

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

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P.
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

CASE NO. 21921

**PRE-HEARING STATEMENT
OF REALEZA DEL SPEAR, LP**

Respondent Realeza Del Spear, LP (“Realeza”), by and through its undersigned attorneys, submits this pre-hearing statement as required by the rules of the Oil Conservation Division.

STATEMENT OF THE CASE

Devon Energy Production Company, LP (“Devon”) has brought this action to compulsory pool all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more less, horizontal spacing unit comprised of the E/2 of Sections 13 and 24, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico (the “HSU”). Respondent, Realeza Del Spear, LP is an affected interest owner of unleased mineral interests in the Wolfcamp formation in the HSU. In this instance, Devon’s Application for compulsory pooling should be denied, as it has not made a good faith effort to secure the voluntary unitization of Realeza’s interest in the HSU as required by New Mexico law.

As the Applicant in this case, Devon has the burden of proving that it has fulfilled each of the statutory and regulatory requirements necessary to allow compulsory pooling. These requirements stem from the foundational principles of correlative rights and constitutionally protected private property rights. Section 70-2-17 NMSA states that:

All orders effecting [compulsory] pooling... shall be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of each tract or interest in the unit the opportunity to recover or receive without unnecessary expense his just fair share of the oil or gas, or both.

When seeking to pool two or more separately owned tracts, Operators have the “obligation” to attempt to obtain voluntary agreements pooling the lands. *See* NMSA 1978 Section 70-2-18. Additionally, prior to the issuance of a unitization order, applicants must show that the “operator has made a good a good faith effort to secure voluntary unitization within the pool.” In this matter, Devon has the burden of proof of showing that their offers to lease Realeza’s mineral interest were made in good faith. In its filings with the OCD in this case, Devon has proffered no evidence whatsoever that its offer to Realeza was made in good faith.

In this case, Applicant, Devon, has not made a good faith effort to lease Realeza’s unleased mineral interest in the HSU. It is self-evident that the requirement of a “good faith effort to lease” encompasses, at a minimum, making an offer that is roughly in line with fair market value in the area at the time of the offer and not less than what would compensate an owner if it were to “recover or receive without unnecessary expense” an owner’s fair share of oil or gas, or both. The U.S. Constitution guarantees that “private property [shall not] be taken for public use without *just compensation*.” U.S. CONST. amend. V. In cases regarding the state’s eminent domain power, which is analogous in many respects to the compulsory pooling mechanism, the U.S. Supreme Court has held that the U.S. Constitution requires that a condemned owner be compensated for the fair market value of what is taken. *See, e.g., United States v. Miller*, 317 U.S. 369, 374 (1943).

The New Mexico compulsory statutes must also protect an unleased mineral owner’s right to fair market value; and, in fact, this protection is referenced in the statute, which requires that all compulsory pooling orders must afford to all owners their “just [and] fair share of the oil or gas” in the pool. Section 70-2-17 NMSA. In this case, Devon’s offer to lease Realeza’s interest was

substantially below fair market value. It is clear that offers to lease which are below fair market value cannot satisfy the New Mexico statutory requirements of a “good faith effort” or the constitutional protections allotted private property.

Realeza’s interest in the HSU was previously leased in June of 2017 to OneEnergy Partners, LLC under a lease dated July 1, 2017 and providing for a 25% royalty interest and an acreage bonus of \$7,000/acre (*see* Exhibit A). According to the EIA, in June 2017, the average price of WTI Crude was \$45.18 per barrel (*see* Exhibit B). In March 2021, Realeza was approached by Franklin Mountain Energy, LLC who offered to lease Realeza’s interest in the HSU at a 25% royalty interest. According to the EIA, in March 2021, the average price of WTI Crude was \$62.33 per barrel (*see* Exhibit B).

