BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 5, 2021

CASE NOS. 21727-21730

PALMILLO 29-30 STATE COM #271H-274H WELLS
PALMILLO 29-30 STATE COM #375H-378H WELLS

EDDY COUNTY, NEW MEXICO

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

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 21727

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #271H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #375H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 NE/4 (Unit A) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted interests in the horizontal spacing unit;

B. Approving the initial wells in the horizontal spacing unit;

C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By:_____

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
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ATTORNEYS FOR APACHE CORPORATION

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

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 21728

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #272H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #376H well** (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 NE/4 (Unit H) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 NE/4 (Unit H) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

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A. Pooling all uncommitted interests in the horizontal spacing unit;

B. Approving the initial wells in the horizontal spacing unit;

C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 21729

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #273H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #377H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

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A. Pooling all uncommitted interests in the horizontal spacing unit;

B. Approving the initial wells in the horizontal spacing unit;

C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR APACHE CORPORATION

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

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 21730

APPLICATION

Apache Corporation ("Apache" or "Applicant") (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #274H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #378H well** (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 29.

3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted interests in the horizontal spacing unit;

B. Approving the initial wells in the horizontal spacing unit;

C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR APACHE CORPORATION

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21727	**APPLICANT'S RESPONSE**
Date: November 5, 2021	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873)
Applicant's Counsel:	Holland & Hart LLP
Case Title: **BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. B Submitted by: Apache Corporation Hearing Date: November 05, 2021 Case Nos. 21727-21730**	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. XTO Holdings LLC
Well Family	Palmillo 29-30 State Com #271H, #375H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Palmillo; Bone Spring. SW [Pool Code 96413]
Well Location Setback Rules:	Statewide Setbacks for Oil
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	quart-quarter sections
Orientation:	**West-East**
Description: TRS/County	N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	**Exhibit C: Slides 3, 4 and 5**
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	**Palmillo 29-30 State Com #271H well** (API pending) SHL: 790 FNL and 445 FEL, Unit A, of Section 25, T-19-S, R-27-E, NMPM. BHL: 660 FNL and 50 FEL, Unit A, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orientation: West-East Completion Location: Standard
Well #2	**Palmillo 29-30 State Com #375H well** (API pending) SHL: 820 FNL and 445 FEL, Unit A, of Section 29, T-19-S, R-27-E, NMPM. BHL: 630 FNL and 50 FEL, Unit A, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orientation: West-East Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8,000
Production Supervision/Month $	$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled	Exhibit H

Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	**Exhibit D-2**
Cost Estimate to Drill and Complete	**Exhibit D-2**
Cost Estimate to Equip Well	**Exhibit D-2**
Cost Estimate for Production Facilities	**Exhiibit D-2**
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
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):	**Michael H. Feldewert**
Signed Name (Attorney or Party Representative):	Michael H. Feldewert
Date:	1-Nov-21

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21728	**APPLICANT'S RESPONSE**
Date: November 5, 2021	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873**)**
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. XTO Holdings LLC
Well Family	Palmillo 29-30 State Com #272H, #376H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Palmillo; Bone Spring. SW [Pool Code 96413]
Well Location Setback Rules:	Statewide Setbacks for Oil
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	quart-quarter sections
Orientation:	**West-East**
Description: TRS/County	S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	**Exhibit C: Slides 3, 4 and 5**
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	**Palmillo 29-30 State Com #272H well** (API pending) SHL: 2750 FNL and 750 FEL, Unit I, of Section 25, T-19-S, R-27-E, NMPM. BHL: 2060 FNL and 50 FEL, Unit H, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring Formation Well Orientation: West-East Completion Location: Standard
Well #2	**Palmillo 29-30 State Com #376H well** (API pending) SHL: 2720 FNL and 750 FEL, Unit I, of Section 25, T-19-S, R-27-E, NMPM. BHL: 2090 FNL and 50 FEL, Unit H, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring Formation Well Orientation: West-East Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8,000
Production Supervision/Month $	$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled	Exhibit H

Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	**Exhibit D-2**
Cost Estimate to Drill and Complete	**Exhibit D-2**
Cost Estimate to Equip Well	**Exhibit D-2**
Cost Estimate for Production Facilities	**Exhiibit D-2**
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
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):	**Michael H. Feldewert**
Signed Name (Attorney or Party Representative):	Michael H. Feldewert
Date:	1-Nov-21

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21729	**APPLICANT'S RESPONSE**
Date: November 5, 2021	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873**)**
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. XTO Holdings LLC
Well Family	Palmillo 29-30 State Com #273H, #377H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Palmillo; Bone Spring. SW [Pool Code 96413]
Well Location Setback Rules:	Statewide Setbacks for Oil
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	quarter-quarter sections
Orientation:	**West-East**
Description: TRS/County	N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	**Exhibit C: Slides 3, 4 and 5**
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	**Palmillo 29-30 State Com #273H well** (API pending) SHL: 2780 FNL and 750 FEL, Unit I, of Section 25, T-19-S, R-27-E, NMPM. BHL: 1790 FNL and 50 FEL, Unit I, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orientation: West-East Completion Location: Standard
Well #2	**Palmillo 29-30 State Com #377H well** (API pending) SHL: 2810 FNL and 750 FEL, Unit I, of Section 25, T-19-S, R-27-E, NMPM. BHL: 1760 FNL and 50 FEL, Unit I, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orientation: West-East Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8,000
Production Supervision/Month $	$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled	Exhibit H

Ownership Depth Severance (including percentage above & below)	N/A
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Sample Copy of Proposal Letter	Exhibit D-2
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Cost Estimate for Production Facilities	**Exhiibit D-2**
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Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
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Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
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):	**Michael H. Feldewert**
Signed Name (Attorney or Party Representative):	Michael H. Feldewert
Date:	1-Nov-21

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21730	**APPLICANT'S RESPONSE**
Date: November 5, 2021	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873**)**
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Colgate Operating, LLC EOG Resources, Inc. Cimarex Energy Co. XTO Holdings LLC
Well Family	Palmillo 29-30 State Com #274H, #378H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Palmillo; Bone Spring. SW [Pool Code 96413]
Well Location Setback Rules:	Statewide Setbacks for Oil
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	quarter-quarter sections
Orientation:	**West-East**
Description: TRS/County	S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	**Exhibit C: Slides 3, 4 and 5**
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	**Palmillo 29-30 State Com #274H well** (API pending) SHL: 307 FSL and 650 FEL, Unit P, of Section 25, T-19-S, R-27-E, NMPM. BHL: 330 FSL and 50 FEL, Unit P, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orentation: West-East Completion Location: Standard
Well #2	**Palmillo 29-30 State Com #378H well** (API pending) SHL: 337 FSL and 650 FEL, Unit P, of Section 25, T-19-S, R-27-E, NMPM. BHL: 360 FSL and 50 FEL, Unit P, of Section 29, T-19-S, R-28-E, NMPM. Completion Target: Bone Spring formation Well Orentation: West-East Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit D-1
Completion Target (Formation, TVD and MD)	Exhibit D-2
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8,000
Production Supervision/Month $	$800
Justification for Supervision Costs	Exhibit D
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit H
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit H
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit I
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C: Slides 3, 4 and 5
Tract List (including lease numbers and owners)	Exhibit C: Slides 3, 4 and 5
Pooled Parties (including ownership type)	Exhibit C: Slides 3, 4 and 5
Unlocatable Parties to be Pooled	Exhibit H

Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit D-2
List of Interest Owners (ie Exhibit A of JOA)	Exhbiit C: Slides 3, 4 and 5
Chronology of Contact with Non-Joined Working Interests	Exhibit D-3
Overhead Rates In Proposal Letter	**Exhibit D-2**
Cost Estimate to Drill and Complete	**Exhibit D-2**
Cost Estimate to Equip Well	**Exhibit D-2**
Cost Estimate for Production Facilities	**Exhiibit D-2**
Geology	
Summary (including special considerations)	Exhibit E
Spacing Unit Schematic	Exhbit C: Slides 1 and 8
Gunbarrel/Lateral Trajectory Schematic	Exhbit C: Slides 1 and 8
Well Orientation (with rationale)	Exhibit E
Target Formation	Exhibit E
HSU Cross Section	Exhibit C: Slides 12-15
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit D-1
Tracts	Exhibit C: Slides 3, 4 and 5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C: Slides 3, 4 and 5
General Location Map (including basin)	Exhibit C: Slides 1 and 8
Well Bore Location Map	Exhibit C: Slides 1 and 8
Structure Contour Map - Subsea Depth	Exhibit C: Slides 12-15
Cross Section Location Map (including wells)	Exhibit C: Slides 12-15
Cross Section (including Landing Zone)	Exhibit C: Slides 12-15
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):	**Michael H. Feldewert**
Signed Name (Attorney or Party Representative):	Michael H. Feldewert
Date:	1-Nov-21

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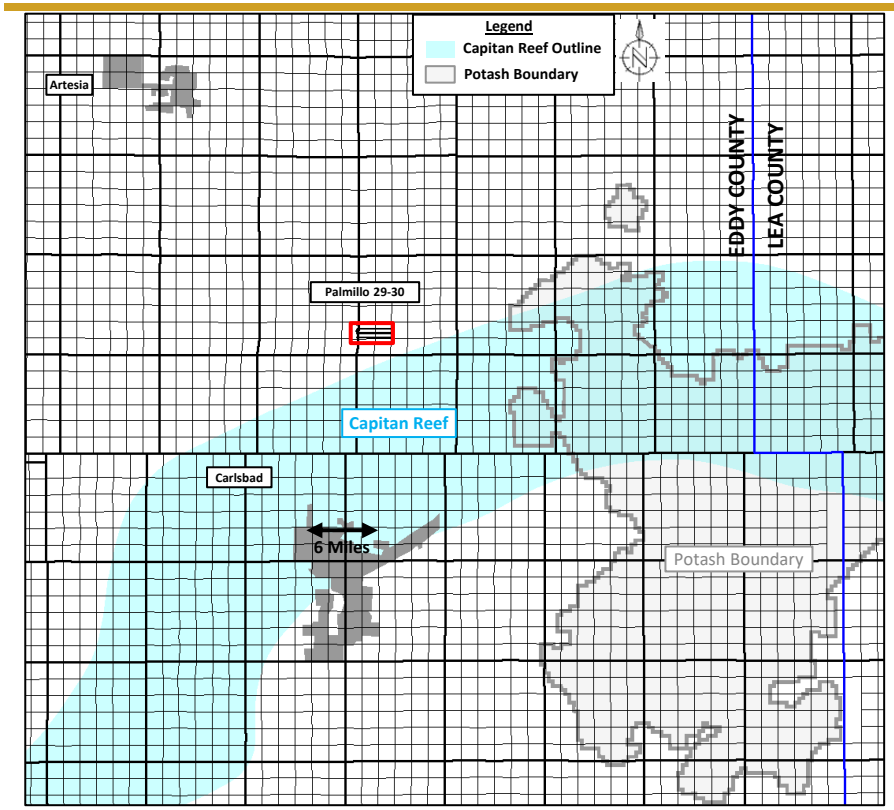
OVERVIEW PALMILLO 29-30 STATE COM DEVELOPMENT

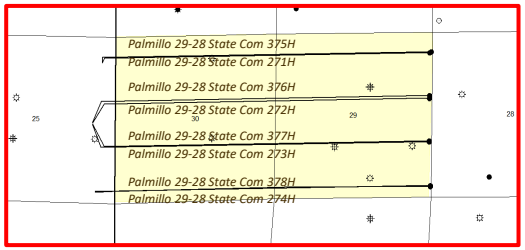
29/30-T19S-R28E Eddy Co, NM



- ***Approximately 11 miles north of the City of Carlsbad (dark grey area)***

Palmillo 29-30 Development Planned Targets
- *(4) 2nd Bone Spring Sand*
- *(4) 3rd Bone Spring Sand*

Apache plans to develop sections 29 and 30 with 2 mile laterals, 4 - 2nd Bone Spring Sand wells and 4 - 3rd Bone Spring Sand wells. The laterals will be drilled off of 3 pads from West to East



Apache

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

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APACHE DEVELOPMENT

- Apache controls 34.5% of the 1280 development compared to Colgates 17%.
- 12.3% of the Working Interest Supports Apache including EOG and Cimarex
- Apache and Marathon have verbally agreed to a trade which would increase Apache's position by 11.3%
- Total Apache WI, Support and Marathon acreage = 58.18%
- Colgate WI= 17.16%
- Apache's development prevents waste using dual well pads for Camacho and Palmillo development- 3 vs 8
- Apache is prepared to drill wells. Surface Work, Title work ETC

