

CASE NO. 21894

APPLICATION OF MANZANO LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

EXHIBIT LIST

- A. Landman's Affidavit (Nock McClelland)
- B. Geologist's Affidavit (John Worrall)
- C. Notice Affidavit
- D. Application and Proposed Notice
- E. Pooling Checklist

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF MANZANO LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case Nos. 21894

SELF-AFFIRMED STATEMENT OF NICK MCCLELLAND

Nick McClelland, being duly sworn upon his oath, deposes and states:

1. I am a landman for Manzano LLC ("Manzano"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool working interest owners into the San Andres (proximity tract) horizontal spacing unit described below, and in well(s) to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the well.

(c) A plat outlining the unit being pooled is submitted as Attachment A-1. Manzano seeks an order pooling all mineral interests in the San Andres formation underlying a horizontal spacing unit comprised of the W/2 of Section 23 and the W/2 of Section 14, Township 12 South, Range 38 East, NMPM. The unit will be dedicated to the Trinity State 23-14 Well No. 4H. Attachment A-1 also contains plats showing the location of the well unit approximately 12.5 miles east of Tatum, near the Texas border.

A Form C-102 for the well is submitted as Attachment A-2.

(d) Attachment A-1 shows the leasehold tracts within the well unit. Attachment A-3 shows the working interest owners in each tract, and their percentage interests, including those of the parties being pooled (EOG Resources, Inc. and OXY Y-1 Company).

(e) There is no depth severance in the San Andres formation.

EXHIBIT *A*

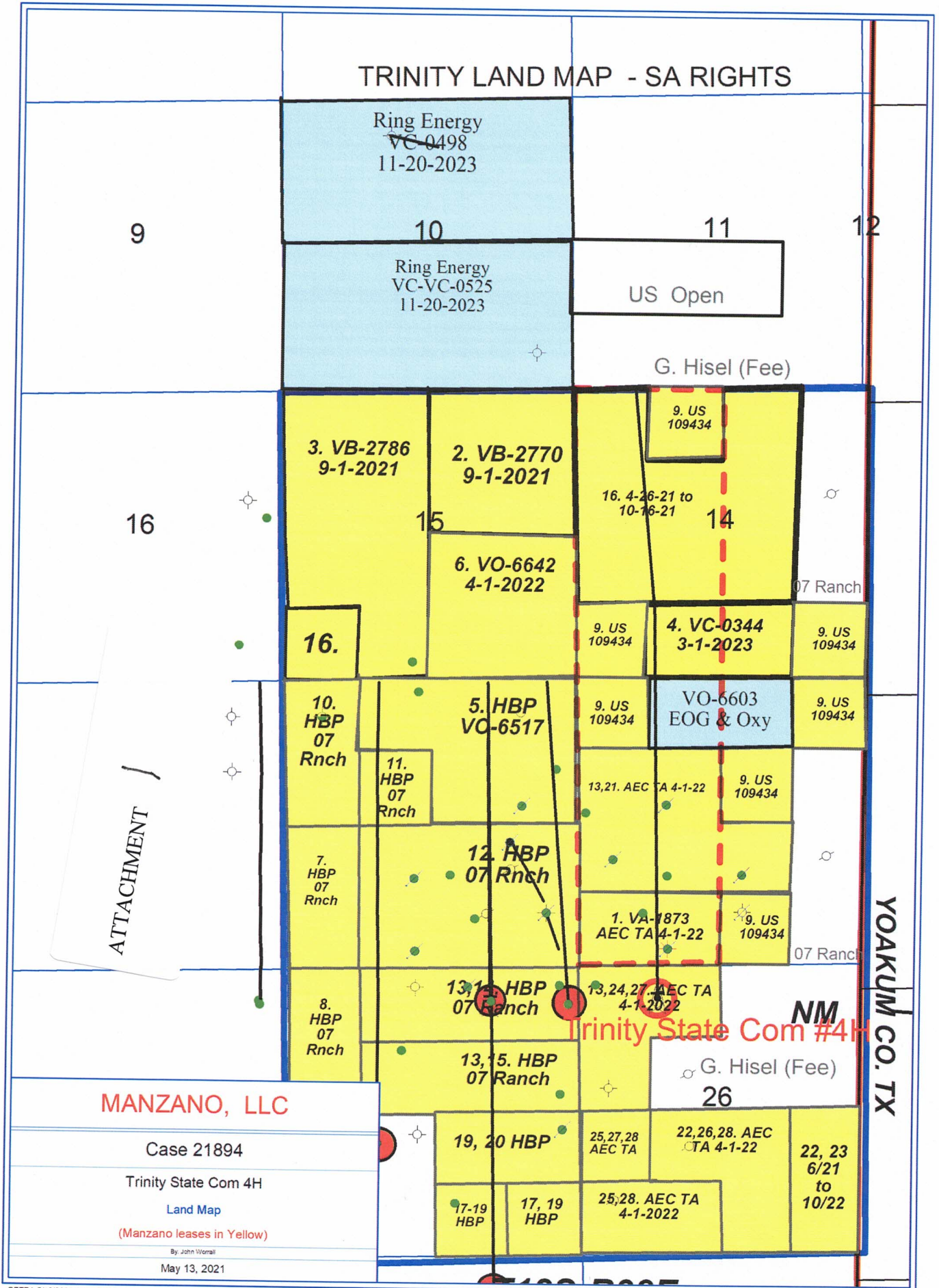
- (f) Attachment A-4 contains copies of the proposal letters sent to the two interest owners being pooled. The interest owners are locatable.
- (g) Manzano has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (h) Manzano has the right to pool overriding royalty owners in the well unit.
- (i) Attachment A-5 contains the Authorization for Expenditure (for each pooled party) for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and comparable to the costs of other wells of similar depth and length drilled in Lea County.
- (j) Manzano requests overhead and administrative rates of \$6,500/month for a drilling well and \$650/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Manzano requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) Manzano requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) Manzano requests that it be designated operator of the well.
- (m) The attachments to this affidavit were prepared by me, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

3. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 2(n) above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 5/17/21


