10,094	203.58	-	-	10,094
Rental Equipment	201.59	-	202.59	10,094	203.59	-	-	10,094
Laydown Machine	201.60	-	202.60	5,047	203.60	-	-	5,047
Reverse Unit Rental	201.61	-	202.61	5,047	203.61	-	-	5,047
Wellsite Supervision	201.62	-	202.62	9,085	203.62	-	-	9,085
Acid	201.63	-	202.63	25,235	203.63	-	-	25,235
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,262	-	1,262
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,047	-	5,047
Road Locations/Pits	201.66	-	202.66	-	201.66	37,853	-	37,853
Materials & Supplies	201.67	-	202.67	-	201.67	10,094	-	10,094
Transportation rucking	201.68	-	202.68	-	201.68	7,571	-	7,571
Rental Equipment	201.69	-	202.69	-	201.69	20,188	-	20,188
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,262	-	1,262
Inspection & Testing	201.71	-	202.71	-	201.71	631	-	631
Contract Labor/Roustab	201.72	-	202.72	-	201.72	75,705	-	75,705
Supervision	201.73	-	202.73	-	201.73	25,235	-	25,235
Consulting Services	201.74	-	202.74	-	201.74	1,262	-	1,262
Safety/Environmental	201.75	-	202.75	-	201.75	3,785	-	3,785
Company Labor	201.76	-	202.76	-	201.76	1,262	-	1,262
Contingency	201.77	-	202.77	-	201.77	24,037	-	24,037
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	167,878	-	167,878
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	20,188	-	20,188
Well Testing/Flowback	201.80	-	202.80	-	201.80	110,025	-	110,025
Tank Rental	201.81	-	202.81	-	201.81	20,188	-	20,188
Surface Pump Rental	201.82	-	202.82	-	201.82	20,188	-	20,188
Wellsite Supervision	201.83	-	202.83	-	201.83	10,094	-	10,094
Chemicals	201.84	-	202.84	-	201.84	15,141	-	15,141
TOTAL INTANGIBLE COSTS		\$ 4,154,087		\$ 5,853,549		\$ 578,894	\$ 10,586,530	

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	123,631	302.01	-	303.01	-	123,631	
Casing - Intermediate	301.02	265,013	302.02	-	303.02	-	265,013	
Casing Production	301.03	632,327	302.03	-	303.03	-	632,327	
Wellhead Equipment	301.04	77,041	302.04	-	303.04	-	77,041	
Packer/Downhole Tools	301.05	77,041	302.05	-	303.05	-	77,041	
Completion								
Wellhead Equipment	301.06	-	302.06	78,571	303.06	-	78,571	
Artificial Lift								
Tubing	301.07	-	302.07	65,611	303.07	-	65,611	
Downhole Artificial Lift Equip	301.08	-	302.08	15,141	303.08	-	15,141	
ESP Equipment/Install	301.09	-	302.09	100,940	303.09	-	100,940	
Wellhead Equipment	301.10	-	302.10	50,470	303.10	-	50,470	
Well Site Power Equipment/Install	301.11	-	302.11	75,705	303.11	-	75,705	
OHP Infrastructure Equipment/Install	301.12	-	302.12	50,470	303.12	-	50,470	
Valves/Connections/FTGS	301.13	-	302.13	15,141	303.13	-	15,141	
Measurement Equipment	301.14	-	302.14	5,047	303.14	-	5,047	
Comm, Telemetry & Automa	301.15	-	302.15	5,047	303.15	-	5,047	
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	101,697	101,697	
Heater Treater/Seperator	301.17	-	302.17	-	303.17	122,390	122,390	
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	113,558	113,558	
Circulating Transfer Pump	301.19	-	302.19	-	303.19	21,828	21,828	
Meters	301.20	-	302.20	-	303.20	95,388	95,388	
Compressors	301.21	-	302.21	-	303.21	7,571	7,571	
Electrical	301.22	-	302.22	-	303.22	88,323	88,323	
Automation Material	301.23	-	302.23	-	303.23	31,544	31,544	
Flare/Combuster	301.24	-	302.24	-	303.24	27,759	27,759	
TOTAL TANGIBLE COSTS		\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS		\$	4,154,087	\$	5,853,549	\$	578,894	\$ 10,586,530
TOTAL TANGIBLE COSTS		\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
TOTAL CONTINGENCIES		\$	-	\$	-	\$	-	-
TOTAL DEVELOPMENT COSTS		\$	5,329,139	\$	6,315,692	\$	1,188,950	\$ 12,833,782



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM103**

Well Name: Chancer 5-17 State #114H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 24,490'/8,850'

SHL: S20-T18S-R34E 350' FNL, 2,415' FWL

BHL: S5-T18S-R34E 100' FNL, 990' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #114H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,329,139
COMPLETIONS:	\$6,315,692
FACILITIES:	\$1,188,950
COMPLETED WELL COST:	\$12,833,782

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM103
Chancer 5-17 State #114H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
24490'/8850'

INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	21,753	202.01	-	203.01	-	21,753
Staking/Surveying	201.02	21,753	202.02	-	203.02	-	21,753
Legal/Title Services	201.03	18,852	202.03	-	203.03	-	18,852
Surface Damage/Row	201.04	50,756	202.04	-	203.04	-	50,756
Permanent Easement	201.05	17,402	202.05	-	203.05	-	17,402
Road/Locations/Pits	201.06	138,674	202.06	-	203.06	-	138,674
Rig Mob/Trucking	201.07	184,899	202.07	-	203.07	-	184,899
Rig Mob/Standby Rate	201.08	50,901	202.08	-	203.08	-	50,901
Daywork Contract	201.09	838,284	202.09	-	203.09	-	838,284
Directional Drill/Survey	201.10	370,182	202.10	-	203.10	-	370,182
Conductor Hole/Service	201.11	61,633	202.11	-	203.11	-	61,633
Drill Bit	201.12	142,118	202.12	-	203.12	-	142,118
Bits/Tools/Stabilizers	201.13	81,625	202.13	-	203.13	-	81,625
Fuel/Power	201.14	210,168	202.14	-	203.14	-	210,168
Fuel/Mud	201.15	124,716	202.15	-	203.15	-	124,716
Rig Water	201.16	28,097	202.16	-	203.16	-	28,097
Mud/Chemicals/Acidizing	201.17	322,418	202.17	-	203.17	-	322,418
Inspection/Testing & Repair	201.18	53,657	202.18	-	203.18	-	53,657
Cement Services/Float Equip	201.19	390,100	202.19	-	203.19	-	390,100
Casing Crew/Tools	201.20	101,513	202.20	-	203.20	-	101,513
Contract Labor/Roustabout	201.21	39,155	202.21	-	203.21	-	39,155
Materials Supplies	201.22	7,251	202.22	-	203.22	-	7,251
Trucking/Vacuum/Transp	201.23	33,717	202.23	-	203.23	-	33,717
Solids Control/Closed Loop System	201.24	88,366	202.24	-	203.24	-	88,366
Disposal	201.25	209,553	202.25	-	203.25	-	209,553
Wellhead Prepare/Repair	201.26	18,127	202.26	-	203.26	-	18,127
Rental Equipment	201.27	123,628	202.27	-	203.27	-	123,628
Mancamp	201.28	58,442	202.28	-	203.28	-	58,442
Wellsite Supervision	201.29	130,372	202.29	-	203.29	-	130,372
Safety/Environmental	201.30	24,726	202.30	-	203.30	-	24,726
Well Control Insurance	201.31	12,363	202.31	-	203.31	-	12,363
Contingency	201.32	178,884	202.32	-	203.32	-	178,884
Completion							
Road/Locations/Pits	201.33	-	202.33	17,460	203.33	-	17,460
Wireline Open/Cased Hole	201.34	-	202.34	66,515	203.34	-	66,515
Fuel/Power	201.35	-	202.35	422,240	203.35	-	422,240
Coiled Tubing	201.36	-	202.36	303,287	203.36	-	303,287
Water Disposal/Vacuum Truck	201.37	-	202.37	31,254	203.37	-	31,254
Trucking	201.38	-	202.38	23,904	203.38	-	23,904
Electric Logging/Perforating	201.39	-	202.39	609,504	203.39	-	609,504
Completion Fluids	201.40	-	202.40	16,629	203.40	-	16,629
Well Stimulation/Fracture	201.41	-	202.41	2,988,503	203.41	-	2,988,503
Contract Labor/Roustabout	201.42	-	202.42	24,943	203.42	-	24,943
Water Handling	201.43	-	202.43	291,005	203.43	-	291,005
Source Water	201.44	-	202.44	476,833	203.44	-	476,833
Wellhead/Fracture Repair	201.45	-	202.45	66,515	203.45	-	66,515
Rental Equipment	201.46	-	202.46	279,953	203.46	-	279,953
Wellsite Supervision	201.47	-	202.47	74,082	203.47	-	74,082
Supervision/Engineering	201.48	-	202.48	8,314	203.48	-	8,314
Safety/Environmental	201.49	-	202.49	24,943	203.49	-	24,943
Overhead	201.50	-	202.50	16,629	203.50	-	16,629
Artificial Lift							
Workover Rig	201.51	-	202.51	15,141	203.51	-	15,141
Spooling Services	201.52	-	202.52	6,056	203.52	-	6,056
Wireline Open/Cased Hole	201.53	-	202.53	5,047	203.53	-	5,047
Inspection & Testing	201.54	-	202.54	3,028	203.54	-	3,028
Trucking/Vacuum/Transp	201.55	-	202.55	7,066	203.55	-	7,066
Kill Truck	201.56	-	202.56	5,047	203.56	-	5,047
Completion Fluids	201.57	-	202.57	5,047	203.57	-	5,047
Contract Labor/Roustabout	201.58	-	202.58	10,094	203.58	-	10,094
Rental Equipment	201.59	-	202.59	10,094	203.59	-	10,094
Laydown Machine	201.60	-	202.60	5,047	203.60	-	5,047
Reverse Unit Rental	201.61	-	202.61	5,047	203.61	-	5,047
Wellsite Supervision	201.62	-	202.62	9,085	203.62	-	9,085
Acid	201.63	-	202.63	25,235	203.63	-	25,235
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,262	1,262
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,047	5,047
Road Locations Pits	201.66	-	202.66	-	201.66	37,853	37,853
Materials & Supplies	201.67	-	202.67	-	201.67	10,094	10,094
Transportation rucking	201.68	-	202.68	-	201.68	7,571	7,571
Rental Equipment	201.69	-	202.69	-	201.69	20,188	20,188
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,262	1,262
Inspection & Testing	201.71	-	202.71	-	201.71	631	631
Contract Labor/Roustab	201.72	-	202.72	-	201.72	75,705	75,705
Supervision	201.73	-	202.73	-	201.73	25,235	25,235
Consulting Services	201.74	-	202.74	-	201.74	1,262	1,262
Safety/Environmental	201.75	-	202.75	-	201.75	3,785	3,785
Company Labor	201.76	-	202.76	-	201.76	1,262	1,262
Contingency	201.77	-	202.77	-	201.77	24,037	24,037
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	167,878	167,878
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	20,188	20,188
Well Testing/Flowback	201.80	-	202.80	-	201.80	110,025	110,025
Tank Rental	201.81	-	202.81	-	201.81	20,188	20,188
Surface Pump Rental	201.82	-	202.82	-	201.82	20,188	20,188
Wellsite Supervision	201.83	-	202.83	-	201.83	10,094	10,094
Chemicals	201.84	-	202.84	-	201.84	15,141	15,141
TOTAL INTANGIBLE COSTS		\$ 4,154,087		\$ 5,853,549		\$ 578,894	\$ 10,586,530

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	123,631	302.01	-	303.01	-	123,631
Casing - Intermediate	301.02	265,013	302.02	-	303.02	-	265,013
Casing Production	301.03	632,327	302.03	-	303.03	-	632,327
Wellhead Equipment	301.04	77,041	302.04	-	303.04	-	77,041
Packer/Downhole Tools	301.05	77,041	302.05	-	303.05	-	77,041
Completion							
Wellhead Equipment	301.06	-	302.06	78,571	303.06	-	78,571
Artificial Lift							
Tubing	301.07	-	302.07	65,611	303.07	-	65,611
Downhole Artificial Lift Equip	301.08	-	302.08	15,141	303.08	-	15,141
ESP Equipment/Install	301.09	-	302.09	100,940	303.09	-	100,940
Wellhead Equipment	301.10	-	302.10	50,470	303.10	-	50,470
Well Site Power Equipment/Install	301.11	-	302.11	75,705	303.11	-	75,705
OHP Infrastructure Equipment/Install	301.12	-	302.12	50,470	303.12	-	50,470
Valves/Connections/FTGS	301.13	-	302.13	15,141	303.13	-	15,141
Measurement Equipment	301.14	-	302.14	5,047	303.14	-	5,047
Comm, Telemetry & Automa	301.15	-	302.15	5,047	303.15	-	5,047
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	101,697	101,697
Heater Treater/Seperator	301.17	-	302.17	-	303.17	122,390	122,390
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	113,558	113,558
Circulating Transfer Pump	301.19	-	302.19	-	303.19	21,828	21,828
Meters	301.20	-	302.20	-	303.20	95,388	95,388
Compressors	301.21	-	302.21	-	303.21	7,571	7,571
Electrical	301.22	-	302.22	-	303.22	88,323	88,323
Automation Material	301.23	-	302.23	-	303.23	31,544	31,544
Flare/Combuster	301.24	-	302.24	-	303.24	27,759	27,759
TOTAL TANGIBLE COSTS		\$ 1,175,053		\$ 462,143		\$ 610,056	\$ 2,247,252
Cost Category Summary							
		Drilling AFE		Completion/AL AFE		Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$	4,154,087	\$	5,853,549	\$	578,894	\$ 10,586,530
TOTAL TANGIBLE COSTS	\$	1,175,053	\$	462,143	\$	610,056	\$ 2,247,252
TOTAL CONTINGENCIES	\$		\$		\$		\$
TOTAL DEVELOPMENT COSTS	\$	5,329,139	\$	6,315,692	\$	1,188,950	\$ 12,833,782

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM105**

Well Name: Chancer 5-17 State #121H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,190'/9,550'

SHL: S20-T18S-R34E 350' FNL, 2,465' FWL

BHL: S5-T18S-R34E 100' FNL, 990' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #121H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$4,844,672
COMPLETIONS:	\$5,944,214
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$12,026,365

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM105
Chancer 5-17 State #121H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
25190'/9550'

INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	19,775	202.01	-	203.01	-	19,775
Staking/Surveying	201.02	19,775	202.02	-	203.02	-	19,775
Legal/Title Services	201.03	17,139	202.03	-	203.03	-	17,139
Surface Damage/Row	201.04	46,142	202.04	-	203.04	-	46,142
Permanent Easement	201.05	15,820	202.05	-	203.05	-	15,820
Road/Locations/Pits	201.06	126,067	202.06	-	203.06	-	126,067
Rig Mob/Trucking	201.07	168,090	202.07	-	203.07	-	168,090
Rig Mob/Standby Rate	201.08	46,274	202.08	-	203.08	-	46,274
Daywork Contract	201.09	762,076	202.09	-	203.09	-	762,076
Directional Drill/Survey	201.10	336,529	202.10	-	203.10	-	336,529
Conductor Hole/Service	201.11	56,030	202.11	-	203.11	-	56,030
Drill Bit	201.12	129,198	202.12	-	203.12	-	129,198
Bits/Tools/Stabilizers	201.13	74,205	202.13	-	203.13	-	74,205
Fuel/Power	201.14	191,062	202.14	-	203.14	-	191,062
Fuel/Mud	201.15	113,378	202.15	-	203.15	-	113,378
Rig Water	201.16	25,543	202.16	-	203.16	-	25,543
Mud/Chemicals/Acidizing	201.17	293,108	202.17	-	203.17	-	293,108
Inspection/Testing & Repair	201.18	48,779	202.18	-	203.18	-	48,779
Cement Services/Float Equip	201.19	354,636	202.19	-	203.19	-	354,636
Casing Crew/Tools	201.20	92,285	202.20	-	203.20	-	92,285
Contract Labor/Roustabout	201.21	35,595	202.21	-	203.21	-	35,595
Materials, Supplies	201.22	6,592	202.22	-	203.22	-	6,592
Trucking/Vacuum/Transp	201.23	30,652	202.23	-	203.23	-	30,652
Solids Control/Closed Loop System	201.24	80,333	202.24	-	203.24	-	80,333
Disposal	201.25	190,503	202.25	-	203.25	-	190,503
Wellhead Prepare/Repair	201.26	16,479	202.26	-	203.26	-	16,479
Rental Equipment	201.27	112,389	202.27	-	203.27	-	112,389
Mancamp	201.28	53,130	202.28	-	203.28	-	53,130
Wellsite Supervision	201.29	118,520	202.29	-	203.29	-	118,520
Safety/Environmental	201.30	22,478	202.30	-	203.30	-	22,478
Well Control Insurance	201.31	11,239	202.31	-	203.31	-	11,239
Contingency	201.32	162,622	202.32	-	203.32	-	162,622
Completion							
Road/Locations/Pits	201.33	-	202.33	16,286	203.33	-	16,286
Wireline Open/Cased Hole	201.34	-	202.34	62,040	203.34	-	62,040
Fuel/Power	201.35	-	202.35	393,830	203.35	-	393,830
Coiled Tubing	201.36	-	202.36	282,881	203.36	-	282,881
Water Disposal/Vacuum Truck	201.37	-	202.37	29,151	203.37	-	29,151
Trucking	201.38	-	202.38	22,296	203.38	-	22,296
Electric Logging/Perforating	201.39	-	202.39	568,494	203.39	-	568,494
Completion Fluids	201.40	-	202.40	15,510	203.40	-	15,510
Well Stimulation/Fracture	201.41	-	202.41	2,787,425	203.41	-	2,787,425
Contract Labor/Roustabout	201.42	-	202.42	23,265	203.42	-	23,265
Water Handling	201.43	-	202.43	271,425	203.43	-	271,425
Source Water	201.44	-	202.44	444,749	203.44	-	444,749
Wellhead/Fracture Repair	201.45	-	202.45	62,040	203.45	-	62,040
Rental Equipment	201.46	-	202.46	261,117	203.46	-	261,117
Wellsite Supervision	201.47	-	202.47	69,097	203.47	-	69,097
Supervision/Engineering	201.48	-	202.48	7,755	203.48	-	7,755
Safety/Environmental	201.49	-	202.49	23,265	203.49	-	23,265
Overhead	201.50	-	202.50	15,510	203.50	-	15,510
Artificial Lift							
Workover Rig	201.51	-	202.51	15,759	203.51	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	26,265
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,313	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	25,018
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	15,759
TOTAL INTANGIBLE COSTS		\$ 3,776,443		\$ 5,471,701		\$ 602,522	\$ 9,850,666

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	112,392	302.01	-	303.01	-	112,392
Casing - Intermediate	301.02	240,921	302.02	-	303.02	-	240,921
Casing Production	301.03	574,842	302.03	-	303.03	-	574,842
Wellhead Equipment	301.04	70,037	302.04	-	303.04	-	70,037
Packer/Downhole Tools	301.05	70,037	302.05	-	303.05	-	70,037
Completion							
Wellhead Equipment	301.06	-	302.06	73,285	303.06	-	73,285
Artificial Lift							
Tubing	301.07	-	302.07	68,289	303.07	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	5,253
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	105,848	105,848
Heater Treater/Seperator	301.17	-	302.17	-	303.17	127,385	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	22,719
Meters	301.20	-	302.20	-	303.20	99,282	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	28,892
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513		\$ 634,956	\$ 2,175,699
Cost Category Summary		Drilling AFE	Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS		\$ 3,776,443	\$ 5,471,701		\$ 602,522		\$ 9,850,666
TOTAL TANGIBLE COSTS		\$ 1,068,230	\$ 472,513		\$ 634,956		\$ 2,175,699
TOTAL CONTINGENCIES		\$ -	\$ -		\$ -		\$ -
TOTAL DEVELOPMENT COSTS		\$ 4,844,672	\$ 5,944,214		\$ 1,237,479		\$ 12,026,365

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM106**

Well Name: Chancer 5-17 State #122H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,190'/9,550'

SHL: S20-T18S-R34E 350' FNL, 2,515' FWL

BHL: S5-T18S-R34E 100' FNL, 2,310' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #122H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$4,844,672
COMPLETIONS:	\$5,944,214
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$12,026,365

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number: NM106
Well Name: Chancer 5-17 State #122H
Location: Sec. 5, 8, 17
County/State: Lea, New Mexico

Field/Prospect:
AFE Objective: Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Formation Target: Bone Spring Formation
Proposed Total Depth/TVD: 25190'/9550'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	19,775	202.01	-	203.01	-	-	19,775
Staking/Surveying	201.02	19,775	202.02	-	203.02	-	-	19,775
Legal/Title Services	201.03	17,139	202.03	-	203.03	-	-	17,139
Surface Damage/Row	201.04	46,142	202.04	-	203.04	-	-	46,142
Permanent Easement	201.05	15,820	202.05	-	203.05	-	-	15,820
Road/Locations/Pits	201.06	126,067	202.06	-	203.06	-	-	126,067
Rig Mob/Trucking	201.07	168,090	202.07	-	203.07	-	-	168,090
Rig Mob/Standby Rate	201.08	46,274	202.08	-	203.08	-	-	46,274
Daywork Contract	201.09	762,076	202.09	-	203.09	-	-	762,076
Directional Drill/Survey	201.10	336,529	202.10	-	203.10	-	-	336,529
Conductor Hole/Service	201.11	56,030	202.11	-	203.11	-	-	56,030
Drill Bit	201.12	129,198	202.12	-	203.12	-	-	129,198
Bits/Tools/Stabilizers	201.13	74,205	202.13	-	203.13	-	-	74,205
Fuel/Power	201.14	191,062	202.14	-	203.14	-	-	191,062
Fuel/Mud	201.15	113,378	202.15	-	203.15	-	-	113,378
Rig Water	201.16	25,543	202.16	-	203.16	-	-	25,543
Mud/Chemicals/Acidizing	201.17	293,108	202.17	-	203.17	-	-	293,108
Inspection/Testing & Repair	201.18	48,779	202.18	-	203.18	-	-	48,779
Cement Services/Float Equip	201.19	354,636	202.19	-	203.19	-	-	354,636
Casing Crew/Tools	201.20	92,285	202.20	-	203.20	-	-	92,285
Contract Labor/Roustabout	201.21	35,595	202.21	-	203.21	-	-	35,595
Materials Supplies	201.22	6,592	202.22	-	203.22	-	-	6,592
Trucking/Vacuum/Transp	201.23	30,652	202.23	-	203.23	-	-	30,652
Solids Control/Closed Loop System	201.24	80,333	202.24	-	203.24	-	-	80,333
Disposal	201.25	190,503	202.25	-	203.25	-	-	190,503
Wellhead Prepare/Repair	201.26	16,479	202.26	-	203.26	-	-	16,479
Rental Equipment	201.27	112,389	202.27	-	203.27	-	-	112,389
Mancamp	201.28	53,130	202.28	-	203.28	-	-	53,130
Wellsite Supervision	201.29	118,520	202.29	-	203.29	-	-	118,520
Safety/Environmental	201.30	22,478	202.30	-	203.30	-	-	22,478
Well Control Insurance	201.31	11,239	202.31	-	203.31	-	-	11,239
Contingency	201.32	162,622	202.32	-	203.32	-	-	162,622
Completion								
Road/Locations/Pits	201.33	-	202.33	16,286	203.33	-	-	16,286
Wireline Open/Cased Hole	201.34	-	202.34	62,040	203.34	-	-	62,040
Fuel/Power	201.35	-	202.35	393,830	203.35	-	-	393,830
Coiled Tubing	201.36	-	202.36	282,881	203.36	-	-	282,881
Water Disposal/Vacuum Truck	201.37	-	202.37	29,151	203.37	-	-	29,151
Trucking	201.38	-	202.38	22,296	203.38	-	-	22,296
Electric Logging/Perforating	201.39	-	202.39	568,494	203.39	-	-	568,494
Completion Fluids	201.40	-	202.40	15,510	203.40	-	-	15,510
Well Stimulation/Fracture	201.41	-	202.41	2,787,425	203.41	-	-	2,787,425
Contract Labor/Roustabout	201.42	-	202.42	23,265	203.42	-	-	23,265
Water Handling	201.43	-	202.43	271,425	203.43	-	-	271,425
Source Water	201.44	-	202.44	444,749	203.44	-	-	444,749
Wellhead/Fracture Repair	201.45	-	202.45	62,040	203.45	-	-	62,040
Rental Equipment	201.46	-	202.46	261,117	203.46	-	-	261,117
Wellsite Supervision	201.47	-	202.47	69,097	203.47	-	-	69,097
Supervision/Engineering	201.48	-	202.48	7,755	203.48	-	-	7,755
Safety/Environmental	201.49	-	202.49	23,265	203.49	-	-	23,265
Overhead	201.50	-	202.50	15,510	203.50	-	-	15,510
Artificial Lift								
Workover Rig	201.51	-	202.51	15,759	203.51	-	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	-	26,265
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,313	-	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	-	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	-	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	-	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	-	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	-	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	-	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	-	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	-	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	-	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	-	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	-	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	-	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	-	25,018
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	-	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	-	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	-	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	-	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	-	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	-	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	-	15,759
TOTAL INTANGIBLE COSTS		\$	3,776,443	\$	5,471,701	\$	602,522	\$ 9,850,666