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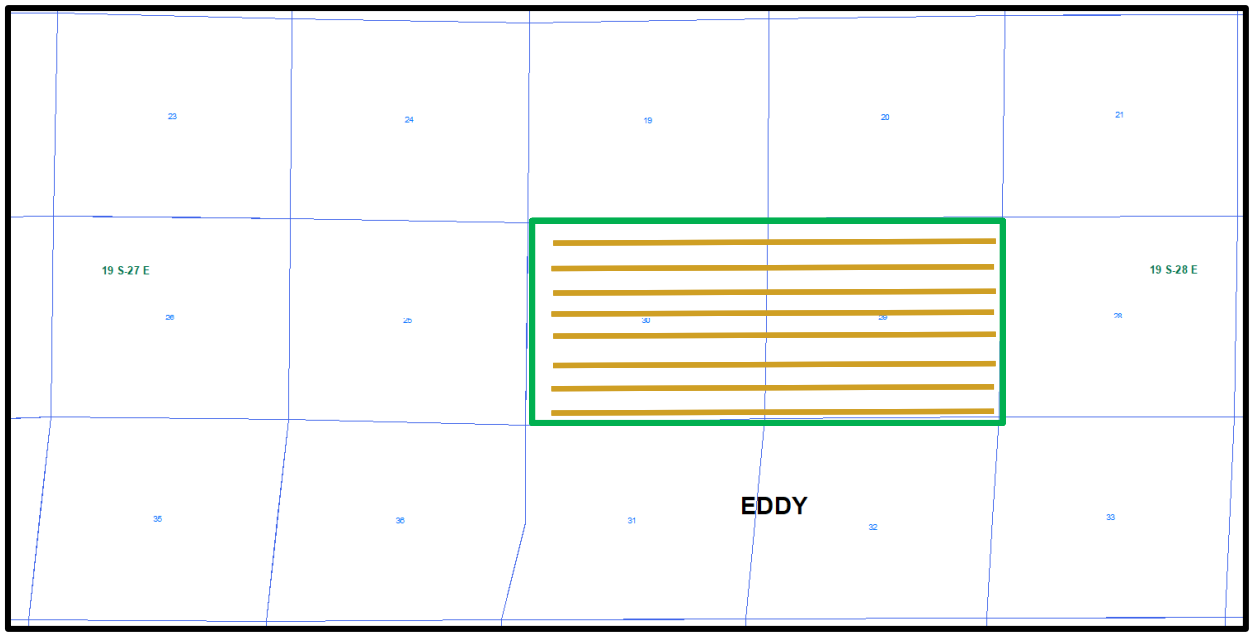
WORKING INTEREST

- N/2 N/2 Development
  - APA WI= 49.7410%
  - APA Support WI= 16.6%
  - MRO= 6.132%
  - Colgate WI 15.25%
- S/2 N/2 Development
  - APA WI= 49.7410%
  - APA Support WI= 16.6%
  - MRO= 6.132%
  - Colgate WI 15.25%
- N/2 S/2 Development
  - APA WI= 26.17%
  - APA Support WI= 10.6%
  - MRO= 9.2%
  - Colgate WI 21.13%
- S/2 S/2 Development
  - APA WI= 12.39%
  - APA Support WI= 5.62%
  - MRO= 23.98%
  - Colgate WI 16.86%

Palmillo 29-30 Development



* Apache and Marathon have agreed to a trade and has been approved by management on both sides.

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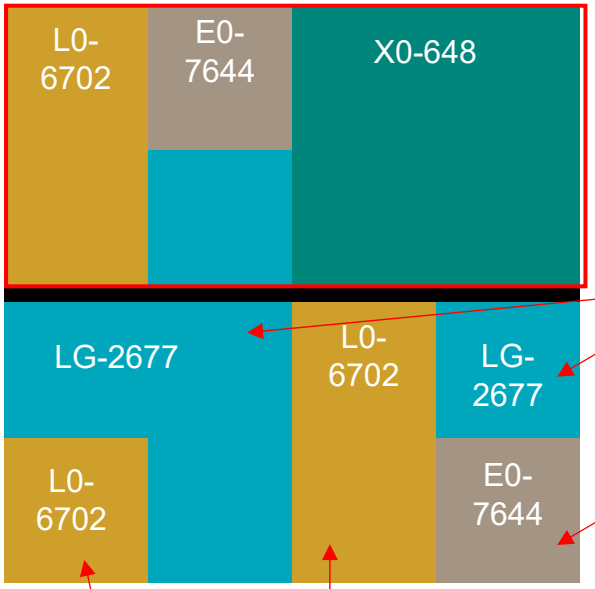
TRACT MAP SECTION 30-19S-28E, EDDY COUNTY, NEW MEXICO



Marathon Oil Permian, LLC	0.122669	Pooled
EOG Resources, Inc.	0.09505	Pooled
Colgate Production, LLC	0.37315	Pooled
Northern Oil and Gas, Inc.	0.016794	Pooled
Read & Stevens, Inc.	0.012139	Pooled
ZPZ Delaware I LLC	0.380198	JOA

Colgate Production, LLC	0.5	Pooled
Chevron USA INC	0.5	Pooled

Marathon Oil Permian, LLC	0.4	Pooled
Colgate Production, LLC	0.5	Pooled
Jetta Production Company	0.05	Pooled
Tug Hill Energy, LLC	0.05	JOA

Marathon Oil Permian, LLC	0.75	Pooled
Jetta Production Company	0.25	Pooled

Apache

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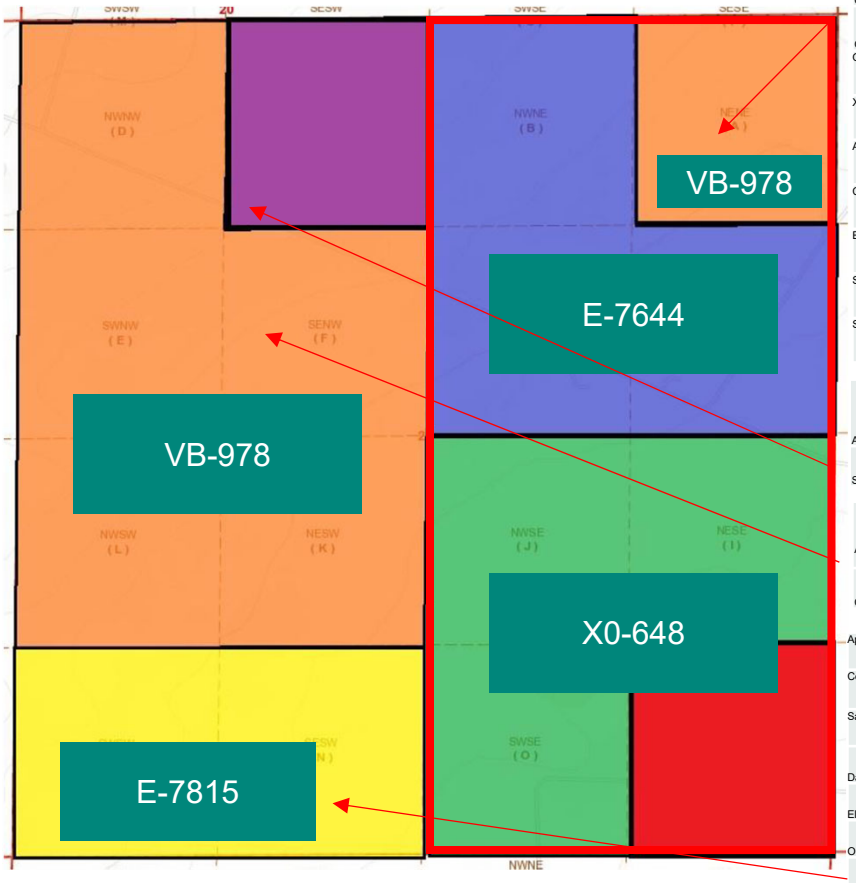
TRACT MAP SECTION 29-19S-28E, EDDY COUNTY, NEW MEXICO



OXY USA INC	0.079397649	Pooled
OXY USA WTP, LP	0.010752754	Pooled
Occidental Permian Limited Partnership	0.086354197	Pooled
XTO Energy Inc.	0.187500000	Pooled
Apache Corporation	0.183333350	JOA
Colgate Production, LLC	.0908220000	Pooled
EOG Resources Inc.	0.025000000	Pooled
Sabre Exploration, Inc.	0.061852000	Pooled
SDX Properties, Inc. (GROUP)	0.089143500	JOA/Pooled

Apache Corporation	.5	JOA
SDX Properties Inc (Group)	.5	Pooled- willing to sign JOA

Apache Corporation	.8	JOA
Cimarex Energy Co	.2	Pooled- willing to sign JOA

Apache Corporation	0.250000500	JOA
Colgate Production, LLC	.1392525000	Pooled
Sabre Exploration, Inc.	0.460000000	Pooled
Dale A. Smith	0.016438750	Pooled
Ellen Smith Bivins	0.016438750	Pooled
ODS-ACS Properties, Ltd.	0.099252500	Pooled
Texilvania, Ltd.	0.064256250	Pooled

Apache

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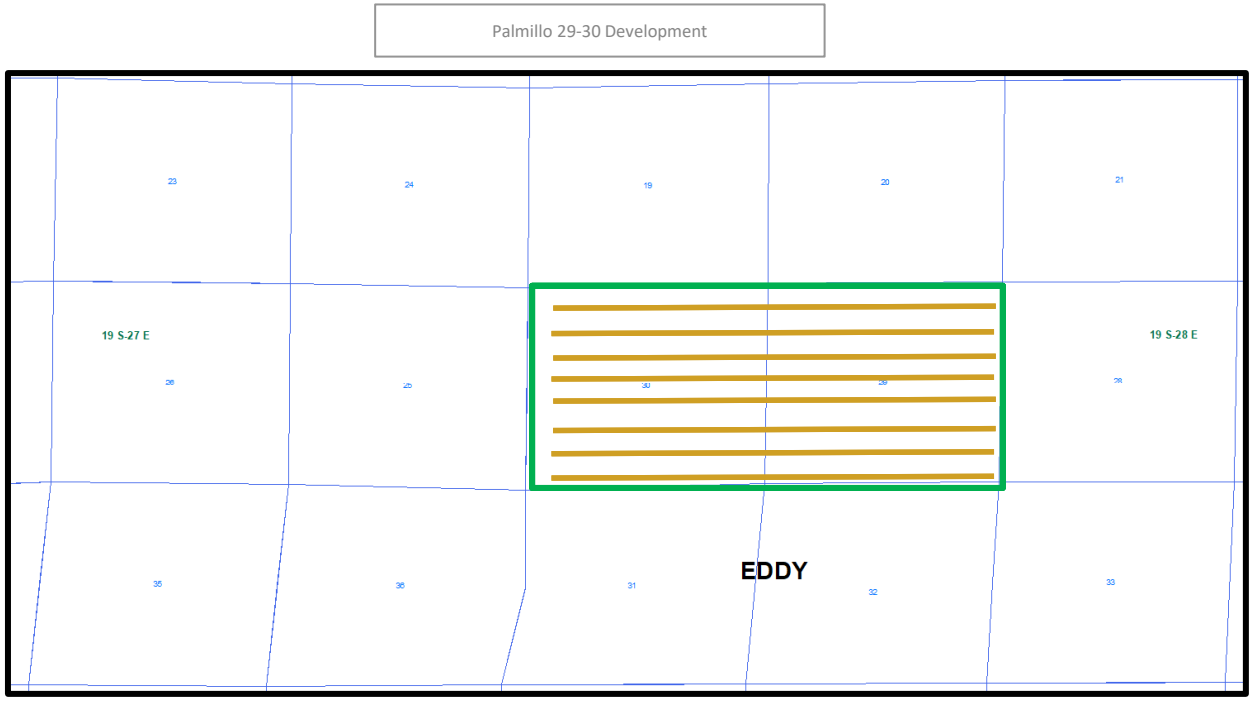
PARTNER SUPPORT

Nance Resources, Inc.
Marks Oil
Daniel J Murphy
Cheney Energy Partners, LLC
Alpar Energy, Inc.
Anthracite Energy Partners, LLC
Conejos Energy, LLC
V-J Energy Partners, LLC
JSTM Energy Investments, LLC
True North Exploration, Inc.
CKHK Financial, LLC
EOG Resources Inc
Cimarex Energy Co