Nick McClelland

TRINITY LAND MAP - SA RIGHTS

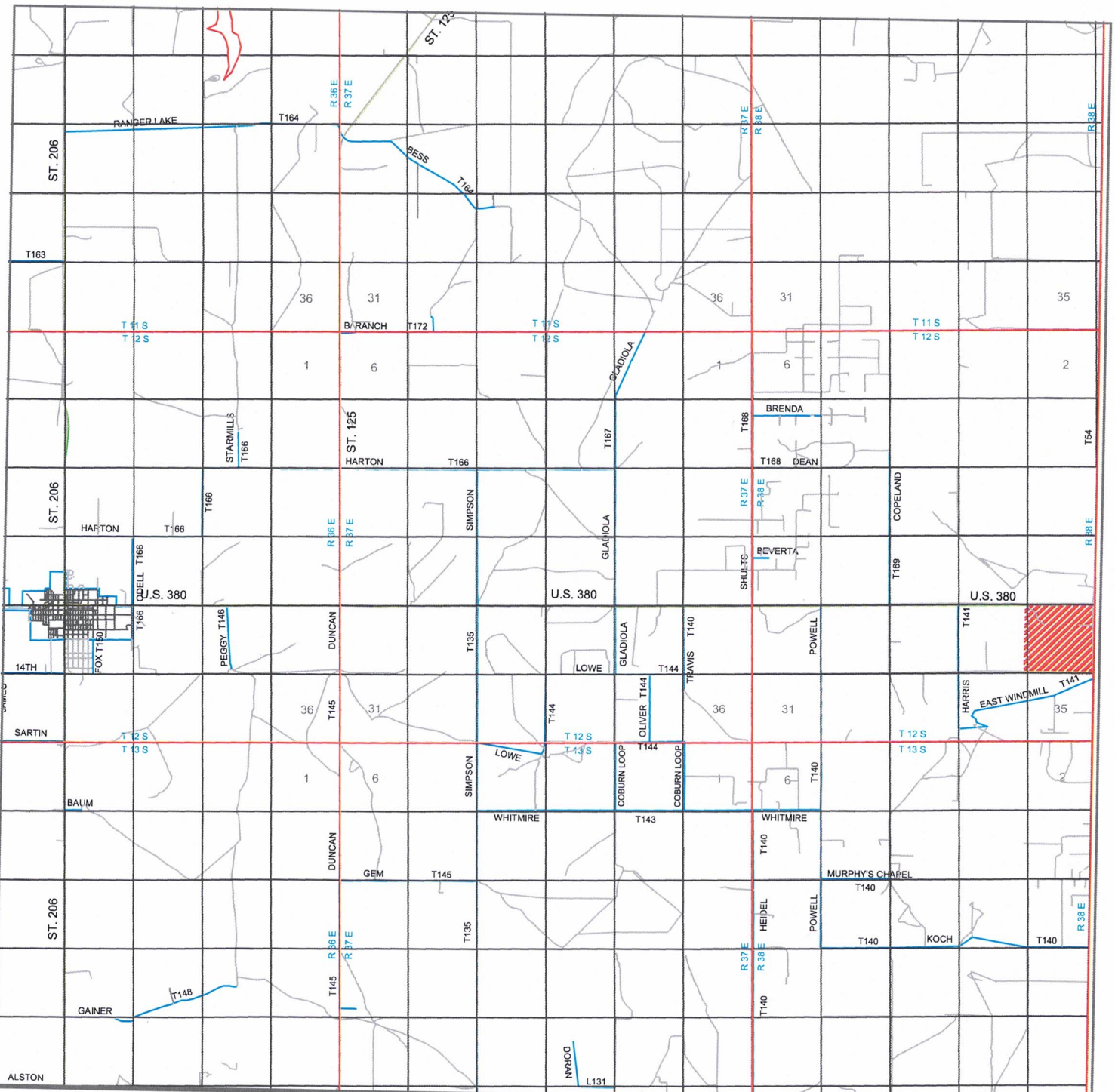


ATTACHMENT /

YOAKUM CO. TX

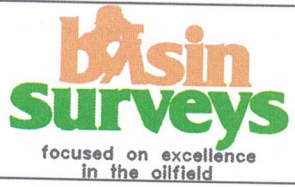
Trinity State Com #4H

NM

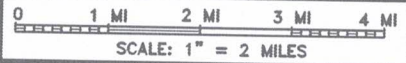


TRINITY STATE COM 23-14 #4H

Located 600' FNL and 1425' FWL
 Section 26, Township 12 South, Range 38 East,
 N.M.P.M., Lea County, New Mexico.



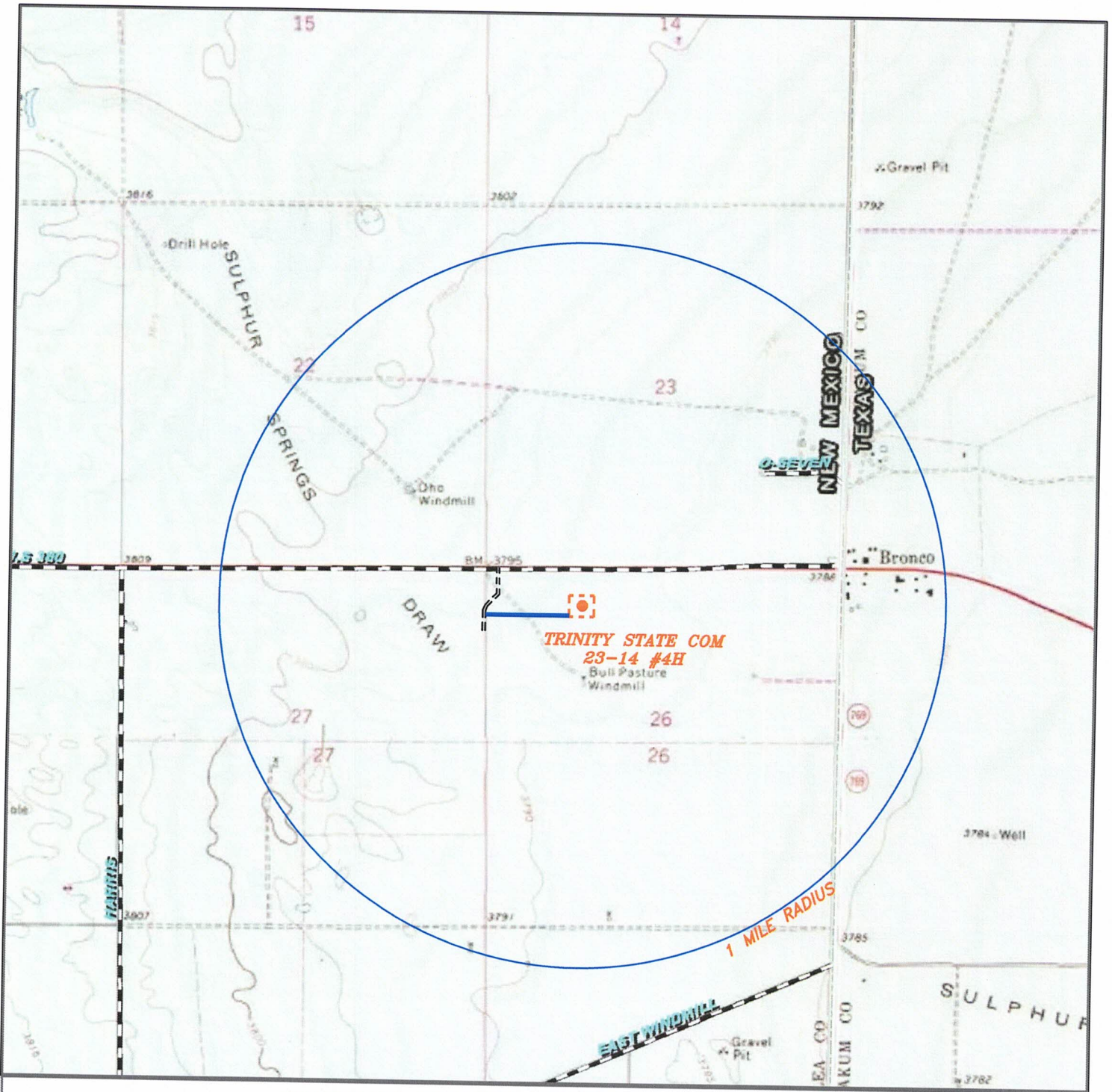
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com