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	112,392	302.01	-	303.01	-	-	112,392
Casing - Intermediate	301.02	240,921	302.02	-	303.02	-	-	240,921
Casing Production	301.03	574,842	302.03	-	303.03	-	-	574,842
Wellhead Equipment	301.04	70,037	302.04	-	303.04	-	-	70,037
Packer/Downhole Tools	301.05	70,037	302.05	-	303.05	-	-	70,037
Completion								
Wellhead Equipment	301.06	-	302.06	73,285	303.06	-	-	73,285
Artificial Lift								
Tubing	301.07	-	302.07	68,289	303.07	-	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	-	5,253
Comm. Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	-	5,253
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	105,848	-	105,848
Heater Treater/Separator	301.17	-	302.17	-	303.17	127,385	-	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	-	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	-	22,719
Meters	301.20	-	302.20	-	303.20	99,282	-	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	-	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	-	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	-	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	-	28,892
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513		\$ 634,956	\$	2,175,699
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS		\$ 3,776,443		\$ 5,471,701		\$ 602,522	\$	9,850,666
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513		\$ 634,956	\$	2,175,699
TOTAL CONTINGENCIES		\$ -		\$ -		\$ -	\$	-
TOTAL DEVELOPMENT COSTS		\$ 4,844,672		\$ 5,944,214		\$ 1,237,479	\$	12,026,365

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM107**

Well Name: Chancer 5-17 State #123H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,190'/9,550'

SHL: S20-T18S-R34E 350" FNL, 2,565' FWL

BHL: S5-T18S-R34E 100' FNL, 1,650' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #123H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$4,844,672
COMPLETIONS:	\$5,944,214
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$12,026,365

OPERATOR APPROVAL:



Authority for Expenditure			
FED Operating, LLC			
AFE Date: 11/14/2025			
AFE Number:	NM107	Field/Prospect:	
Well Name:	Chancer S-17 State #123H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Location:	Sec. 5, 8, 17	Formation Target:	Bone Spring Formation
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	25190/9550'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	19,775	202.01	-	203.01	-	-	19,775
Staking/Surveying	201.02	19,775	202.02	-	203.02	-	-	19,775
Legal/Title Services	201.03	17,139	202.03	-	203.03	-	-	17,139
Surface Damage/Row	201.04	46,142	202.04	-	203.04	-	-	46,142
Permanent Easement	201.05	15,820	202.05	-	203.05	-	-	15,820
Road/Locations/Pits	201.06	126,067	202.06	-	203.06	-	-	126,067
Rig Mob/Trucking	201.07	168,090	202.07	-	203.07	-	-	168,090
Rig Mob/Standby Rate	201.08	46,274	202.08	-	203.08	-	-	46,274
Daywork Contract	201.09	762,076	202.09	-	203.09	-	-	762,076
Directional Drill/Survey	201.10	336,529	202.10	-	203.10	-	-	336,529
Conductor Hole/Service	201.11	56,030	202.11	-	203.11	-	-	56,030
Drill Bit	201.12	129,198	202.12	-	203.12	-	-	129,198
Bits/Tools/Stabilizers	201.13	74,205	202.13	-	203.13	-	-	74,205
Fuel/Power	201.14	191,062	202.14	-	203.14	-	-	191,062
Fuel/Mud	201.15	113,378	202.15	-	203.15	-	-	113,378
Rig Water	201.16	25,543	202.16	-	203.16	-	-	25,543
Mud/Chemicals/Acidizing	201.17	293,108	202.17	-	203.17	-	-	293,108
Inspection/Testing & Repair	201.18	48,779	202.18	-	203.18	-	-	48,779
Cement Services/Float Equip	201.19	354,636	202.19	-	203.19	-	-	354,636
Casing Crew/Tools	201.20	92,285	202.20	-	203.20	-	-	92,285
Contract Labor/Roustabout	201.21	35,595	202.21	-	203.21	-	-	35,595
Materials Supplies	201.22	6,592	202.22	-	203.22	-	-	6,592
Trucking/Vacuum/Transp	201.23	30,652	202.23	-	203.23	-	-	30,652
Solids Control/Closed Loop System	201.24	80,333	202.24	-	203.24	-	-	80,333
Disposal	201.25	190,503	202.25	-	203.25	-	-	190,503
Wellhead Prepare/Repair	201.26	16,479	202.26	-	203.26	-	-	16,479
Rental Equipment	201.27	112,389	202.27	-	203.27	-	-	112,389
Mancamp	201.28	53,130	202.28	-	203.28	-	-	53,130
Wellsite Supervision	201.29	118,520	202.29	-	203.29	-	-	118,520
Safety/Environmental	201.30	22,478	202.30	-	203.30	-	-	22,478
Well Control Insurance	201.31	11,239	202.31	-	203.31	-	-	11,239
Contingency	201.32	162,622	202.32	-	203.32	-	-	162,622
Completion								
Road/Locations/Pits	201.33	-	202.33	16,286	203.33	-	-	16,286
Wireline Open/Cased Hole	201.34	-	202.34	62,040	203.34	-	-	62,040
Fuel/Power	201.35	-	202.35	393,830	203.35	-	-	393,830
Coiled Tubing	201.36	-	202.36	282,881	203.36	-	-	282,881
Water Disposal/Vacuum Truck	201.37	-	202.37	29,151	203.37	-	-	29,151
Trucking	201.38	-	202.38	22,296	203.38	-	-	22,296
Electric Logging/Perforating	201.39	-	202.39	568,494	203.39	-	-	568,494
Completion Fluids	201.40	-	202.40	15,510	203.40	-	-	15,510
Well Stimulation/Fracture	201.41	-	202.41	2,787,425	203.41	-	-	2,787,425
Contract Labor/Roustabout	201.42	-	202.42	23,265	203.42	-	-	23,265
Water Handling	201.43	-	202.43	271,425	203.43	-	-	271,425
Source Water	201.44	-	202.44	444,749	203.44	-	-	444,749
Wellhead/Fracture Repair	201.45	-	202.45	62,040	203.45	-	-	62,040
Rental Equipment	201.46	-	202.46	261,117	203.46	-	-	261,117
Wellsite Supervision	201.47	-	202.47	69,097	203.47	-	-	69,097
Supervision/Engineering	201.48	-	202.48	7,755	203.48	-	-	7,755
Safety/Environmental	201.49	-	202.49	23,265	203.49	-	-	23,265
Overhead	201.50	-	202.50	15,510	203.50	-	-	15,510
Artificial Lift								
Workover Rig	201.51	-	202.51	15,759	203.51	-	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	-	26,265
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,313	-	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	-	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	-	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	-	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	-	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	-	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	-	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	-	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	-	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	-	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	-	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	-	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	-	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	-	25,018
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	-	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	-	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	-	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	-	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	-	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	-	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	-	15,759
TOTAL INTANGIBLE COSTS		\$	3,776,443	\$	5,471,701	\$	602,522	\$ 9,850,666

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	112,392	302.01	-	303.01	-	-	112,392
Casing - Intermediate	301.02	240,921	302.02	-	303.02	-	-	240,921
Casing Production	301.03	574,842	302.03	-	303.03	-	-	574,842
Wellhead Equipment	301.04	70,037	302.04	-	303.04	-	-	70,037
Packer/Downhole Tools	301.05	70,037	302.05	-	303.05	-	-	70,037
Completion								
Wellhead Equipment	301.06	-	302.06	73,285	303.06	-	-	73,285
Artificial Lift								
Tubing	301.07	-	302.07	68,289	303.07	-	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	-	5,253
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	105,848	-	105,848
Heater Treater/Seperator	301.17	-	302.17	-	303.17	127,385	-	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	-	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	-	22,719
Meters	301.20	-	302.20	-	303.20	99,282	-	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	-	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	-	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	-	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	-	28,892
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513		\$ 634,956	\$	2,175,699
Cost Category Summary		Drilling AFE	Completion/AL AFE		Facility AFE		Total	
TOTAL INTANGIBLE COSTS	\$	3,776,443	\$	5,471,701	\$	602,522	\$	9,850,666
TOTAL TANGIBLE COSTS	\$	1,068,230	\$	472,513	\$	634,956	\$	2,175,699
TOTAL CONTINGENCIES	\$	-	\$	-	\$	-	\$	-
TOTAL DEVELOPMENT COSTS	\$	4,844,672	\$	5,944,214	\$	1,237,479	\$	12,026,365

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM108**

Well Name: Chancer 5-17 State #124H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,190'/9,550'

SHL: S20-T18S-R34E 350' FNL, 2,615' FWL

BHL: S5-T18S-R34E 100' FNL, 330' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #124H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$4,844,672
COMPLETIONS:	\$5,944,214
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$12,026,365

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM108
Chancer 5-17 State #124H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Bone Spring Formation
25190/9550'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	19,775	202.01	-	203.01	-	-	19,775
Staking/Surveying	201.02	19,775	202.02	-	203.02	-	-	19,775
Legal/Title Services	201.03	17,139	202.03	-	203.03	-	-	17,139
Surface Damage/Row	201.04	46,142	202.04	-	203.04	-	-	46,142
Permanent Easement	201.05	15,820	202.05	-	203.05	-	-	15,820
Road/Locations/Pits	201.06	126,067	202.06	-	203.06	-	-	126,067
Rig Mob/Trucking	201.07	168,090	202.07	-	203.07	-	-	168,090
Rig Mob/Standby Rate	201.08	46,274	202.08	-	203.08	-	-	46,274
Daywork Contract	201.09	762,076	202.09	-	203.09	-	-	762,076
Directional Drill/Survey	201.10	336,529	202.10	-	203.10	-	-	336,529
Conductor Hole/Service	201.11	56,030	202.11	-	203.11	-	-	56,030
Drill Bit	201.12	129,198	202.12	-	203.12	-	-	129,198
Bits/Tools/Stabilizers	201.13	74,205	202.13	-	203.13	-	-	74,205
Fuel/Power	201.14	191,062	202.14	-	203.14	-	-	191,062
Fuel/Mud	201.15	113,378	202.15	-	203.15	-	-	113,378
Rig Water	201.16	25,543	202.16	-	203.16	-	-	25,543
Mud/Chemicals/Acidizing	201.17	293,108	202.17	-	203.17	-	-	293,108
Inspection/Testing & Repair	201.18	48,779	202.18	-	203.18	-	-	48,779
Cement Services/Float Equip	201.19	354,636	202.19	-	203.19	-	-	354,636
Casing Crew/Tools	201.20	92,285	202.20	-	203.20	-	-	92,285
Contract Labor/Roustabout	201.21	35,595	202.21	-	203.21	-	-	35,595
Materials Supplies	201.22	6,592	202.22	-	203.22	-	-	6,592
Trucking/Vacuum/Transp	201.23	30,652	202.23	-	203.23	-	-	30,652
Solids Control/Closed Loop System	201.24	80,333	202.24	-	203.24	-	-	80,333
Disposal	201.25	190,503	202.25	-	203.25	-	-	190,503
Wellhead Prepare/Repair	201.26	16,479	202.26	-	203.26	-	-	16,479
Rental Equipment	201.27	112,389	202.27	-	203.27	-	-	112,389
Mancamp	201.28	53,130	202.28	-	203.28	-	-	53,130
Wellsite Supervision	201.29	118,520	202.29	-	203.29	-	-	118,520
Safety/Environmental	201.30	22,478	202.30	-	203.30	-	-	22,478
Well Control Insurance	201.31	11,239	202.31	-	203.31	-	-	11,239
Contingency	201.32	162,622	202.32	-	203.32	-	-	162,622
Completion								
Road/Locations/Pits	201.33	-	202.33	16,286	203.33	-	-	16,286
Wireline Open/Cased Hole	201.34	-	202.34	62,040	203.34	-	-	62,040
Fuel/Power	201.35	-	202.35	393,830	203.35	-	-	393,830
Coiled Tubing	201.36	-	202.36	282,881	203.36	-	-	282,881
Water Disposal/Vacuum Truck	201.37	-	202.37	29,151	203.37	-	-	29,151
Trucking	201.38	-	202.38	22,296	203.38	-	-	22,296
Electric Logging/Perforating	201.39	-	202.39	568,494	203.39	-	-	568,494
Completion Fluids	201.40	-	202.40	15,510	203.40	-	-	15,510
Well Stimulation/Fracture	201.41	-	202.41	2,787,425	203.41	-	-	2,787,425
Contract Labor/Roustabout	201.42	-	202.42	23,265	203.42	-	-	23,265
Water Handling	201.43	-	202.43	271,425	203.43	-	-	271,425
Source Water	201.44	-	202.44	444,749	203.44	-	-	444,749
Wellhead/Fracture Repair	201.45	-	202.45	62,040	203.45	-	-	62,040
Rental Equipment	201.46	-	202.46	261,117	203.46	-	-	261,117
Wellsite Supervision	201.47	-	202.47	69,097	203.47	-	-	69,097
Supervision/Engineering	201.48	-	202.48	7,755	203.48	-	-	7,755
Safety/Environmnental	201.49	-	202.49	23,265	203.49	-	-	23,265
Overhead	201.50	-	202.50	15,510	203.50	-	-	15,510
Artificial Lift								
Workover Rig	201.51	-	202.51	15,759	203.51	-	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	-	26,265
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,313	-	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	-	5,253
Road Locations/Pits	201.66	-	202.66	-	201.66	39,398	-	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	-	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	-	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	-	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	-	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	-	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	-	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	-	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	-	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	-	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	-	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	-	25,018
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	-	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	-	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	-	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	-	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	-	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	-	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	-	15,759
TOTAL INTANGIBLE COSTS		\$	3,776,443	\$	5,471,701	\$	602,522	\$ 9,850,666

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	112,392	302.01	-	303.01	-	-	112,392
Casing - Intermediate	301.02	240,921	302.02	-	303.02	-	-	240,921
Casing Production	301.03	574,842	302.03	-	303.03	-	-	574,842
Wellhead Equipment	301.04	70,037	302.04	-	303.04	-	-	70,037
Packer/Downhole Tools	301.05	70,037	302.05	-	303.05	-	-	70,037
Completion								
Wellhead Equipment	301.06	-	302.06	73,285	303.06	-	-	73,285
Artificial Lift								
Tubing	301.07	-	302.07	68,289	303.07	-	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	-	5,253
Comm. Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	-	5,253
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	105,848	-	105,848
Heater Treater/Seperator	301.17	-	302.17	-	303.17	127,385	-	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	-	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	-	22,719
Meters	301.20	-	302.20	-	303.20	99,282	-	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	-	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	-	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	-	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	-	28,892
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513		\$ 634,956	\$ 2,175,699	
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS		\$ 3,776,443		\$ 5,471,701	\$	602,522	\$	9,850,666
TOTAL TANGIBLE COSTS		\$ 1,068,230		\$ 472,513	\$	634,956	\$	2,175,699
TOTAL CONTINGENCIES		\$ -		\$ -	\$	-	\$	-
TOTAL DEVELOPMENT COSTS		\$ 4,844,672		\$ 5,944,214	\$	1,237,479	\$	12,026,366

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM109**

Well Name: Chancer 5-17 State #131H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,790'/10,150'

SHL: S20-T18S-R34E 350' FNL, 2,365' FEL

BHL: S5-T18S-R34E 100' FNL, 330' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #131H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,910,500
COMPLETIONS:	\$6,694,247
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$13,842,226

OPERATOR APPROVAL:



Authority for Expenditure			
FED Operating, LLC			
AFE Date: 11/18/2025			
AFE Number:	NM109	Field/Prospect:	
Well Name:	Chancer 5-17 State #131H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Location:	Sec. 5, 8, 17	Formation Target:	Bone Spring Formation
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	25790'/10150'

INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	24,126	202.01	-	203.01	-	24,126
Staking/Surveying	201.02	24,126	202.02	-	203.02	-	24,126
Legal/Title Services	201.03	20,909	202.03	-	203.03	-	20,909
Surface Damage/Row	201.04	56,294	202.04	-	203.04	-	56,294
Permanent Easement	201.05	19,301	202.05	-	203.05	-	19,301
Road/Locations/Pits	201.06	153,802	202.06	-	203.06	-	153,802
Rig Mob/Trucking	201.07	205,069	202.07	-	203.07	-	205,069
Rig Mob/Standby Rate	201.08	56,454	202.08	-	203.08	-	56,454
Daywork Contract	201.09	929,733	202.09	-	203.09	-	929,733
Directional Drill/Survey	201.10	410,566	202.10	-	203.10	-	410,566
Conductor Hole/Service	201.11	68,356	202.11	-	203.11	-	68,356
Drill Bit	201.12	157,622	202.12	-	203.12	-	157,622
Bits/Tools/Stabilizers	201.13	90,530	202.13	-	203.13	-	90,530
Fuel/Power	201.14	233,095	202.14	-	203.14	-	233,095
Fuel/Mud	201.15	138,321	202.15	-	203.15	-	138,321
Rig Water	201.16	31,162	202.16	-	203.16	-	31,162
Mud/Chemicals/Acidizing	201.17	357,591	202.17	-	203.17	-	357,591
Inspection/Testing & Repair	201.18	59,510	202.18	-	203.18	-	59,510
Cement Services/Float Equip	201.19	432,656	202.19	-	203.19	-	432,656
Casing Crew/Tools	201.20	112,587	202.20	-	203.20	-	112,587
Contract Labor/Roustabout	201.21	43,426	202.21	-	203.21	-	43,426
Materials Supplies	201.22	8,042	202.22	-	203.22	-	8,042
Trucking/Vacuum/Transp	201.23	37,395	202.23	-	203.23	-	37,395
Solids Control/Closed Loop System	201.24	98,006	202.24	-	203.24	-	98,006
Disposal	201.25	232,414	202.25	-	203.25	-	232,414
Wellhead Prepare/Repair	201.26	20,105	202.26	-	203.26	-	20,105
Rental Equipment	201.27	137,115	202.27	-	203.27	-	137,115
Mancamp	201.28	64,818	202.28	-	203.28	-	64,818
Wellsite Supervision	201.29	144,594	202.29	-	203.29	-	144,594
Safety/Environmental	201.30	27,423	202.30	-	203.30	-	27,423
Well Control Insurance	201.31	13,711	202.31	-	203.31	-	13,711
Contingency	201.32	198,399	202.32	-	203.32	-	198,399
Completion							
Road/Locations/Pits	201.33	-	202.33	18,535	203.33	-	18,535
Wireline Open/Cased Hole	201.34	-	202.34	70,610	203.34	-	70,610
Fuel/Power	201.35	-	202.35	448,235	203.35	-	448,235
Coiled Tubing	201.36	-	202.36	321,959	203.36	-	321,959
Water Disposal/Vacuum Truck	201.37	-	202.37	33,178	203.37	-	33,178
Trucking	201.38	-	202.38	25,376	203.38	-	25,376
Electric Logging/Perforating	201.39	-	202.39	647,027	203.39	-	647,027
Completion Fluids	201.40	-	202.40	17,653	203.40	-	17,653
Well Stimulation/Fracture	201.41	-	202.41	3,172,487	203.41	-	3,172,487
Contract Labor/Roustabout	201.42	-	202.42	26,479	203.42	-	26,479
Water Handling	201.43	-	202.43	308,920	203.43	-	308,920
Source Water	201.44	-	202.44	506,188	203.44	-	506,188
Wellhead/Fractree Repair	201.45	-	202.45	70,610	203.45	-	70,610
Rental Equipment	201.46	-	202.46	297,188	203.46	-	297,188
Wellsite Supervision	201.47	-	202.47	78,642	203.47	-	78,642
Supervision/Engineering	201.48	-	202.48	8,826	203.48	-	8,826
Safety/Environmetal	201.49	-	202.49	26,479	203.49	-	26,479
Overhead	201.50	-	202.50	17,653	203.50	-	17,653
Artificial Lift							
Workover Rig	201.51	-	202.51	15,759	203.51	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	26,265
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,313	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	21,012
Water Disposal/ESWD	201.70	-	202.70	-	201.70	1,313	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	25,018
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	15,759
TOTAL INTANGIBLE COSTS		\$ 4,607,260		\$ 6,211,611		\$ 602,522	\$ 11,421,393

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	137,118	302.01	-	303.01	-	137,118
Casing - Intermediate	301.02	293,923	302.02	-	303.02	-	293,923
Casing Production	301.03	701,308	302.03	-	303.03	-	701,308
Wellhead Equipment	301.04	85,446	302.04	-	303.04	-	85,446
Packer/Downhole Tools	301.05	85,446	302.05	-	303.05	-	85,446
Completion							
Wellhead Equipment	301.06	-	302.06	83,408	303.06	-	83,408
Artificial Lift							
Tubing	301.07	-	302.07	68,289	303.07	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	5,253
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	105,848	105,848
Heater Treater/Seperator	301.17	-	302.17	-	303.17	127,385	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	22,719
Meters	301.20	-	302.20	-	303.20	99,282	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	28,892
TOTAL TANGIBLE COSTS		\$ 1,303,240		\$ 482,636		\$ 634,956	\$ 2,420,833
Cost Category Summary							
		Drilling AFE		Completion/AL AFE		Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$	4,607,260	\$	6,211,611	\$	602,522	\$ 11,421,393
TOTAL TANGIBLE COSTS	\$	1,303,240	\$	482,636	\$	634,956	\$ 2,420,833
TOTAL CONTINGENCIES	\$		\$		\$		\$
TOTAL DEVELOPMENT COSTS	\$	5,910,500	\$	6,694,247	\$	1,237,479	\$ 13,842,226

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM110**

Well Name: Chancer 5-17 State #132H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,790'/10,150'

SHL: S20-T18S-R34E 350' FNL, 2,315' FEL

BHL: S5-T18S-R34E 100' FNL, 1,650' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #132H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,910,500
COMPLETIONS:	\$6,694,247
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$13,842,226

OPERATOR APPROVAL:



Authority for Expenditure			
FED Operating, LLC			
AFE Date: 11/18/2025			
AFE Number:	NM110	Field/Prospect:	
Well Name:	Chancer 5-17 State #132H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Location:	Sec. 5, 8, 17	Formation Target:	Bone Spring Formation
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	25790'/10150'

INTANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total	
Drilling								
Permits/Licenses	201.01	24,126	202.01	-	203.01	-	-	24,126
Staking/Surveying	201.02	24,126	202.02	-	203.02	-	-	24,126
Legal/Title Services	201.03	20,909	202.03	-	203.03	-	-	20,909
Surface Damage/Row	201.04	56,294	202.04	-	203.04	-	-	56,294
Permanent Easement	201.05	19,301	202.05	-	203.05	-	-	19,301
Road/Locations/Pits	201.06	153,802	202.06	-	203.06	-	-	153,802
Rig Mob/Trucking	201.07	205,069	202.07	-	203.07	-	-	205,069
Rig Mob/Standby Rate	201.08	56,454	202.08	-	203.08	-	-	56,454
Daywork Contract	201.09	929,733	202.09	-	203.09	-	-	929,733
Directional Drill/Survey	201.10	410,566	202.10	-	203.10	-	-	410,566
Conductor Hole/Service	201.11	68,356	202.11	-	203.11	-	-	68,356
Drill Bit	201.12	157,622	202.12	-	203.12	-	-	157,622
Bits/Tools/Stabilizers	201.13	90,530	202.13	-	203.13	-	-	90,530
Fuel/Power	201.14	233,095	202.14	-	203.14	-	-	233,095
Fuel/Mud	201.15	138,321	202.15	-	203.15	-	-	138,321
Rig Water	201.16	31,162	202.16	-	203.16	-	-	31,162
Mud/Chemicals/Acidizing	201.17	357,591	202.17	-	203.17	-	-	357,591
Inspection/Testing & Repair	201.18	59,510	202.18	-	203.18	-	-	59,510
Cement Services/Float Equip	201.19	432,656	202.19	-	203.19	-	-	432,656
Casing Crew/Tools	201.20	112,587	202.20	-	203.20	-	-	112,587
Contract Labor/Roustabout	201.21	43,426	202.21	-	203.21	-	-	43,426
Materials Supplies	201.22	8,042	202.22	-	203.22	-	-	8,042
Trucking/Vacuum/Transp	201.23	37,395	202.23	-	203.23	-	-	37,395
Solids Control/Closed Loop System	201.24	98,006	202.24	-	203.24	-	-	98,006
Disposal	201.25	232,414	202.25	-	203.25	-	-	232,414
Wellhead Prepare/Repair	201.26	20,105	202.26	-	203.26	-	-	20,105
Rental Equipment	201.27	137,115	202.27	-	203.27	-	-	137,115
Mancamp	201.28	64,818	202.28	-	203.28	-	-	64,818
Wellsite Supervision	201.29	144,594	202.29	-	203.29	-	-	144,594
Safety/Environmental	201.30	27,423	202.30	-	203.30	-	-	27,423
Well Control Insurance	201.31	13,711	202.31	-	203.31	-	-	13,711
Contingency	201.32	198,399	202.32	-	203.32	-	-	198,399
Completion								
Road/Locations/Pits	201.33	-	202.33	18,535	203.33	-	-	18,535
Wireline Open/Cased Hole	201.34	-	202.34	70,610	203.34	-	-	70,610
Fuel/Power	201.35	-	202.35	448,235	203.35	-	-	448,235
Coiled Tubing	201.36	-	202.36	321,959	203.36	-	-	321,959
Water Disposal/Vacuum Truck	201.37	-	202.37	33,178	203.37	-	-	33,178
Trucking	201.38	-	202.38	25,376	203.38	-	-	25,376
Electric Logging/Perforating	201.39	-	202.39	647,027	203.39	-	-	647,027
Completion Fluids	201.40	-	202.40	17,653	203.40	-	-	17,653
Well Stimulation/Fracture	201.41	-	202.41	3,172,487	203.41	-	-	3,172,487
Contract Labor/Roustabout	201.42	-	202.42	26,479	203.42	-	-	26,479
Water Handling	201.43	-	202.43	308,920	203.43	-	-	308,920
Source Water	201.44	-	202.44	506,188	203.44	-	-	506,188
Wellhead/Fracture Repair	201.45	-	202.45	70,610	203.45	-	-	70,610
Rental Equipment	201.46	-	202.46	297,188	203.46	-	-	297,188
Wellsite Supervision	201.47	-	202.47	78,642	203.47	-	-	78,642
Supervision/Engineering	201.48	-	202.48	8,826	203.48	-	-	8,826
Safety/Environmental	201.49	-	202.49	26,479	203.49	-	-	26,479
Overhead	201.50	-	202.50	17,653	203.50	-	-	17,653
Artificial Lift								
Workover Rig	201.51	-	202.51	15,759	203.51	-	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	-	26,265
Facilities								
Surface Damage	201.64	-	202.64	-	201.64	1,313	-	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	-	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	-	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	-	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	-	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	-	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	-	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	-	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	-	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	-	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	-	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	-	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	-	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	-	25,018
Flowback								
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	-	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	-	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	-	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	-	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	-	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	-	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	-	15,759
TOTAL INTANGIBLE COSTS		\$	4,607,260	\$	6,211,611	\$	602,522	\$ 11,421,393