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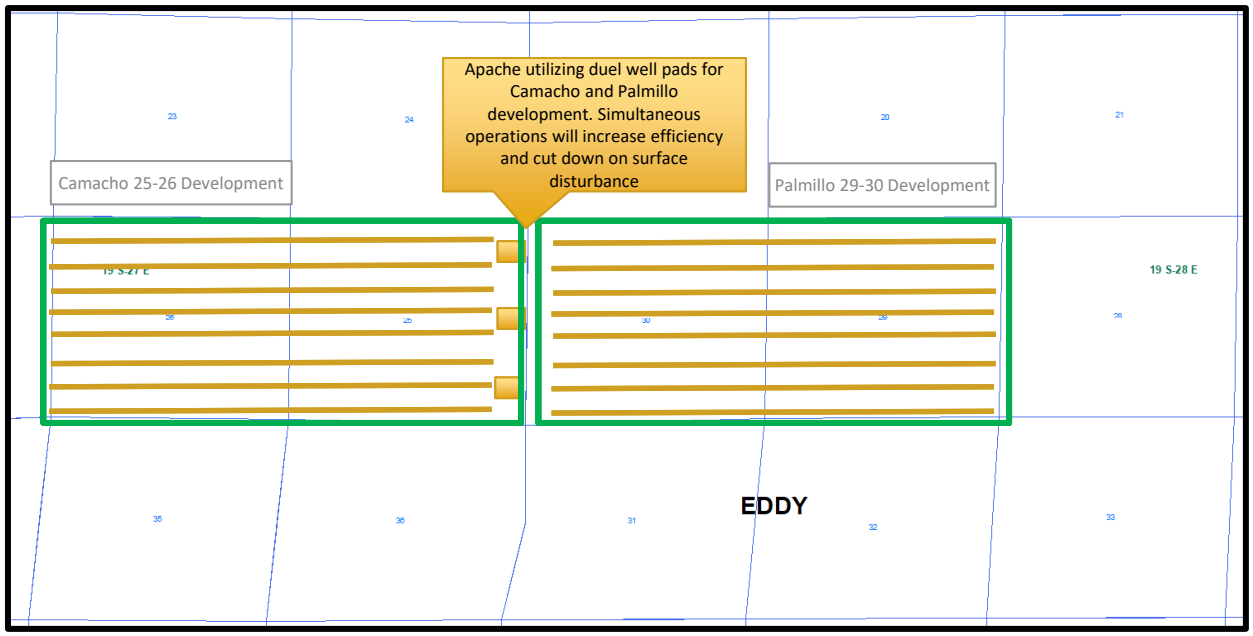
APACHE'S DEVELOPMENT AREA PREPARATION

- 3/4/2021 Scouted surface for the planned development
- 4/21/21 ARC Survey completed 4/27/2021
- staked 3 pads (16 wells) and 2 facilities
- 5/25/2021 Formerly staked linear infrastructure (lease access road, PROW corridor and above-grade electric line).
- 9/2/2021 Mailed BL applications for surveyed infrastructure and tenant relinquishments
- Temporary Water line is pending until water sourcing agreement is completed
- Secured Gas Takeaway



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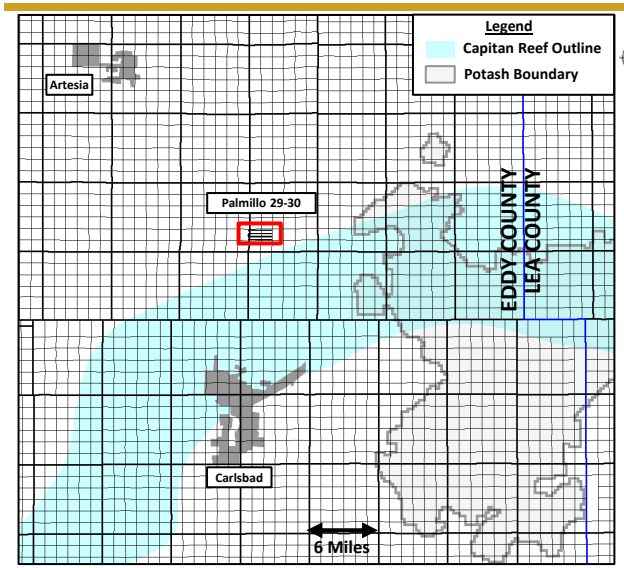
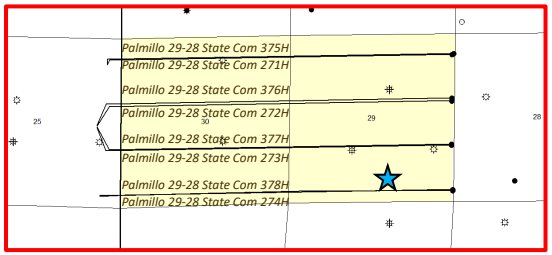
PALMILLO 29-30 STATE COM DEVELOPMENT

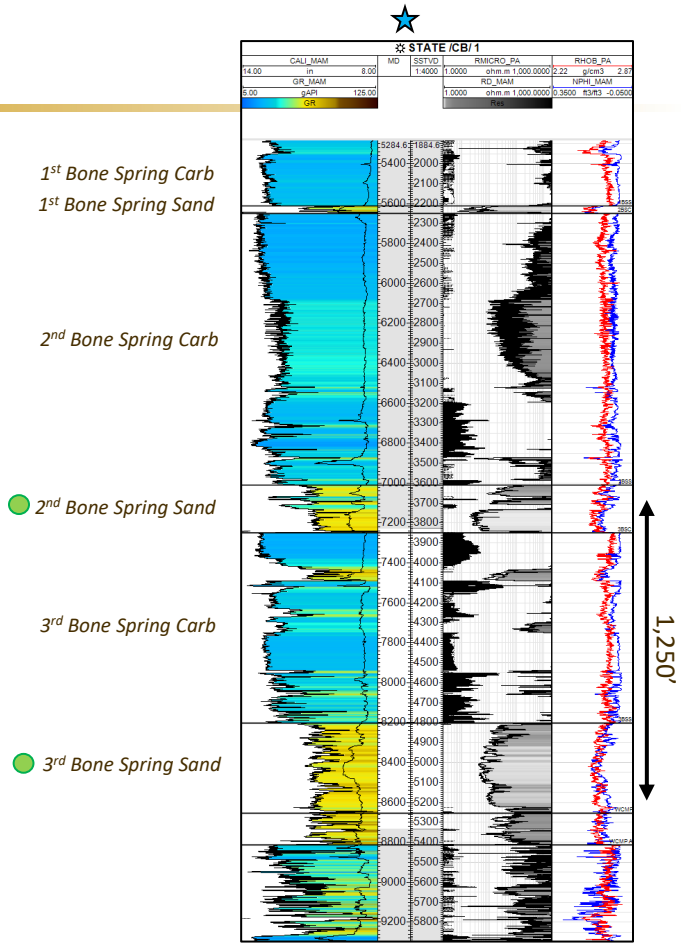
29/30-T19S-R28E Eddy Co, NM





- *Palmillo 29-30 Development Planned Targets*
  - *(4) 2nd Bone Spring Sand*
  - *(4) 3rd Bone Spring Sand*

Apache plans to develop sections 29 and 30 with 2 mile laterals, 4 - 2nd Bone Spring Sand wells and 4 - 3rd Bone Spring Sand wells. The laterals will be drilled off of 3 pads from West to East



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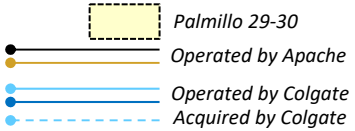
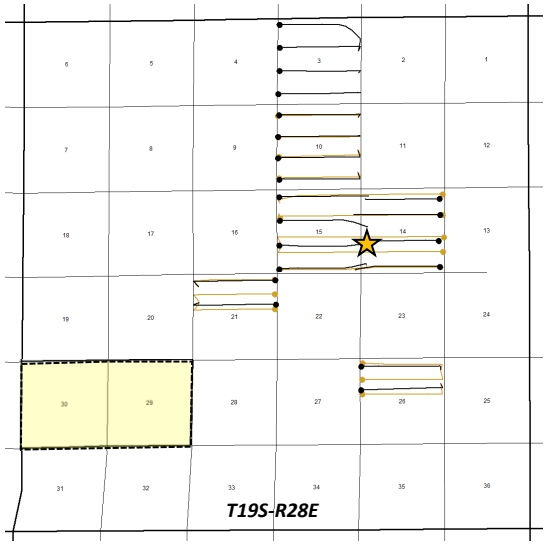
PALMILLO AREA ACTIVITY

Current Bone Spring Horizontal Development

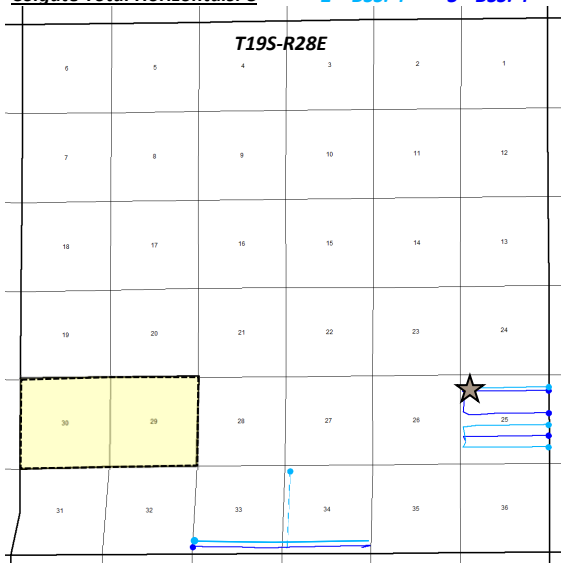


APA Total Horizontals: 36 ***2nd BSS: 20*** ***3rd BSS: 16***



- ★ *Palmillo 14 State 1H pilot and lateral helped characterize depositional system and targets early on*
- *First well spudded 8/15/2014*
- *Apache has been the most experienced and active operator in this area*
- *36 wells drilled and producing*
  - *20 2nd Bone Spring Sand*
  - *16 3rd Bone Spring Sand*

Colgate Total Horizontals: 8 ***2nd BSS: 4*** ***3rd BSS: 4***



- ★ *Lady Franklin 25 State 121H was first Bone Spring well drilled by Colgate in Delaware Basin with spud date of 3/4/2020*
- *2nd BSS: 4 since 2020 (one previously drilled Chi Energy well acquired by Colgate)*
- *3rd BSS: 4 since 2020*
- *All Bone Spring wells drilled by Colgate have been left as DUCs; Currently no well results*

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COLGATE ACTIVITY

Inexperienced Operator in Area

Lady Franklin 25 State 121H

- *Colgate's **first Bone Spring well drilled** in Delaware Basin*
  - *Spud Date: 3/4/2020*
- *C-103 filed on 2/19/2020*
  - *Change of plans based on offset **operator experience***

The experienced operator Colgate References is Apache Corporation

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED FEB 19 2020 EMNRD-OCD ARTESIA

State of New Mexico
Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-015-46298
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. E0-5073-0007

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: LADY FRANKLIN 25 STATE
1. Type of Well: Oil Well ☒ Gas Well ☐ Other
8. Well Number: 121H
2. Name of Operator: COLGATE OPERATING, LLC
9. OGRID Number: 371449
3. Address of Operator: 306 W. WALL ST., SUITE 500, MIDLAND TX 79701
10. Pool name or Wildcat: WINCHESTER; BONE SPRING
4. Well Location
Unit Letter: D — 1000 feet from the NORTH line and 265 feet from the WEST line
Section 25 — Township 19 S — Range 28 E — NMPM — EDDY County
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3358' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☒	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☐			OTHER:	☐		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Based on experience of operator in adjacent Section 26, will set surface casing at 325' instead of originally planned 950'.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE B. Wood TITLE CONSULTANT DATE 2-19-20

Type or print name BRIAN WOOD E-mail address: brian@permitswest.com PHONE: 505 466-8120

For State Use Only

APPROVED BY: Raymond A. Rodey TITLE Geologist DATE 2-19-2020

Conditions of Approval (if any):

Setting Surf @ 325 will Protect GW.
Drill salt section set CSG @ TOP DLW.