W.O. Number: KJG 35228
 Survey Date: 12-18-2020
 YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

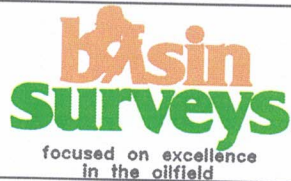


MANZANO LLC.

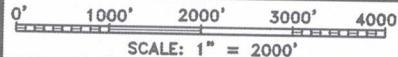


TRINITY STATE COM 23-14 #4H

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 Section 26, Township 12 South, Range 38 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com



SCALE: 1" = 2000'

W.O. Number: KJG 35228
 Survey Date: 12-18-2020

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



MANZANO LLC.

DISTRICT I
 1625 N. French Dr., Hobbs, NM 88240
 Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
 811 S. First St., Artesia, NM 88210
 Phone (575) 748-1263 Fax: (575) 748-0720

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone (505) 476-3460 Fax: (505) 476-3482

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised August 1, 2011

Submit one copy to appropriate
 District Office

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 27810	Pool Name Gladia; San Andres
Property Code	Property Name TRINITY STATE COM 23-14	Well Number 4H
OGRID No.	Operator Name MANZANO LLC	Elevation 3785'

Surface Location

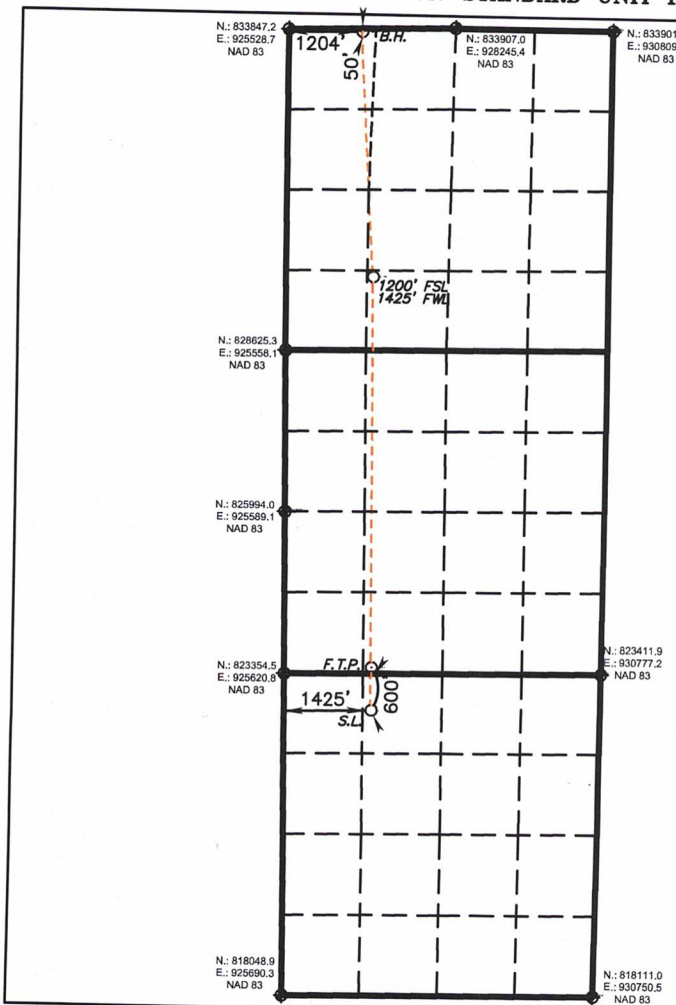
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	12 S	38 E		600	NORTH	1425	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	12 S	38 E		50	NORTH	1204	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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



PROPOSED BOTTOM HOLE LOCATION
 Lat - N 32.285732°
 Long - W 103.072200°
 NMSPCE - N 833823.7
 E 926732.8
 (NAD-83)

FIRST TAKE POINT
100' FSL & 1425' FWL
 Lat - N 32.257273°
 Long - W 103.071590°
 NMSPCE - N 823470.4
 E 927044.5
 (NAD-83)

SURFACE LOCATION
 Lat - N 32.255350°
 Long - W 103.071588°
 NMSPCE - N 822770.5
 E 927053.5
 (NAD-83)

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and 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 such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

Email Address _____

SURVEYOR CERTIFICATION

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.

DECEMBER 10 2020

Date Surveyed _____
 Signature & Seal of Professional Surveyor

Certificate No. GARY L. JONES 7977
 BASH SURVEYS

300' 4500' 6000'
 1" = 3000'
 m.: 35228

ATTACHMENT 2

Ownership Breakdown by spacing Unit

W/2 of Sections 14 and 23, Township 12 South, Range 38 East, Lea County New Mexico

Total Acres in proposed spacing unit: 640

Tract 1 S/2 SW/4 of Section 23

Acres contributed to proposed spacing unit: 80

WI Owner

- 1.0000% J. Curtis Henderson
- 51.2820% Manzano Energy Partners III, LLC
- 23.7600% Llano Energy, LLC
- 6.1380% Slash Exploration, LP
- 4.7520% Axis Energy, LLC
- 5.3460% Hanagan Petroleum Corporation
- 1.7820% Scott-Winn, LLC
- 1.7820% Hutchings Oil Company
- 1.7820% Worrall Investment Corporation
- 1.9008% Claude Arnold Working Interest Oil & Gas Properties, LLC
- 0.4752% Blake Arnold Working Interest Oil & Gas Properties, LLC
- 100.0000%

Total Committed Interest

100%

Total Uncommitted Interest

0%

Tract 2 N/2SW/4, S/2NW/4 of Section 23

Acres contributed to proposed spacing unit: 160

WI Owner

- 44.0300% Manzano Energy Partners III, LLC
- 20.4000% Llano Energy, LLC
- 5.2700% Slash Exploration, LP
- 4.0800% Axis Energy, LLC
- 4.5900% Hanagan Petroleum Corporation
- 1.5300% Scott-Winn, LLC
- 1.5300% Hutchings Oil Company
- 1.5300% Worrall Investment Corporation
- 13.6320% Claude Arnold Working Interest Oil & Gas Properties, LLC
- 3.4080% Blake Arnold Working Interest Oil & Gas Properties, LLC
- 100.0000%