TANGIBLE COSTS								
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total	
Drilling								
Casing - Surface	301.01	137,118	302.01	-	303.01	-	-	137,118
Casing - Intermediate	301.02	293,923	302.02	-	303.02	-	-	293,923
Casing Production	301.03	701,308	302.03	-	303.03	-	-	701,308
Wellhead Equipment	301.04	85,446	302.04	-	303.04	-	-	85,446
Packer/Downhole Tools	301.05	85,446	302.05	-	303.05	-	-	85,446
Completion								
Wellhead Equipment	301.06	-	302.06	83,408	303.06	-	-	83,408
Artificial Lift								
Tubing	301.07	-	302.07	68,289	303.07	-	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	-	5,253
Facilities								
Tank Battery	301.16	-	302.16	-	303.16	105,848	-	105,848
Heater Treater/Separator	301.17	-	302.17	-	303.17	127,385	-	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	-	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	-	22,719
Meters	301.20	-	302.20	-	303.20	99,282	-	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	-	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	-	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	-	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	-	28,892
TOTAL TANGIBLE COSTS		\$ 1,303,240		\$ 482,636		\$ 634,956		2,420,833
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total
TOTAL INTANGIBLE COSTS	\$	4,607,260	\$	6,211,611	\$	602,522	\$	11,421,393
TOTAL TANGIBLE COSTS	\$	1,303,240	\$	482,636	\$	634,956	\$	2,420,833
TOTAL CONTINGENCIES	\$	-	\$	-	\$	-	\$	-
TOTAL DEVELOPMENT COSTS	\$	5,910,500	\$	6,694,247	\$	1,237,479	\$	13,842,226

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM111**

Well Name: Chancer 5-17 State #133H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,790'/10,150'

SHL: S20-T18S-R34E 350' FNL, 2,265' FEL

BHL: S5-T18S-R34E 100' FNL, 2,310' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #133H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,910,500
COMPLETIONS:	\$6,694,247
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$13,842,226

OPERATOR APPROVAL:



Authority for Expenditure FED Operating, LLC AFE Date: 11/18/2025							
AFE Number:	NM111	Field/Prospect:					
Well Name:	Chancer 5-17 State #133H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility				
Location:	Sec. 5, 8, 17	Formation Target:	Bone Spring Formation				
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	25790'/10150'				
INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	24,126	202.01	-	203.01	-	24,126
Staking/Surveying	201.02	24,126	202.02	-	203.02	-	24,126
Legal/Title Services	201.03	20,909	202.03	-	203.03	-	20,909
Surface Damage/Row	201.04	56,294	202.04	-	203.04	-	56,294
Permanent Easement	201.05	19,301	202.05	-	203.05	-	19,301
Road/Locations/Pits	201.06	153,802	202.06	-	203.06	-	153,802
Rig Mob/Trucking	201.07	205,069	202.07	-	203.07	-	205,069
Rig Mob/Standby Rate	201.08	56,454	202.08	-	203.08	-	56,454
Daywork Contract	201.09	929,733	202.09	-	203.09	-	929,733
Directional Drill/Survey	201.10	410,566	202.10	-	203.10	-	410,566
Conductor Hole/Service	201.11	68,356	202.11	-	203.11	-	68,356
Drill Bit	201.12	157,622	202.12	-	203.12	-	157,622
Bits/Tools/Stabilizers	201.13	90,530	202.13	-	203.13	-	90,530
Fuel/Power	201.14	233,095	202.14	-	203.14	-	233,095
Fuel/Mud	201.15	138,321	202.15	-	203.15	-	138,321
Rig Water	201.16	31,162	202.16	-	203.16	-	31,162
Mud/Chemicals/Acidizing	201.17	357,591	202.17	-	203.17	-	357,591
Inspection/Testing & Repair	201.18	59,510	202.18	-	203.18	-	59,510
Cement Services/Float Equip	201.19	432,656	202.19	-	203.19	-	432,656
Casing Crew/Tools	201.20	112,587	202.20	-	203.20	-	112,587
Contract Labor/Roustabout	201.21	43,426	202.21	-	203.21	-	43,426
Materials Supplies	201.22	8,042	202.22	-	203.22	-	8,042
Trucking/Vacuum/Transp	201.23	37,395	202.23	-	203.23	-	37,395
Solids Control/Closed Loop System	201.24	98,006	202.24	-	203.24	-	98,006
Disposal	201.25	232,414	202.25	-	203.25	-	232,414
Wellhead Prepare/Repair	201.26	20,105	202.26	-	203.26	-	20,105
Rental Equipment	201.27	137,115	202.27	-	203.27	-	137,115
Mancamp	201.28	64,818	202.28	-	203.28	-	64,818
Wellsite Supervision	201.29	144,594	202.29	-	203.29	-	144,594
Safety/Environmental	201.30	27,423	202.30	-	203.30	-	27,423
Well Control Insurance	201.31	13,711	202.31	-	203.31	-	13,711
Contingency	201.32	198,399	202.32	-	203.32	-	198,399
Completion							
Road/Locations/Pits	201.33	-	202.33	18,535	203.33	-	18,535
Wireline Open/Cased Hole	201.34	-	202.34	70,610	203.34	-	70,610
Fuel/Power	201.35	-	202.35	448,235	203.35	-	448,235
Coiled Tubing	201.36	-	202.36	321,959	203.36	-	321,959
Water Disposal/Vacuum Truck	201.37	-	202.37	33,178	203.37	-	33,178
Trucking	201.38	-	202.38	25,376	203.38	-	25,376
Electric Logging/Perforating	201.39	-	202.39	647,027	203.39	-	647,027
Completion Fluids	201.40	-	202.40	17,653	203.40	-	17,653
Well Stimulation/Fracture	201.41	-	202.41	3,172,487	203.41	-	3,172,487
Contract Labor/Roustabout	201.42	-	202.42	26,479	203.42	-	26,479
Water Handling	201.43	-	202.43	308,920	203.43	-	308,920
Source Water	201.44	-	202.44	506,188	203.44	-	506,188
Wellhead/Fractree Repair	201.45	-	202.45	70,610	203.45	-	70,610
Rental Equipment	201.46	-	202.46	297,188	203.46	-	297,188
Wellsite Supervision	201.47	-	202.47	78,642	203.47	-	78,642
Supervision/Engineering	201.48	-	202.48	8,826	203.48	-	8,826
Safety/Environmental	201.49	-	202.49	26,479	203.49	-	26,479
Overhead	201.50	-	202.50	17,653	203.50	-	17,653
Artificial Lift							
Workover Rig	201.51	-	202.51	15,759	203.51	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	26,265
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,313	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	21,012
Water Disposal/ISWD	201.70	-	202.70	-	201.70	1,313	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	25,018
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	15,759
TOTAL INTANGIBLE COSTS		\$ 4,607,260		\$ 6,211,611		\$ 602,522	\$ 11,421,393

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	137,118	302.01	-	303.01	-	137,118
Casing - Intermediate	301.02	293,923	302.02	-	303.02	-	293,923
Casing Production	301.03	701,308	302.03	-	303.03	-	701,308
Wellhead Equipment	301.04	85,446	302.04	-	303.04	-	85,446
Packer/Downhole Tools	301.05	85,446	302.05	-	303.05	-	85,446
Completion							
Wellhead Equipment	301.06	-	302.06	83,408	303.06	-	83,408
Artificial Lift							
Tubing	301.07	-	302.07	68,289	303.07	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	5,253
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	105,848	105,848
Heater Treater/Seperator	301.17	-	302.17	-	303.17	127,385	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	22,719
Meters	301.20	-	302.20	-	303.20	99,282	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	28,892
TOTAL TANGIBLE COSTS		\$ 1,303,240		\$ 482,636		\$ 634,956	\$ 2,420,833
Cost Category Summary							
		Drilling AFE		Completion/AL AFE		Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$	4,607,260	\$	6,211,611	\$	602,522	\$ 11,421,393
TOTAL TANGIBLE COSTS	\$	1,303,240	\$	482,636	\$	634,956	\$ 2,420,833
TOTAL CONTINGENCIES	\$		\$		\$		\$ -
TOTAL DEVELOPMENT COSTS	\$	5,910,500	\$	6,694,247	\$	1,237,479	\$ 13,842,226

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM112**

Well Name: Chancer 5-17 State #134H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 25,790'/10,150'

SHL: S20-T18S-R34E 350' FNL, 2,115' FEL

BHL: S5-T18S-R34E 100' FNL, 990' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #134H, a three-mile Bone Spring horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$5,910,500
COMPLETIONS:	\$6,694,247
FACILITIES:	\$1,237,479
COMPLETED WELL COST:	\$13,842,226

OPERATOR APPROVAL:



Authority for Expenditure							
FED Operating, LLC							
AFE Date: 11/18/2025							
AFE Number:	NM112	Field/Prospect:					
Well Name:	Chancer 5-17 State #134H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility				
Location:	Sec. 5, 8, 17	Formation Target:	Bone Spring Formation				
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	25790'/10150'				
INTANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total
Drilling							
Permits/Licenses	201.01	24,126	202.01	-	203.01	-	24,126
Staking/Surveying	201.02	24,126	202.02	-	203.02	-	24,126
Legal/Title Services	201.03	20,909	202.03	-	203.03	-	20,909
Surface Damage/Row	201.04	56,294	202.04	-	203.04	-	56,294
Permanent Easement	201.05	19,301	202.05	-	203.05	-	19,301
Road/Locations/Pits	201.06	153,802	202.06	-	203.06	-	153,802
Rig Mob/Trucking	201.07	205,069	202.07	-	203.07	-	205,069
Rig Mob/Standby Rate	201.08	56,454	202.08	-	203.08	-	56,454
Daywork Contract	201.09	929,733	202.09	-	203.09	-	929,733
Directional Drill/Survey	201.10	410,566	202.10	-	203.10	-	410,566
Conductor Hole/Service	201.11	68,356	202.11	-	203.11	-	68,356
Drill Bit	201.12	157,622	202.12	-	203.12	-	157,622
Bits/Tools/Stabilizers	201.13	90,530	202.13	-	203.13	-	90,530
Fuel/Power	201.14	233,095	202.14	-	203.14	-	233,095
Fuel/Mud	201.15	138,321	202.15	-	203.15	-	138,321
Rig Water	201.16	31,162	202.16	-	203.16	-	31,162
Mud/Chemicals/Acidizing	201.17	357,591	202.17	-	203.17	-	357,591
Inspection/Testing & Repair	201.18	59,510	202.18	-	203.18	-	59,510
Cement Services/Float Equip	201.19	432,656	202.19	-	203.19	-	432,656
Casing Crew/Tools	201.20	112,587	202.20	-	203.20	-	112,587
Contract Labor/Roustabout	201.21	43,426	202.21	-	203.21	-	43,426
Materials Supplies	201.22	8,042	202.22	-	203.22	-	8,042
Trucking/Vacuum/Transp	201.23	37,395	202.23	-	203.23	-	37,395
Solids Control/Closed Loop System	201.24	98,006	202.24	-	203.24	-	98,006
Disposal	201.25	232,414	202.25	-	203.25	-	232,414
Wellhead Prepare/Repair	201.26	20,105	202.26	-	203.26	-	20,105
Rental Equipment	201.27	137,115	202.27	-	203.27	-	137,115
Mancamp	201.28	64,818	202.28	-	203.28	-	64,818
Wellsite Supervision	201.29	144,594	202.29	-	203.29	-	144,594
Safety/Environmental	201.30	27,423	202.30	-	203.30	-	27,423
Well Control Insurance	201.31	13,711	202.31	-	203.31	-	13,711
Contingency	201.32	198,399	202.32	-	203.32	-	198,399
Completion							
Road/Locations/Pits	201.33	-	202.33	18,535	203.33	-	18,535
Wireline Open/Cased Hole	201.34	-	202.34	70,610	203.34	-	70,610
Fuel/Power	201.35	-	202.35	448,235	203.35	-	448,235
Coiled Tubing	201.36	-	202.36	321,959	203.36	-	321,959
Water Disposal/Vacuum Truck	201.37	-	202.37	33,178	203.37	-	33,178
Trucking	201.38	-	202.38	25,376	203.38	-	25,376
Electric Logging/Perforating	201.39	-	202.39	647,027	203.39	-	647,027
Completion Fluids	201.40	-	202.40	17,653	203.40	-	17,653
Well Stimulation/Fracture	201.41	-	202.41	3,172,487	203.41	-	3,172,487
Contract Labor/Roustabout	201.42	-	202.42	26,479	203.42	-	26,479
Water Handling	201.43	-	202.43	308,920	203.43	-	308,920
Source Water	201.44	-	202.44	506,188	203.44	-	506,188
Wellhead/Fractree Repair	201.45	-	202.45	70,610	203.45	-	70,610
Rental Equipment	201.46	-	202.46	297,188	203.46	-	297,188
Wellsite Supervision	201.47	-	202.47	78,642	203.47	-	78,642
Supervision/Engineering	201.48	-	202.48	8,826	203.48	-	8,826
Safety/Environmetal	201.49	-	202.49	26,479	203.49	-	26,479
Overhead	201.50	-	202.50	17,653	203.50	-	17,653
Artificial Lift							
Workover Rig	201.51	-	202.51	15,759	203.51	-	15,759
Spooling Services	201.52	-	202.52	6,304	203.52	-	6,304
Wireline Open/Cased Hole	201.53	-	202.53	5,253	203.53	-	5,253
Inspection & Testing	201.54	-	202.54	3,152	203.54	-	3,152
Trucking/Vacuum/Transp	201.55	-	202.55	7,354	203.55	-	7,354
Kill Truck	201.56	-	202.56	5,253	203.56	-	5,253
Completion Fluids	201.57	-	202.57	5,253	203.57	-	5,253
Contract Labor/Roustabout	201.58	-	202.58	10,506	203.58	-	10,506
Rental Equipment	201.59	-	202.59	10,506	203.59	-	10,506
Laydown Machine	201.60	-	202.60	5,253	203.60	-	5,253
Reverse Unit Rental	201.61	-	202.61	5,253	203.61	-	5,253
Wellsite Supervision	201.62	-	202.62	9,455	203.62	-	9,455
Acid	201.63	-	202.63	26,265	203.63	-	26,265
Facilities							
Surface Damage	201.64	-	202.64	-	201.64	1,313	1,313
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,253	5,253
Road Locations Pits	201.66	-	202.66	-	201.66	39,398	39,398
Materials & Supplies	201.67	-	202.67	-	201.67	10,506	10,506
Transportation rucking	201.68	-	202.68	-	201.68	7,880	7,880
Rental Equipment	201.69	-	202.69	-	201.69	21,012	21,012
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,313	1,313
Inspection & Testing	201.71	-	202.71	-	201.71	657	657
Contract Labor/Roustab	201.72	-	202.72	-	201.72	78,795	78,795
Supervision	201.73	-	202.73	-	201.73	26,265	26,265
Consulting Services	201.74	-	202.74	-	201.74	1,313	1,313
Safety/Environmental	201.75	-	202.75	-	201.75	3,940	3,940
Company Labor	201.76	-	202.76	-	201.76	1,313	1,313
Contingency	201.77	-	202.77	-	201.77	25,018	25,018
Flowback							
Frac Water Recovery	201.78	-	202.78	-	201.78	174,731	174,731
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	21,012	21,012
Well Testing/Flowback	201.80	-	202.80	-	201.80	114,515	114,515
Tank Rental	201.81	-	202.81	-	201.81	21,012	21,012
Surface Pump Rental	201.82	-	202.82	-	201.82	21,012	21,012
Wellsite Supervision	201.83	-	202.83	-	201.83	10,506	10,506
Chemicals	201.84	-	202.84	-	201.84	15,759	15,759
TOTAL INTANGIBLE COSTS		\$ 4,607,260		\$ 6,211,611		\$ 602,522	\$ 11,421,393

TANGIBLE COSTS							
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total
Drilling							
Casing - Surface	301.01	137,118	302.01	-	303.01	-	137,118
Casing - Intermediate	301.02	293,923	302.02	-	303.02	-	293,923
Casing Production	301.03	701,308	302.03	-	303.03	-	701,308
Wellhead Equipment	301.04	85,446	302.04	-	303.04	-	85,446
Packer/Downhole Tools	301.05	85,446	302.05	-	303.05	-	85,446
Completion							
Wellhead Equipment	301.06	-	302.06	83,408	303.06	-	83,408
Artificial Lift							
Tubing	301.07	-	302.07	68,289	303.07	-	68,289
Downhole Artificial Lift Equip	301.08	-	302.08	15,759	303.08	-	15,759
ESP Equipment/Install	301.09	-	302.09	105,060	303.09	-	105,060
Wellhead Equipment	301.10	-	302.10	52,530	303.10	-	52,530
Well Site Power Equipment/Install	301.11	-	302.11	78,795	303.11	-	78,795
OHP Infrastructure Equipment/Install	301.12	-	302.12	52,530	303.12	-	52,530
Valves/Connections/FTGS	301.13	-	302.13	15,759	303.13	-	15,759
Measurement Equipment	301.14	-	302.14	5,253	303.14	-	5,253
Comm, Telemetry & Automa	301.15	-	302.15	5,253	303.15	-	5,253
Facilities							
Tank Battery	301.16	-	302.16	-	303.16	105,848	105,848
Heater Treater/Separator	301.17	-	302.17	-	303.17	127,385	127,385
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	118,193	118,193
Circulating Transfer Pump	301.19	-	302.19	-	303.19	22,719	22,719
Meters	301.20	-	302.20	-	303.20	99,282	99,282
Compressors	301.21	-	302.21	-	303.21	7,880	7,880
Electrical	301.22	-	302.22	-	303.22	91,928	91,928
Automation Material	301.23	-	302.23	-	303.23	32,831	32,831
Flare/Combuster	301.24	-	302.24	-	303.24	28,892	28,892
TOTAL TANGIBLE COSTS		\$ 1,303,240		\$ 482,636		\$ 634,956	\$ 2,420,833
Cost Category Summary							
		Drilling AFE		Completion/AL AFE		Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$	4,607,260	\$	6,211,611	\$	602,522	\$ 11,421,393
TOTAL TANGIBLE COSTS	\$	1,303,240	\$	482,636	\$	634,956	\$ 2,420,833
TOTAL CONTINGENCIES	\$	-	\$	-	\$	-	-
TOTAL DEVELOPMENT COSTS	\$	5,910,500	\$	6,694,247	\$	1,237,479	\$ 13,842,226

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM113**

Well Name: Chancer 5-17 State #211H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 27,240'/11,600'

SHL: S20-T18S-R34E 350' FNL, 2,065' FEL

BHL: S5-T18S-R34E 100' FNL, 330' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #211H, a three-mile Wolfcamp horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$7,267,008
COMPLETIONS:	\$7,060,380
FACILITIES:	\$1,310,271
COMPLETED WELL COST:	\$15,637,659

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM113
Chancer 5-17 State #211H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Wolfcamp Formation
27240' /11600'

INTANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility/ Flowback AFE	Total
Drilling									
Permits/Licenses	201.01		29,663	202.01	-		203.01	-	29,663
Staking/Surveying	201.02		29,663	202.02	-		203.02	-	29,663
Legal/Title Services	201.03		25,708	202.03	-		203.03	-	25,708
Surface Damage/Row	201.04		69,213	202.04	-		203.04	-	69,213
Permanent Easement	201.05		23,730	202.05	-		203.05	-	23,730
Road/Locations/Pits	201.06		189,101	202.06	-		203.06	-	189,101
Rig Mob/Trucking	201.07		252,134	202.07	-		203.07	-	252,134
Rig Mob/Standby Rate	201.08		69,411	202.08	-		203.08	-	69,411
Daywork Contract	201.09		1,143,115	202.09	-		203.09	-	1,143,115
Directional Drill/Survey	201.10		504,794	202.10	-		203.10	-	504,794
Conductor Hole/Service	201.11		84,045	202.11	-		203.11	-	84,045
Drill Bit	201.12		193,797	202.12	-		203.12	-	193,797
Bits/Tools/Stabilizers	201.13		111,307	202.13	-		203.13	-	111,307
Fuel/Power	201.14		286,593	202.14	-		203.14	-	286,593
Fuel/Mud	201.15		170,067	202.15	-		203.15	-	170,067
Rig Water	201.16		38,315	202.16	-		203.16	-	38,315
Mud/Chemicals/Acidizing	201.17		439,662	202.17	-		203.17	-	439,662
Inspection/Testing & Repair	201.18		73,168	202.18	-		203.18	-	73,168
Cement Services/Float Equip	201.19		531,954	202.19	-		203.19	-	531,954
Casing Crew/Tools	201.20		138,427	202.20	-		203.20	-	138,427
Contract Labor/Roustabout	201.21		53,393	202.21	-		203.21	-	53,393
Materials Supplies	201.22		9,888	202.22	-		203.22	-	9,888
Trucking/Vacuum/Transp	201.23		45,977	202.23	-		203.23	-	45,977
Solids Control/Closed Loop System	201.24		120,499	202.24	-		203.24	-	120,499
Disposal	201.25		285,754	202.25	-		203.25	-	285,754
Wellhead Prepare/Repair	201.26		24,719	202.26	-		203.26	-	24,719
Rental Equipment	201.27		168,584	202.27	-		203.27	-	168,584
Mancamp	201.28		79,694	202.28	-		203.28	-	79,694
Wellsite Supervision	201.29		177,779	202.29	-		203.29	-	177,779
Safety/Environmental	201.30		33,717	202.30	-		203.30	-	33,717
Well Control Insurance	201.31		16,858	202.31	-		203.31	-	16,858
Contingency	201.32		243,933	202.32	-		203.32	-	243,933
Completion									
Road/Locations/Pits	201.33		-	202.33		19,543	203.33	-	19,543
Wireline Open/Cased Hole	201.34		-	202.34		74,448	203.34	-	74,448
Fuel/Power	201.35		-	202.35		472,596	203.35	-	472,596
Coiled Tubing	201.36		-	202.36		339,457	203.36	-	339,457
Water Disposal/Vacuum Truck	201.37		-	202.37		34,981	203.37	-	34,981
Trucking	201.38		-	202.38		26,755	203.38	-	26,755
Electric Logging/Perforating	201.39		-	202.39		682,193	203.39	-	682,193
Completion Fluids	201.40		-	202.40		18,612	203.40	-	18,612
Well Stimulation/Fracture	201.41		-	202.41		3,344,910	203.41	-	3,344,910
Contract Labor/Roustabout	201.42		-	202.42		27,918	203.42	-	27,918
Water Handling	201.43		-	202.43		325,710	203.43	-	325,710
Source Water	201.44		-	202.44		533,699	203.44	-	533,699
Wellhead/Fracture Repair	201.45		-	202.45		74,448	203.45	-	74,448
Rental Equipment	201.46		-	202.46		313,340	203.46	-	313,340
Wellsite Supervision	201.47		-	202.47		82,916	203.47	-	82,916
Supervision/Engineering	201.48		-	202.48		9,306	203.48	-	9,306
Safety/Environmental	201.49		-	202.49		27,918	203.49	-	27,918
Overhead	201.50		-	202.50		18,612	203.50	-	18,612
Artificial Lift									
Workover Rig	201.51		-	202.51		16,686	203.51	-	16,686
Spooling Services	201.52		-	202.52		6,674	203.52	-	6,674
Wireline Open/Cased Hole	201.53		-	202.53		5,562	203.53	-	5,562
Inspection & Testing	201.54		-	202.54		3,337	203.54	-	3,337
Trucking/Vacuum/Transp	201.55		-	202.55		7,787	203.55	-	7,787
Kill Truck	201.56		-	202.56		5,562	203.56	-	5,562
Completion Fluids	201.57		-	202.57		5,562	203.57	-	5,562
Contract Labor/Roustabout	201.58		-	202.58		11,124	203.58	-	11,124
Rental Equipment	201.59		-	202.59		11,124	203.59	-	11,124
Laydown Machine	201.60		-	202.60		5,562	203.60	-	5,562
Reverse Unit Rental	201.61		-	202.61		5,562	203.61	-	5,562
Wellsite Supervision	201.62		-	202.62		10,012	203.62	-	10,012
Acid	201.63		-	202.63		27,810	203.63	-	27,810
Facilities									
Surface Damage	201.64		-	202.64		-	201.64	1,391	1,391
Permanent Easement/Row	201.65		-	202.65		-	201.65	5,562	5,562
Road Locations Pits	201.66		-	202.66		-	201.66	41,715	41,715
Materials & Supplies	201.67		-	202.67		-	201.67	11,124	11,124
Transportation rucking	201.68		-	202.68		-	201.68	8,343	8,343
Rental Equipment	201.69		-	202.69		-	201.69	22,248	22,248
Water Disposal/SWD	201.70		-	202.70		-	201.70	1,391	1,391
Inspection & Testing	201.71		-	202.71		-	201.71	695	695
Contract Labor/Roustab	201.72		-	202.72		-	201.72	83,430	83,430
Supervision	201.73		-	202.73		-	201.73	27,810	27,810
Consulting Services	201.74		-	202.74		-	201.74	1,391	1,391
Safety/Environmental	201.75		-	202.75		-	201.75	4,172	4,172
Company Labor	201.76		-	202.76		-	201.76	1,391	1,391
Contingency	201.77		-	202.77		-	201.77	26,490	26,490
Flowback									
Frac Water Recovery	201.78		-	202.78		-	201.78	185,009	185,009
Trucking/Vacuum/Transfer	201.79		-	202.79		-	201.79	22,248	22,248
Well Testing/Flowback	201.80		-	202.80		-	201.80	121,252	121,252
Tank Rental	201.81		-	202.81		-	201.81	22,248	22,248
Surface Pump Rental	201.82		-	202.82		-	201.82	22,248	22,248
Wellsite Supervision	201.83		-	202.83		-	201.83	11,124	11,124
Chemicals	201.84		-	202.84		-	201.84	16,686	16,686
TOTAL INTANGIBLE COSTS		\$	5,664,664		\$	6,549,726		\$ 637,965	\$ 12,852,353

TANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility AFE	Total
Drilling									
Casing - Surface	301.01		168,588	302.01		-	303.01	-	168,588
Casing - Intermediate	301.02		361,381	302.02		-	303.02	-	361,381
Casing Production	301.03		862,264	302.03		-	303.03	-	862,264
Wellhead Equipment	301.04		105,056	302.04		-	303.04	-	105,056
Packer/Downhole Tools	301.05		105,056	302.05		-	303.05	-	105,056
Completion									
Wellhead Equipment	301.06		-	302.06		87,942	303.06	-	87,942
Artificial Lift									
Tubing	301.07		-	302.07		72,306	303.07	-	72,306
Downhole Artificial Lift Equip	301.08		-	302.08		16,686	303.08	-	16,686
ESP Equipment/Install	301.09		-	302.09		111,240	303.09	-	111,240
Wellhead Equipment	301.10		-	302.10		55,620	303.10	-	55,620
Well Site Power Equipment/Install	301.11		-	302.11		83,430	303.11	-	83,430
OHP Infrastructure Equipment/Install	301.12		-	302.12		55,620	303.12	-	55,620
Valves/Connections/FTGS	301.13		-	302.13		16,686	303.13	-	16,686
Measurement Equipment	301.14		-	302.14		5,562	303.14	-	5,562
Comm. Telemetry & Automa	301.15		-	302.15		5,562	303.15	-	5,562
Facilities									
Tank Battery	301.16		-	302.16		-	303.16	112,074	112,074
Heater Treater/Seperator	301.17		-	302.17		-	303.17	134,879	134,879
Valves Fittings/Pipe	301.18		-	302.18		-	303.18	125,145	125,145
Circulating Transfer Pump	301.19		-	302.19		-	303.19	24,056	24,056
Meters	301.20		-	302.20		-	303.20	105,122	105,122
Compressors	301.21		-	302.21		-	303.21	8,343	8,343
Electrical	301.22		-	302.22		-	303.22	97,335	97,335
Automation Material	301.23		-	302.23		-	303.23	34,763	34,763
Flare/Combuster	301.24		-	302.24		-	303.24	30,591	30,591
TOTAL TANGIBLE COSTS		\$	1,602,344		\$	510,654		\$ 672,307	\$ 2,785,305
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total	
TOTAL INTANGIBLE COSTS	\$		5,664,664	\$	6,549,726	\$	637,965	\$	12,852,354
TOTAL TANGIBLE COSTS	\$		1,602,344	\$	510,654	\$	672,307	\$	2,785,305
TOTAL CONTINGENCIES	\$		-	\$	-	\$	-	\$	-
TOTAL DEVELOPMENT COSTS	\$		7,267,008	\$	7,060,380	\$	1,310,271	\$	15,637,659

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM114**

Well Name: Chancer 5-17 State #212H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 27,240'/11,600'

SHL: S20-T18S-R34E 350' FNL, 2,015' FEL

BHL: S5-T18S-R34E 100' FNL, 1,650' FWL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #212H, a three-mile Wolfcamp horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$7,267,008
COMPLETIONS:	\$7,060,380
FACILITIES:	\$1,310,271
COMPLETED WELL COST:	\$15,637,659

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:	NM114	Field/Prospect:	
Well Name:	Chancer 5-17 State #212H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Location:	Sec. 5, 8, 17	Formation Target:	Wolfcamp Formation
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	27240' /11600'

INTANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility/ Flowback AFE	Total
Drilling									
Permits/Licenses	201.01		29,663	202.01	-	203.01	-	-	29,663
Staking/Surveying	201.02		29,663	202.02	-	203.02	-	-	29,663
Legal/Title Services	201.03		25,708	202.03	-	203.03	-	-	25,708
Surface Damage/Row	201.04		69,213	202.04	-	203.04	-	-	69,213
Permanent Easement	201.05		23,730	202.05	-	203.05	-	-	23,730
Road/Locations/Pits	201.06		189,101	202.06	-	203.06	-	-	189,101
Rig Mob/Trucking	201.07		252,134	202.07	-	203.07	-	-	252,134
Rig Mob/Standby Rate	201.08		69,411	202.08	-	203.08	-	-	69,411
Daywork Contract	201.09		1,143,115	202.09	-	203.09	-	-	1,143,115
Directional Drill/Survey	201.10		504,794	202.10	-	203.10	-	-	504,794
Conductor Hole/Service	201.11		84,045	202.11	-	203.11	-	-	84,045
Drill Bit	201.12		193,797	202.12	-	203.12	-	-	193,797
Bits/Tools/Stabilizers	201.13		111,307	202.13	-	203.13	-	-	111,307
Fuel/Power	201.14		286,593	202.14	-	203.14	-	-	286,593
Fuel/Mud	201.15		170,067	202.15	-	203.15	-	-	170,067
Rig Water	201.16		38,315	202.16	-	203.16	-	-	38,315
Mud/Chemicals/Acidizing	201.17		439,662	202.17	-	203.17	-	-	439,662
Inspection/Testing & Repair	201.18		73,168	202.18	-	203.18	-	-	73,168
Cement Services/Float Equip	201.19		531,954	202.19	-	203.19	-	-	531,954
Casing Crew/Tools	201.20		138,427	202.20	-	203.20	-	-	138,427
Contract Labor/Roustabout	201.21		53,393	202.21	-	203.21	-	-	53,393
Materials Supplies	201.22		9,888	202.22	-	203.22	-	-	9,888
Trucking/Vacuum/Transp	201.23		45,977	202.23	-	203.23	-	-	45,977
Solids Control/Closed Loop System	201.24		120,499	202.24	-	203.24	-	-	120,499
Disposal	201.25		285,754	202.25	-	203.25	-	-	285,754
Wellhead Prepare/Repair	201.26		24,719	202.26	-	203.26	-	-	24,719
Rental Equipment	201.27		168,584	202.27	-	203.27	-	-	168,584
Mancamp	201.28		79,694	202.28	-	203.28	-	-	79,694
Wellsite Supervision	201.29		177,779	202.29	-	203.29	-	-	177,779
Safety/Environmental	201.30		33,717	202.30	-	203.30	-	-	33,717
Well Control Insurance	201.31		16,858	202.31	-	203.31	-	-	16,858
Contingency	201.32		243,933	202.32	-	203.32	-	-	243,933
Completion									
Road/Locations/Pits	201.33		-	202.33		19,543	203.33	-	19,543
Wireline Open/Cased Hole	201.34		-	202.34		74,448	203.34	-	74,448
Fuel/Power	201.35		-	202.35		472,596	203.35	-	472,596
Cooled Tubing	201.36		-	202.36		339,457	203.36	-	339,457
Water Disposal/Vacuum Truck	201.37		-	202.37		34,981	203.37	-	34,981
Trucking	201.38		-	202.38		26,755	203.38	-	26,755
Electric Logging/Perforating	201.39		-	202.39		682,193	203.39	-	682,193
Completion Fluids	201.40		-	202.40		18,612	203.40	-	18,612
Well Stimulation/Fracture	201.41		-	202.41		3,344,910	203.41	-	3,344,910
Contract Labor/Roustabout	201.42		-	202.42		27,918	203.42	-	27,918
Water Handling	201.43		-	202.43		325,710	203.43	-	325,710
Source Water	201.44		-	202.44		533,699	203.44	-	533,699
Wellhead/Fracture Repair	201.45		-	202.45		74,448	203.45	-	74,448
Rental Equipment	201.46		-	202.46		313,340	203.46	-	313,340
Wellsite Supervision	201.47		-	202.47		82,916	203.47	-	82,916
Supervision/Engineering	201.48		-	202.48		9,306	203.48	-	9,306
Safety/Environmental	201.49		-	202.49		27,918	203.49	-	27,918
Overhead	201.50		-	202.50		18,612	203.50	-	18,612
Artificial Lift									
Workover Rig	201.51		-	202.51		16,686	203.51	-	16,686
Spooling Services	201.52		-	202.52		6,674	203.52	-	6,674
Wireline Open/Cased Hole	201.53		-	202.53		5,562	203.53	-	5,562
Inspection & Testing	201.54		-	202.54		3,337	203.54	-	3,337
Trucking/Vacuum/Transp	201.55		-	202.55		7,787	203.55	-	7,787
Kill Truck	201.56		-	202.56		5,562	203.56	-	5,562
Completion Fluids	201.57		-	202.57		5,562	203.57	-	5,562
Contract Labor/Roustabout	201.58		-	202.58		11,124	203.58	-	11,124
Rental Equipment	201.59		-	202.59		11,124	203.59	-	11,124
Laydown Machine	201.60		-	202.60		5,562	203.60	-	5,562
Reverse Unit Rental	201.61		-	202.61		5,562	203.61	-	5,562
Wellsite Supervision	201.62		-	202.62		10,012	203.62	-	10,012
Acid	201.63		-	202.63		27,810	203.63	-	27,810
Facilities									
Surface Damage	201.64		-	202.64		-	201.64	1,391	1,391
Permanent Easement/Row	201.65		-	202.65		-	201.65	5,562	5,562
Road Locations Pits	201.66		-	202.66		-	201.66	41,715	41,715
Materials & Supplies	201.67		-	202.67		-	201.67	11,124	11,124
Transportation rucking	201.68		-	202.68		-	201.68	8,343	8,343
Rental Equipment	201.69		-	202.69		-	201.69	22,248	22,248
Water Disposal/SWD	201.70		-	202.70		-	201.70	1,391	1,391
Inspection & Testing	201.71		-	202.71		-	201.71	695	695
Contract Labor/Roustab	201.72		-	202.72		-	201.72	83,430	83,430
Supervision	201.73		-	202.73		-	201.73	27,810	27,810
Consulting Services	201.74		-	202.74		-	201.74	1,391	1,391
Safety/Environmental	201.75		-	202.75		-	201.75	4,172	4,172
Company Labor	201.76		-	202.76		-	201.76	1,391	1,391
Contingency	201.77		-	202.77		-	201.77	26,490	26,490
Flowback									
Frac Water Recovery	201.78		-	202.78		-	201.78	185,009	185,009
Trucking/Vacuum/Transfer	201.79		-	202.79		-	201.79	22,248	22,248
Well Testing/Flowback	201.80		-	202.80		-	201.80	121,252	121,252
Tank Rental	201.81		-	202.81		-	201.81	22,248	22,248
Surface Pump Rental	201.82		-	202.82		-	201.82	22,248	22,248
Wellsite Supervision	201.83		-	202.83		-	201.83	11,124	11,124
Chemicals	201.84		-	202.84		-	201.84	16,686	16,686
TOTAL INTANGIBLE COSTS		\$	5,664,664	\$	6,549,726	\$	637,965	\$	12,852,354

TANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility AFE	Total
Drilling									
Casing - Surface	301.01		168,588	302.01		-	303.01	-	168,588
Casing - Intermediate	301.02		361,381	302.02		-	303.02	-	361,381
Casing Production	301.03		862,264	302.03		-	303.03	-	862,264
Wellhead Equipment	301.04		105,056	302.04		-	303.04	-	105,056
Packer/Downhole Tools	301.05		105,056	302.05		-	303.05	-	105,056
Completion									
Wellhead Equipment	301.06		-	302.06		87,942	303.06	-	87,942
Artificial Lift									
Tubing	301.07		-	302.07		72,306	303.07	-	72,306
Downhole Artificial Lift Equip	301.08		-	302.08		16,686	303.08	-	16,686
ESP Equipment/Install	301.09		-	302.09		111,240	303.09	-	111,240
Wellhead Equipment	301.10		-	302.10		55,620	303.10	-	55,620
Well Site Power Equipment/Install	301.11		-	302.11		83,430	303.11	-	83,430
OHP Infrastructure Equipment/Install	301.12		-	302.12		55,620	303.12	-	55,620
Valves/Connections/FTGS	301.13		-	302.13		16,686	303.13	-	16,686
Measurement Equipment	301.14		-	302.14		5,562	303.14	-	5,562
Comm. Telemetry & Automa	301.15		-	302.15		5,562	303.15	-	5,562
Facilities									
Tank Battery	301.16		-	302.16		-	303.16	112,074	112,074
Heater Treater/Seperator	301.17		-	302.17		-	303.17	134,879	134,879
Valves Fittings/Pipe	301.18		-	302.18		-	303.18	125,145	125,145
Circulating Transfer Pump	301.19		-	302.19		-	303.19	24,056	24,056
Meters	301.20		-	302.20		-	303.20	105,122	105,122
Compressors	301.21		-	302.21		-	303.21	8,343	8,343
Electrical	301.22		-	302.22		-	303.22	97,335	97,335
Automation Material	301.23		-	302.23		-	303.23	34,763	34,763
Flare/Combuster	301.24		-	302.24		-	303.24	30,591	30,591
TOTAL TANGIBLE COSTS		\$	1,602,344		\$	510,654		\$	672,307
								\$	2,785,305
Cost Category Summary									
TOTAL INTANGIBLE COSTS	\$		5,664,664	\$		6,549,726	\$		12,852,354
TOTAL TANGIBLE COSTS	\$		1,602,344	\$		510,654	\$		2,785,305
TOTAL CONTINGENCIES	\$		-	\$		-	\$		-
TOTAL DEVELOPMENT COSTS	\$		7,267,008	\$		7,060,380	\$		15,637,659

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM115**

Well Name: Chancer 5-17 State #213H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 27,240'/11,600'

SHL: S20-T18S-R34E 350' FNL, 1,965' FEL

BHL: S5-T18S-R34E 100' FNL, 2,310' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #213H, a three-mile Wolfcamp horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$7,267,008
COMPLETIONS:	\$7,060,380
FACILITIES:	\$1,310,271
COMPLETED WELL COST:	\$15,637,659

OPERATOR APPROVAL:



Authority for Expenditure
FED Operating, LLC
AFE Date: 11/18/2025

AFE Number:
Well Name:
Location:
County/State:

NM115
Chancer 5-17 State #213H
Sec. 5, 8, 17
Lea, New Mexico

Field/Prospect:
AFE Objective:
Formation Target:
Proposed Total Depth/TVD:

Drill, Complete, Install Artificial Lift, and Build Comingled Facility
Wolfcamp Formation
27240' /11600'

INTANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility/ Flowback AFE	Total
Drilling									
Permits/Licenses	201.01		29,663	202.01	-	203.01		-	29,663
Staking/Surveying	201.02		29,663	202.02		203.02		-	29,663
Legal/Title Services	201.03		25,708	202.03	-	203.03		-	25,708
Surface Damage/Row	201.04		69,213	202.04	-	203.04		-	69,213
Permanent Easement	201.05		23,730	202.05	-	203.05		-	23,730
Road/Locations/Pits	201.06		189,101	202.06	-	203.06		-	189,101
Rig Mob/Trucking	201.07		252,134	202.07	-	203.07		-	252,134
Rig Mob/Standby Rate	201.08		69,411	202.08	-	203.08		-	69,411
Daywork Contract	201.09		1,143,115	202.09	-	203.09		-	1,143,115
Directional Drill/Survey	201.10		504,794	202.10	-	203.10		-	504,794
Conductor Hole/Service	201.11		84,045	202.11	-	203.11		-	84,045
Drill Bit	201.12		193,797	202.12	-	203.12		-	193,797
Bits/Tools/Stabilizers	201.13		111,307	202.13	-	203.13		-	111,307
Fuel/Power	201.14		286,593	202.14	-	203.14		-	286,593
Fuel/Mud	201.15		170,067	202.15	-	203.15		-	170,067
Rig Water	201.16		38,315	202.16	-	203.16		-	38,315
Mud/Chemicals/Acidizing	201.17		439,662	202.17	-	203.17		-	439,662
Inspection/Testing & Repair	201.18		73,168	202.18	-	203.18		-	73,168
Cement Services/Float Equip	201.19		531,954	202.19	-	203.19		-	531,954
Casing Crew/Tools	201.20		138,427	202.20	-	203.20		-	138,427
Contract Labor/Roustabout	201.21		53,393	202.21	-	203.21		-	53,393
Materials Supplies	201.22		9,888	202.22	-	203.22		-	9,888
Trucking/Vacuum/Transp	201.23		45,977	202.23	-	203.23		-	45,977
Solids Control/Closed Loop System	201.24		120,499	202.24	-	203.24		-	120,499
Disposal	201.25		285,754	202.25	-	203.25		-	285,754
Wellhead Prepare/Repair	201.26		24,719	202.26	-	203.26		-	24,719
Rental Equipment	201.27		168,584	202.27	-	203.27		-	168,584
Mancamp	201.28		79,694	202.28	-	203.28		-	79,694
Wellsite Supervision	201.29		177,779	202.29	-	203.29		-	177,779
Safety/Environmental	201.30		33,717	202.30	-	203.30		-	33,717
Well Control Insurance	201.31		16,858	202.31	-	203.31		-	16,858
Contingency	201.32		243,933	202.32	-	203.32		-	243,933
Completion									
Road/Locations/Pits	201.33	-		202.33		19,543	203.33	-	19,543
Wireline Open/Cased Hole	201.34	-		202.34		74,448	203.34	-	74,448
Fuel/Power	201.35	-		202.35		472,596	203.35	-	472,596
Coiled Tubing	201.36	-		202.36		339,457	203.36	-	339,457
Water Disposal/Vacuum Truck	201.37	-		202.37		34,981	203.37	-	34,981
Trucking	201.38	-		202.38		26,755	203.38	-	26,755
Electric Logging/Perforating	201.39	-		202.39		682,193	203.39	-	682,193
Completion Fluids	201.40	-		202.40		18,612	203.40	-	18,612
Well Stimulation/Fracture	201.41	-		202.41		3,344,910	203.41	-	3,344,910
Contract Labor/Roustabout	201.42	-		202.42		27,918	203.42	-	27,918
Water Handling	201.43	-		202.43		325,710	203.43	-	325,710
Source Water	201.44	-		202.44		533,699	203.44	-	533,699
Wellhead/Fracture Repair	201.45	-		202.45		74,448	203.45	-	74,448
Rental Equipment	201.46	-		202.46		313,340	203.46	-	313,340
Wellsite Supervision	201.47	-		202.47		82,916	203.47	-	82,916
Supervision/Engineering	201.48	-		202.48		9,306	203.48	-	9,306
Safety/Environmental	201.49	-		202.49		27,918	203.49	-	27,918
Overhead	201.50	-		202.50		18,612	203.50	-	18,612
Artificial Lift									
Workover Rig	201.51	-		202.51		16,686	203.51	-	16,686
Spooling Services	201.52	-		202.52		6,674	203.52	-	6,674
Wireline Open/Cased Hole	201.53	-		202.53		5,562	203.53	-	5,562
Inspection & Testing	201.54	-		202.54		3,337	203.54	-	3,337
Trucking/Vacuum/Transp	201.55	-		202.55		7,787	203.55	-	7,787
Kill Truck	201.56	-		202.56		5,562	203.56	-	5,562
Completion Fluids	201.57	-		202.57		5,562	203.57	-	5,562
Contract Labor/Roustabout	201.58	-		202.58		11,124	203.58	-	11,124
Rental Equipment	201.59	-		202.59		11,124	203.59	-	11,124
Laydown Machine	201.60	-		202.60		5,562	203.60	-	5,562
Reverse Unit Rental	201.61	-		202.61		5,562	203.61	-	5,562
Wellsite Supervision	201.62	-		202.62		10,012	203.62	-	10,012
Acid	201.63	-		202.63		27,810	203.63	-	27,810
Facilities									
Surface Damage	201.64	-		202.64	-	201.64		1,391	1,391
Permanent Easement/Row	201.65	-		202.65	-	201.65		5,562	5,562
Road Locations Pits	201.66	-		202.66	-	201.66		41,715	41,715
Materials & Supplies	201.67	-		202.67	-	201.67		11,124	11,124
Transportation rucking	201.68	-		202.68	-	201.68		8,343	8,343
Rental Equipment	201.69	-		202.69	-	201.69		22,248	22,248
Water Disposal/SWD	201.70	-		202.70	-	201.70		1,391	1,391
Inspection & Testing	201.71	-		202.71	-	201.71		695	695
Contract Labor/Roustab	201.72	-		202.72	-	201.72		83,430	83,430
Supervision	201.73	-		202.73	-	201.73		27,810	27,810
Consulting Services	201.74	-		202.74	-	201.74		1,391	1,391
Safety/Environmental	201.75	-		202.75	-	201.75		4,172	4,172
Company Labor	201.76	-		202.76	-	201.76		1,391	1,391
Contingency	201.77	-		202.77	-	201.77		26,490	26,490
Flowback									
Frac Water Recovery	201.78	-		202.78	-	201.78		185,009	185,009
Trucking/Vacuum/Transfer	201.79	-		202.79	-	201.79		22,248	22,248
Well Testing/Flowback	201.80	-		202.80	-	201.80		121,252	121,252
Tank Rental	201.81	-		202.81	-	201.81		22,248	22,248
Surface Pump Rental	201.82	-		202.82	-	201.82		22,248	22,248
Wellsite Supervision	201.83	-		202.83	-	201.83		11,124	11,124
Chemicals	201.84	-		202.84	-	201.84		16,686	16,686
TOTAL INTANGIBLE COSTS		\$	5,664,664	\$	6,549,726	\$	637,965	\$	12,852,355

TANGIBLE COSTS									
Category/Description	Item #	Drilling AFE		Item #	Completion/AL AFE		Item #	Facility AFE	Total
Drilling									
Casing - Surface	301.01		168,588	302.01		-	303.01	-	168,588
Casing - Intermediate	301.02		361,381	302.02		-	303.02	-	361,381
Casing Production	301.03		862,264	302.03		-	303.03	-	862,264
Wellhead Equipment	301.04		105,056	302.04		-	303.04	-	105,056
Packer/Downhole Tools	301.05		105,056	302.05		-	303.05	-	105,056
Completion									
Wellhead Equipment	301.06		-	302.06		87,942	303.06	-	87,942
Artificial Lift									
Tubing	301.07		-	302.07		72,306	303.07	-	72,306
Downhole Artificial Lift Equip	301.08		-	302.08		16,686	303.08	-	16,686
ESP Equipment/Install	301.09		-	302.09		111,240	303.09	-	111,240
Wellhead Equipment	301.10		-	302.10		55,620	303.10	-	55,620
Well Site Power Equipment/Install	301.11		-	302.11		83,430	303.11	-	83,430
OHP Infrastructure Equipment/Install	301.12		-	302.12		55,620	303.12	-	55,620
Valves/Connections/FTGS	301.13		-	302.13		16,686	303.13	-	16,686
Measurement Equipment	301.14		-	302.14		5,562	303.14	-	5,562
Comm, Telemetry & Automa	301.15		-	302.15		5,562	303.15	-	5,562
Facilities									
Tank Battery	301.16		-	302.16		-	303.16	112,074	112,074
Heater Treater/Seperator	301.17		-	302.17		-	303.17	134,879	134,879
Valves Fittings/Pipe	301.18		-	302.18		-	303.18	125,145	125,145
Circulating Transfer Pump	301.19		-	302.19		-	303.19	24,056	24,056
Meters	301.20		-	302.20		-	303.20	105,122	105,122
Compressors	301.21		-	302.21		-	303.21	8,343	8,343
Electrical	301.22		-	302.22		-	303.22	97,335	97,335
Automation Material	301.23		-	302.23		-	303.23	34,763	34,763
Flare/Combuster	301.24		-	302.24		-	303.24	30,591	30,591
TOTAL TANGIBLE COSTS		\$	1,602,344		\$	510,654		\$ 672,307	\$ 2,785,305
Cost Category Summary		Drilling AFE		Completion/AL AFE		Facility AFE		Total	
TOTAL INTANGIBLE COSTS	\$		5,664,664	\$		6,549,726	\$	637,965	\$ 12,852,354
TOTAL TANGIBLE COSTS	\$		1,602,344	\$		510,654	\$	672,307	\$ 2,785,305
TOTAL CONTINGENCIES	\$		-	\$		-	\$	-	\$ -
TOTAL DEVELOPMENT COSTS	\$		7,267,008	\$		7,060,380	\$	1,310,271	\$ 15,637,659

Note: The costs outlined in this AFE are approximations of the expected expenses. However, the actual costs may deviate from these estimates due to changes in the physical conditions of the wellbore that may occur during the proposed work.