In this case, Devon did not initiate contact with Realeza regarding leasing its acreage; instead, upon receiving Devon’s proposal for its four wells drilled in the HSU, Realeza was forced to reach out to Devon regarding a lease. Realeza first contacted Devon regarding leasing their acreage for Devon’s proposed HSU on April 21 of this year; between April 21 and May 6, 2021, Realeza received a total of 3 emails from Devon regarding negotiating a lease for its unleased interest in the HSU (*see* Exhibit C). Since May 6, 2021, Devon has not made an efforts to lease Realeza’s interest in the HSU. During these negotiations, Devon never offered any lease that was greater than a 3/16ths royalty or greater than \$3000/acre bonus. On June 22, 2021, Devon indicated via e-mail that it was revisiting a ¼ royalty, but made no offer and no commitment (*see* Exhibit D).

According to the EIA, in April and May of 2021, the average price of WTI Crude was \$61.72 per barrel and \$65.17 per barrel, respectively. A lease 3/16ths royalty is substantially below market value for this area in Lea County and calls into question the seriousness of the offer. Nearly

all modern leases in Lea and Eddy Counties are at 25% royalty. No negotiations which begin and end with an offer to lease at a 3/16ths royalty can be considered to have been conducted in “good faith” as the statute requires. As a result, Devon cannot show that it has met the statutory prerequisites to compulsory pooling and its Application should be denied.

APPLICANT

DEVON ENERGY PRODUCTION
COMPANY, L.P.

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Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
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jbroggi@hollandhart.com
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OTHER INTERESTED PARTIES

CONCHO OIL & GAS, LLC

ATTORNEY:
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Elizabeth Ryan
CONOCOPHILLIPS
1048 Paseo de Peralta
Santa Fe, NM 87501
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Ocean.Munds-Dry@conocophillips.com
Beth.Ryan@conocophillips.com

RESPONDENT

Contango Oil & Gas Company
717 Texas Ave #2900
Houston, TX 77002

RESPONDENT'S ATTORNEY

Scott S. Morgan
Stephen D. Ingram
Brandon D. Hajny
Cavin & Ingram, P.A.
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Telephone: (505) 243-5400

Facsimile: (505) 243-1700
smorgan@cilawnm.com
singram@cilawnm.com
bhajny@cilawnm.com

RESPONDENT'S PROPOSED EVIDENCE

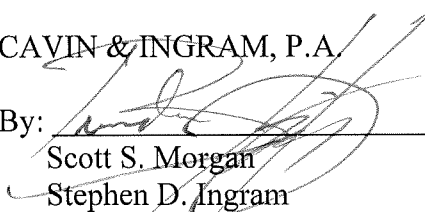
WITNESSES	ESTIMATED TIME	EXHIBITS
Shane Spear, Manager, Spear Brothers Group	15 minutes	Approx. 5-10
Nelson Spear, Manager, Spear Brothers Group	15 minutes	Approx. 5-10
Lori Saunders, Office Manager, Spear Brothers Group	15 minutes	Approx. 5-10

RESPONDENT'S POSITION ON RELIEF SOUGHT

Respondent Realeza Del Spear, LP opposes the issuance of the compulsory pooling relief sought by Devon as Devon has not complied with the statutory requirements for compulsory pooling.

RESPECTFULLY SUBMITTED,

CAVIN & INGRAM, P.A.

By: 

Scott S. Morgan
Stephen D. Ingram
Brandon D. Hajny

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Albuquerque, NM 87103
(505) 243-5400
smorgan@cilawnm.com
singram@cilawnm.com
bhajny@cilawnm.com

ATTORNEYS FOR RESPONDENT
REALEZA DEL SPEAR, LP

I hereby certify that a true and correct copy of the foregoing was served via email and U.S. mail on June 24, 2021 to the following:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
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Holland & Hart LLP
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Ocean.Munds-Dry@conocophillips.com
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CAVIN & INGRAM, P.A.