Total Committed Interest

100%

Total Uncommitted Interest

0%

Tract 3 NW/4NW/4 of Section 23

Acres contributed to proposed spacing unit: 40

WI Owner

- 44.0300% Manzano Energy Partners III, LLC
- 20.4000% Llano Energy, LLC
- 5.2700% Slash Exploration, LP
- 4.0800% Axis Energy, LLC
- 4.5900% Hanagan Petroleum Corporation
- 1.5300% Scott-Winn, LLC

ATTACHMENT 3

Ownership Breakdown by spacing Unit

1.5300% Hutchings Oil Company
 1.5300% Worrall Investment Corporation
 13.6320% Claude Arnold Working Interest Oil & Gas Properties, LLC
 3.4080% Blake Arnold Working Interest Oil & Gas Properties, LLC
 100.0000%

Total Committed Interest
Total Uncommitted Interest

100%
0%

Tract 4 NE/4NW/4 of Section 23

WI Owner

90.0000% EOC Resources, Inc.
 10.0000% Oxy Y-1 Company

Acres contributed to proposed spacing unit:

40

Total Committed Interest
Total Uncommitted Interest

0%
100%

Tract 5 SW/4SW/4 of Section 14

WI Owner

51.8000% Manzano Energy Partners III, LLC
 24.0000% Llano Energy, LLC
 6.2000% Slash Exploration, LP
 4.8000% Axis Energy, LLC
 5.4000% Hanagan Petroleum Corporation
 1.8000% Scott-Winn, LLC
 1.8000% Hutchings Oil Company
 1.8000% Worrall Investment Corporation
 1.9200% Claude Arnold Working Interest Oil & Gas Properties, LLC
 0.4800% Blake Arnold Working Interest Oil & Gas Properties, LLC
 100.0000%

Acres contributed to proposed spacing unit:

40

Total Committed Interest
Total Uncommitted Interest

100%
0%

Tract 6 SE/4SW/4, NE/4NW/4 of Section 14

WI Owner

51.8000% Manzano Energy Partners III, LLC
 24.0000% Llano Energy, LLC
 6.2000% Slash Exploration, LP
 4.8000% Axis Energy, LLC
 5.4000% Hanagan Petroleum Corporation
 1.8000% Scott-Winn, LLC
 1.8000% Hutchings Oil Company
 1.8000% Worrall Investment Corporation
 1.9200% Claude Arnold Working Interest Oil & Gas Properties, LLC
 0.4800% Blake Arnold Working Interest Oil & Gas Properties, LLC
 100.0000%

Acres contributed to proposed spacing unit:

80

Total Committed Interest

100%

Ownership Breakdown by spacing Unit

Total Uncommitted Interest		0%
Tract 7	N/2SW/4, S/2NW/4, NW/4NW/4 of Section 14	
	WI Owner	
	Acres contributed to proposed spacing unit:	200
51.8000%	Manzano Energy Partners III, LLC	
24.0000%	Llano Energy, LLC	
6.2000%	Slash Exploration, LP	
4.8000%	Axis Energy, LLC	
5.4000%	Hanagan Petroleum Corporation	
1.8000%	Scott-Winn, LLC	
1.8000%	Hutchings Oil Company	
1.8000%	Worrall Investment Corporation	
1.9200%	Claude Arnold Working Interest Oil & Gas Properties, LLC	
0.4800%	Blake Arnold Working Interest Oil & Gas Properties, LLC	
100.0000%		
Total Committed Interest		100%
Total Uncommitted Interest		0%

Working Interest for each party in the 640 acre proposed spacing unit:

Manzano Energy Partners III, LLC	46.0696%
Slash Exploration, LP	5.5141%
Llano Energy, LLC	21.3450%
Axis Energy, LLC	4.2690%
Hanagan Petroleum Corporation	4.8026%
Scott-Winn, LLC	1.6009%
Hutchings Oil Company	1.6009%
Worrall Investment Corporation	1.6009%
Claude Arnold Working Interest Oil & Gas Properties, LLC	5.4576%
Blake Arnold Working Interest Oil & Gas Properties, LLC	1.3644%
J. Curtis Henderson	0.1250%
EOG RESOURCES, INC	5.6250%
OXY Y-1 COMPANY	0.6250%
	100.0000%



November 12, 2020

OXY USA, Inc.
ATTN: Courtney Carr
5 Greenway Plaza, Suite 110
Houston, TX 77046

RE: **Well Proposal Letter**
Trinity State Com 23-14 #4H ("Well")
Surface Location: 600' FNL & 1425' FWL of Section 26-T12S-R38E
Bottom Hole Location: 50' FNL & 1204' FEL of Section 14-T12S-R38E
Lea County, New Mexico

Manzano, LLC ("Manzano"), as Operator, hereby proposes to drill the captioned Well at the referenced Surface Location to the referenced Bottom Hole Location. The proposed Well will be drilled to a true vertical depth of ~5,230 feet from surface at the heel of the lateral and then drilled horizontally to a measured depth of ~16,000 feet (5197'TVD) to test the San Andres formation.

The W/2 of Section 23 and the W/2 of Section 14 will be dedicated to the Well as the pooled proration unit and Horizontal Spacing Unit.

We plan to drill this well in the 1st quarter of 2021.

Enclosed herewith, please find our Authority for Expenditure ("AFE") in the amount of \$3,001,000.00, which represents the total cost to drill, complete and equip the Well.

We propose to use a modified 1989H AAPL form of Operating Agreement, with a 100/400 non-consent penalty provision, the form of which will be provide to you upon request.

Upon receipt of your election to participate in the Well, but not sooner than 30 days from the spud of the Well, we will invoice for your proportionate share of the cost to drill the Well to casing point.

If you wish to participate in the proposed Well, please execute and return a copy of the enclosed AFE. Should you not wish to participate in the Well, Manzano is willing to acquire a 3-year Term Assignment from you for \$500 per net acre with you delivering a 75% NRI lease.

If you have any questions or wish to discuss this proposal in further detail, please do not hesitate to give me a call at 575-623-1996 extension 309 or my cell phone number is 575-840-3207 (email is nick@manzanoenergy.com). Thank you and I look forward to hearing from you.

Sincerely,

MANZANO, LLC

Nick McClelland, Land Manager

ATTACHMENT 4



November 12, 2020

EOG Resources, Inc.
ATTN: Nathan Stephenson
104 S. 4th Street
Artesia, NM 88211

RE: **Well Proposal Letter**
Trinity State Com 23-14 #4H ("Well")
Surface Location: 600' FNL & 1425' FWL of Section 26-T12S-R38E
Bottom Hole Location: 50' FNL & 1204' FEL of Section 14-T12S-R38E
Lea County, New Mexico

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If you have any questions or wish to discuss this proposal in further detail, please do not hesitate to give me a call at 575-623-1996 extension 309 or my cell phone number is 575-840-3207 (email is nick@manzanoenergy.com). Thank you and I look forward to hearing from you.