Note: The quoted prices for both materials and services are based on current estimates. However, if the actual costs exceed the estimated costs, the Operator cannot be held liable for any such increase. Each participant will have to bear their proportional share of the actual costs and expenses. Pursuant to the COPAS attachment to the JOA, Operator is subject to paying premium prices for tubulars. Therefore, actual costs may materially vary from the AFE estimated costs above, and actual costs shall be charged by Operator.



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE: NM116**

Well Name: Chancer 5-17 State #214H

County: Lea

State: NM

Date: November 18, 2025

Projected MD/TVD: 27,240'/11,600'

SHL: S20-T18S-R34E 350' FNL, 1,915' FEL

BHL: S5-T18S-R34E 100' FNL, 990' FEL

PROJECT DESCRIPTION:

The proposed AFE is for the Chancer 5-17 State #214H, a three-mile Wolfcamp horizontal well to be drilled in Lea County, NM.

	TOTAL
DRILLING:	\$7,267,008
COMPLETIONS:	\$7,060,380
FACILITIES:	\$1,310,271
COMPLETED WELL COST:	\$15,637,659

OPERATOR APPROVAL:



Authority for Expenditure									
FED Operating, LLC									
AFE Date: 11/18/2025									
AFE Number:	NM116	Field/Prospect:							
Well Name:	Chancer 5-17 State #214H	AFE Objective:	Drill, Complete, Install Artificial Lift, and Build Comingled Facility						
Location:	Sec. 5, 8, 17	Formation Target:	Wolfcamp Formation						
County/State:	Lea, New Mexico	Proposed Total Depth/TVD:	27240'/11600'						
INTANGIBLE COSTS									
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility/ Flowback AFE	Total		
Drilling									
Permits/Licenses	201.01	29,663	202.01	-	203.01	-	29,663		
Staking/Surveying	201.02	29,663	202.02	-	203.02	-	29,663		
Legal/Title Services	201.03	25,708	202.03	-	203.03	-	25,708		
Surface Damage/Row	201.04	69,213	202.04	-	203.04	-	69,213		
Permanent Easement	201.05	23,730	202.05	-	203.05	-	23,730		
Road/Locations/Pits	201.06	189,101	202.06	-	203.06	-	189,101		
Rig Mob/Trucking	201.07	252,134	202.07	-	203.07	-	252,134		
Rig Mob/Standby Rate	201.08	69,411	202.08	-	203.08	-	69,411		
Daywork Contract	201.09	1,143,115	202.09	-	203.09	-	1,143,115		
Directional Drill/Survey	201.10	504,794	202.10	-	203.10	-	504,794		
Conductor Hole/Service	201.11	84,045	202.11	-	203.11	-	84,045		
Drill Bit	201.12	193,797	202.12	-	203.12	-	193,797		
Bits/Tools/Stabilizers	201.13	111,307	202.13	-	203.13	-	111,307		
Fuel/Power	201.14	286,593	202.14	-	203.14	-	286,593		
Fuel/Mud	201.15	170,067	202.15	-	203.15	-	170,067		
Rig Water	201.16	38,315	202.16	-	203.16	-	38,315		
Mud/Chemicals/Acidizing	201.17	439,662	202.17	-	203.17	-	439,662		
Inspection/Testing & Repair	201.18	73,168	202.18	-	203.18	-	73,168		
Cement Services/Float Equip	201.19	531,954	202.19	-	203.19	-	531,954		
Casing Crew/Tools	201.20	138,427	202.20	-	203.20	-	138,427		
Contract Labor/Roustabout	201.21	53,393	202.21	-	203.21	-	53,393		
Materials Supplies	201.22	9,888	202.22	-	203.22	-	9,888		
Trucking/Vacuum/Transp	201.23	45,977	202.23	-	203.23	-	45,977		
Solids Control/Closed Loop System	201.24	120,499	202.24	-	203.24	-	120,499		
Disposal	201.25	285,754	202.25	-	203.25	-	285,754		
Wellhead Prepare/Repair	201.26	24,719	202.26	-	203.26	-	24,719		
Rental Equipment	201.27	168,584	202.27	-	203.27	-	168,584		
Manacamp	201.28	79,694	202.28	-	203.28	-	79,694		
Wellsite Supervision	201.29	177,779	202.29	-	203.29	-	177,779		
Safety/Environmental	201.30	33,717	202.30	-	203.30	-	33,717		
Well Control Insurance	201.31	16,858	202.31	-	203.31	-	16,858		
Contingency	201.32	243,933	202.32	-	203.32	-	243,933		
Completion									
Road/Locations/Pits	201.33	-	202.33	19,543	203.33	-	19,543		
Wireline Open/Cased Hole	201.34	-	202.34	74,448	203.34	-	74,448		
Fuel/Power	201.35	-	202.35	472,596	203.35	-	472,596		
Coiled Tubing	201.36	-	202.36	339,457	203.36	-	339,457		
Water Disposal/Vacuum Truck	201.37	-	202.37	34,981	203.37	-	34,981		
Trucking	201.38	-	202.38	26,755	203.38	-	26,755		
Electric Logging/Perforating	201.39	-	202.39	682,193	203.39	-	682,193		
Completion Fluids	201.40	-	202.40	18,612	203.40	-	18,612		
Well Stimulation/Fracture	201.41	-	202.41	3,344,910	203.41	-	3,344,910		
Contract Labor/Roustabout	201.42	-	202.42	27,918	203.42	-	27,918		
Water Handling	201.43	-	202.43	325,710	203.43	-	325,710		
Source Water	201.44	-	202.44	533,699	203.44	-	533,699		
Wellhead/Fracture Repair	201.45	-	202.45	74,448	203.45	-	74,448		
Rental Equipment	201.46	-	202.46	313,340	203.46	-	313,340		
Wellsite Supervision	201.47	-	202.47	82,916	203.47	-	82,916		
Supervision/Engineering	201.48	-	202.48	9,306	203.48	-	9,306		
Safety/Environmental	201.49	-	202.49	27,918	203.49	-	27,918		
Overhead	201.50	-	202.50	18,612	203.50	-	18,612		
Artificial Lift									
Workover Rig	201.51	-	202.51	16,686	203.51	-	16,686		
Spooling Services	201.52	-	202.52	6,674	203.52	-	6,674		
Wireline Open/Cased Hole	201.53	-	202.53	5,562	203.53	-	5,562		
Inspection & Testing	201.54	-	202.54	3,337	203.54	-	3,337		
Trucking/Vacuum/Transp	201.55	-	202.55	7,787	203.55	-	7,787		
Kill Truck	201.56	-	202.56	5,562	203.56	-	5,562		
Completion Fluids	201.57	-	202.57	5,562	203.57	-	5,562		
Contract Labor/Roustabout	201.58	-	202.58	11,124	203.58	-	11,124		
Rental Equipment	201.59	-	202.59	11,124	203.59	-	11,124		
Laydown Machine	201.60	-	202.60	5,562	203.60	-	5,562		
Reverse Unit Rental	201.61	-	202.61	5,562	203.61	-	5,562		
Wellsite Supervision	201.62	-	202.62	10,012	203.62	-	10,012		
Acid	201.63	-	202.63	27,810	203.63	-	27,810		
Facilities									
Surface Damage	201.64	-	202.64	-	201.64	1,391	1,391		
Permanent Easement/Row	201.65	-	202.65	-	201.65	5,562	5,562		
Road Locations/Pits	201.66	-	202.66	-	201.66	41,715	41,715		
Materials & Supplies	201.67	-	202.67	-	201.67	11,124	11,124		
Transportation rucking	201.68	-	202.68	-	201.68	8,343	8,343		
Rental Equipment	201.69	-	202.69	-	201.69	22,248	22,248		
Water Disposal/SWD	201.70	-	202.70	-	201.70	1,391	1,391		
Inspection & Testing	201.71	-	202.71	-	201.71	695	695		
Contract Labor/Roustab	201.72	-	202.72	-	201.72	83,430	83,430		
Supervision	201.73	-	202.73	-	201.73	27,810	27,810		
Consulting Services	201.74	-	202.74	-	201.74	1,391	1,391		
Safety/Environmental	201.75	-	202.75	-	201.75	4,172	4,172		
Company Labor	201.76	-	202.76	-	201.76	1,391	1,391		
Contingency	201.77	-	202.77	-	201.77	26,490	26,490		
Flowback									
Frac Water Recovery	201.78	-	202.78	-	201.78	185,009	185,009		
Trucking/Vacuum/Transfer	201.79	-	202.79	-	201.79	22,248	22,248		
Well Testing/Flowback	201.80	-	202.80	-	201.80	121,252	121,252		
Tank Rental	201.81	-	202.81	-	201.81	22,248	22,248		
Surface Pump Rental	201.82	-	202.82	-	201.82	22,248	22,248		
Wellsite Supervision	201.83	-	202.83	-	201.83	11,124	11,124		
Chemicals	201.84	-	202.84	-	201.84	16,686	16,686		
TOTAL INTANGIBLE COSTS		\$	5,664,664	\$	6,549,726	\$	637,965	\$	12,852,354

TANGIBLE COSTS									
Category/Description	Item #	Drilling AFE	Item #	Completion/AL AFE	Item #	Facility AFE	Total		
Drilling									
Casing - Surface	301.01	168,588	302.01	-	303.01	-	168,588		
Casing - Intermediate	301.02	361,381	302.02	-	303.02	-	361,381		
Casing Production	301.03	862,264	302.03	-	303.03	-	862,264		
Wellhead Equipment	301.04	105,056	302.04	-	303.04	-	105,056		
Packer/Downhole Tools	301.05	105,056	302.05	-	303.05	-	105,056		
Completion									
Wellhead Equipment	301.06	-	302.06	87,942	303.06	-	87,942		
Artificial Lift									
Tubing	301.07	-	302.07	72,306	303.07	-	72,306		
Downhole Artificial Lift Equip	301.08	-	302.08	16,686	303.08	-	16,686		
ESP Equipment/Install	301.09	-	302.09	111,240	303.09	-	111,240		
Wellhead Equipment	301.10	-	302.10	55,620	303.10	-	55,620		
Well Site Power Equipment/Install	301.11	-	302.11	83,430	303.11	-	83,430		
OHP Infrastructure Equipment/Install	301.12	-	302.12	55,620	303.12	-	55,620		
Valves/Connections/FTGS	301.13	-	302.13	16,686	303.13	-	16,686		
Measurement Equipment	301.14	-	302.14	5,562	303.14	-	5,562		
Comm, Telemetry & Automa	301.15	-	302.15	5,562	303.15	-	5,562		
Facilities									
Tank Battery	301.16	-	302.16	-	303.16	112,074	112,074		
Heater Treater/Seperator	301.17	-	302.17	-	303.17	134,879	134,879		
Valves Fittings/Pipe	301.18	-	302.18	-	303.18	125,145	125,145		
Circulating Transfer Pump	301.19	-	302.19	-	303.19	24,056	24,056		
Meters	301.20	-	302.20	-	303.20	105,122	105,122		
Compressors	301.21	-	302.21	-	303.21	8,343	8,343		
Electrical	301.22	-	302.22	-	303.22	97,335	97,335		
Automation Material	301.23	-	302.23	-	303.23	34,763	34,763		
Flare/Combustor	301.24	-	302.24	-	303.24	30,591	30,591		
TOTAL TANGIBLE COSTS		\$	1,602,344	\$	510,654	\$	672,307	\$	2,785,305

Cost Category Summary	Drilling AFE	Completion/AL AFE	Facility AFE	Total
TOTAL INTANGIBLE COSTS	\$ 5,664,664	\$ 6,549,726	\$ 637,965	\$ 12,852,354
TOTAL TANGIBLE COSTS	\$ 1,602,344	\$ 510,654	\$ 672,307	\$ 2,785,305
TOTAL CONTINGENCIES	\$ -	\$ -	\$ -	\$ -
TOTAL DEVELOPMENT COSTS	\$ 7,267,008	\$ 7,060,380	\$ 1,310,271	\$ 15,637,659



JOINT INTEREST APPROVAL:

Company: _____
Working Interest: _____
Signature: _____
By: _____
Date: _____

Chancer 5-17 State#111H-114H, #121-124H, #131H-134H
#211H-214H**Summary of Notice**

Exhibit C-5



Owner Name	Owner Type	Ownership Status	Commitment Type	AFE's / Proposals Sent Certified Mail	AFE's / Proposals Received Certified Mail	Hearing Notice	Publication Date
Occidental Permian Ltd.	WI/RT	UNCOMMITTED	POOL	11/19/2025	12/2/2025	06/19/2026	06/24/2026
Colt Energy, LLC	WI	UNCOMMITTED	POOL	11/19/2025	12/2/2025	06/19/2026	06/24/2026
Armstrong Energy Corporation	WI/RT	UNCOMMITTED	POOL	11/19/2025	11/25/2025	06/19/2026	06/24/2026
Hilcorp Permian CT TXNM, LLC (previously XTO Permian CT TXNM, LLC)	WI	UNCOMMITTED	POOL	11/19/2025	12/1/2025	06/19/2026	06/24/2026
Hunt Cimarron Limited Partnership dba Cimarron Exploration Company (Now Mewbourne / Rockwood)	WI	UNCOMMITTED	POOL	11/19/2025	11/26/2025	06/19/2026	06/24/2026
Stumhoffer Family Partnership, LP	WI	UNCOMMITTED	POOL	12/1/2025	12/8/2025	06/19/2026	06/24/2026
C. W. Seely	WI	UNCOMMITTED	POOL	12/1/2025	12/8/2025	06/19/2026	06/24/2026
EOG Resources Inc.	WI	UNCOMMITTED	POOL	11/19/2025	1/9/2026	06/19/2026	06/24/2026

Chancer 5-17 State#111H-114H, #121-124H, #131H-134H
#211H-214H**Summary of Notice - Continued**

Exhibit C-5



Owner Name	Owner Type	Ownership Status	Commitment Type	AFE's / Proposals Sent Certified Mail	AFE's / Proposals Received Certified Mail	Hearing Notice	Publication Date
Estate of Patsy Carr, Deceased	WI	UNCOMMITTED	POOL	11/19/2025	11/26/2025	06/19/2026	06/24/2026
Seely Oil Company	WI/RT	UNCOMMITTED	POOL	12/1/2025	12/8/2025	06/19/2026	06/24/2026

Chancer 5-17 State#111H-114H, #121-124H, #131H-134H
#211H-214H**Summary of Contacts with Sec 17**

Exhibit C-5



Owner Name	Comments
Occidental Permian Ltd.	11/19/2025 – Received AFE's / Proposals 7/22 – JOA sent for review 8/4 – Follow up with Oxy, let us know via phone call they will wait on the outcome of contested hearing to make a decision
Hilcorp Permian CT TXNM, LLC (Previously XTO Permian CT TXNM, LLC)	12/1/2025 – Received AFE's / Proposals 7/10 – Emailed AFE's / Proposals 7/29 – Emailed on JOA, Purchase Offer 8/20 – Updated offer to purchase 8/24 – Sent over trade proposal
Hunt Cimarron Limited Partnership dba Cimarron Exploration Company	11/26/2025 – Received AFE's / Proposals 1/22 – Emails exchanged with Richard G., JOA form sent 5/13 – FED discusses acquiring parties' acreage 5/21-5/28 – emails exchanged regarding ownership 6/8 – Richard G signs Purchase Agreement with Rockwood 6/23 – Hunt Cimarron files objection and motion to continue per instruction of Rockwood
Stumhoffer Family Partnership, LP	12/8/2025 – Received AFE's / Proposals 6/30 – Sent AFE's / Proposals to new address Jennifer provided 6/24 – Phone call with Jennifer regarding FED development plans 6/30 – Email regarding Proposals, AFE's, potential joinder and purchase offer 7/9 – Email follow up
C. W. Seely	12/8/2025 – Received AFE's / Proposals 3/2026 –Marketed Sales Process through Red Oaks Energy Advisors
EOG Resources Inc.	1/9/2026 – Received AFE's / Proposals 8/17 – Phone call to discuss proposals 8/18 – Email follow up
Estate of Patsy Carr, Deceased	11/26/2025 – Received AFE's / Proposals Called, emailed, texted – no response from heirs.
Seely Oil Company	12/8/2025 – Received AFE's / Proposals 3/2026 – Marketed Sales Process through Red Oaks Energy Advisors

Chancer 5-17 State#111H-114H, #121-124H, #131H-134H
#211H-214H

Summary of Contacts

Exhibit C-5



Owner Name	Comments
Colt Energy, LLC	12/2/2025 – Received AFE's / Proposals 5/14 – Email w/ Rex re. ownership confirmation 5/25 – further correspondence re. Title 6/9 – confirmed ownership with Rex 7/29 – Sent JOA to Rex to review 8/5 – made offer to purchase via Email 9/4 – updated purchase offer, plan to discuss joinder post hearing
Armstrong Energy Corporation	11/25/2025 – Received AFE's / Proposals 5/13 – connected with Kyle regarding options to participate, term assignment 5/19 – counter from Kyle 5/26 – Emailed Kyle that we would like to get further along in pooling proceedings before discussing further 7/22 – Emailed with Kyle regarding hearing date, plan to circle up post pooling
Permian Resources Operating LLC	11/24/2025 – Received AFE's / Proposals 8/2026 – Reached Verbal Agreement to acquire ARTI 9/9/2026 – FED acquires ARTI
Rockwood Energy LP	6/8 – Rockwood informs FED they signed an agreement to purchase Hunt Cimarron's WI 6/22 – Rockwood instructs HC to object and file motion to continue 6/22- 7/27 – Phone calls, emails, in person meeting w/ Rockwood, discussing title discrepancies 7/27 – FED informs Rockwood we will need to get Title Opinion on the acreage before negotiating further 7/30 – Rockwood assigns to MOC subject to Letter Agreement 8/4 – MOC files competing applications 8/28 – Rockwood informs FED they will be getting their acreage back from MOC post-pooling

Cases 26131-26132
EXHIBIT C-6

31-T17S-R34E		32-T17S-R34E				33-T17S-R34E	
	31	32	33	34	35	36	
6-T18S-R34E	30	5-T18S-R34E				1	4-T18S-R34E
	29					2	
	28					3	
	27					4	
7-T18S-R34E	26	8-T18S-R34E				5	9-T18S-R34E
	25					6	
	24					7	
	23					8	
18-T18S-R34E	22	17-T18S-R34E				9	16-T18S-R34E
	21					10	
	20					11	
	19					12	
	18	17	16	15	14	13	
19-T18S-R34E		20-T18S-R34E				21-T18S-R34E	

Tract	WI Owners/Operators
7, 8	AO II Permian, LLC
31	Arthur Wilson
31	Ben D. Taylor
16, 17	Big Three Energy Group, LLC
25, 26	Boswell Interests, Ltd.
1, 32, 33, 34, 35	BP America Production Company
31	Burgundy Oil & Gas of New Mexico, Inc.

25, 26	Burnett Oil Company
25, 26	C.E.B. Oil Company
23, 25, 26	C.W. Seely
23, 25, 26	Charles W. Seely, Jr.
5, 6	Chase Oil Corporaiton
36	Chevron U.S.A., Inc
16, 17	COG Operating LLC
16, 17	Coterra Energy Operating
25, 26	David J. Bainter
23, 25, 26	David L. Henderson
25, 26	David L. Henderson and wife, Dawn Henderson
13, 24	Devon Energy Production Company, LP
5	DiaKan Minerals LLC
25, 26	E.A.B. Oil Company
22, 23, 24	EOG Resources, Inc.
25, 26	Estate of Ina B. Seely
25, 26	Estate of Marcia Kirkpatrick
25, 26	Everett L. Andrews, Jr., Trustee of the Everett L. Andrews Jr. Trust
25, 26	Express Air Drilling, Inc.
16, 17	Featherstone Development Corporation
29, 30	Fortress Energy Partners IV, LLC
27, 28	Franklin Mountain Energy 3, LLC
31	Grover Brothers, Ltd.
31	Grover Family, L.P.
25, 26	HHE II, LLC
16, 17	Imperial Minerals, LLC
31	J. Chris Statton
25, 26	J. Cleo Thompson & James Cleo Thompson, Jr., a partnership
31	Jay Pulte
25, 26	John P. Oil Company

31	KNW Oil & Gas, Inc.
25, 26	Lea Anne Seely
9, 10, 11, 12, 13, 14, 15	Matador Production Company, Inc
25, 26	Matthew Andrews, as Successor Trustee of the Matthew Andrews Trust, created under the Ruth G. Dahlin Revocable Trust, dated February 18,
25, 26	MEG Properties, LLC
18, 19	Mewbourne Oil Company
25, 26	Michael J. Havel and wife, Kathleen A. Havel
2, 3, 4	Morningstar Operating, LLC
9, 10, 11, 12, 14, 15	MRC Permian Company
19, 20, 21, 22	Occidental Permian Limited Partnership
31	P U G Petroleum
25, 26	P.V.B. Oil Company
16, 17	PBEX, LLC
24	Permian Resources Operating LLC
16, 17	Prospector, LLC
31	R. Robert Statton
5	RDC Minerals LLC
16, 17	Ross Duncan Properties, LLC
31	RRS Oil, Inc.
25, 26	Seely Oil Co
25, 26	SSV&H Associates
25, 26	Steven F. Bainter
23	Stumhoffer Family Partnership
31	The Ninety-Six Corporation
19, 20	Veer Capital Partners, LLC
5	Ventana Minerals LLC
25, 26	William E. Alexander, as Trustee of the Amy Vernae Dahlin Trust
25, 26	William E. Alexander, as Trustee of the Merlya Holland Wright Family Trust

Cases 26131-26132
EXHIBIT D

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

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

CASE NOS. 26131-26132

SELF-AFFIRMED STATEMENT OF JOSEPH B. DISHRON

Joseph B. Dishron, hereby states and declares as follows:

1. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by FED Operating, LLC in Case Nos. 26131-26132.
4. FED Exhibit D-1 is a general location map for Case No. 26131 for the area surrounding the proposed unit, and highlighting the Capitan Reef.
5. FED Exhibit D-2 shows a line of stratigraphic cross-section through the proposed horizontal spacing units from A to A’.
6. FED Exhibit D-3 is a cross-section map that I prepared for the Bone Spring formation. The contour intervals are 100 feet. The area comprising the proposing spacing unit in Case No. 26131 is outlined with the approximate location and orientation of the initial wells noted. The structure map shows the targeted formation gently dipping to the south. The structure

appears consistent across the proposed spacing unit, and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells.

7. Exhibit D-4 is a subsea structure and a stratigraphic cross-section that I prepared using the logs from the representative wells shown in Exhibits D-2 and D-3.

8. Exhibit D-5 is a stratigraphic cross-section. I chose the logs from these wells to create the cross-section because they penetrate the targeted interval, are of good quality, and have been subjected to petrophysical analysis of the targeted interval. In my opinion, these well logs are representative of the geology in the area. Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The target interval for the proposed wells are marked on the cross-section. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

9. FED Exhibit D-6 is a general location map for Case No. 26132 for the area surrounding the proposed unit, and highlighting the Capitan Reef.

10. FED Exhibit D-7 shows a line of stratigraphic cross-section through the proposed horizontal spacing units from A to A'.

11. FED Exhibit D-8 is a cross-section map that I prepared for the Wolfcamp D formation. The contour intervals are 100 feet. The area comprising the proposing spacing unit in Case No. 26132 is outlined with the approximate location and orientation of the initial wells noted. The structure map shows the targeted formation gently dipping to the southwest. The structure appears consistent across the proposed spacing unit, and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells.

12. Exhibit D-9 is a subsea structure that I prepared using the logs from the representative wells shown in Exhibits D-2 and D-3.

13. Exhibit D-10 is a stratigraphic cross-section. I chose the logs from these wells to create the cross-section because they penetrate the targeted interval, are of good quality, and have been subjected to petrophysical analysis of the targeted interval. In my opinion, these well logs are representative of the geology in the area. Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The target interval for the proposed wells are marked on the cross-section. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

14. In my opinion, the orientation of the proposed wells is the appropriate orientation for horizontal development in this area.

15. Based on my geologic study, the Bone Spring and Wolfcamp formations underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wells.

16. I have not identified any geologic impediments to drilling horizontal wells in the area of the proposed spacing unit.

17. FED Exhibit D-11 is a Gun Barrel Diagram of the proposed Units in Case Nos. 26131-26132.

18. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent drilling of unnecessary wells, and to result in the greatest ultimate recovery, and that approving FED's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

19. FED's Exhibits D-1 to D-11 were either prepared by me or compiled under my direction and supervision.

20. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct.