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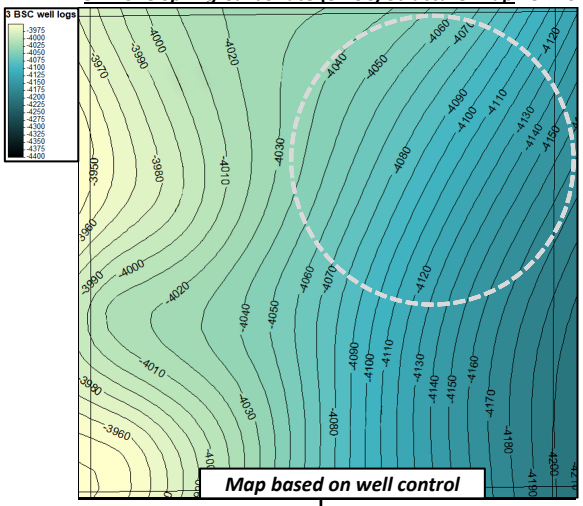
PALMILLO DRILLING CHALLENGES

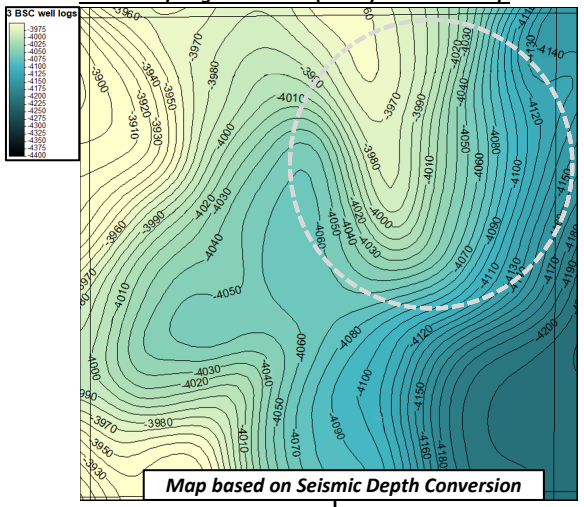
Geosteering – Example

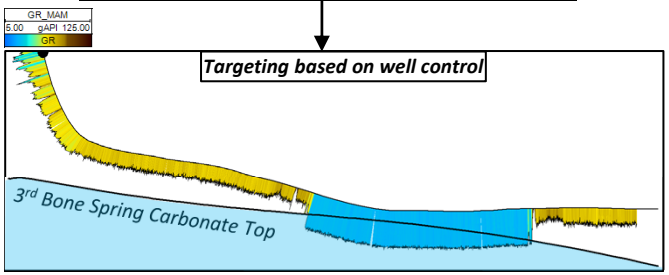
Focus Area Lacking Well Control

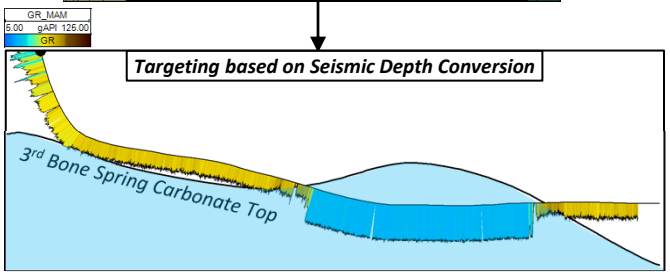
3rd Bone Spring Carbonate (3 BSC) Structure Map CI: 10'

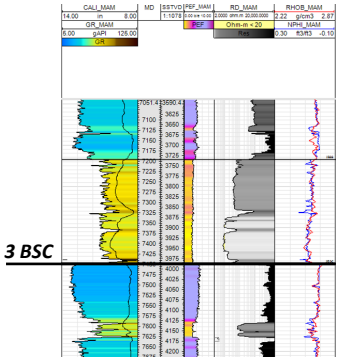


3rd Bone Spring Carbonate (3 BSC) Structure Map CI: 10'

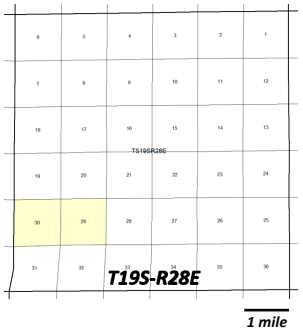








Locator Map



- *In this area it is crucial to stay in zone, Apache has licensed seismic over sections 29 and 30*
- *All wells drilled since this well have been planned utilizing Seismic and were drilled 100% in sand*
- *We have leveraged our experience and proprietary data to optimize targeting over time*

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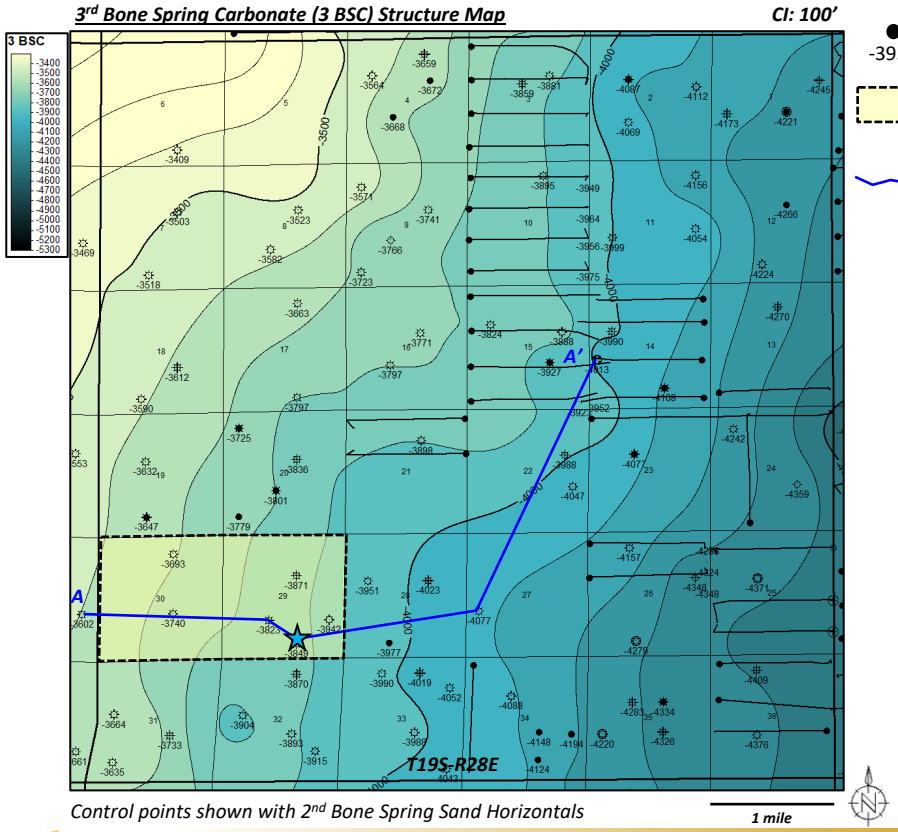
TOP 3RD BONE SPRING CARBONATE STRUCTURE (SSTVD)

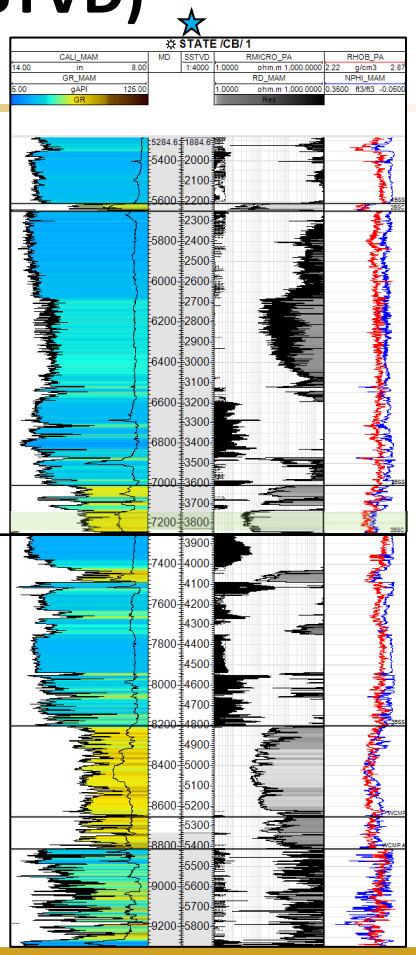


Control points shown with 2nd Bone Spring Sand Horizontals

-3952 SSTVD Value

Palmillo 29-30

Cross- Section Locator



2nd Bone Spring Sand Target

Top 3rd Bone Spring Carbonate

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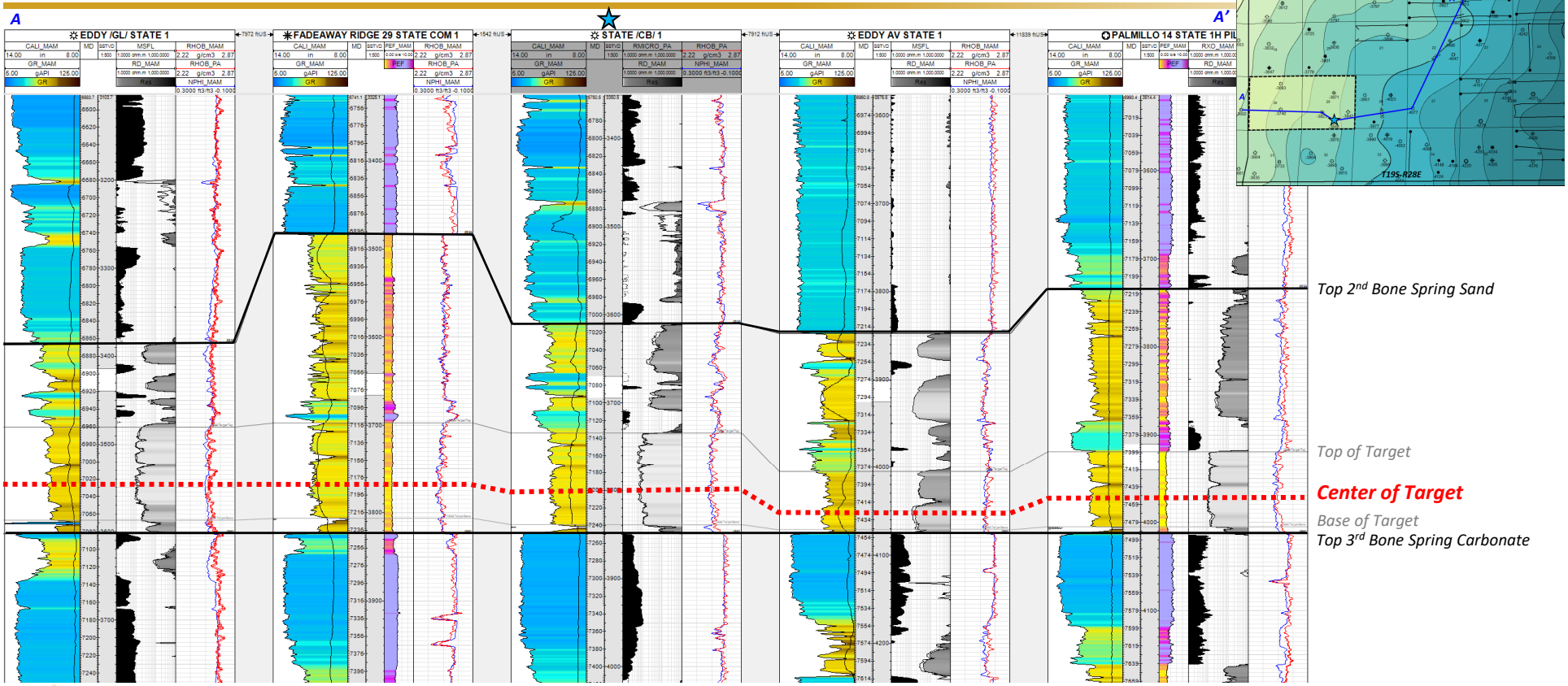
STRATIGRAPHIC CROSS-SECTION A – A'

Datum = Top 3rd Bone Spring Carbonate



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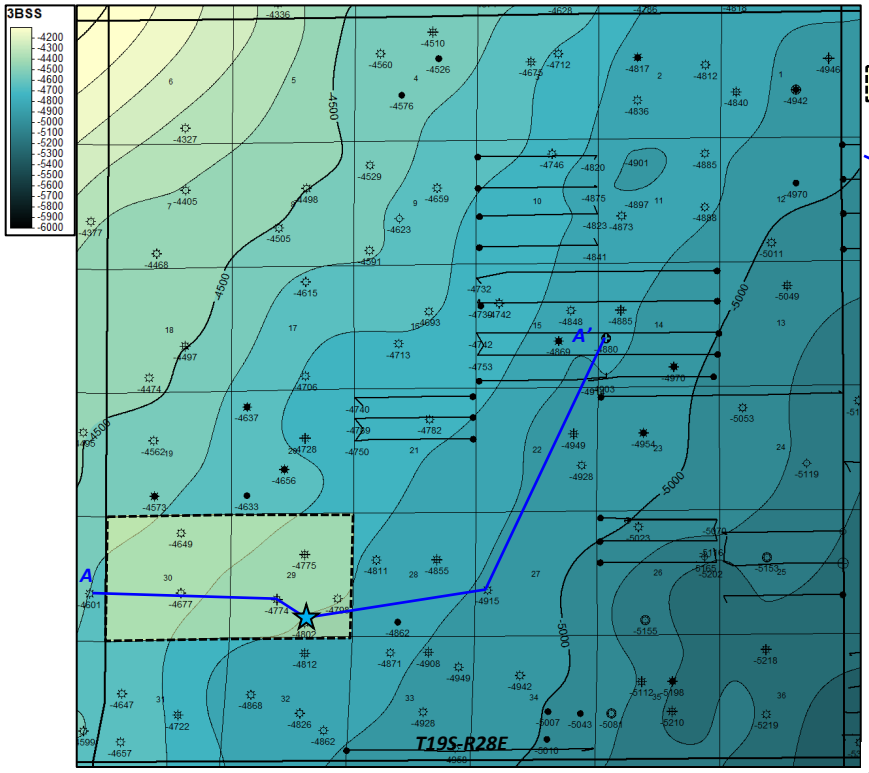
TOP 3RD BONE SPRING SAND STRUCTURE (SSTVD)