Sincerely,

MANZANO, LLC

Nick McClelland, Land Manager

Chronology Exhibit

11/8/2020- Well proposals with AFEs sent via certified mail to Oxy and EOG. Received 11/16/2020.

11/17/2020- Email to EOG with digital copy of well proposal and AFE.

11/17/2020- Email with Term Assignment proposal to EOG.

11/30/2020 – Email from Oxy asking questions about received AFE.

12/1/2020- Response to Oxy questions about AFE.

12/3/2020- Follow up email to EOG on proposal and Term Assignment.

12/3/2020 – Response email from EOG saying they have not reviewed yet.

4/1/2021 – Call from Oxy requesting a Term Assignment.

4/5/2021 – Email response to Oxy regarding Term Assignment.

MANZANO, LLC
Authority For Expenditure

OPERATOR MANZANO, LLC	AFE # 1	DATE 11/11/2020
WELL NAME AND NUMBER TRINITY STATE COM 23-14 #4H	FIELD OR PROSPECT TRINITY	m
LOCATION SL: 600'N & 1425'W of Section 26 - BHL: 50'N & 1204'W of Section 14	SECTION (BL) 26	TOWNSHIP 12S
PROJECT DESCRIPTION AND LOCATION DRILL & COMPLETE 1 MILE LATERAL IN SAN ANDRES w/400#-ft Plug & Perf frac & no battery or pilot hole	COUNTY LEA	STATE NEW MEXICO
	PROPOSED FORMATION SAN ANDRES	PROPOSED DEPTH (tvd/m) 5200'TVD/16,000'MD

COMMENTS:

INTANGIBLES						Cost To Casing Point	Completion Costs	TOTAL
Footage								
Drilling on Day Work - BCP						\$156,000		\$156,000
Drilling on Day Work - ACP							\$26,000	\$26,000
Drilling Rig - Move In/Move Out & Rig Up/Rig Down						\$75,000		\$75,000
Completion Rig & Coiled Tubing Unit							\$50,000	\$50,000
Survey, Permit, Damages, ROW & Legal						\$35,000	\$15,000	\$50,000
Road, Location, Pits, Fencing						\$70,000	\$3,000	\$73,000
Bits & Casing Tools						\$25,000		\$25,000
Rig Fuel						\$49,000		\$49,000
Mud and Chemicals						\$25,000		\$25,000
Drilling & Completion Water						\$30,000	\$75,000	\$105,000
Cementing and Cement Equipment						\$20,000	\$65,000	\$85,000
Mud Logging, Coring & DST's						\$10,000		\$10,000
Open Hole Logging								
Cased Hole Logging & Wireline Services							\$213,000	\$213,000
Equipment Rentals						\$95,000	\$160,000	\$255,000
Directional Services						\$105,000		\$105,000
Acidizing, Fracing & Stimulation							\$615,000	\$615,000
Tubular Inspection/Repair, Nipple Up						\$10,000	\$5,000	\$15,000
Casing Crews, Tools and Services						\$10,000	\$10,000	\$20,000
Labor & Installation							\$85,000	\$85,000
Supervision						\$25,000	\$20,000	\$45,000
Well Control Insurance						\$7,500		\$7,500
Administrative Overhead						\$5,000	\$5,000	\$10,000
Production Testing & Flowback							\$10,000	\$10,000
Abandonment Expense								
Disposal of Fluids/Cuttings						\$120,000	\$10,000	\$130,000
Miscellaneous Costs, Tax and Contingencies						\$39,923	\$112,162	\$152,085
TOTAL INTANGIBLES						\$912,423	\$1,479,162	\$2,391,585

TANGIBLES						Drilling	Completion	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
Conductor					\$ -			
Surface	2300	8 5/8"	32#	J55	\$ 20.00	\$46,000		\$46,000
Surface					\$ -			
Intermediate					\$ -			
Intermediate					\$ -			
Liner					\$ -			
Production	16000	5 1/2"	20#	L80	\$ 13.00		\$208,000	\$208,000
Production					\$ -			
Tubing	5200	2 7/8"	6.5#	J55	\$ 4.00		\$20,800	\$20,800
Subsurface Equipment & Pumps							\$200,000	\$200,000
Wellhead Equipment						\$3,000	\$12,000	\$15,000
Pumping Unit							\$10,000	\$10,000
Flowlines							\$30,000	\$30,000
Tanks & Storage							\$30,000	\$30,000
Separation Equipment							\$30,000	\$30,000
Gas Sales Line & Equipment							\$30,000	\$30,000
Electrical, Instrumentation & Monitoring							\$30,000	\$30,000
Valves, Connections, Pumps & Meters							\$20,000	\$20,000
TOTAL TANGIBLES						\$49,000	\$560,800	\$609,800
TOTAL WELL COSTS						\$961,423	\$2,039,962	\$3,001,385
ROUNDED PROJECT COST						\$961,000	\$2,040,000	\$3,001,000

MANZANO, LLC WI-BCP 100.00000%	MANZANO - DRY HOLE \$961,000	MANZANO - COMPLETED WELL COST \$3,001,000
MANZANO, LLC WI-ACP 100.00000%	MANZANO - COMPLETION COST \$2,040,000	BY: MIKE HANAGAN
JOINT INTEREST SHARE		
COMPANY NAME EOG RESOURCES, INC.	Signature BY:	DATE
COMPANY OWNERSHIP-% WI-BCP 5.625% WI-ACP 5.625%	COMPANY COST-DRY HOLE COST \$54,056	COMPANY COST-COMPLETION COST \$114,750

ATTACHMENT 5

MANZANO, LLC
Authority For Expenditure

OPERATOR MANZANO, LLC	AFE # 1	DATE 11/11/2020
WELL NAME AND NUMBER TRINITY STATE COM 23-14 #4H	FIELD OR PROSPECT TRINITY	m
LOCATION SL: 600'N & 1425'W of Section 26 - BHL: 50'N & 1204'W of Section 14	SECTION (SL) 26	TOWNSHIP 12S
PROJECT DESCRIPTION AND LOCATION DRILL & COMPLETE 1 MILE LATERAL IN SAN ANDRES w/400#-ft Plug & Perf frac & no battery or pilot hole	COUNTY LEA	STATE NEW MEXICO
COMMENTS:	PROPOSED FORMATION SAN ANDRES	PROPOSED DEPTH (tvd/md) 5200'TVD/16,000'MD