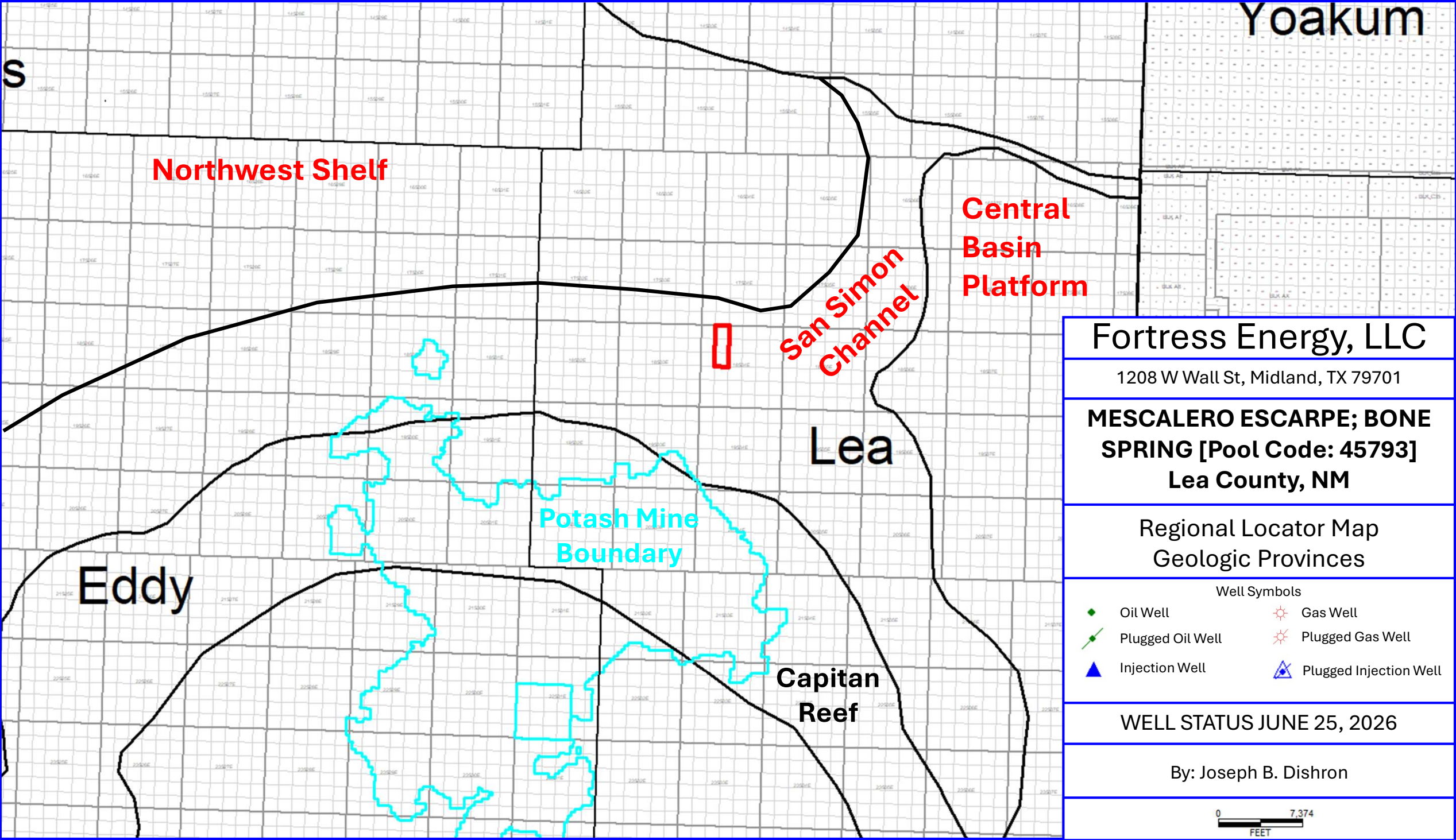
21. I understand that this self-affirmed statement will be used as written testimony in this case.

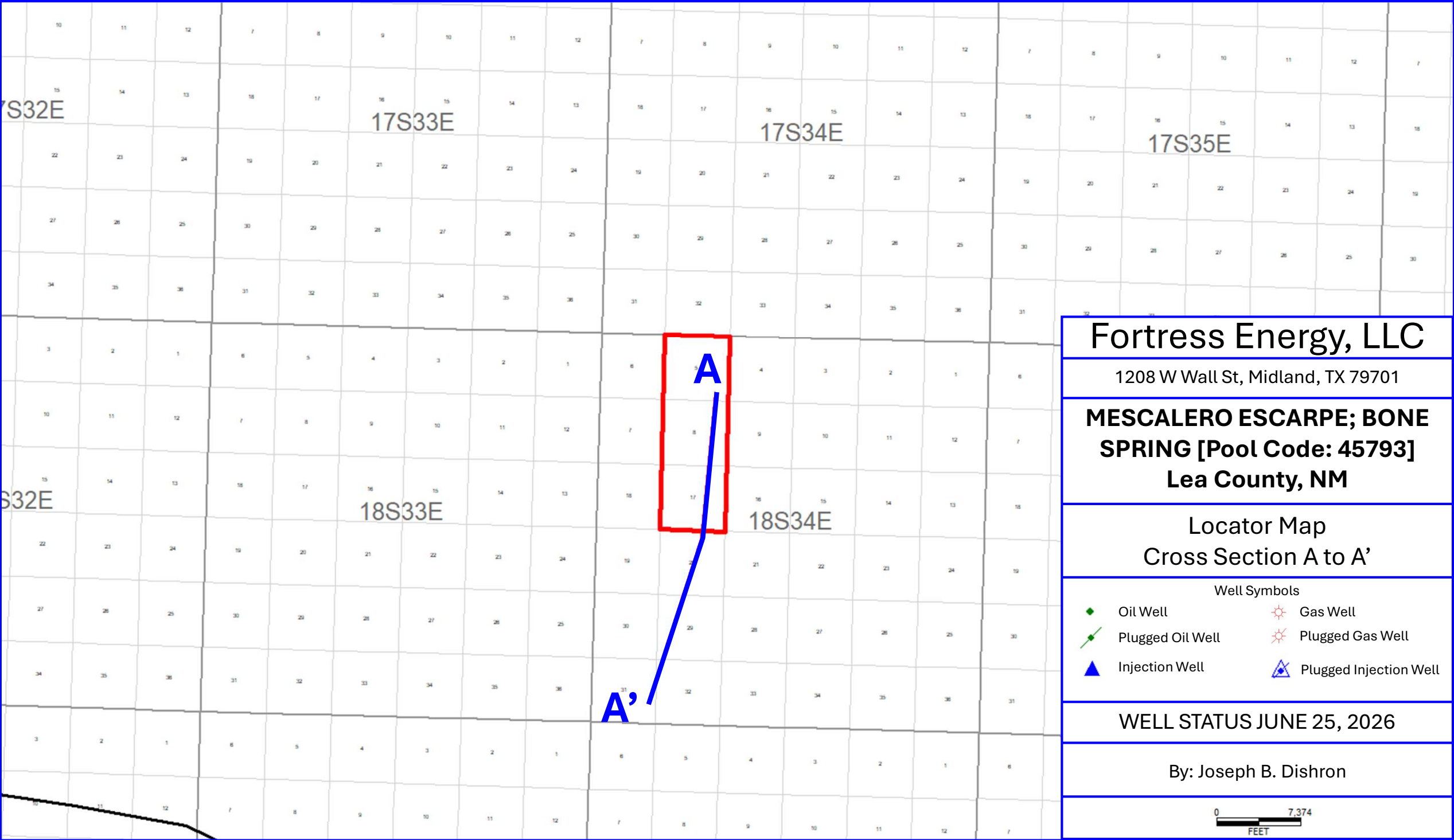
22. This statement is made on the date next to my signature below.

DocuSigned by:

7A845B1D2BE346A...
Joey Dishron, Geologist

Date: September 4th, 2026





Fortress Energy, LLC

1208 W Wall St, Midland, TX 79701

**MESCALERO ESCARPE; BONE
SPRING [Pool Code: 45793]
Lea County, NM**

Locator Map
Cross Section A to A'

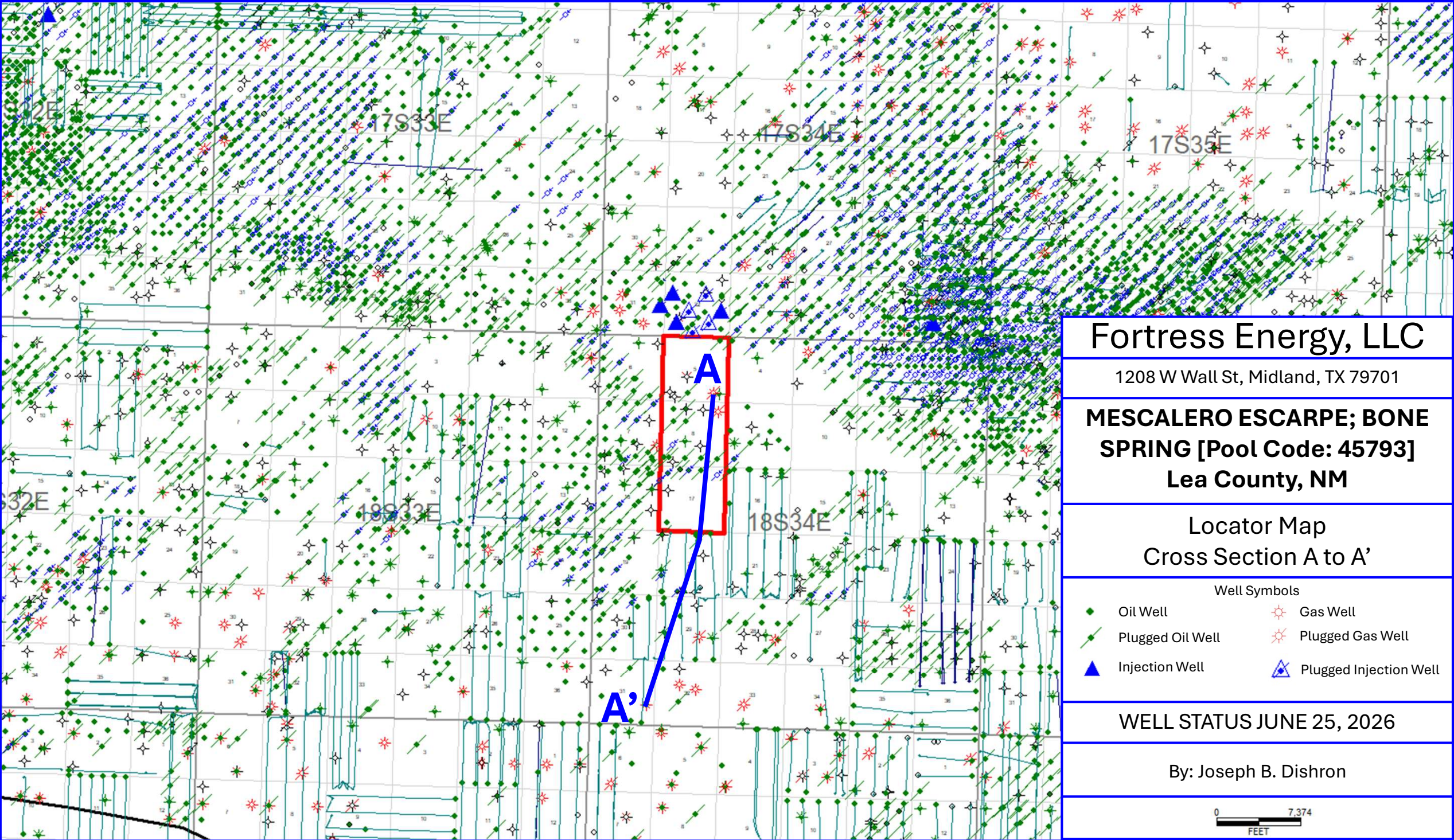
Well Symbols

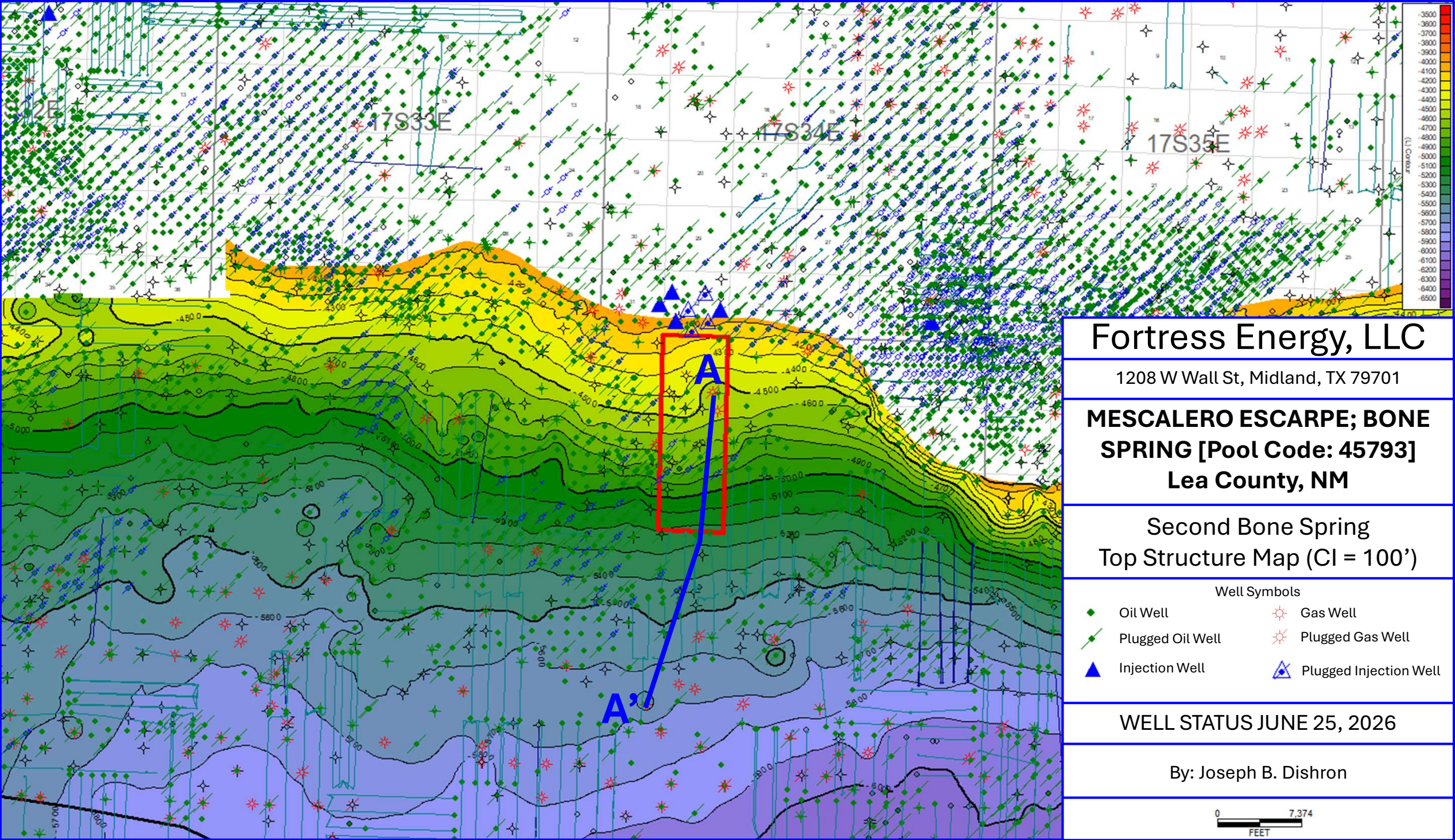
- | | |
|------------------|------------------------|
| Oil Well | Gas Well |
| Plugged Oil Well | Plugged Gas Well |
| Injection Well | Plugged Injection Well |