By: 

Brandon D. Hajny

ONEENERGY PARTNERS OPERATING LLC
2929 ALLEN PARKWAY
SUITE 200
HOUSTON, TX 77019

COMERICA BANK
www.comerica.com

1167

32-75/1110
761
CHECK 21
E-DEPOSIT

6/28/17

PAY TO THE
ORDER OF

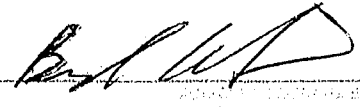
Realeza del Spear

\$ 75,314.40

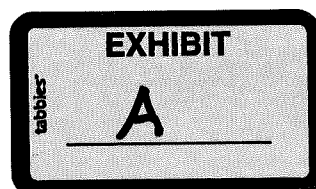
seventy-five thousand three hundred and fourteen dollars and 40/100s

DOLLARS

MEMO Lease Bonus



⑈001167⑈ ⑆111000753⑆ 1881852204⑈



OIL & GAS LEASE

THIS AGREEMENT made this 1st day of July, 2017 between REALEZA DEL SPEAR, LP, whose address is P.O. Box 1684, Midland, Texas 79702 herein called Lessor (whether one or more) and OneEnergy Partners Operating, LLC, whose address is 2929 Alton Parkway, Suite 206, Houston, Texas 77019, Lessee.

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, water, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 33 East, N.M.P.M.
Section 13: NE4/NW/4 as to all depths lying 50' below the Deckard Fed Com 211 well, being 11,117' total vertical depth
Section 13: W/NE/4 as to all depths lying 50' below the Deckard Fed Com 318 well, being 11,312' total vertical depth
Section 13: E/NE/4 as to all depths lying 50' below the Deckard Fed Com 418 well, being 11,183' total vertical depth

Said land is estimated to comprise 200 gross acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 3 years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 25% of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 25% of the gas used, provided that on gas sold on or off the premises, the royalties shall be 25% of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties or shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as may be necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contracts entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory order.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Spacing units (for vertical wells) or project areas (for horizontal wells) pooled hereunder shall not exceed the spacing unit or project area fixed by law, from time to time during the term hereof, or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent (10%). Lessee shall file written unit or project area designations in the county in which the premises are located and such units or project areas may be designated from time to time and either before or after the completion of wells. Operations (including, but not limited to, drilling operations) on or production from any part of any such unit or project area shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease, including, for a horizontal well, those cases in which the location of the well is not included in any such unit or project area but the portion of the total production of pooled minerals from wells in the unit or project area, after deducting any used in lease or unit (or project area) operations, which the net oil or gas acreage in the land covered by this lease included in the unit or project area bears to the total number of surface acres in the unit or project area. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit or project area in the same manner as though produced from said land under the terms of this lease. Any pooled unit or project area designated by Lessee, as provided herein, may be amended or dissolved by Lessee, in whole or in part, at any time and from time to time, by recording an appropriate instrument in the County where the land is situated. As used in this lease, the term "horizontal well" shall mean a well containing a single lateral that is drilled in a manner in which the horizontal component of the completion interval extends at least one hundred (100) feet in the objective formation and which exceeds the vertical component of the completion interval in the objective formation. A horizontal well may have more than one lateral as long as each lateral component meets the above requirements for a single lateral. As used in this lease, the term "lateral" shall mean that portion of the well bore that deviates from approximate vertical orientation to approximate horizontal orientation and the remainder of the well bore beyond such deviation to the end of the well bore. A "vertical well" is a well other than a horizontal well.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operation be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessee hereby warrants and agrees to defend title to said land against all claims made by, through, or under Lessor but not otherwise, and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in its proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or its successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated, thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release.

Lori Saunders

From: Lori Saunders
Sent: Wednesday, June 14, 2017 6:58 AM
To: Nelson Spear; Shane Spear
Subject: FW: Lease/Check Exchange and additional acreage in Lea County, NM
Attachments: Spears New Mexico Lease Form 2016_Sec. 7, T24S-R34E_JML.PDF; Spears New Mexico Lease Form 2016_Sec. 13, T24S-R33E_JML.PDF

Good morning,
Please let me know what effective date to use.
Upon your approval, I will send an electronic copy.

Lori Saunders

Office Manager

Spear Brothers Group

www.SpearBrothersGroup.com

Realeza Del Spear, LP
Trabajo Del Spear, LP
Tierra Del Spear, LP

From: Leo Sloatsky [mailto:lsloatsky@oneenergypartners.com]
Sent: Tuesday, June 13, 2017 6:12 PM
To: Nelson Spear <nelson@spearbrothersgroup.com>
Cc: Shane Spear <shane@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: Lease/Check Exchange and additional acreage in Lea County, NM

Hi Nelson,

We are prepared to close on the below and attached leases.