INTANGIBLES		Cost To Casing Point	Completion Costs	TOTAL
Footage				
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Drilling on Day Work - ACP			\$26,000	\$26,000
Drilling Rig - Move In/Move Out & Rig Up/Rig Down		\$75,000		\$75,000
Completion Rig & Coiled Tubing Unit			\$50,000	\$50,000
Survey, Permit, Damages, ROW & Legal		\$35,000	\$15,000	\$50,000
Road, Location, Pits, Fencing		\$70,000	\$3,000	\$73,000
Bits & Casing Tools		\$25,000		\$25,000
Rig Fuel		\$49,000		\$49,000
Mud and Chemicals		\$25,000		\$25,000
Drilling & Completion Water		\$30,000	\$75,000	\$105,000
Cementing and Cement Equipment		\$20,000	\$65,000	\$85,000
Mud Logging, Coring & DST's		\$10,000		\$10,000
Open Hole Logging				
Cased Hole Logging & Wireline Services			\$213,000	\$213,000
Equipment Rentals		\$95,000	\$160,000	\$255,000
Directional Services		\$105,000		\$105,000
Acidizing, Fracing & Stimulation			\$615,000	\$615,000
Tubular Inspection/Repair, Nipple Up		\$10,000	\$5,000	\$15,000
Casing Crews, Tools and Services		\$10,000	\$10,000	\$20,000
Labor & Installation			\$85,000	\$85,000
Supervision		\$25,000	\$20,000	\$45,000
Well Control Insurance		\$7,500		\$7,500
Administrative Overhead		\$5,000	\$5,000	\$10,000
Production Testing & Flowback			\$10,000	\$10,000
Abandonment Expense				
Disposal of Fluids/Cuttings		\$120,000	\$10,000	\$130,000
Miscellaneous Costs, Tax and Contingencies		\$39,923	\$112,162	\$152,085
TOTAL INTANGIBLES		\$912,423	\$1,479,162	\$2,391,585

TANGIBLES						Drilling	Completion	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
Conductor					\$ -			
Surface	2300	8 5/8"	32#	J55	\$ 20.00	\$46,000		\$46,000
Surface					\$ -			
Intermediate					\$ -			
Intermediate					\$ -			
Liner					\$ -			
Production	16000	5 1/2"	20#	L80	\$ 13.00		\$208,000	\$208,000
Production					\$ -			
Tubing	5200	2 7/8'	6.5#	J55	\$ 4.00		\$20,800	\$20,800
Subsurface Equipment & Pumps							\$200,000	\$200,000
Wellhead Equipment						\$3,000	\$12,000	\$15,000
Pumping Unit							\$10,000	\$10,000
Flowlines							\$30,000	\$30,000
Tanks & Storage							\$30,000	\$30,000
Separation Equipment							\$30,000	\$30,000
Gas Sales Line & Equipment							\$30,000	\$30,000
Electrical, Instrumentation & Monitoring							\$20,000	\$20,000
Valves, Connections, Pumps & Meters							\$20,000	\$20,000
TOTAL TANGIBLES						\$49,000	\$560,800	\$609,800
TOTAL WELL COSTS						\$961,423	\$2,039,962	\$3,001,385
ROUNDED PROJECT COST						\$961,000	\$2,040,000	\$3,001,000

MANZANO, LLC WI-BCP 100.00000%	MANZANO - DRY HOLE \$961,000	MANZANO - COMPLETED WELL COST \$3,001,000
MANZANO, LLC WI-ACP 100.00000%	MANZANO - COMPLETION COST \$2,040,000	BY: MIKE HANAGAN
JOINT INTEREST SHARE		
COMPANY NAME OXY Y-1 COMPANY	Signature BY:	DATE
COMPANY OWNERSHIP-% WI-BCP 0.625% WI-ACP 0.625%	COMPANY COST-DRY HOLE COST \$6,006	COMPANY COST-COMPLETION COST \$12,750

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

APPLICATION OF MANZANO LLC FOR APPROVAL OF COMPULSORY
POOLING OF THE MANZANO, LLC TRINITY STATE COM #4H, LEA
COUNTY, NEW MEXICO.

CASE NO. 21894

AFFIDAVIT OF JOHN WORRALL, GEOLOGIST

John Worrall, of lawful age and being first duly sworn, declares as follows:

1. My name is John Worrall and I am employed by Manzano, LLC ("Manzano") as a geologist. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology and my credentials have been accepted by the Division and made a matter of record. I am familiar with the application filed by Manzano in this matter and have conducted a geologic study of the proposed pooled area.
2. The objective of the proposed well is the San Andres P-1 dolomite. Manzano is developing this reservoir with horizontal wells.
3. *Manzano Exhibit B-1* is a subsea structure map on top of the P-1 dolomite. The proposed well is shown with a red open circle. The proration unit of this well is the W/2 of Sections 23 and 14, which is shown with a red dashed box. Also shown on the map are four horizontal wells which Manzano has drilled and produces from this same zone, which are shown with red filled circles. Structurally, the proposed well should encounter the top of the P-1 at -1390 feet at the landing point of 100 FSL and 1425 FWL in Section 23. The well will be drilled to an end of lateral at 100 FNL and 1204 FWL in Section 14, where the top of the P-1 is anticipated to be -1335 feet. These depths are similar to those of the Trinity 27 Well No. 2H in the W/2/E2 of Section 27 (-1380 to -1350 feet SSTVD), and will be in the oil column of the P-1

EXHIBIT

B

dolomite. The proposed horizontal lateral will be drilled adjacent to the four wells shown on the stratigraphic cross section, which are located on this map with the blue line labeled A-A'.

4. **Manzano Exhibit B-2** is a stratigraphic cross section showing porosity logs of the four wells adjacent to the proposed horizontal lateral. The Target of the lateral is 30 feet below the top of the P-1 dolomite, as shown with the red dashed line. The porosity logs show the P-1 dolomite has 8 to 10% porosity that is laterally consistent and conducive to development by horizontal drilling.

5. Based on my geologic study, the proposed pooled area is prospective for recovery of oil and gas from the target interval. The target zone is continuous and of relatively uniform thickness across the well unit, and each quarter-quarter section in each well unit will contribute more or less equally to production from the target zone.

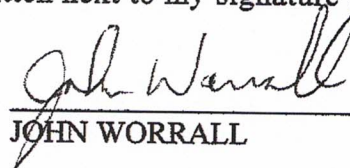
6. In my opinion, the approval of this pooling order is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

7. **Manzano Exhibits B-1 through B-2** were prepared by me.