3rd Bone Spring Sand (3 BSS) Structure Map ***CI: 100'***



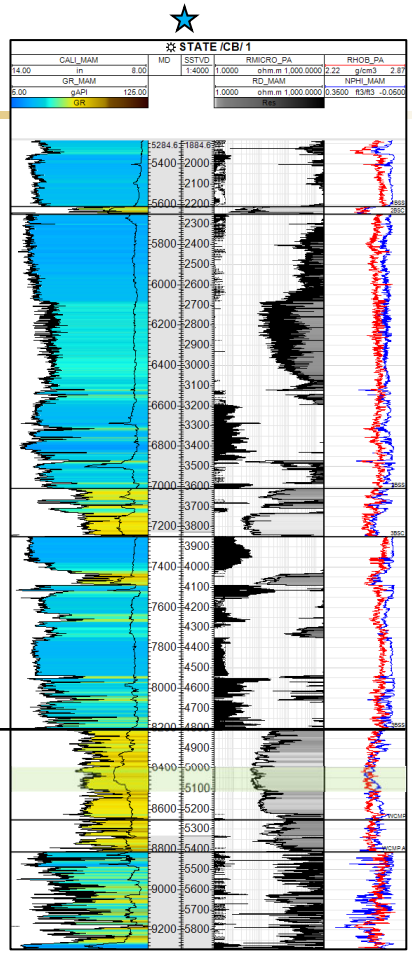
Control points shown with 3rd Bone Spring Sand Horizontals

1 mile

-4811 *SSTVD Value*

Palmillo 29-30

Cross- Section Locator



Top 3rd Bone Spring Sand

3rd Bone Spring Sand Target

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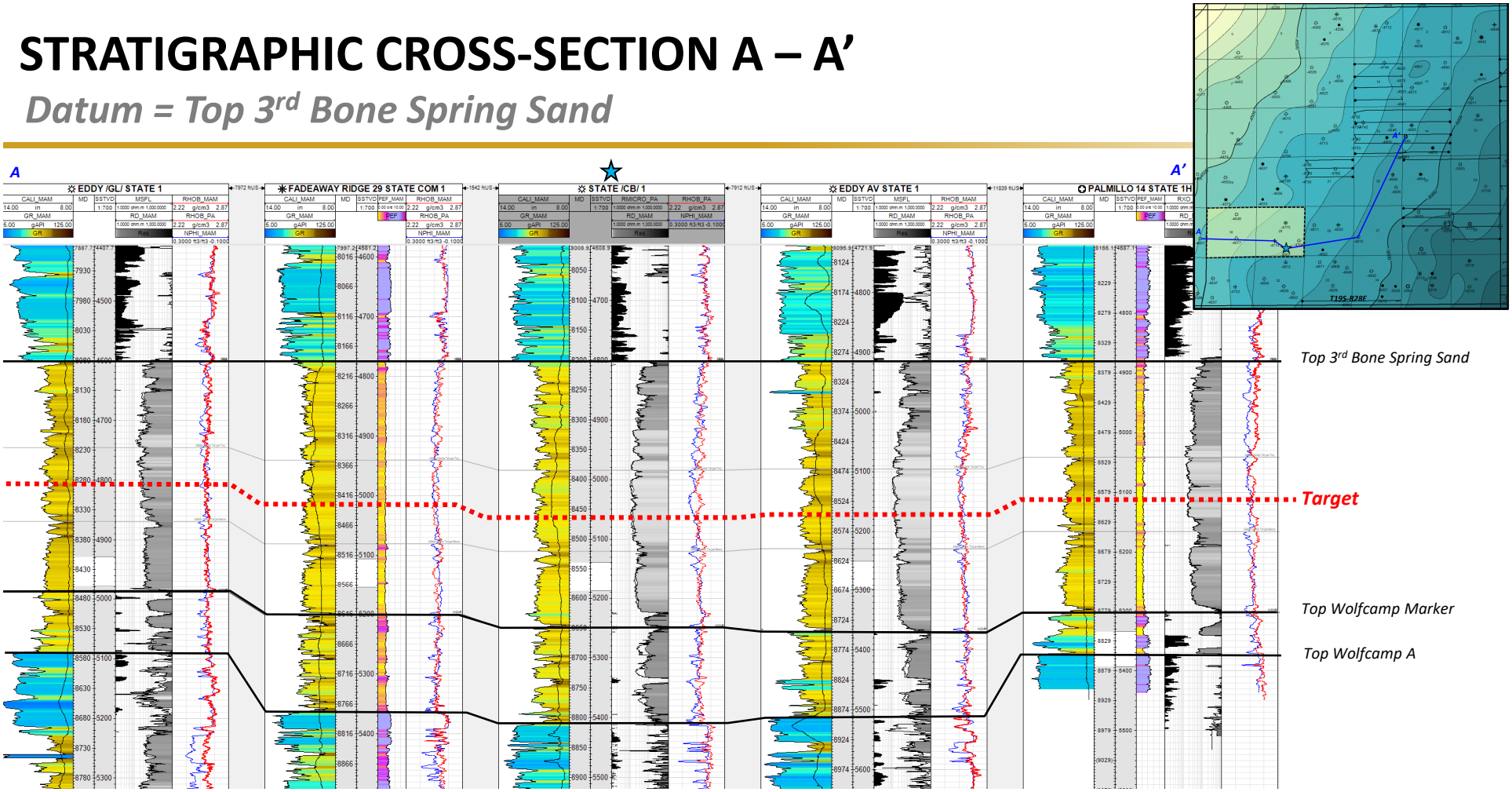
STRATIGRAPHIC CROSS-SECTION A – A'

Datum = Top 3rd Bone Spring Sand



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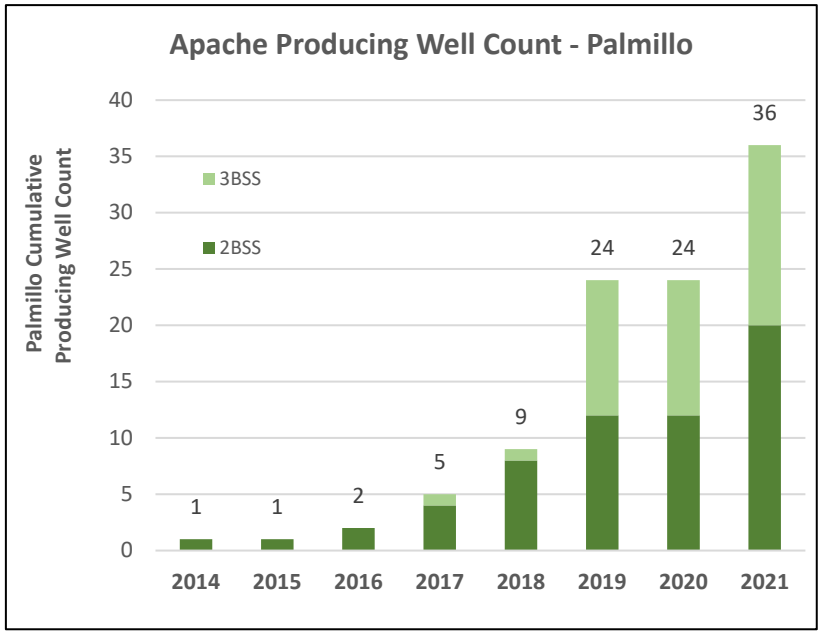
APACHE PALMILLO ACTIVITY OVER TIME

2nd and 3rd Bone Spring Sand

- Apache's experience in the Palmillo area has enabled optimization of further development
  - Improved predictability and repeatability in heterogeneous geologic setting
  - Identification of geologic parameters that drive performance
  - Target zone identification and steering
  - Inter-well spacing optimization to mitigate interference and depletion
  - Completion job optimization
  - Wellbore orientation
- Codevelop 2nd and 3rd BSS intervals
  - Operational and surface land efficiencies enable stronger economics



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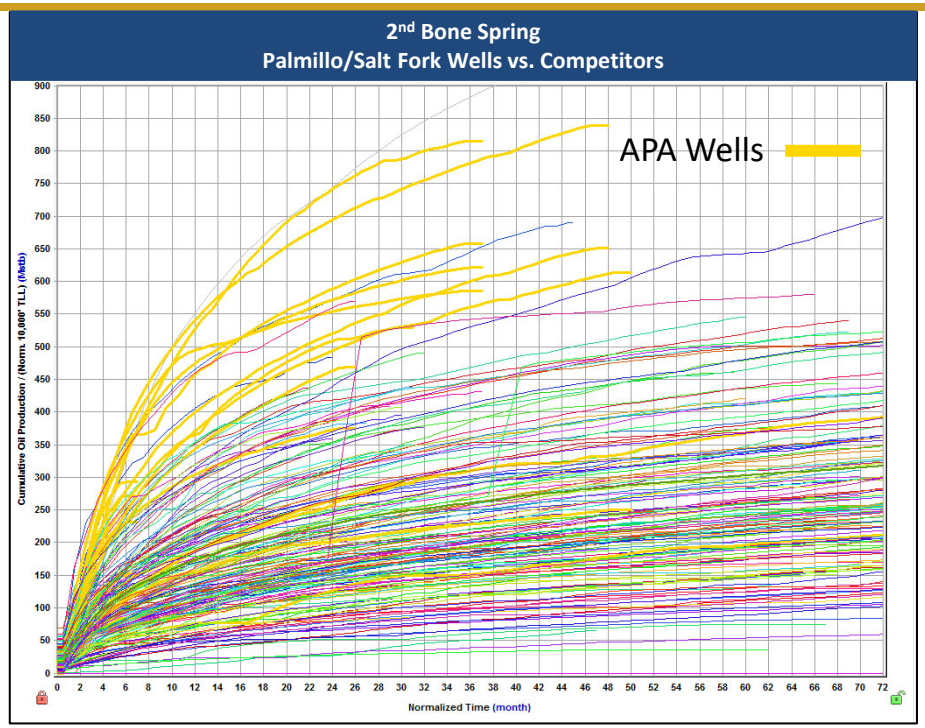
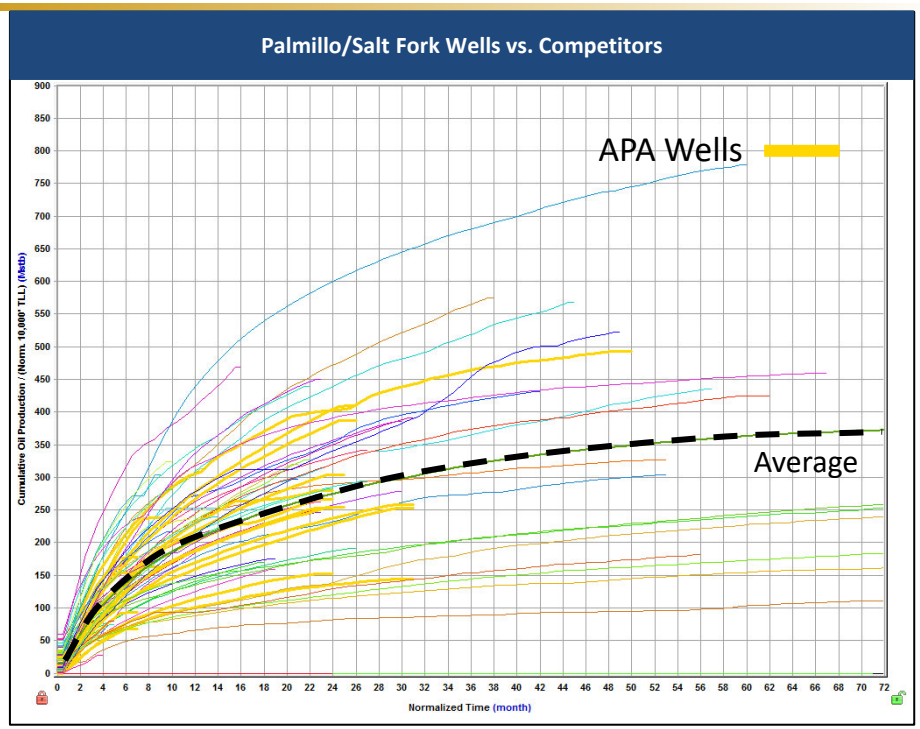
PALMILLO PRODUCTION RESULTS

2nd and 3rd Bone Spring Sand





- Apache consistently outperforms other operators' 2nd Bone Spring production in the surrounding areas
- Apache performance is on track with other operators in the 3rd Bone Spring and has improved with spacing and geologic learnings