- 1) T24S-R34E Section 7, 3 net acres. At the agreed-upon \$7K per acre the bonus amounts to **\$21,000**
- 2) T24S-R33E, Section 13 as to depths 50' below the Deckard Fed Com 2H, Deckard Fed Com 3H, Deckard Fed Com 4H, being 200 gross acres, 25.1048 net acres. At the agreed-upon \$3K per acre, the bonus amounts to **\$75,314.40**

Please sign the leases and send us an electronic copy. Once we've received the electronic copy, we will mail you a check for **\$96,314.40**. Please mail originals of the leases to:

OneEnergy Partners, LLC
2929 Allen Parkway, Suite 200
Houston, TX 77019

Please confirm that this works for you.

Thanks,

Leo

From: Nelson Spear [<mailto:nelson@spearbrothersgroup.com>]
Sent: Tuesday, June 13, 2017 11:49 AM
To: Leo Sloodsky <lsloodsky@oneenergypartners.com>
Cc: Shane Spear <shane@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: Lease/Check Exchange and additional acreage in Lea County, NM

Leo,

Are you ready to do a lease/check exchange today?

Also, did OEP have an interest in leasing the tracts

1. Sec 9 & 10 in T 26S, R 36E
2. Sec 28 & 29 in T 25S, R 36E?

We show that we have 11.771 acres total.

Nelson Spear

Spear Brothers Group

www.SpearBrothersGroup.com

Realeza Del Spear, LP

Trabajo Del Spear, LP

Tierra Del Spear, LP

Spear Brothers Sheep and Cattle Co., LLC
Southern Onshore Exploration, LLC
Gulf Coast Oil & Gas Company
Conquistador Petroleum, LLC
Hondo Mining Company, LLC
El Kabong Properties, LLC
Rodeo Oil Company, LLC
Los Cinco Picadores, LLC
Rebel Oil Company, LLC
Sun-West Oil & Gas, Inc.
Bar NND Ranches, LLC
Inez Investments, Inc.

(432)683-8420
PO Box 1684
Midland, TX 79702

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GLOSSARY › FAQs ›

Referring Pages:

- [Spot Prices for Crude Oil and Petroleum Products](#)

View History: Daily Weekly Monthly Annual

[Download Data \(XLS File\)](#)

Cushing, OK WTI Spot Price FOB

[DOWNLOAD](#)

Dollars per Barrel

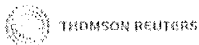
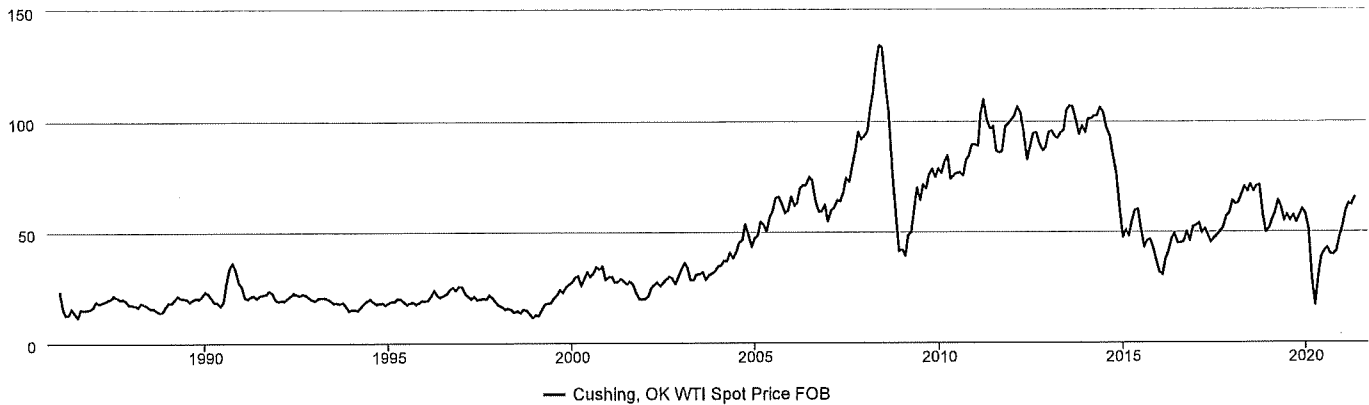