FURTHER AFFIANT SAYETH NOT

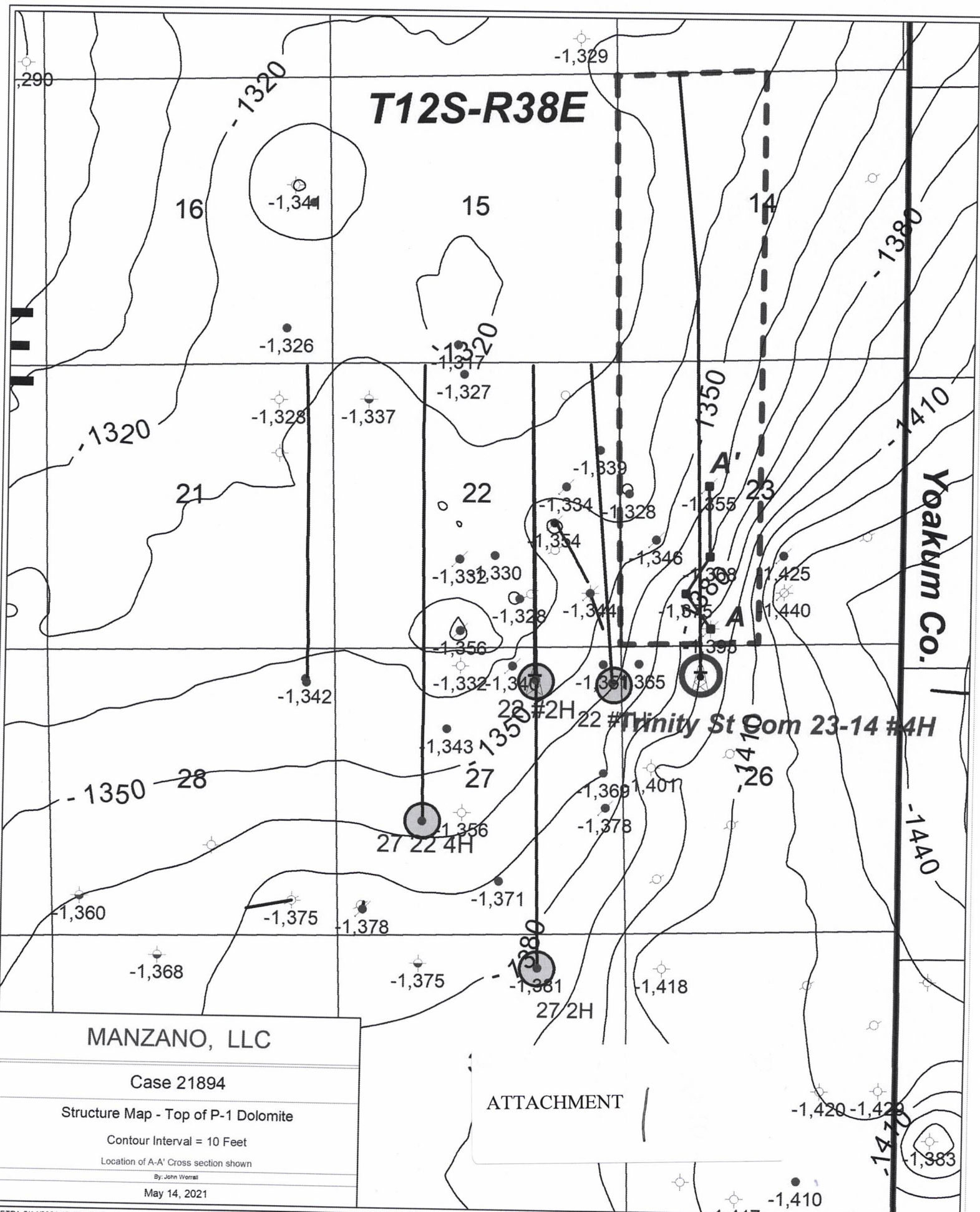
I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 7 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: May 17, 2021



JOHN WORRALL

T12S-R38E



Yoakum Co.