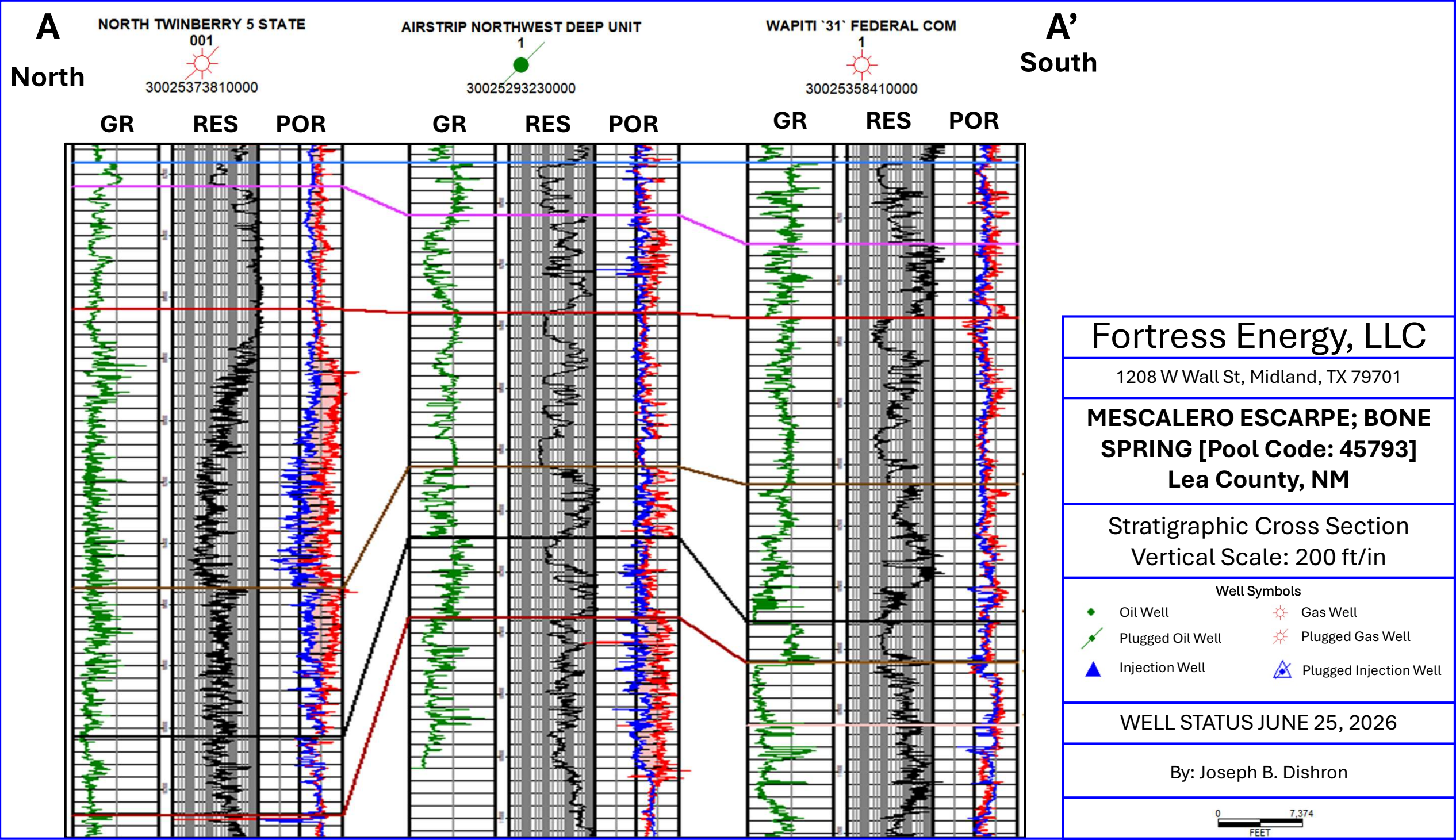
WELL STATUS JUNE 25, 2026

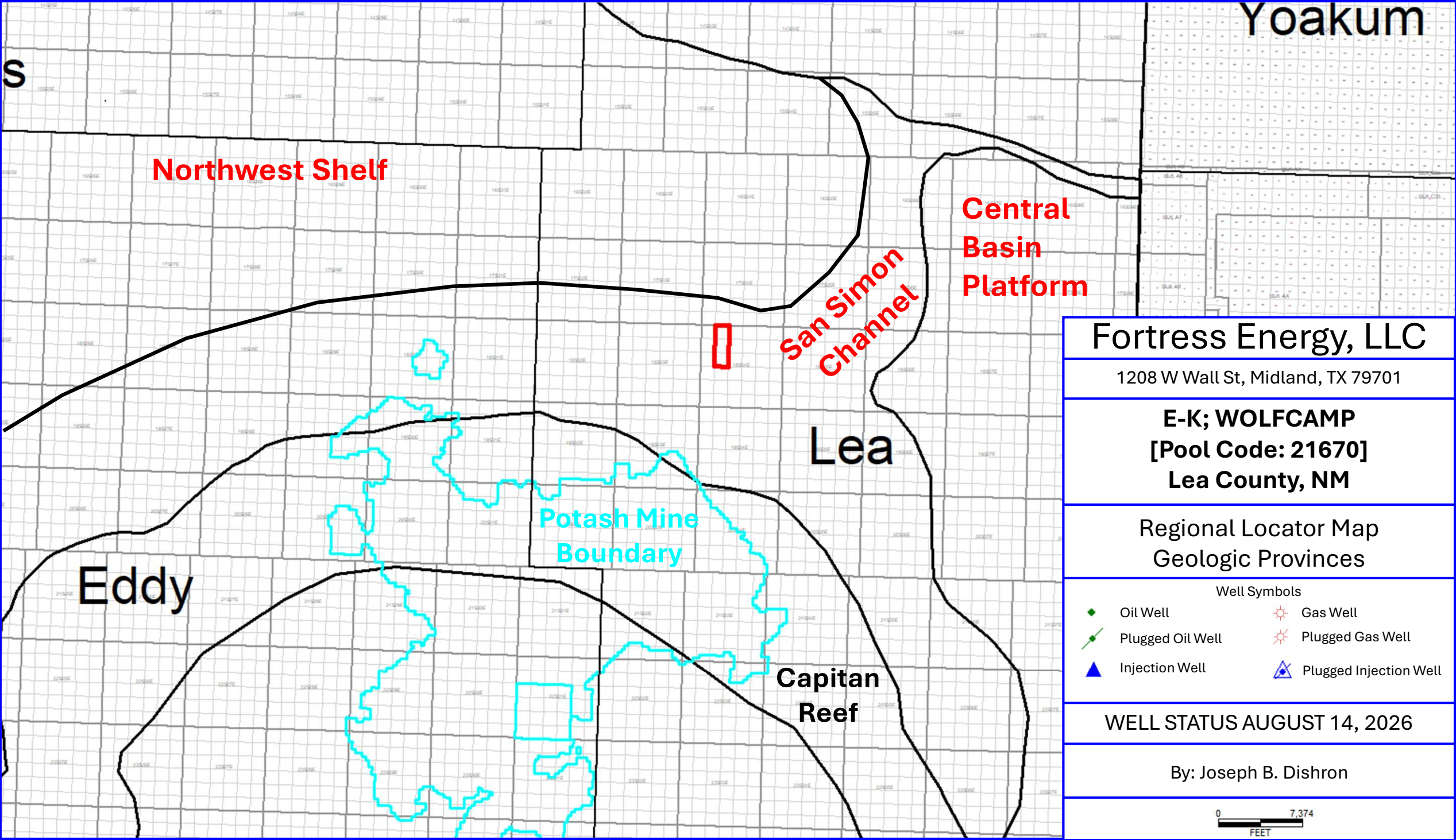
By: Joseph B. Dishron

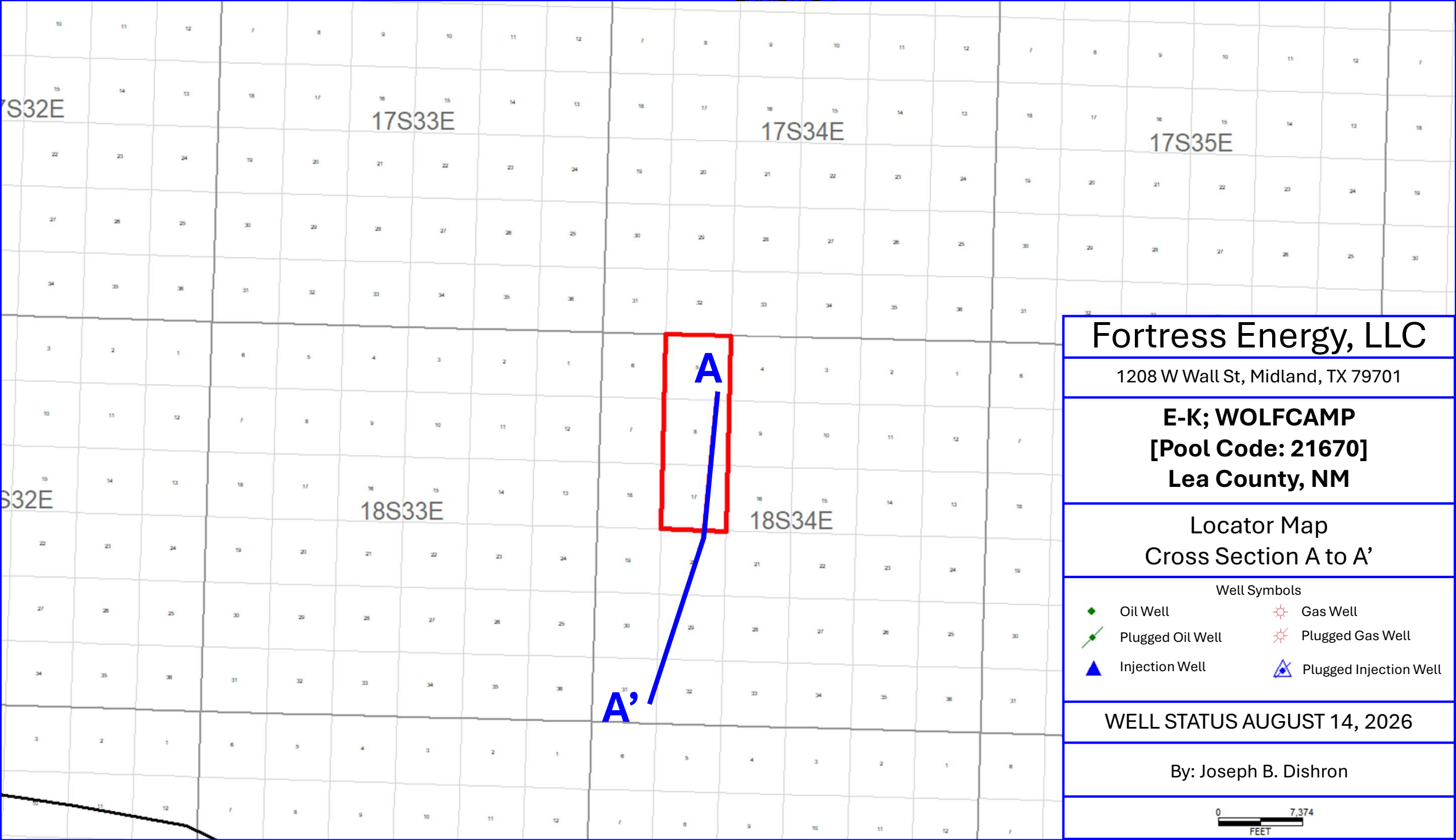


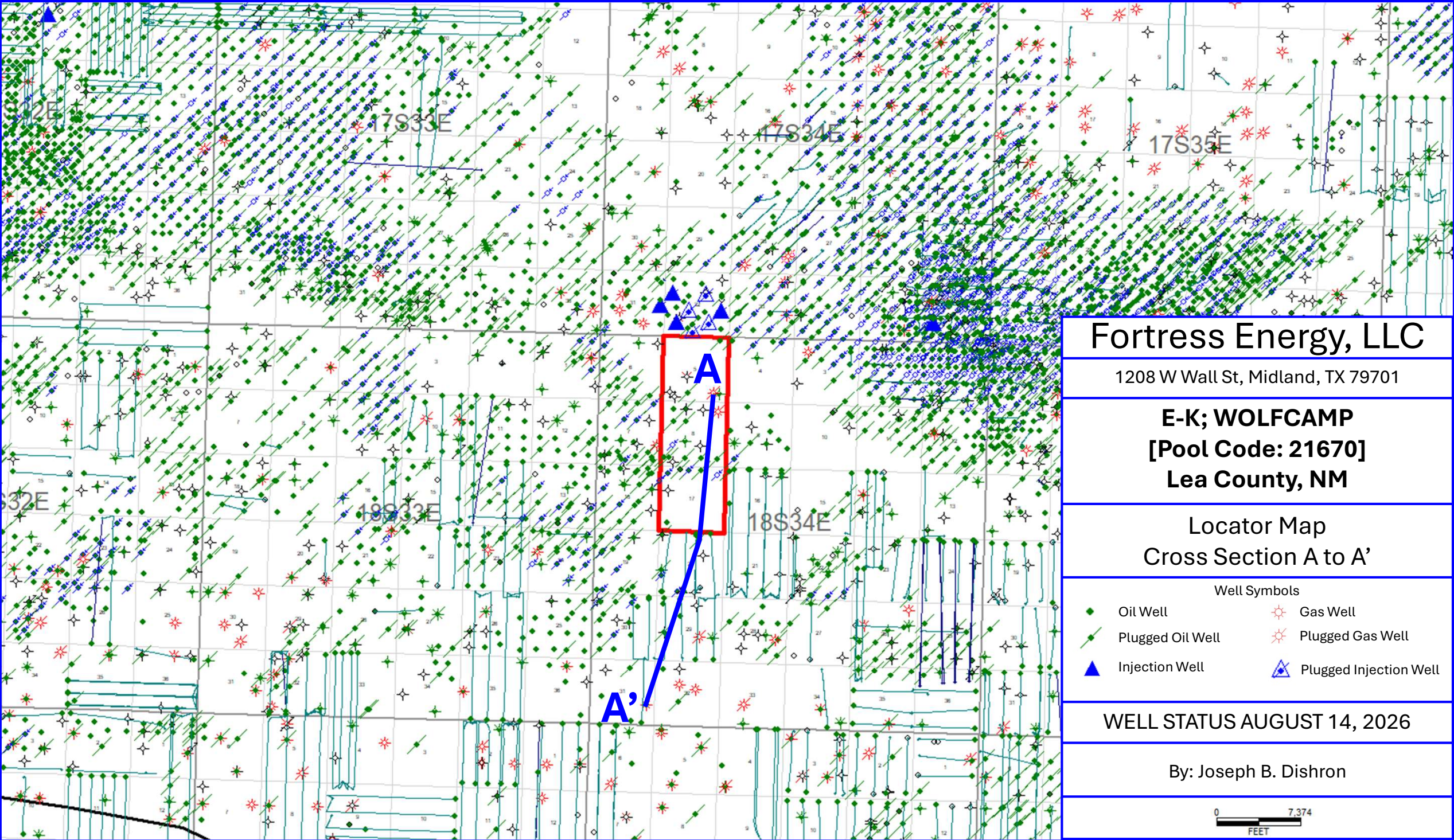


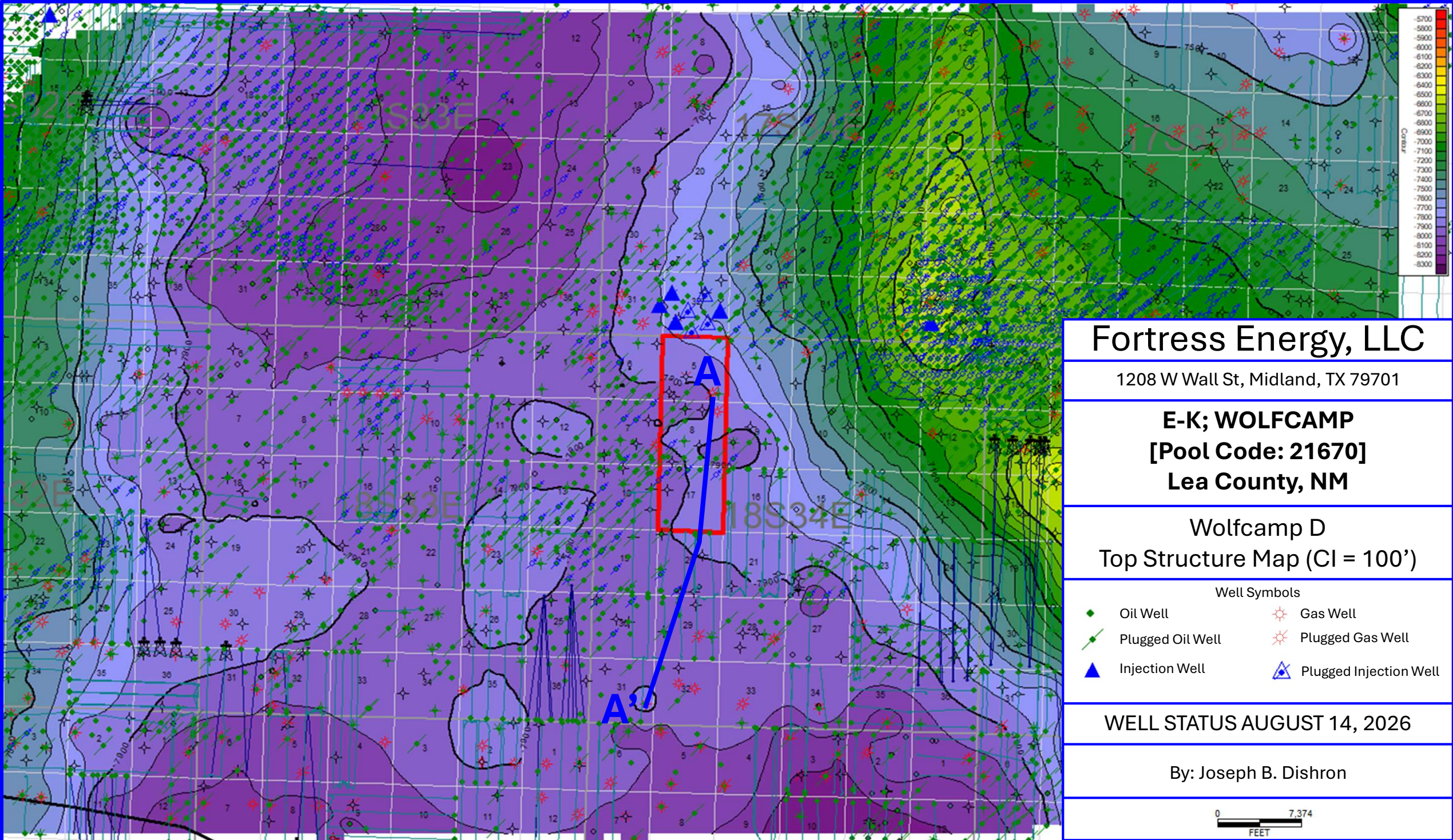






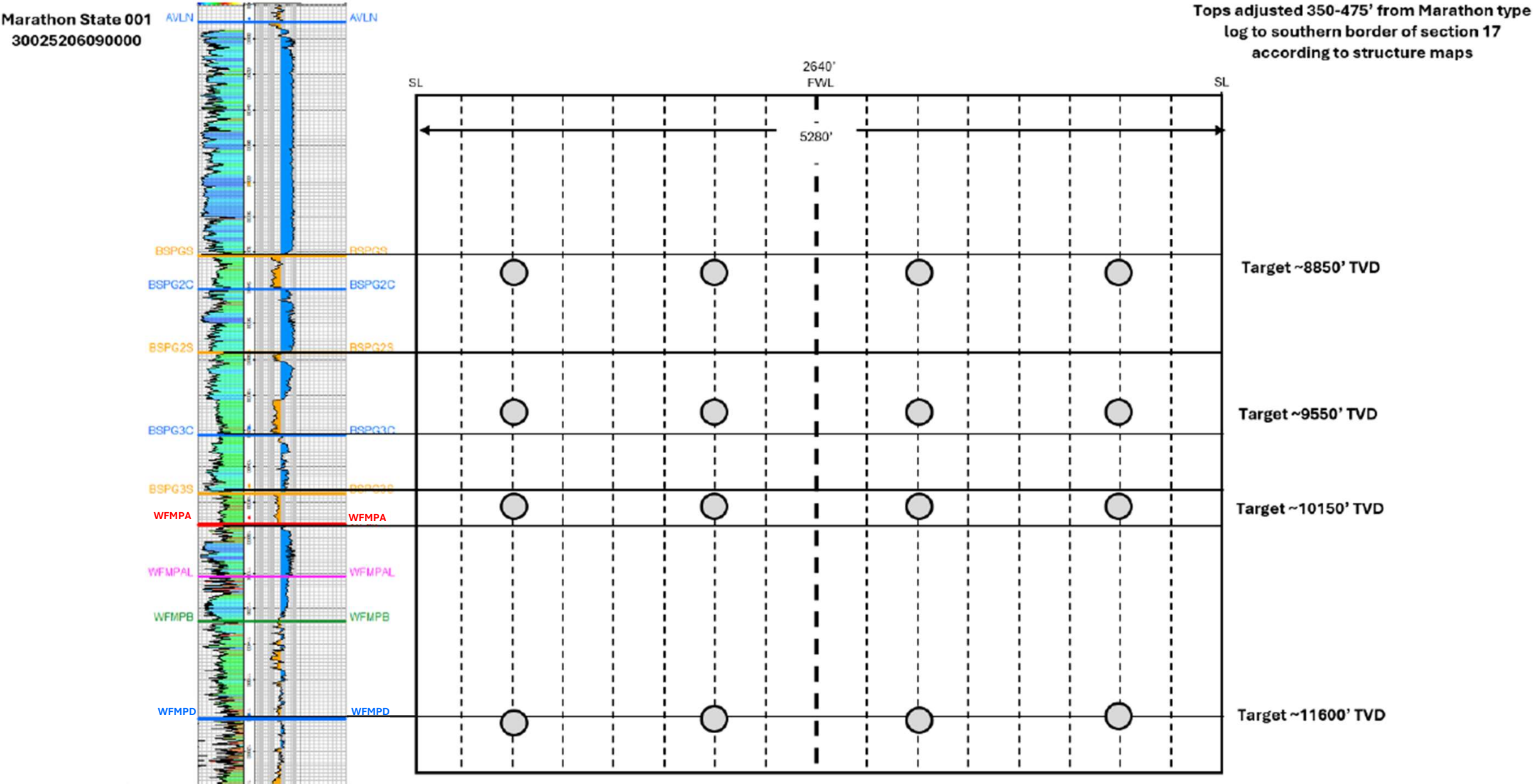








18S 34E Sections 5,8,17 Gunbarrel and Landings



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

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

CASE NOS. 26131-26132

SELF-AFFIRMED STATEMENT OF JOSH SPERRY

Josh Sperry, hereby states and declares as follows:

1. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
2. I have not previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum engineering matters.
3. I seek to have my credentials as a petroleum engineer accepted by the Division and made a matter of record. I am qualified as an expert witness in petroleum engineering matters by my education and experience, as reflected in the attached FED Exhibit E-1. I graduated from Texas Tech University with a Bachelor of Science in Petroleum Engineering in December 2012. Since that time, I have been an engineer throughout the Permian Basin and in New Mexico. I previously worked as a drilling supervisor at Conoco Phillips, Sierra Engineering and as a drilling engineer at Concho Resources, Drilling manager at Atlantic Resources Company, and as VP of drilling at Stronghold Energy II, prior to joining Fortress Energy, LLC, an affiliate entity to FED Operating, LLC. I was involved in the American Association of Drilling Engineers, Midland Chapter as the Vice President, the International Association of Directional Drilling, the Society of Petroleum Engineers, and I am on the Texas Tech University Petroleum Advisory Board. Based on this information, I request to be recognized as an expert in petroleum engineering matters by the Division and in this case.
4. I work for FED as an engineer.

5. I am familiar with the application filed by FED Operating, LLC ("FED") in Case No. 26131-26132.

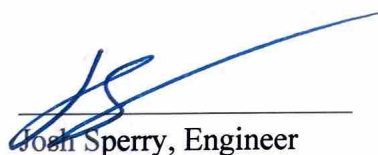
6. In my opinion, FED's plan to operate the acreage is optimal because FED has developed both a reduced surface system and has the ability to get contracts for the appropriate takeaway of oil, gas, and water from the proposed wells.

7. In my opinion, horizontal drilling is the most efficient method to develop this acreage, and developing the target intervals from a consolidated unit with shared surface facilities avoids the drilling of unnecessary, duplicative wells and reduces surface disturbance, consistent with the efficient and prudent development of the acreage and the prevention of waste.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct.

9. I understand that this self-affirmed statement will be used as written testimony in this case.

10. This statement is made on the date next to my signature below.


Josh Sperry, Engineer

Date: September 4, 2026.

Joshua Benjamin Sperry
Joshuabsperry81@gmail.com
432-894-8331

SUMMARY

Results-driven oil and gas executive with 15+ years of experience leading drilling, production, and field operations across the Permian Basin. Proven record building and scaling operating organizations, optimizing LOE, improving well performance, and managing multidisciplinary teams in both private-equity-backed and large public-company environments. Combines strong technical depth with practical field leadership, commercial judgment, and the ability to execute from strategy through daily operations.

PROFESSIONAL EXPERIENCE

Fortress Energy (Fed Operating) **November 2022- Present**
Managing Partner Contract Engineer / Independent Oil & Gas Operator

- Serve as owner-operator across a 13-well operated asset base, with direct ownership alongside Fortress in six producing wells.
- Manage daily production and lease operations for 13 wells, including field supervision, vendor coordination, regulatory compliance, and cost control.
- Lead all operational, production, compliance, and financial activities for the operated assets, including production optimization, LOE management, reporting, and long-range field development planning.
- Oversee JIB review, revenue distribution, accounting coordination, and investor communications to ensure financial accuracy, discipline, and transparency.
- Develop capital plans, workover strategies, and field-development priorities focused on maximizing EUR, improving reliability, and increasing asset value.
- Supervise pumpers, contractors, and service providers while maintaining high standards for HSE performance, equipment reliability, and operating efficiency.
- Track production trends, evaluate equipment needs, and make real-time decisions on artificial lift, well intervention, and maintenance planning.

Stronghold Energy II **December 2018-November 2022**
Vice President of Production and Drilling

- Played a key leadership role in building and scaling Stronghold Energy II from approximately 200 BOPD / 350 BOEPD to 5,974 BOPD / 9,500 BOEPD, with a predominantly stripper-well production base.
- Led the final operational takeover of the Chevron and Devon assets that formed the Stronghold position and helped build the company's operating structure from the ground up.
 - Procured electricity, negotiated oil and gas marketing arrangements, implemented production and operations software systems, contributed to development of the employee handbook, and supported insurance

structuring and negotiations. Responsible for implementing all of Stronghold's operating procedures for the production and drilling departments.

- Directed organizational structure, staffing coordination, office and field alignment, safety meetings, and operational reporting processes.
- Managed 30 of 49 employees, along with multiple consultants, across production and drilling operations.
 - Led a multidisciplinary team that included three engineers, production and regulatory leadership, a superintendent, and senior operations personnel.
- Owned LOE budgeting, cost tracking, and reporting, including monthly spend reviews and quarterly accruals for production and drilling activities.
- Prepared and presented drilling and production updates for quarterly board meetings and executive leadership reviews.
- Led drilling rig IADC contract revisions and negotiations and established Stronghold's MSA requirements and key vendor pool.
- Maintained top-tier vertical drilling performance across multiple development tranches, rig stack-outs, and redeployments.

Led 43 wells drilled under my management; 38 reached TD in under three days at depths ranging from 5,500 to 6,750 feet.

Atlantic Resources Company (ARC)

November 2016-December 2018

Senior Drilling Engineer

- Developed ARC's in-house drilling program and managed all drilling operations, including rig selection, contract negotiation, vendor selection, third-party relationships, and rig personnel.
- Supported the transition of Endurance acreage into ARC's drilling program following acquisition.
- Identified and applied operational trends and best practices to improve drilling performance in the western Southern Delaware Basin, including areas with low-strength formations and volcanic ash-related drilling hazards.
- Prepared updates and formal presentations for executive leadership, the board of directors, Denham Capital, and Jefferies on drilling performance, cost reductions, efficiency gains, and forward development strategy.
- Led big-hole design and execution efforts in western Reeves County, developing built-for-purpose wellbores that reduced drilling days and costs for WFMP A and B laterals.
- Created SOPs for lateral drilling operations to reduce preventable downhole issues and improve execution consistency.

Concho Resources**January 2013–November 2016****Drilling Engineer**

- Managed multi-well pad horizontal drilling rigs across the Wolfcamp A and B, Spraberry, Bone Springs, and Avalon shale formations in Midland, Upton, Reeves, and Lea counties.
- Developed detailed AFEs while simultaneously managing vendor selection, commercial relationships, and day-to-day rig operations.
- Completed an operations rotation and led the scheduling and implementation of in-field rod-handling training through a third-party provider, training 19 pulling units in 33 days.
- Helped transform the Wolfberry SCADA program by redesigning XSPOC queries to optimize 1,700 wells with five SCADA technicians, contributing to an industry-low failure rate of 0.35 for the quarter.
- Completed a completions rotation with the Texas Wolfberry team, working on WSU operations, drilling out plugs, returning wells to production after failures, and supporting fracture stimulation on Wolfberry vertical wells.

Sierra Engineering**March 2008 - June 2010****Drilling Consultant - Company Representative**

- Utilized as a relief well-site supervisor in the southwestern portion of New Mexico drilling high-pressure directional wells.
- Supervised projects in the southern portions of Midland and Ector County in the Spraberry Trend.
- Drilled five re-entry wells in the third Bone Springs in Ward County, TX and Hobbs, NM; changed drilling fluids tripping technique resulting in mud cost reductions.
- Managed several P&A wells in Mentone, TX.
- Drilled and cased two 5,300 foot wells in Gaines County, TX in 12 days.
- Represented following companies: Summit, Strata Productions, Meritage, Fortson Oil Company, BTA Oil Producers, Carl E. Gungoll Exploration and Parallel Petroleum.

ConocoPhillips**October 2007 – March 2008****Drilling Consultant - Company Representative**

- Drilled seven wells ranging in depth from 6,500-7,300 feet in the western Oklahoma panhandle. Severe lost returns and stuck pipe issues are common to these wells.
- When previous issues were encountered, found solutions to mitigate the problem

MI-SWACO**January 2006 – October 2007****Drilling Fluids Engineer**

- Responsible for mud systems on wells throughout the Permian and Delaware Basins; majority of responsibility was running oil-base mud systems in Loving County, TX.
- Managed saltwater brine systems, freshwater systems and a variety of polymers, lost circulation materials, specialty products and starches.

- Selected by management to run several well-bore completion cleanup jobs. This completion work created an additional income stream for our district and increased our third quarter 2007 profits.

Precision Energy Services

July 2005 – January 2006

MWD Engineer

- Managed computer-based directional tools and directional drilling jobs in South Texas, Central Texas, Offshore Louisiana, Arkansas and New York State.

EDUCATION

- Texas Tech University
Bachelor of Science, Petroleum Engineering, December 2012
- Texas Tech University
Bachelor of Science, Agricultural & Applied Economics, December 2004

ADDITIONAL EDUCATION & TRAINING

Introduction to pump off controllers & dynagraph card interpretation
Trouble free drilling 3-day class by John Mitchell
Prentice training companies (casing design school)
Spirit's dynagraph interpretation and rod pumping class
Certified in Drilling Fluids Technology, MI-SWACO (2006)
Licensed Water Well Driller, State of New Mexico (2005-2007)

PROFESSIONAL ORGANIZATIONS

American Association of Drilling Engineers (AADE), Midland Chapter – 2009-22

- Permian Basin Chapter Board of Directors / V.P. of Midland Chapter 19-21
- Permian Basin Chapter Board of Directors / Program Chairman
- Permian Basin Chapter Steering Committee Member
- Previous Texas Tech University Student Chapter Liaison

International Association of Directional Drilling (IADD/PBAD) – 2014-17

- Board of Directors

Society of Petroleum Engineers (SPE) – 2009-18

- Member

Texas Tech University Petroleum board – 2022-26

- Advisory board to the dean

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
APPLICATION OF FED OPERATING,
LLC FOR APPROVAL OF A NON-STANDARD
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS. 26131-26132

SELF-AFFIRMED STATEMENT OF KAYLEIGH LANDRY

Kayleigh Landry, hereby states and declares as follows:

1. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum engineering.
3. I seek to have my credentials as an expert in petroleum engineering accepted by the Division and made a matter of record. I hold a Master of Chemistry degree from Heriot-Watt University, obtained in May 2013, and a Master of Business Administration from The University of Texas at Austin, obtained in May 2025. I have more than twelve years of oil and gas engineering experience spanning field operations, well completions and interventions, reservoir evaluation, development planning, and technical and economic underwriting. At Baker Hughes, I served in field, technical, engineering-management, and operations-management roles supporting drilling, completion, and workover operations, including more than 280 days of offshore field experience. I later worked as a Reservoir Engineer at Diamondback Energy and as a Senior Completion Engineer at Endeavor Energy Resources, where I worked on the completion and development of more than 100 Midland Basin wells. In my current work for Fortress Energy Partners and FED, I evaluate operated and non-operated oil and gas opportunities and prepare

engineering analyses, development plans, well proposals, and authorizations for expenditure. Based on my education and experience, I request to be recognized as an expert in petroleum engineering matters by the Division in these cases.

4. I am employed as an engineer with FED.

5. I am familiar with the application filed by FED Operating, LLC ("FED") in Case No. 26131-26132.

6. In my opinion, FED's plan to operate the acreage is optimal because FED has developed a better drilling development plan for the proposed wells.

7. In my opinion, horizontal drilling using the proposed longer laterals is an efficient method to develop the acreage, will reduce the need for unnecessary surface locations and duplicative wells, and is expected to improve ultimate recovery. Approval of FED's applications and proposed development plan will serve the interests of conservation, prevent waste, and protect correlative rights.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct.

9. I understand that this self-affirmed statement will be used as written testimony in this case.

10. This statement is made on the date next to my signature below.



Kayleigh Landry, Engineer

Date: September 4, 2026.