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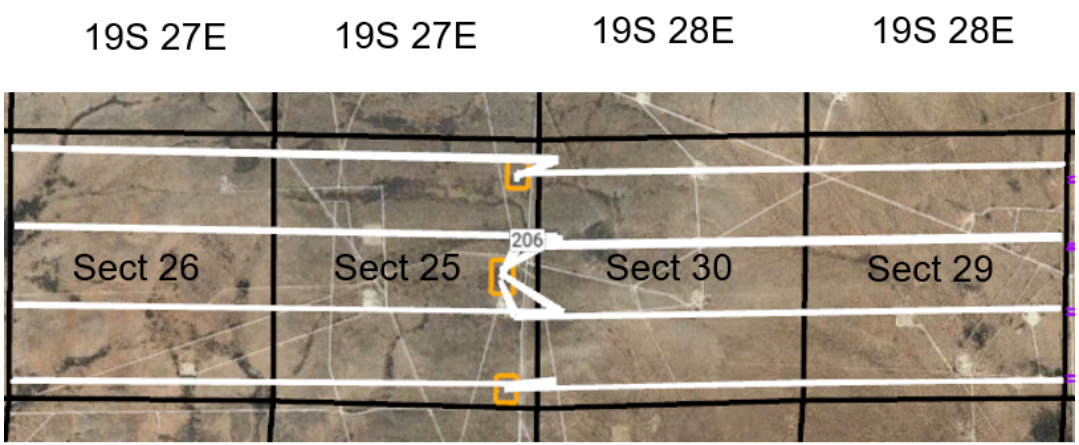
PALMILLO/CAMACHO DEVELOPMENT

- 2 Landing Zones Planned
  - 2nd Bone Spring Sand
  - 3rd Bone Spring Sand
- 3 Pads (16 Wells Total)
  - Camacho 25-26 (8 wells)
  - Palmillo 29-30 (8 wells)
- 1 central tank battery located within section 25 expandability if necessary
  - 1 pad well design
    - Sim-ops savings
    - Smaller footprint



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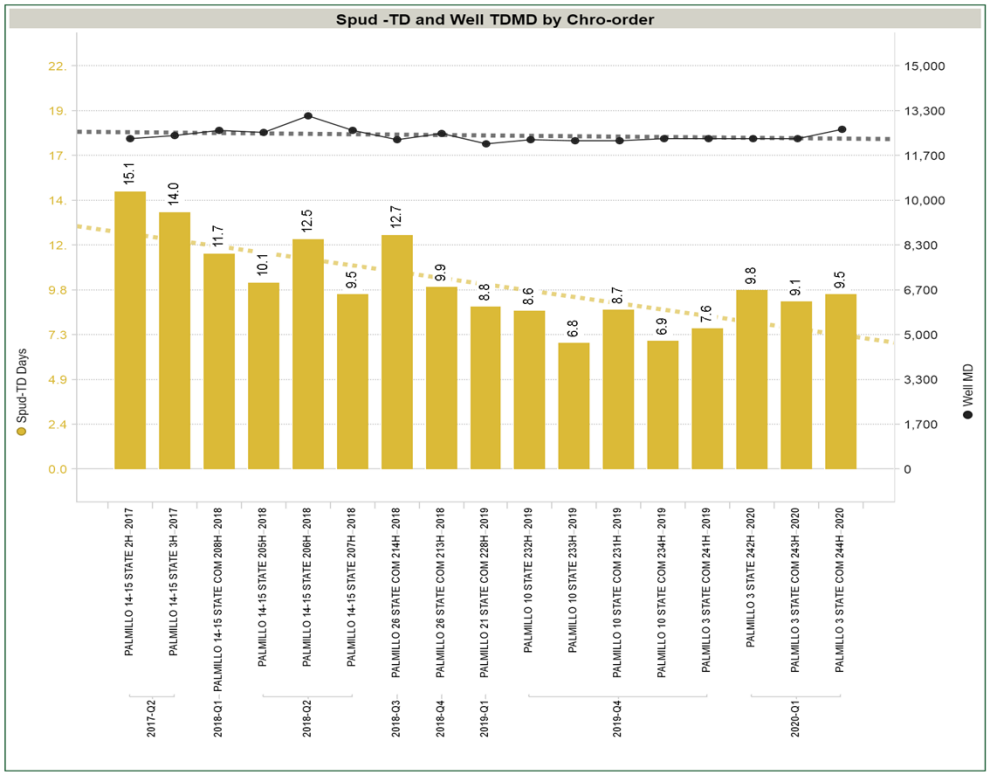
2ND BONE SPRING PERFORMANCE (2017-2020)



- (17) 2nd Bone Spring Wells Drilled
- Reduce Spud –TD days year over year
    - 34% reduction from 2017 to 2020
- Average Q4 2019/Q1 2020: 8.38 Days
- Fastest Well: 6.8 Days

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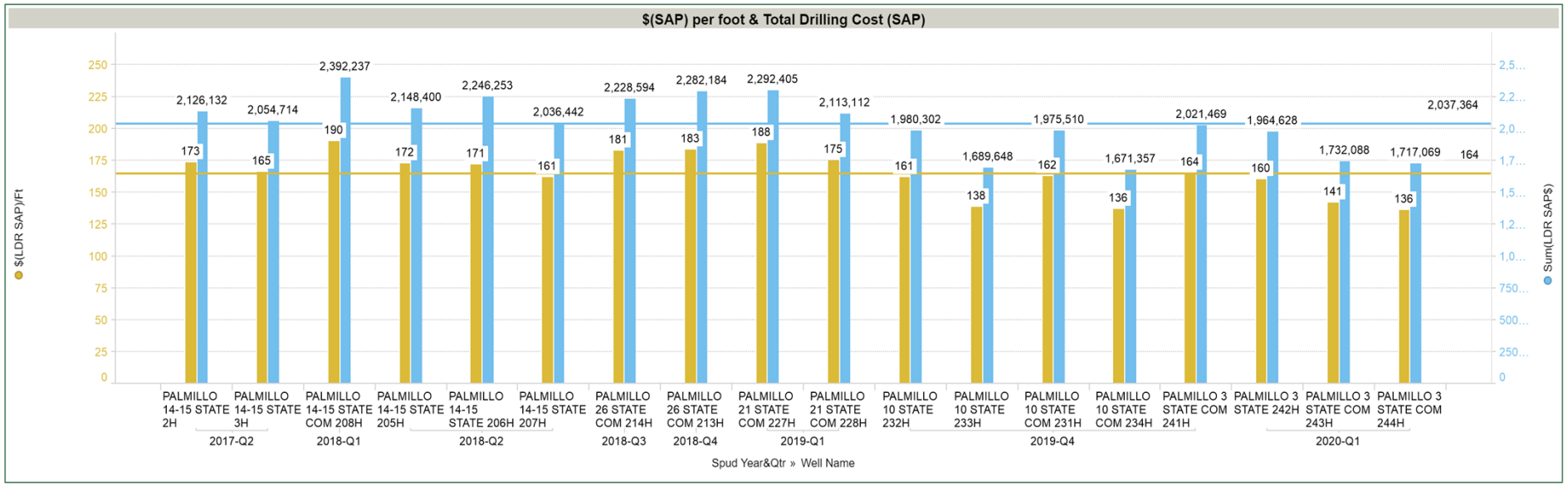
2ND BSS 1 MILE $/FT



- Avg. $/FT: $164
- Avg. TMD: 12,439'
- Avg. Actual Cost: $2.04MM

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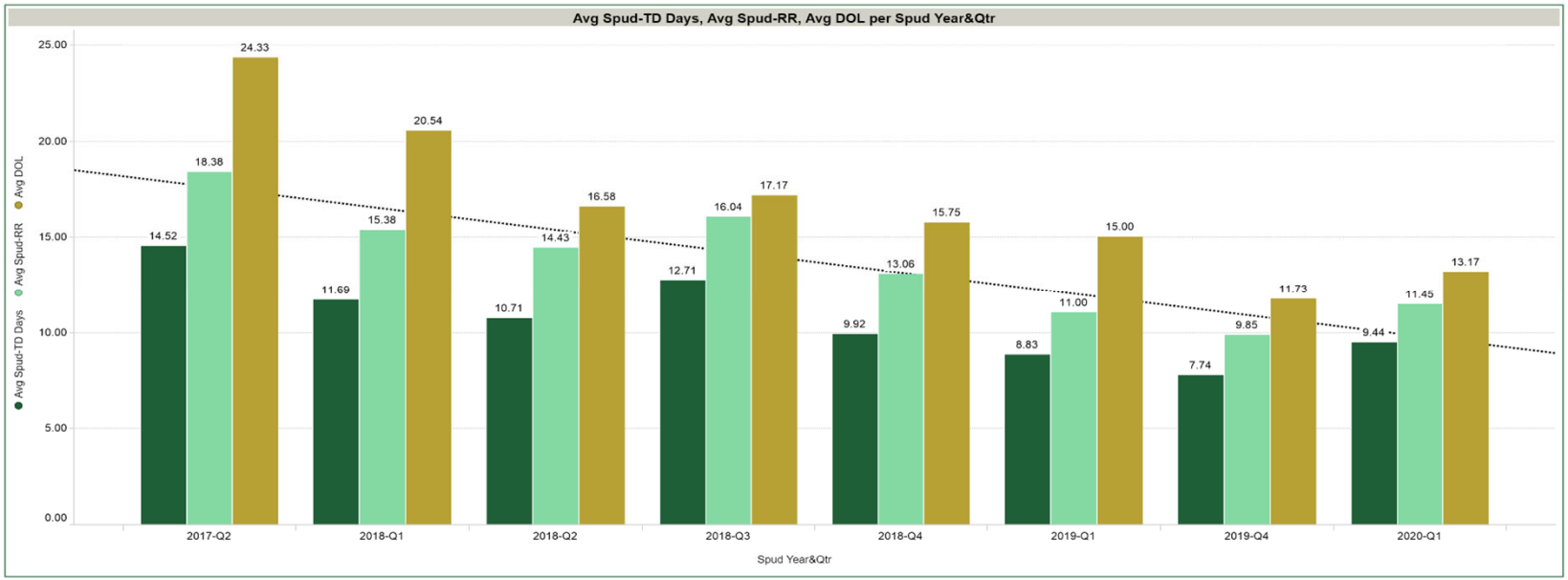
2 MILE ESTIMATES: DRILLING TO TD



- Updated 2 Mile 2nd BSS: <u>Additional ~ 3 days to Drill Lateral</u>
- Total Spud to TD: 12 Days
- 3 Days MIRU: 3 Days TD-RR --------> 18 DOL

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2 MILE - 2ND BSS COST ESTIMATES

- Intangible Cost: $2.02MM
- Tangible Cost: $426M

→ Total Cost: $2.44MM

Assumptions:
$25.5K/Day Rig Rate
3 Pads
<50mi Rig Move
18 Days on Location (DOL)
TMD ~ 15,000'

Description	Dry Hole
Subtotal Intangible Costs	$2,016,680
Subtotal Tangible Costs	$425,800
Grand Total	**$2,442,480**

Intangible Development Costs			
Acct	Description	Dry Hole	Con
65506	Drilling/Percentage Overhead	$0	
70003	Bits Coreheads and Reamers	$75,000	
70004	Casing Crews	30,000	
70006	Cement and Cementing Services	164,180	
70007	Chemicals	$0	
70008	Communications	6,400	
70011	Company Supervision	3,500	
70012	Company Vehicle and/or Boat	500	
70017	Contract Labor	30,000	
70019	Contract Rigs - Daywork	360,000	
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	
70021	Contract Supervision	75,000	
70022	Directional Drilling	200,000	
70025	Drilling Fluids	275,000	
70026	Electrical Contract	$0	
70031	Equipment Rental	90,000	
70034	Formation and Well Stimulation	$0	
70035	Formation Testing	$0	
70037	Fuel	59,000	
70046	Land and Site Reclamation	10,000	
70047	Legal and Curative	20,000	
70049	Logging	$0	
70054	LOE-Other	15,000	
70064	Rig Mobilization	140,000	
70065	Road and Site Preparation	100,000	
70067	Salt Water Disposal	$0	
70069	Coiled Tubing	$0	
70074	Trucking and Hauling	35,000	
70076	Tubular Inspection/Testing	70,000	
70077	Water	40,000	
70078	Wellsite Damages, Loss, Rightof- Way	20,000	
70116	Containment Disposal Expense	110,000	
70121	Automation Labor	$0	
70169	Camp Rentals	30,100	
70186	Flowback Tester	$0	
70187	Pump Truck Service	$0	
70198	Sand/Proppant	$0	
70243	Mud Logging	10,500	
70255	Drilling Operations Center	$0	
70285	Water Transfer	$0	
70286	Water Treatment	$0	
70289	Frac Plugs	$0	
70291	Frac Valve / Frac Tree	$0	
70529	Safety Case	5,000	
Subtotal	Intangible Materials Cost	$2,016,680	$:

Tangible Development Costs			
Acct	Description	Dry Hole	Con
71001	Artificial Lift Equipment	$0	
71012	Flow Lines	$0	
71018	Instrumentation	$0	
71019	Intermediate Casing	83,000	
71032	Other Subsurface Equipment	19,000	
71034	Personnel Safety Systems	$0	
71036	Pipe, Valves, Fittings and Anodes	$0	
71040	Production Casing	266,000	
71043	Pumps - Surface	$0	
71050	Surface Casing	12,800	
71053	Tubing	$0	
71056	Wellhead Assembly	45,000	
Subtotal	Tangible Materials Cost	$425,800	

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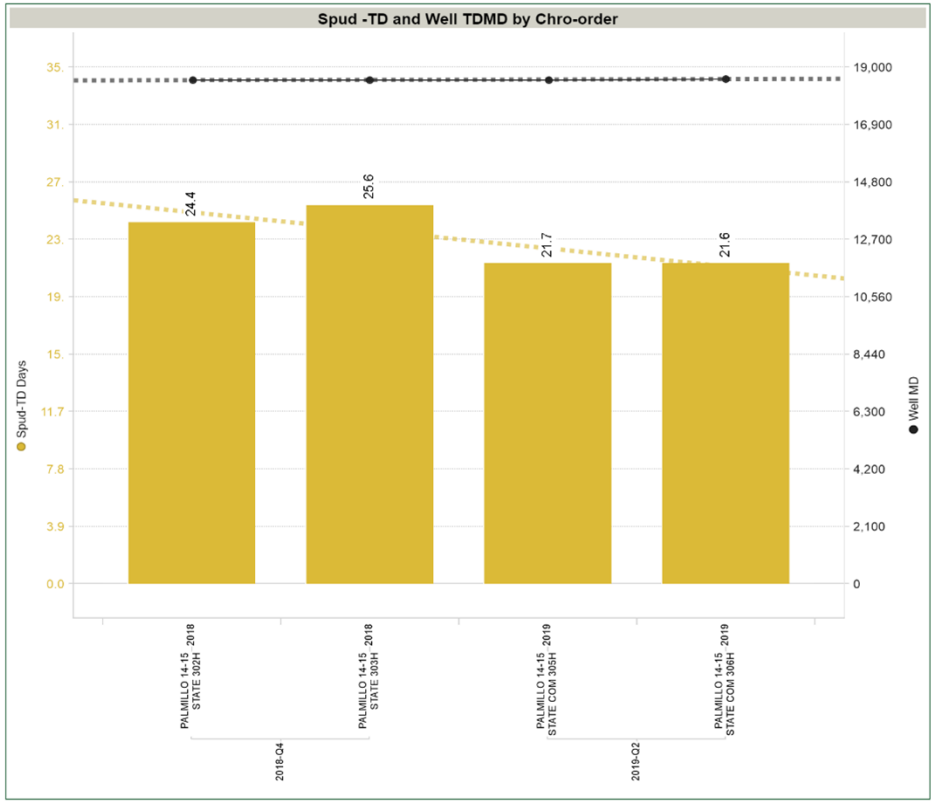
3RD BONE SPRING 2 MILE PERFORMANCE (2017 – 2020)



- (4) 2-mile 3rd Bone Spring Wells Drilled
- Average: 23.33 Days
- Fastest Well: 21.6 Days
- 13% Reduction in Spud to TD

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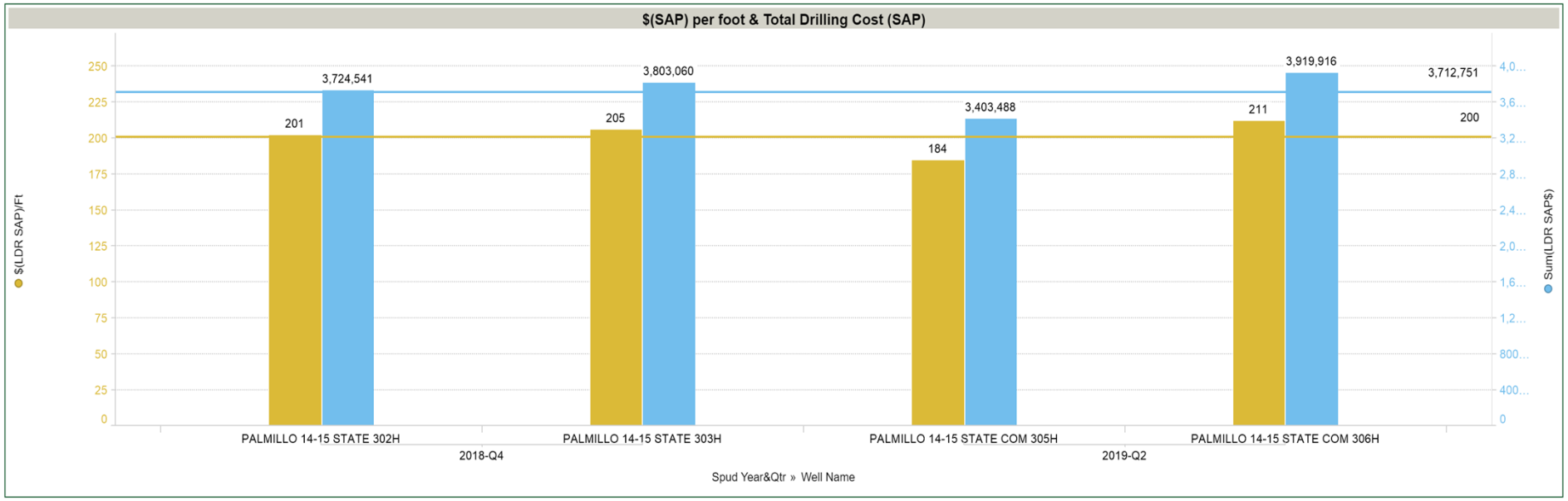
3RD BSS 2 MILE $/FT



- Avg. $/FT: $200
- Avg. Actual Cost: $3.7MM
- Avg. TMD: 18,536’

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2 MILE – 3RD BSS COST ESTIMATE

- Intangible Cost: $2.50MM
- Tangible Cost: $441M

→ Total Cost: ~$2.94MM

Assumptions:
$25.5K/Day Rig Rate
3 Pads
<50mi Rig Move
26 Days on Location (DOL)

Description	Dry Hole
Subtotal Intangible Costs	$2,500,280
Subtotal Tangible Costs	$440,800
Grand Total	**$2,941,080**

Intangible Development Costs			
Acct	Description	Dry Hole	Co
65506	Drilling/Percentage Overhead	$0	
70003	Bits Coreheads and Reamers	$92,500	
70004	Casing Crews	35000	
70006	Cement and Cementing Services	173080	
70007	Chemicals	$0	
70008	Communications	9600	
70011	Company Supervision	3500	
70012	Company Vehicle and/or Boat	500	
70017	Contract Labor	35000	
70019	Contract Rigs - Daywork	560000	
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42500	
70021	Contract Supervision	106000	
70022	Directional Drilling	220000	
70025	Drilling Fluids	350000	
70026	Electrical Contract	$0	
70031	Equipment Rental	135000	
70034	Formation and Well Stimulation	$0	
70035	Formation Testing	$0	
70037	Fuel	87000	
70046	Land and Site Reclamation	10000	
70047	Legal and Curative	20000	
70049	Logging	$0	
70054	LOE-Other	15000	
70064	Rig Mobilization	140000	
70065	Road and Site Preparation	100000	
70067	Salt Water Disposal	$0	
70069	Coiled Tubing	$0	
70074	Trucking and Hauling	35000	
70076	Tubular Inspection/Testing	75000	
70077	Water	45000	
70078	Wellsite Damages, Loss, Rightof- Way	20000	
70116	Containment Disposal Expense	125000	
70121	Automation Labor	$0	
70169	Camp Rentals	44100	
70186	Flowback Tester	$0	
70187	Pump Truck Service	$0	
70198	Sand/Proppant	$0	
70243	Mud Logging	16,500	
70255	Drilling Operations Center	$0	
70285	Water Transfer	$0	
70286	Water Treatment	$0	
70289	Frac Plugs	$0	
70291	Frac Valve / Frac Tree	$0	
70529	Safety Case	5000	
Subtotal	Intangible Materials Cost	$2,500,280	

Tangible Development Costs			
Acct	Description	Dry Hole	Co
71001	Artificial Lift Equipment	$0	
71012	Flow Lines	$0	
71018	Instrumentation	$0	
71019	Intermediate Casing	83000	
71032	Other Subsurface Equipment	19000	
71034	Personnel Safety Systems	$0	
71036	Pipe, Valves, Fittings and Anodes	$0	
71040	Production Casing	281000	
71043	Pumps - Surface	$0	
71050	Surface Casing	12800	
71053	Tubing	$0	
71056	Wellhead Assembly	45000	
Subtotal	Tangible Materials Cost	$440,800	

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF BLAKE JOHNSON

Blake Johnson, of lawful age and being first duly sworn, states the following:

1. My name is Blake Johnson and I am employed by Apache Corporation ("Apache") as a petroleum landman. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. I am familiar with the applications filed by Apache in these consolidated cases and the status of the lands in the subject area.

2. Under Case Nos. 21727-21730**,** Apache seeks to create and forcibly pool four 320-acre horizontal well spacing units in the Bone Spring formation underlying Sections 29 and 30, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, as follows:

- Under Case 22127, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 N/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #271H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #375H well** targeting the Third Bone Spring interval.

- Under Case 22128, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 N/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #272H well** targeting the Second Bone Spring interval and the

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

Palmillo 29-30 State Com #376H well targeting the Third Bone Spring interval.

- Under Case 22129, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #273H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #377H well** targeting the Third Bone Spring interval.

- Under Case 22130, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #274H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #378H well** targeting the Third Bone Spring interval.

3. **Apache Exhibit D-1** contains Form C-102's in numerical order for the proposed initial wells in each of these standard spacing units. These forms demonstrate that the completed interval for each well will meet the standard setback requirements for horizontal oil wells.

4. There are no depth severances within the Bone Spring formation underlying this acreage.

5. **Slide 1** of **Apache Exhibit C** is a general location map outlining the four proposed horizontal spacing units and the lateral trajectory of the initial wells. This acreage is comprised of state lands. Apache intends to initially drill two-mile laterals in the Second and Third Bone Spring Sands, with four wells in each interval. These wells will be drilled West to East from wells pads located in the E/2 E/2 of adjacent Section 25.

6. **Slide 2** of **Apache Exhibit C** demonstrates that Apache currently owns over twice the working interest held by Colgate in the subject acreage and has the support of a substantial percentage of the other working interest owners. Apache has recently reached an agreement to acquire Marathon Oil Company's working interest in the subject acreage, which

will boost Apache's ownership and working interest support to over 58%. To my knowledge, Colgate only owns or controls 17.6% of the working interest in the subject acreage.

7. Slide 2 also notes that Apache intends to use the same wells pads to develop not only the Bone Spring formation underlying the subject acreage, but also the Bone Spring formation underlying Sections 25 and 26 in the adjacent Township to the West. By utilizing the same well pads for each development, we can maximize efficiency and reduce our surface impact.

8. **Slides 3, 4 and 5 of Apache Exhibit C** identify the working interest ownership in the proposed horizontal spacing units, the tracts of land comprising the proposed horizontal spacing units, and the mineral interest owners Apache seeks to pool. Apache has conducted a diligent search of the public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each of these mineral owners.

9. **Slide 6** of **Apache Exhibit C** contains a list of thirteen working interest owners in the subject acreage that support Apache as the operator in the Bone Spring formation. This support includes experienced operators like EOG Resources and Cimarex Energy Company. To my knowledge, no working interest owner in the subject acreage supports Colgate as the operator in the Bone Spring formation.

10. **Slide 7** of **Apache Exhibit C** reflects the efforts Apache has undertaken to prepare to drill not only the Palmillo 29-30 wells in the subject acreage, but also the Camacho wells in Sections 25 and 26 in the adjacent Township to the West. It reflects that Apache has scouted surface for the planned development, completed its ARC Survey, staked 3 pads for 16 wells and common surface facilities, staked linear

infrastructure (lease access road, PROW corridor and above-grade electric line), applied for business lease applications for surveyed infrastructure and tenant relinquishment, and secured gas takeaway. Apache is also in the process of securing a temporary water line pending water sourcing agreement.

11. **Apache Exhibit D-2** contains a sample of the well proposal letters and AFEs sent to the working interest owners Apache seeks to pool. The costs reflected in these AFEs are consistent with what Apache and other operators have incurred for drilling similar horizontal wells in the area in the subject formation.