MANZANO, LLC

Case 21894

Structure Map - Top of P-1 Dolomite

Contour Interval = 10 Feet

Location of A-A' Cross section shown

By: John Wrenn

May 14, 2021

ATTACHMENT

A



STATE 'DZ' 1

T12S R38E S23
330 FSL 1650 FWL

STATE DZ 2

T12S R38E S23
990 FSL 1200 FWL

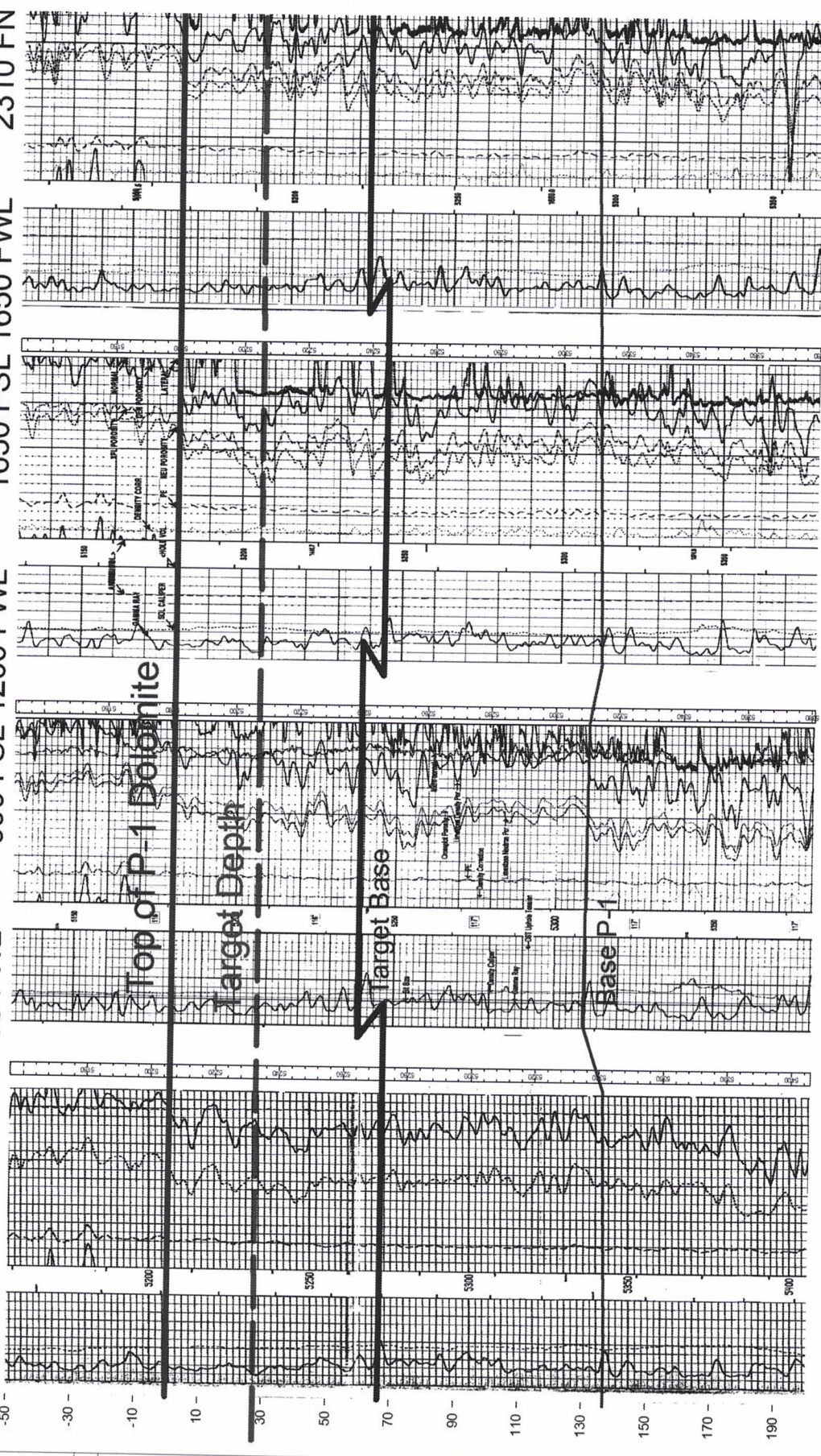
BURRUS 23 2

T12S R38E S23
1650 FSL 1650 FWL

BUF

T12S
2310 FN

Rel
Depth(ft)



ATTACHMENT 2

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

**APPLICATION OF MANZANO LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 21894

SELF-AFFIRMED STATEMENT OF NOTICE

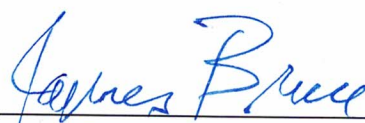
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Manzano LLC.
3. Manzano LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
4. Notice of the applications was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment 1.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

5/18/14



James Bruce

EXHIBIT

C

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

April 30, 2021

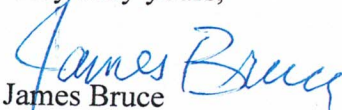
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application (Case No. 21894), filed with the New Mexico Oil Conservation Division by Manzano LLC, seeking an order the pooling all mineral interest owners in the San Andres formation underlying a horizontal spacing unit comprised of the W/2 of Section 23 and the W/2 of Section 14, Township120 South, Range 38 East, NMPM. This matter is scheduled for hearing at 8:15 a.m. on Thursday, May 20, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, May 13, 2021. This statement may be filed online with the Division at ocd.hearings@state.nm.us, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Manzano LLC

ATTACHMENT 1

EXHIBIT A

EOG Resources, Inc.
105 South 4th Street
Artesia, NM 88210

Attention: Nathan Stephenson

OXY USA Inc.
Suite 110
5 Greenway Plaza
Houston, Texas 77046

Attention: Courtney Carr

Track Another Package +

Tracking Number: 70200640000013883114

Remove X

Your item was delivered to the front desk, reception area, or mail room at 8:22 am on May 10, 2021 in ARTESIA, NM 88210.

✓ Delivered, Front Desk/Reception/Mail Room

May 10, 2021 at 8:22 am
ARTESIA, NM 88210

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- Text & Email Updates
- Tracking History
- Product Information

See Less ^

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Postage	\$
Total Postage and Fees	\$

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EOG Resources, Inc.
105 South 4th Street
Artesia, NM 88210

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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FAQs >

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Delivered to Agent for Final Delivery

May 11, 2021 at 11:25 am
HOUSTON, TX 77046

Get Updates v

Text & Email Updates

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Product Information

See Less ^

Feedback

7020 0640 0000 1388 3121

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<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$
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City, State, ZIP+4®	

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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MANZANO LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 21894

APPLICATION

Manzano LLC applies for an order pooling all mineral interest owners in the San Andres formation underlying a (proximity tract) horizontal spacing unit comprised of the W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14, Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14, and has the right to drill a well thereon.

2. Applicant proposes to drill the Trinity State Com. Well No. 4H to a depth sufficient to test the San Andres formation, and to dedicate the W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14 to the well. The well is a horizontal well, with a first take point 100 feet from the south line and 1425 feet from the west line (in the SE $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 23, and a last take point 100 feet from the north line and 1204 feet from the west line (in the NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 14.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the San Andres

EXHIBIT D

formation underlying W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the San Andres formation underlying the W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the S W $\frac{1}{2}$ of Section 23 and the W $\frac{1}{2}$ of Section 14;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- 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, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Manzano LLC

Application of Manzano LLC for compulsory pooling, Lea County, New Mexico. Manzano LLC seeks an order of all mineral interests in the San Andres formation underlying a (proximity tract) horizontal spacing unit comprised of the W/2 of Section 23 and the W/2 of Section 14, Township 12 South, Range 38 East, NMPM. The unit will be dedicated to the Trinity State Com. Well No. 4H, to be drilled to a depth sufficient to test the San Andres formation, and to dedicate the W¹/₂ of Section 23 and the W¹/₂ of Section 14 to the well. The well is a horizontal well, with a first take point 100 feet from the south line and 1425 feet from the west line (in the SE¹/₄SW¹/₄) of Section 23, and a last take point 100 feet from the north line and 1204 feet from the west line (in the NW¹/₄NW¹/₄) of Section 14. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles east of Tatum, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	21894
Date:	May 20, 2021
Applicant	Manzano LLC
Designated Operator & OGRID (affiliation if applicable)	Manzano LLC/OGRID No.231429
Applicant's Counsel:	James Bruce
Case Title:	Application of Manzano LLC for Compulsory Pooling, Lea County, New Mexico

Entries of Appearance/Intervenors:	
Well Family	Trinity wells

Formation/Pool	
Formation Name(s) or Vertical Extent:	San Andres Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire San Andres formation
Pool Name and Pool Code:	Galdiola; San Andres/Pool Code 27810
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres

Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	
Orientation:	South-North
Description: TRS/County	W/2 §23 and W/2 §14-12S-38E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes

Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes – see above
Proximity Defining Well: if yes, description	Trinity 23-14 State Com. Well No. 4H
Applicant's Ownership in Each Tract	Exhibit A-3

Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Trinity 23-14 State Com. Well No. 4H API No. 30-025-Pending SHL: 600 FNL & 1425 FWL §26 BHL: 50 FSL & 1204 FWL §14 FTP: 100 FSL & 1425 FWL §23 LTP: 100 FNL & 1204 FWL §14 San Andres/TVD 5230 feet/MD 1600 feet

EXHIBIT *E*

Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$6500
Production Supervision/Month \$	\$650
Justification for Supervision Costs	Exhibit A, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2A, page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-1
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit A-5
Cost Estimate to Equip Well	Exhibit A-5
Cost Estimate for Production Facilities	Exhibit A-5
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2
Well Orientation (with rationale)	Standup/Exhibit B
Target Formation	San Andres
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3

General Location Map (including basin)	Exhibit A-1
Well Bore Location Map	Exhibit A-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	May 18, 2021