KAYLEIGH M LANDRY

Kayleighbk3@gmail.com
 Midland, TX 79707 • (832) 438-7434
www.linkedin.com/in/kayleighmlandry

Cases 26131-26132
 EXHIBIT F-1

EDUCATION

THE UNIVERSITY OF TEXAS AT AUSTIN, McCombs School of Business, Austin, TX
Master of Business Administration

May 2025

HERIOT-WATT UNIVERSITY, Edinburgh, UK
Master of Chemistry in Chemistry
Honors of the Second Class (Upper Division)

May 2013

EXPERIENCE

FORTRESS ENERGY PARTNERS/FED OPERATING, Midland, TX
Contract Business Development/Planning Engineer

2025 – Present

- Evaluate non-operated working interest and mineral acquisition opportunities across the Midland and Delaware Basins, integrating technical, commercial, and economic analysis to support investment decisions
- Create asset development plans and well proposals, prepare AFEs, and manage communications with working interest and mineral owners to advance operated development opportunities

DIAMONDBACK ENERGY, Midland, TX
Reservoir Engineer – Asset Development

2024 – 2025

- Optimized full stack US, MS, JM, LS, DN, WCA, WCB, and WCD developments in the Midland Basin through extensive assessment of P/C degradation, incremental well analysis, and deep dives into offset competitor performance (2025: \$300MM CAPEX; avg 2 rigs/yr)
- High-graded legacy EER and FANG development strategies post closure and presented resulting PUDs with Ryder Scott reserves auditors

ENDEAVOR ENERGY RESOURCES, Midland, TX
Senior Completion Engineer

2023 – 2024

- Completed over 100 wells while managing \$400MM in capital, utilizing up to 100% recycled water to execute slickwater fracs with a combination of diesel, DGB with trucked CNG, DGB with field gas, and simul-frac fleets across the Midland Basin
- Decreased completion costs per lateral foot by 5% through the implementation of a field gas and residue gas program in lieu of trucked CNG across four Tier-IV DGB fleets
- Recaptured lost lateral footage in problem well through strategic planning and execution saving \$1.3MM in well remediation, regaining \$3.5MM NPV20 within first month of employment

BAKER HUGHES

2013 – 2023

North America Land South Operations Manager - Well Intervention: Midland, TX (2021 – Jan 2023)

- Generated \$56MM leading 49 field and office personnel executing drillouts, cleanouts, cased hole and open hole fishing, casing exits, and wellbore cleanup on coil, workover, snubbing units, and drilling rigs throughout the Permian Basin, Eagleford, and Haynesville
- Increased revenue quarter on quarter by 20% through strategic P&L planning, personnel distribution and asset management
- Provided technical expertise in production tubing and packer recovery, complex cleanouts through casing restrictions, acid re-stimulations and iron sulfide cleanouts

North America Land Engineering Manager - Completions: Midland, TX (2020 – 2021)

- Led a team of seven Completion Engineers supporting downhole tool selection and installations during the Completion and Production phases, while inspiring cross region collaboration, broadening individual skillsets, and delivering technical expertise
- Captured \$400M with existing technology to provide a profitable solution for the alternative Lithium extraction energy market

Permian Basin Engineering Manager - Completion and Well Intervention: Midland, TX (2018 – 2020)

- Managed Permian Engineering team of nine Field and Application Engineers, supporting over 250 field operations monthly across Wellbore Construction, Cased Hole Completion, Thru-Tubing Fishing, Conventional Fishing, and Intelligent Production Systems

Completion and Well Intervention Technical Sales Engineer: Midland, TX (2017 – 2018)

- Generated \$15MM by cultivating strong customer relationships and pairing technical with operational expertise; and grew 100% market share in Thru-Tubing Fishing with a top 10 Permian operator, generating \$800M/month in reoccurring revenue

Completion Field Engineer I-III: North Sea, UK (2013 – 2017)

- Executed 280+ rig days of offshore Sand Control System installations, specializing in Deepwater horizontal open hole and pre-drilled liner Gravel Packs, Zonal Isolation, Standalone Screens, and Inflow Control completions, generating \$40MM

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

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

CASE NOS. 26131-26132

**SELF AFFIRMED STATEMENT OF
KAITLYN A. LUCK**

1. I am attorney in fact and authorized representative of FED Operating, LLC (“FED”), the Applicant herein.
2. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
3. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached for Avant.
4. Notice was provided both for compulsory pooling and approval of a nonstandard well spacing unit.
5. The spreadsheet attached hereto contains the names of the parties to whom notice was provided in Case No. 26131-26132 (“Case”) set for the August 23, 2026 Hearing of the New Mexico Oil Conservation Division.
6. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of July 28, 2026.
7. I also caused a notice to be published to all parties subject to this compulsory pooling proceeding, and for approval of the non-standard well spacing unit. An affidavit of

publication from the Lea County newspaper's publication legal clerk with a copy of the notice of publication is attached herein.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct.

9. I understand that this self-affirmed statement will be used as written testimony in this case.

10. This statement is made on the date next to my signature below.

A handwritten signature in blue ink, appearing to read "Kaitlyn A. Luck", is written over a horizontal line.

Kaitlyn A. Luck

Date: September 8, 2026.



New Mexico Office

5700 Harper Dr NE Ste 210 Office 234A, Albuquerque, NM 87109

Office ☎ (505) 630-2003

Direct ☎ (505) 630-2027

Email: Kaitlyn@jbakerlawgrouptx.com

Licensed in Texas, Oklahoma, and New Mexico

Austin Office

1106 Clayton Ln., Ste 565, Austin, TX 78723

Office ☎ (512) 882-2665

June 11, 2026

VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS

Re: Case Nos. 26131-26132: Application of Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico-Chancer 5-17 State wells.

Ladies & Gentlemen:

This letter is to advise you that FED Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on **July 9, 2026**, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>. It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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

If you have any questions about this matter, please contact Brayden Tidwell, at 432-400-2909, or brayden@fortressep.com. Thank you for your consideration.

Sincerely,

/s/ Kaitlyn A. Luck

Kaitlyn A. Luck

Baker Law Group, PLLC

Enclosure



Cases 26131-26132
EXHIBIT G

New Mexico Office
5700 Harper Dr NE Ste 210 Office 234A, Albuquerque, NM 87109
Office ☎ (505) 630-2003
Direct ☎ (505) 630-2027
Email: Kaitlyn@jbakerlawgroup.com
Licensed in Texas, Oklahoma, and New Mexico

Austin Office
1106 Clayton Ln., Ste 565, Austin, TX 78723
Office ☎ (512) 882-2665

June 19, 2026

VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS

Re: Case Nos. 26131-26132: Application of Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico-Chancer 5-17 State wells.

Ladies & Gentlemen:

This letter is to advise you that FED Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on **July 9, 2026**, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>. It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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

If you have any questions about this matter, please contact Brayden Tidwell, at 432-400-2909, or brayden@fortressep.com. Thank you for your consideration.

Sincerely,

/s/ Kaitlyn A. Luck

Kaitlyn A. Luck
Baker Law Group, PLLC

Enclosure

Cases 26131-26132
EXHIBIT G

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

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

CASE NO. 26131

APPLICATION

FED Operating, LLC ("FED") (OGRID No. 333904), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order: (1) approving a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Pool: MESCALERO ESCARPE; BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit"), and (2) pooling all uncommitted interests therein. In support of this application, FED states as follows:

1. FED has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FED seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.
3. To allow the proposed wells to be dedicated to a state Communitization Agreement, FED seeks approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

4. FED is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the state leases within the subject area.

5. FED seeks to dedicate the Unit to the following wells:

- the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5.

6. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

7. FED sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Bone Spring formation underlying the proposed Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

Cases 26131-26132
EXHIBIT G

WHEREFORE, FED requests this application be set for a hearing before an Examiner of the Oil Conservation Division, on June 4, 2026, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard unit and pooling all uncommitted interests in Wolfcamp formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Designating FED as operator of this unit and the wells to be drilled thereon;
- C. Authorizing FED to recover its costs of drilling, equipping and completing the Wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully,

Kaitlyn A. Luck
P.O. Box 483
Taos, New Mexico 87571
(361) 648-1973
kaitlyn.luck@outlook.com

Attorney for FED Operating, LLC

CASE NO. _____: Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Bone Spring Formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.

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

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

26132
CASE NO. _____

APPLICATION

FED Operating, LLC ("FED") (OGRID No. 333904), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order: (1) approving a non-standard 1,920-acre, more or less, horizontal well spacing unit in the Wolfcamp formation (Pool: E-K; WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit"), and (2) pooling all uncommitted interests therein. In support of this application, FED states as follows:

1. FED has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FED seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.
3. To allow the proposed wells to be dedicated to a state Communitization Agreement, FED seeks approval of a corresponding non-standard horizontal well spacing unit in the Wolfcamp formation.

4. FED is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the state leases within the subject area.

5. FED seeks to dedicate the Unit to the following wells:

- the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5;
- the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and
- the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5.

6. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

7. FED sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. Approval of this overlapping non-standard spacing unit and the pooling of interests therein will allow FED to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, lower operating costs, avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, FED requests this application be set for a hearing before an Examiner of the Oil Conservation Division, on June 4, 2026, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard unit and pooling all uncommitted interests in Wolfcamp formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Designating FED as operator of this unit and the wells to be drilled thereon;
- C. Authorizing FED to recover its costs of drilling, equipping and completing the Wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully,

Kaitlyn A. Luck
P.O. Box 483
Taos, New Mexico 87571
(361) 648-1973
kaitlyn.luck@outlook.com

Attorney for FED Operating, LLC

Cases 26131-26132
EXHIBIT G

CASE NO. _____: Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Wolfcamp Formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.

**Cases 26131-26132
EXHIBIT G**

9414711899561325905799	PYTHON ROYALTIES, LLC, PO BOX 53657, LUBBOCK, TX 79453
9414711899561325904440	PAUL W. THOMASON, 2800 FM 2401, GARDEN CITY, TX 79739
9414711899561325904013	PAUL W. THOMASON, 2800 FM 2401, GARDEN CITY, TX 79739
9414711899561325904235	ELIZABETH THOMASON ALVARADO & PAUL W. THOMSON,, Co-Trustees of the Paul W.Thomason Trust, 2800 FM 2401, GARDEN CITY, TX 79739
9414711899561325903702	ELIZABETH THOMASON GARJANIS AKA ELIZABETH THOMASON, Alvarado, 2506 PEBBLE DR, GRANBURY, TX 76048
9414711899561325909926	ANDREW L. ALVARADO, PO BOX 9007, MIDLAND, TX 79708
9414711899561325980963	MADELINE L. ALVARADO AKA MADDIE ALVARADO, 1621 E 6TH ST APT 1526, AUSTIN, TX 78702
9414711899561325984466	SARA A. DAVIS, PO BOX 51908, MIDLAND, TX 79710
9414711899561325983346	SARA A. DAVIS, PO BOX 51908, MIDLAND, TX 79710
9414711899561325961238	ALAN L. ALVARADO, 4707 E CHERRYWOOD CT, MIDLAND, TX 79707
9414711899561325960538	COLT ENERGY, PO BOX 53657, LUBBOCK, TX 79453
9414711899561325951444	ARMSTRONG ENERGY CORPORATION, PO BOX 1973, ROSWELL, NM 88202
9414711899561325956593	HUNT CIMARRON LIMITED PARTNERSHIP DBA, Cimarron Exploration Company, PO BOX 1973, ROSWELL, NM 88202
9414711899561325954223	EOG RESOURCES, INC., 104 S 4TH ST, ARTESIA, NM 88210
9414711899561325959624	ESTATE OF PATSY CARR, DECEASED, PO BOX 877, WICHITA FALLS, TX 76307
9414711899561325921171	XTO HOLDINGS, LLC, 22778 SPRINGWOODS VILLAGE PKWY, SPRING, TX 77389
9414711899561325926220	XTO HOLDINGS, LLC, 22778 SPRINGWOODS VILLAGE PKWY, SPRING, TX 77389
9414711899561325920976	PERMIAN RESOURCES OPERATING LLC., 3724 HULEN ST, FORT WORTH, TX 76107
9414711899561325922758	OCCIDENTAL PERMIAN LTD., 5 GREENWAY PLZ STE 110, HOUSTON, TX 77046
9414711899561325991112	C.W. STUMHOFFER & FRIEDA T. STUMHOFFER, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325991884	C.W. STUMHOFFER & FRIEDA T. STUMHOFFER, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325990184	C. W. SEELY, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325992850	C.W. STUMHOFFER & FRIEDA T. STUMHOFFER, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325995271	C. W. SEELY, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325994298	C. W. SEELY, 815 W 10TH ST, FORT WORTH, TX 76102
9414711899561325971022	CHEVRON USA INC., 1400 SMITH ST, HOUSTON, TX 77002
9414711899561325971848	CHEVRON USA INC., 1400 SMITH ST, HOUSTON, TX 77002
9414711899561325944477	EMILY M. HAMMOND, 2506 SHELL AVE, MIDLAND, TX 79705
9414711899561325608133	MORNING STARR OPERATING, LLC, 400 W 7TH ST, FORT WORTH, TX 76102
9414811899561325011350	SOUTHWEST FOOD SERVICE EXCELLENCE, 9366 E RAINTREE DR, SCOTTSDALE, AZ 85260
9415511899561933962783	PARKWAY HOMEOWNERS ASSOCIATION, INC, c/o MSI, LLC, 11002 BENTON ST, WESTMINSTER, CO 80020
9407111899561933972945	COLORADO DEPT. OF REVENUE, Attn: Collections, PO BOX 17087, DENVER, CO 80217
9414811899561933935505	KHELA BASKETT, 1150 PLATTE RIVER DR., FAIRPLAY, CO 80440
9414811899561933677962	MEWBOURN OIL CO., PO BOX 5270, HOBBS, NM 88241
9414811899561933678556	COERT HOLDINGS 1, LLC, 20 HORSENECK LN, GREENWICH, CT 06830
9414811899561933670642	OXY USA INC., PO BOX 4294, HOUSTON, TX 77210
9414811899561933672097	BHP PETRO AMER, INC, PO BOX 977, FARMINGTON, NM 87499
9414811899561933675142	BLM, 620 E GREENE ST, CARLSBAD, NM 88220
9414811899561933673339	NEW MEXICO STATE LAND OFFICE, 602 N CANAL ST STE B, CARLSBAD, NM 88220
9414711899561322107714	MAGIC DOG & GAS, LTD., PO BOX 10708, MIDLAND, TX 79702
9414711899561322108261	BILL LANE LEE, JR. TRUSTEE OF THE BLR TRUSTU/W/O, Bill lane lee, 11363 CORSICA MIST AVE, LAS VEGAS, NV 89135
9414711899561322100746	RICHARD C. COE, PO BOX 261410, PLANO, TX 75026
9414711899561322102412	COTERRA ENERGY OPERATING COMPANY, 6001 DEAUVILLE STE 300N, MIDLAND, TX 79706
9414711899561322187709	PAUL W. THOMASON, 2800 FM 2401, GARDEN CITY, TX 79739
9415511899561322185144	5280 PEST CONTROL LLC, 969 HONEY BERRY CT, ELIZABETH, CO 80107
9407111899561322195313	LUKE BARTOLOMEI, Optimal Home Offers, LLC, 47552 COMPTON CIR, STERLING, VA 20165
9414811899561322177257	MOLLY MCLAREN, Community Neuropsychology, 275 CENTURY CIR STE 203, LOUISVILLE, CO 80027
9415511899561322170683	COTERRA ENERGY OPERATING COMPANY, 6001 DEAUVILLE STE 300N, MIDLAND, TX 79706
9415511899561322174896	MARK K. NEARBURG, 710 DRAGON, LAKEWAY, TX 78734
9415511899561322179204	HFLP E & P LLC, PO BOX 8122, MIDLAND, TX 79708
9415511899561322146916	MARK K. NEARBURG, 710 DRAGON, LAKEWAY, TX 78734

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9415511899561322146213	MARK K. NEARBURG, 710 DRAGON, LAKEWAY, TX 78734				
9407111899561322789079	KEITH LOCKERBY & LAUREN NICOLE LEVY, 4806 PECAN SPRINGS RD, AUSTIN, TX 78723				
9414711899561322769622	GAHR ENERGY COMPANY, PO BOX 1889, MIDLAND, TX 79702				
9414711899561322769714	GAHR ENERGY COMPANY, PO BOX 1889, MIDLAND, TX 79702				
9414711899561322756547	FUEL PRODUCTS, INC., P.B. BOX 3098, MIDLAND, TX 79702				
9414711899561322756097	FUEL PRODUCTS, INC., P.B. BOX 3098, MIDLAND, TX 79702				
9414711899561322757643	FUEL PRODUCTS, INC., P.B. BOX 3098, MIDLAND, TX 79702				
9414711899561322757230	FUEL PRODUCTS, INC., P.B. BOX 3098, MIDLAND, TX 79702				
9415511899561322791581	V-F PETROLEUM INC., 500 W TEXAS AVE, MIDLAND, TX 79701				
9414811899561322235544	Stumhoffer Family Partnership LP, 4400 Post Oak Pkwy Suite 2350, Houston TX 77027				
9414 8111 0549 5839 072973	EOG RESOURCES, INC., 104 S 4TH ST, ARTESIA, NM 88210				

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115659 9414711899561328140913	RDC MINERALS LLC	KAITLYN LUCK	8/3/2026			USPS First Class Mail To: USA	
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115702 9414711899561328435583	WILLIAM E. ALEXANDER, AS TR	KAITLYN LUCK	8/4/2026			USPS First Class Mail To: USA	

Affidavit of Publication

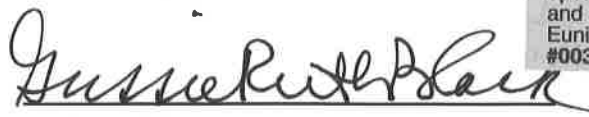
STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
June 24, 2026
and ending with the issue dated
June 24, 2026.


Publisher

Sworn and subscribed to before me this
24th day of June 2026.


Business Manager

My commission expires
January 29, 2027

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

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

Case No. 26131: Application of Application of FED Operating, LLC for approval of a non-standa horizontal unit and compulsory pooling, Lea County, New Mexico. Notice to all affected intere owners, including heirs, devisees, and successors of: SARA A. DAVIS; MADELINE L. ALVARAD AKA MADDIE ALVARADO; ANDREW L. ALVARADO; ELIZABETH THOMASON GATJANIS AK ELIZABETH THOMASON ALVARADO; ELIZABETH THOMASON ALVARADO AND PAUL I THOMASON, CO-TRUSTEES OF THE PAUL W. THOMASON TRUST; PAUL W. THOMASON; PYTHC ROYALTIES LLC; HUNT CIMARRON LIMITED PARTNERSHIP DBA CIMARRON EXPLORATIO COMPANY; ARMSTRONG ENERGY CORPORATION; COLT ENERGY; ALAN L. ALVARADO; AQ PERMIAN, LLC; ARTHUR WILSON; BEN D. TAYLOR; BIG THREE ENERGY GROUP, LLC; BOSWEL INTERESTS, LTD.; BP AMERICA PRODUCTION COMPANY; BURGUNDY OIL & GAS OF NE MEXICO, INC.; BURNETT OIL COMPANY; C.E.B. OIL COMPANY; C.W. SEELY; CHARLES W. SEEL JR.; CHASE OIL CORPORATION; CHEVRON U.S.A., INC.; COG OPERATING LLC; COTERRA ENER OPERATING; C.W. STUMHOFFER AND FRIEDA T. STUMHOFFER; DAVID J. BANTER; DAVID HENDERSON AND WIFE, DAWN HENDERSON; DEVON ENERGY PRODUCTION COMPANY, L DIAKAN MINERALS LLC; E.A.B. OIL COMPANY; EMILY M. HAMMOND; EOG RESOURCES, INC ESTATE OF INA B. SEELY; CHARLES WAYNE SEELY, PERSONAL REPRESENTATIVE; ESTATE O MARCIA KIRKPATRICK; ESTATE OF PATSY CARR, DECEASED; EVERETT L. ANDREWS, JR TRUSTEE OF THE EVERETT L. ANDREWS JR. TRUST; EXPRESS AIR DRILLING, INC FEATHERSTONE DEVELOPMENT CORPORATION; FORTRESS ENERGY PARTNERS IV, LLC FRANKLIN MOUNTAIN ENERGY 3, LLC; GROVER BROTHERS, LTD.; GROVER FAMILY, L.P.; HHE LLC; IMPERIAL MINERALS, LLC; J. CHRIS STATTON; J. CLEO THOMPSON & JAMES CLE THOMPSON, JR., A PARTNERSHIP; JAY PULTE; JOHN P. OIL COMPANY; KNW OIL & GAS, INC.; LE ANNE SEELY; MATADOR PRODUCTION COMPANY; MATTHEW ANDREWS, AS SUCCESSO TRUSTEE OF THE MATTHEW ANDREWS TRUST, CREATED UNDER THE RUTH G. DAHLI REVOCABLE TRUST, DATED FEBRUARY 18, 2004; MEG PROPERTIES, LLC; MEWBOURNE OI COMPANY; MICHAEL J. HAVEL AND WIFE, KATHLEEN A. HAVEL; MORNINGSTAR OPERATING LLC; MRC PERMIAN COMPANY; OCCIDENTAL PERMIAN LIMITED PARTNERSHIP; P U PETROLEUM; P.V.B. OIL COMPANY; PBEX, LLC; PERMIAN RESOURCES OPERATING LLC PROSPECTOR, LLC; R. ROBERT STATTON; RDC MINERALS LLC; ROSS DUNCAN PROPERTIES LLC; RRS OIL, INC.; SEELY OIL CO; SSV&H ASSOCIATES; STEVEN F. BANTER; STUMHOFFEL FAMILY PARTNERSHIP; THE NINETY-SIX CORPORATION; VEER CAPITAL PARTNERS, LLC VENTANA MINERALS LLC; WILLIAM E. ALEXANDER, AS TRUSTEE OF THE AMY VERNAE DAHLI TRUST; WILLIAM E. ALEXANDER, AS TRUSTEE OF THE MERLYA HOLLAND WRIGHT FAMIL TRUST; XTO HOLDINGS LLC; XTO PERMIAN CT TXNM LLC; BUREAU OF LAND MANAGEMENT NEW MEXICO STATE LAND OFFICE - The State of New Mexico, Energy Minerals and Natural Resource Department, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 9:00 a.m. on July 9, 2026, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person, at the Energy, Minerals and Natural Resources Department, Wendell Chino Building Pecos Hall, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505, and via the Teams virtual meeting platform. To participate in the hearings electronically, see instructions posted on the docket for the hearing date at: <https://www.emnrd.nm.gov/ocd/hearing-info/>, or call (505) 476-3441. You can attend the hearing in person at Pecos Hall or you can attend virtually through remote online access. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Bone Spring formation (Pool Mescalero Escarpe; BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 12 Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico. #00312332

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00312332

KAITLYN LUCK
BAKER LAW GROUP
1290 BROADWAY, STE 1175
DENVER, CO 80203

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
June 24, 2026
and ending with the issue dated
June 24, 2026.



Publisher

Sworn and subscribed to before me this
24th day of June 2026.



Business Manager

My commission expires
January 29, 2027

(Seal) STATE OF NEW MEXICO
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COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

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LEGAL NOTICE June 24, 2026

Case No. 26132: Application of Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Notice to all affected interest owners, including heirs, devisees, and successors of: SARA A. DAVIS; MADELINE L. ALVARADO; AKA MADDIE ALVARADO; ANDREW L. ALVARADO; ELIZABETH THOMASON GATJANIS AKA ELIZABETH THOMASON ALVARADO; ELIZABETH THOMASON ALVARADO AND PAUL W. THOMASON, CO-TRUSTEES OF THE PAUL W. THOMASON TRUST; PAUL W. THOMASON; PYTHON ROYALTIES LLC; HUNT CIMARRON LIMITED PARTNERSHIP DBA CIMARRON EXPLORATION COMPANY; ARMSTRONG ENERGY CORPORATION; COLT ENERGY; ALAN L. ALVARADO; AO I PERMIAN, LLC; ARTHUR WILSON; BEN D. TAYLOR; BIG THREE ENERGY GROUP, LLC; BOSWELL INTERESTS, LTD.; BP AMERICA PRODUCTION COMPANY; BURGUNDY OIL & GAS OF NEW MEXICO, INC.; BURNETT OIL COMPANY; C.E.B. OIL COMPANY; C.W. SEELY; CHARLES W. SEELY JR.; CHASE OIL CORPORATION; CHEVRON U.S.A., INC.; COG OPERATING LLC; COTERRA ENERGY OPERATING; C.W. STUMHOFFER AND FRIEDA T. STUMHOFFER; DAVID J. BAINTER; DAVID L. HENDERSON AND WIFE, DAWN HENDERSON; DEVON ENERGY PRODUCTION COMPANY, LP; DIAKON MINERALS LLC; E.A.B. OIL COMPANY; EMILY M. HAMMOND; EOG RESOURCES, INC.; ESTATE OF INA B. SEELY; CHARLES WAYNE SEELY, PERSONAL REPRESENTATIVE; ESTATE OF MARCIA KIRKPATRICK; ESTATE OF PATSY CARR, DECEASED; EVERETT L. ANDREWS, JR.; TRUSTEE OF THE EVERETT L. ANDREWS JR. TRUST; EXPRESS AIR DRILLING, INC.; FEATHERSTONE DEVELOPMENT CORPORATION; FORTRESS ENERGY PARTNERS IV, LLC; FRANKLIN MOUNTAIN ENERGY 3, LLC; GROVER BROTHERS, LTD.; GROVER FAMILY, L.P.; HHE II, LLC; IMPERIAL MINERALS, LLC; J. CHRIS STATTON; J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., A PARTNERSHIP; JAY PULTE; JOHN P. OIL COMPANY; KNW OIL & GAS, INC.; LEA ANNE SEELY; MATADOR PRODUCTION COMPANY; MATTHEW ANDREWS, AS SUCCESSOR TRUSTEE OF THE MATTHEW ANDREWS TRUST, CREATED UNDER THE RUTH G. DAHLIN REVOCABLE TRUST, DATED FEBRUARY 18, 2004; MEG PROPERTIES, LLC; MEWBOURNE OIL COMPANY; MICHAEL J. HAVEL AND WIFE, KATHLEEN A. HAVEL; MORNINGSTAR OPERATING, LLC; MRC PERMIAN COMPANY; OCCIDENTAL PERMIAN LIMITED PARTNERSHIP; P U G PETROLEUM; P.V.B. OIL COMPANY; PBEX, LLC; PERMIAN RESOURCES OPERATING LLC; PROSPECTOR, LLC; R. ROBERT STATTON; RDC MINERALS LLC; ROSS DUNCAN PROPERTIES, LLC; RRS OIL, INC.; SEELY OIL CO; SSV&H ASSOCIATES; STEVEN F. BAINTER; STUMHOFFER FAMILY PARTNERSHIP; THE NINETY-SIX CORPORATION; VEER CAPITAL PARTNERS, LLC; VENTANA MINERALS LLC; WILLIAM E. ALEXANDER, AS TRUSTEE OF THE AMY VERNAE DAHLIN TRUST; WILLIAM E. ALEXANDER, AS TRUSTEE OF THE MERLYA HOLLAND WRIGHT FAMILY TRUST; XTO HOLDINGS LLC; XTO PERMIAN CT TXNM LLC; BUREAU OF LAND MANAGEMENT; NEW MEXICO STATE LAND OFFICE - The State of New Mexico, Energy Minerals and Natural Resources Department, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 9:00 a.m. on July 9, 2026, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person, at the Energy, Minerals and Natural Resources Department, Wendell Chino Building, Pecos Hall, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505, and via the Teams virtual meeting platform. To participate in the hearings electronically, see instructions posted on the docket for the hearing date at: <https://www.emnrd.nm.gov/ocd/hearing-info/>, or call (505) 476-3441. You can attend the hearing in person at Pecos Hall or you can attend virtually through remote online access. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Wolfcamp formation (Pool: E-K; WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.

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