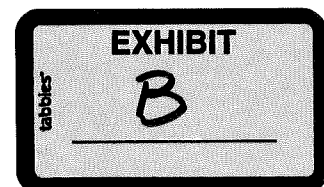
Chart Tools

no analysis applied

This series is available through the EIA open data API and can be downloaded to Excel or embedded as an interactive chart or map on your website.

Cushing, OK WTI Spot Price FOB (Dollars per Barrel)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1986	22.93	15.46	12.61	12.84	15.38	13.43	11.59	15.10	14.87	14.90	15.22	16.11
1987	18.65	17.75	18.30	18.68	19.44	20.07	21.34	20.31	19.53	19.86	18.85	17.28
1988	17.13	16.80	16.20	17.86	17.42	16.53	15.50	15.52	14.54	13.77	14.14	16.38
1989	18.02	17.94	19.48	21.07	20.12	20.05	19.78	18.58	19.59	20.10	19.86	21.10
1990	22.86	22.11	20.39	18.43	18.20	16.70	18.45	27.31	33.51	36.04	32.33	27.28
1991	25.23	20.48	19.90	20.83	21.23	20.19	21.40	21.69	21.89	23.23	22.46	19.50
1992	18.79	19.01	18.92	20.23	20.98	22.39	21.78	21.34	21.88	21.69	20.34	19.41
1993	19.03	20.09	20.32	20.25	19.95	19.09	17.89	18.01	17.50	18.15	16.61	14.52
1994	15.03	14.78	14.68	16.42	17.89	19.06	19.66	18.38	17.45	17.72	18.07	17.16
1995	18.04	18.57	18.54	19.90	19.74	18.45	17.33	18.02	18.23	17.43	17.99	19.03
1996	18.86	19.09	21.33	23.50	21.17	20.42	21.30	21.90	23.97	24.88	23.71	25.23
1997	25.13	22.18	20.97	19.70	20.82	19.26	19.66	19.95	19.80	21.33	20.19	18.33
1998	16.72	16.06	15.12	15.35	14.91	13.72	14.17	13.47	15.03	14.46	13.00	11.35
1999	12.52	12.01	14.68	17.31	17.72	17.92	20.10	21.28	23.80	22.69	25.00	26.10
2000	27.26	29.37	29.84	25.72	28.79	31.82	29.70	31.26	33.88	33.11	34.42	28.44
2001	29.59	29.61	27.25	27.49	28.63	27.60	26.43	27.37	26.20	22.17	19.64	19.39
2002	19.72	20.72	24.53	26.18	27.04	25.52	26.97	28.39	29.66	28.84	26.35	29.46
2003	32.95	35.83	33.51	28.17	28.11	30.66	30.76	31.57	28.31	30.34	31.11	32.13
2004	34.31	34.69	36.74	36.75	40.28	38.03	40.78	44.90	45.94	53.28	48.47	43.15
2005	46.84	48.15	54.19	52.98	49.83	56.35	59.00	64.99	65.59	62.26	58.32	59.41
2006	65.49	61.63	62.69	69.44	70.84	70.95	74.41	73.04	63.80	58.89	59.08	61.96
2007	54.51	59.28	60.44	63.98	63.46	67.49	74.12	72.36	79.92	85.80	94.77	91.69



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	92.97	95.39	105.45	112.58	125.40	133.88	133.37	116.67	104.11	76.61	57.31	41.12
2009	41.71	39.09	47.94	49.65	59.03	69.64	64.15	71.05	69.41	75.72	77.99	74.47
2010	78.33	76.39	81.20	84.29	73.74	75.34	76.32	76.60	75.24	81.89	84.25	89.15
2011	89.17	88.58	102.86	109.53	100.90	96.26	97.30	86.33	85.52	86.32	97.16	98.56
2012	100.27	102.20	106.16	103.32	94.66	82.30	87.90	94.13	94.51	89.49	86.53	87.86
2013	94.76	95.31	92.94	92.02	94.51	95.77	104.67	106.57	106.29	100.54	93.86	97.63
2014	94.62	100.82	100.80	102.07	102.18	105.79	103.59	96.54	93.21	84.40	75.79	59.29
2015	47.22	50.58	47.82	54.45	59.27	59.82	50.90	42.87	45.48	46.22	42.44	37.19
2016	31.68	30.32	37.55	40.75	46.71	48.76	44.65	44.72	45.18	49.78	45.66	51.97
2017	52.50	53.47	49.33	51.06	48.48	45.18	46.63	48.04	49.82	51.58	56.64	57.88
2018	63.70	62.23	62.73	66.25	69.98	67.87	70.98	68.06	70.23	70.75	56.96	49.52
2019	51.38	54.95	58.15	63.86	60.83	54.66	57.35	54.81	56.95	53.96	57.03	59.88
2020	57.52	50.54	29.21	16.55	28.56	38.31	40.71	42.34	39.63	39.40	40.94	47.02
2021	52.00	59.04	62.33	61.72	65.17							

- = No Data Reported; -- = Not Applicable; NA = Not Available; W = Withheld to avoid disclosure of individual company data.

Release Date: 6/23/2021

Next Release Date: 6/30/2021

Referring Pages:

- [Spot Prices for Crude Oil and Petroleum Products](#)

Tanna Callaway

From: Shane Spear <shane@spearbrothersgroup.com>
Sent: Tuesday, May 11, 2021 9:57 AM
To: Cloer, Ryan
Cc: Nelson Spear; Lori Saunders
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Ryan
We need ¼ royalty.
Otherwise we are close.

Shane Spear

Spear Brothers Group

www.SpearBrothersGroup.com

Realeza Del Spear, LP
Trabajo Del Spear, LP
Tierra Del Spear, LP

From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Thursday, May 6, 2021 7:08 AM
To: Shane Spear <shane@spearbrothersgroup.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Shane,

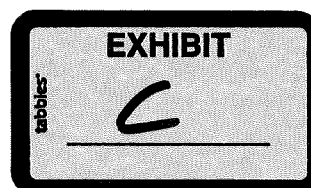
I appreciate your response. I would like to have all of the wolfcamp formation under one lease form. We want to avoid any future potential of having multiple operators with wells in the same formation. Here is our latest leasing offer:

- 12 month term, \$3,000/nma
- 3/16th royalty
- Entire wolfcamp formation
- Your lease form (pending further review & approval)
 - Cannot accept provision 15
 - PUGH clause shall be 100' below deepest producing formation and lands located outside approved spacing unit

In the alternative, I have attached Devon's standard JOA form for your review. If the above lease terms are not acceptable we can enter into an operating agreement for participation in the wells. There may be a few changes to the form but this is largely the form we will use.

Thank you.

Ryan



From: Shane Spear <shane@spearbrothersgroup.com>
Sent: Thursday, April 29, 2021 10:57 AM
To: Cloer, Ryan <Ryan.Cloer@dvn.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Ryan

Our initial response is

- ¼ royalty
- 12 month term
- Two different leases
 - \$2000/nma/upper wolfcamp;
 - \$2000/nma/ remainder wolfcamp
- Our lease form without paragraph 15.

Let me know your thoughts.

Shane Spear

Spear Brothers Group

<https://link.edgepilot.com/s/48a853c6/CGzB304UxUiBhGmqWxievA?u=http://www.spearbrothersgroup.com/>

Realeza Del Spear, LP

Trabajo Del Spear, LP

Tierra Del Spear, LP

From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Thursday, April 29, 2021 8:50 AM
To: Shane Spear <shane@spearbrothersgroup.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Good morning, Shane. .

Pending further review of the lease form by Devon's Legal dept and management approval my initial comments to the lease form/terms are as follows:

- 12 month term, \$2,500/nma
- 3/16th royalty
- Entire wolfcamp formation
- Your lease form (pending further review & approval)
 - Cannot accept provision 15

Let me know your thoughts.

Thank you.

Ryan Cloer, CPL

Sr. Staff Landman

Devon Energy
333 W. Sheridan Ave. | Oklahoma City, OK 73102
405.228.2448 Direct

From: Cloer, Ryan
Sent: Tuesday, April 27, 2021 4:03 PM
To: Shane Spear <shane@spearbrothersgroup.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Good afternoon, Shane.

I am in receipt of your lease offer and will review promptly with my team.

Thank you for the email.

Ryan Cloer, CPL
Sr. Staff Landman

Devon Energy
333 W. Sheridan Ave. | Oklahoma City, OK 73102
405.228.2448 Direct

From: Shane Spear <shane@spearbrothersgroup.com>
Sent: Wednesday, April 21, 2021 3:55 PM
To: Cloer, Ryan <Ryan.Cloer@dvn.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Ryan

We have received Devon's proposal for the four referenced wells. Our research shows that only two of those wells (2H and 3H) are permitted and those only until early November. Accordingly, our offer concerns those wells/formation.

We would like to lease to Devon on the following terms:

- 6 month term and \$2,500.00 per NMA;
- ¼ royalty;
- Limited to the upper Wolfcamp or that targeted formation permitted in the Broadside 2H & 3H;
- Our lease form (draft attached).

If Devon would like a longer primary term we could change the term to 3 years and \$5,000.00 per targeted zone per NMA bonus.

If Devon would prefer to lease all depths we could (assuming a 3 year term) change the bonus to \$15,000.00 per NMA.

This offer is open for two weeks and is subject to withdrawal without notice.

Shane Spear

Spear Brothers Group

<https://link.edgепilot.com/s/214df361/8mekdhCs406oppD4qkCY1A?u=http://www.spearbrothersgroup.com/>

Realeza Del Spear, LP

Trabajo Del Spear, LP

Tierra Del Spear, LP

Spear Brothers Sheep and Cattle Co., LLC

Southern Onshore Exploration, LLC

Gulf Coast Oil & Gas Company

Conquistador Petroleum, LLC

Hondo Mining Company, LLC

El Kabong Properties, LLC

Rodeo Oil Company, LLC

Los Cinco Picadores, LLC

Rebel Oil Company, LLC

Sun-West Oil & Gas, Inc.

Bar NND Ranches, LLC

Inez Investments, Inc.

(432)683-8420

PO Box 1684

Midland, TX 79702

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Tierra Del Spear, LP

From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Tuesday, June 22, 2021 4:52 PM
To: Shane Spear <shane@spearbrothersgroup.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Shane,

Revisiting this conversation we seem to be stuck on the royalty rate. I will circle up with the team here to see if we can improve the royalty. We would expect to come down on the bonus/acre amount if we do approve a ¼ royalty. I'm also waiting on DVN legal to tell me if there are any provisions we need to amend other than those I have previously stated.

Were you able to review our proposed JOA as an alternative?

I'll be in touch.

Ryan

From: Shane Spear <shane@spearbrothersgroup.com>
Sent: Tuesday, May 11, 2021 10:57 AM
To: Cloer, Ryan <Ryan.Cloer@dvn.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Ryan
We need ¼ royalty.
Otherwise we are close.

Shane Spear

Spear Brothers Group

https://link.edgepilot.com/s/e1a07449/jL_SZ9U-L002IGlbz6nnug?u=http://www.spearbrothersgroup.com/

Realeza Del Spear, LP
Trabajo Del Spear, LP
Tierra Del Spear, LP

From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Thursday, May 6, 2021 7:08 AM
To: Shane Spear <shane@spearbrothersgroup.com>
Cc: Nelson Spear <nelson@spearbrothersgroup.com>; Lori Saunders <lori@spearbrothersgroup.com>
Subject: RE: [EXTERNAL] Well Proposals; T24S R33E, Sec. 13&24; Lea Co., NM - Broadside wells

Shane,