12. **Apache Exhibit D-3** contains a chronology of the contacts with the uncommitted working interest owners that Apache was able to locate. In my opinion, Apache has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners.

13. **Apache Exhibit D-4** contains letters from working interest owners in the subject acreage that support Apache as operator in the Bone Spring formation. These letters refer to Apache's track record of drilling and completing multiple successful lateral wells in the subject area and Apache's existing and proposed infrastructure.

14. Apache requests that the overhead and administrative costs for drilling and producing the proposed wells be set at $8,000 per month while drilling and $800 per month while producing. These costs are consistent with what Apache and other operators are charging in this area for similar wells.

15. I have provided the law firm of Holland & Hart LLP with the names and addresses (where available) of the mineral owners that Apache seeks to pool and instructed that they be notified of this hearing.

16. **Apache Exhibits D-1 through D-4** and **Slides 1 through 7 of Apache Exhibit C** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Blake Johnson

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this _____ day of _____ 2021 by Blake Johnson.

NOTARY PUBLIC

My Commission Expires:

_____

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D1
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

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) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, 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) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	271H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3473'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
A	25	19S	27E		790	NORTH	445	EAST	EDDY

11 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
A	29	19S	28E		660	NORTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 595208.0 – E: 574601.0
LAT: 32.6362293° N
LONG: 104.2252748° W

FIRST TAKE POINT (FTP)
660' FNL & 100' FWL – SEC 30
N: 595331.2 – E: 575147.0
LAT: 32.6365664° N
LONG: 104.2235007° W

LAST TAKE POINT (LTP)
660' FNL & 100' FEL – SEC 29
N: 595509.3 – E: 585474.9
LAT: 32.6370221° N
LONG: 104.1899491° W

BOTTOM HOLE (BH)
N: 595509.8 – E: 585524.8
LAT: 32.6370232° N
LONG: 104.1897868° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
N: 596043.6 – E: 572411.3

E: FOUND BRASS CAP "1941"
N: 595988.5 – E: 575053.3

F: FOUND BRASS CAP "1941"
N: 596055.5 – E: 577761.8

G: FOUND BRASS CAP "1941"
N: 596120.3 – E: 580368.7

H: FOUND BRASS CAP "1941"
N: 596144.1 – E: 582974.0

I: FOUND BRASS CAP "1941"
N: 596170.1 – E: 585579.7

J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

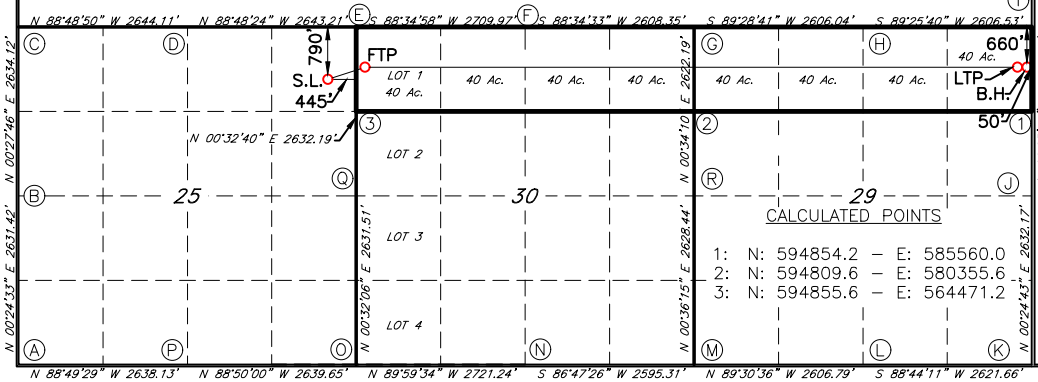
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



17 OPERATOR CERTIFICATION

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Signature Date

Printed Name

E-mail Address

18 SURVEYOR CERTIFICATION

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04/28/2021
Date of Survey

Signature and Seal of Profesional Surveyor:

DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

07/07/2021

Job No.: LS21040393

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	272H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3470'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
I	25	19S	27E		2750	NORTH	750	EAST	EDDY

11 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
H	29	19S	28E		2060	NORTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 593255.0 – E: 574277.8
LAT: 32.6308619° N
LONG: 104.2263310° W

FIRST TAKE POINT (FTP)
2060' FNL & 100' FWL – SEC 30
N: 593931.6 – E: 575133.7
LAT: 32.6327193° N
LONG: 104.2235486° W

LAST TAKE POINT (LTP)
2060' FNL & 100' FEL – SEC 29
N: 594109.7 – E: 585464.5
LAT: 32.6331750° N
LONG: 104.1899889° W

BOTTOM HOLE (BH)
N: 594110.2 – E: 585514.5
LAT: 32.6331761° N
LONG: 104.1898265° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
N: 596043.6 – E: 572411.3

E: FOUND BRASS CAP "1941"
N: 595988.5 – E: 575053.3

F: FOUND BRASS CAP "1941"
N: 596055.5 – E: 577761.8

G: FOUND BRASS CAP "1941"
N: 596120.3 – E: 580368.7

H: FOUND BRASS CAP "1941"
N: 596144.1 – E: 582974.0

I: FOUND BRASS CAP "1941"
N: 596170.1 – E: 585579.7

J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

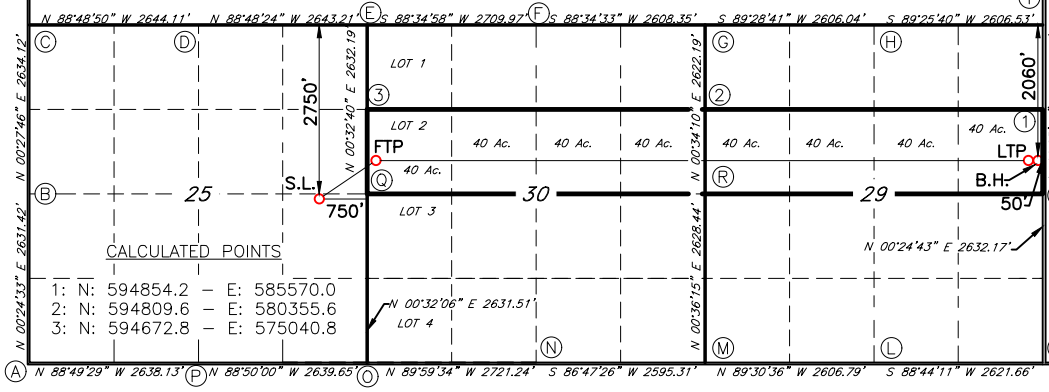
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



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Printed Name

E-mail Address

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04/28/2021
Date of Survey

Signature and Seal of Professional Surveyor

DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

Job No.: LS21040400R

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	273H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3470'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
I	25	19S	27E		2780	NORTH	750	EAST	EDDY

11 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
I	29	19S	28E		1790	SOUTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 593224.9 – E: 574277.5
LAT: 32.6307792° N
LONG: 104.2263323° W

FIRST TAKE POINT (FTP)
1790' FSL & 100' FWL – SEC 30
N: 592515.8 – E: 575120.4
LAT: 32.6288278° N
LONG: 104.2235964° W

LAST TAKE POINT (LTP)
1790' FSL & 100' FEL – SEC 29
N: 592694.1 – E: 585454.2
LAT: 32.6292840° N
LONG: 104.1900284° W

BOTTOM HOLE (BH)
N: 592695.2 – E: 585504.2
LAT: 32.6292868° N
LONG: 104.1898661° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
N: 596043.6 – E: 572411.3

E: FOUND BRASS CAP "1941"
N: 595988.5 – E: 575053.3

F: FOUND BRASS CAP "1941"
N: 596055.5 – E: 577761.8

G: FOUND BRASS CAP "1941"
N: 596120.3 – E: 580368.7

H: FOUND BRASS CAP "1941"
N: 596144.1 – E: 582974.0

I: FOUND BRASS CAP "1941"
N: 596170.1 – E: 585579.7

J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

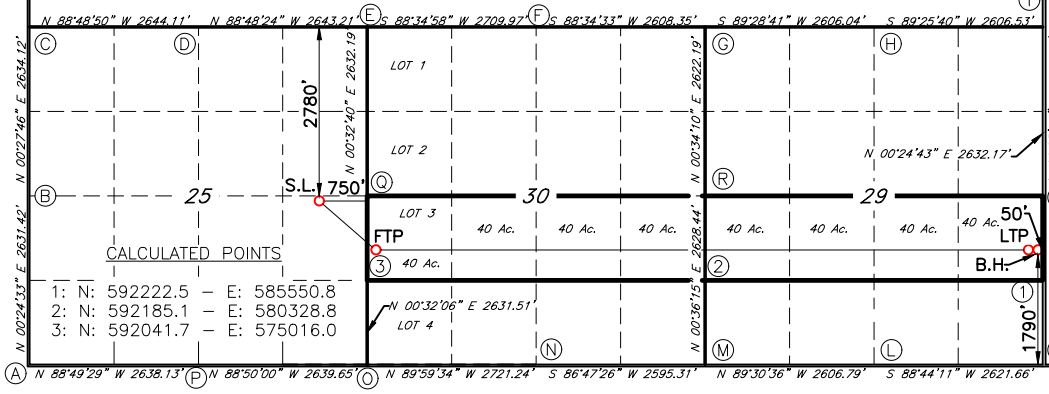
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



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Signature Date

Printed Name

E-mail Address

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04/28/2021
Date of Survey

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DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

Job No.: LS21040401R

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Santa Fe, NM 87505

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	274H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3455'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
P	25	19S	27E		307	SOUTH	650	EAST	EDDY

11 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
P	29	19S	28E		330	SOUTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 591046.5 – E: 574357.0
LAT: 32.6247912° N
LONG: 104.2260812° W

FIRST TAKE POINT (FTP)
330' FSL & 100' FWL – SEC 30
N: 591056.3 – E: 575106.8
LAT: 32.6248158° N
LONG: 104.2236456° W

LAST TAKE POINT (LTP)
330' FSL & 100' FEL – SEC 29
N: 591234.5 – E: 585443.8
LAT: 32.6252720° N
LONG: 104.1900689° W

BOTTOM HOLE (BH)
N: 591235.6 – E: 585493.7
LAT: 32.6252748° N
LONG: 104.1899066° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

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N: 596098.3 – E: 569768.4

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N: 596170.1 – E: 585579.7

J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

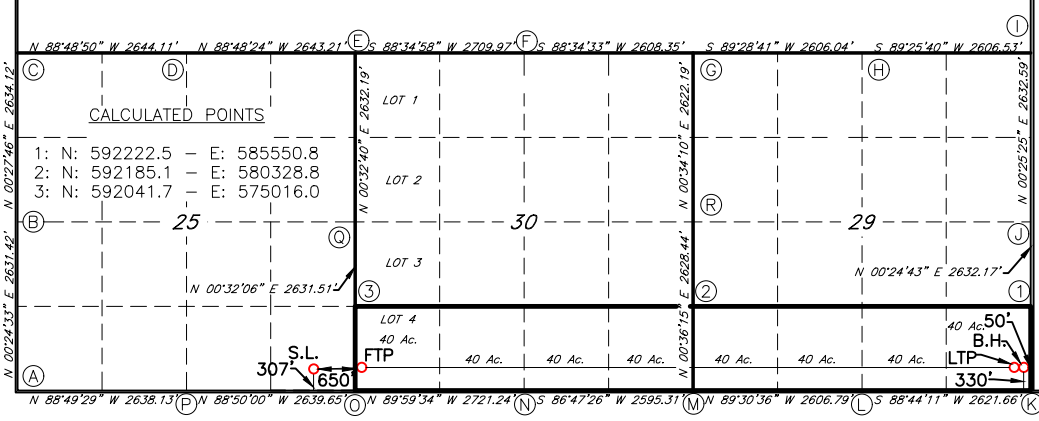
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



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DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

07/10/2021

Job No.: LS21040406

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Santa Fe, NM 87505

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	375H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3473'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
A	25	19S	27E		820	NORTH	445	EAST	EDDY

11 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
A	29	19S	28E		630	NORTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 595178.0 – E: 574600.7
LAT: 32.6361469° N
LONG: 104.2252760° W

FIRST TAKE POINT (FTP)
630' FNL & 100' FWL – SEC 30
N: 595361.2 – E: 575147.3
LAT: 32.6366488° N
LONG: 104.2234997° W

LAST TAKE POINT (LTP)
630' FNL & 100' FEL – SEC 29
N: 595539.3 – E: 585475.1
LAT: 32.6371045° N
LONG: 104.1899483° W

BOTTOM HOLE (BH)
N: 595539.8 – E: 585525.1
LAT: 32.6371057° N
LONG: 104.1897859° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
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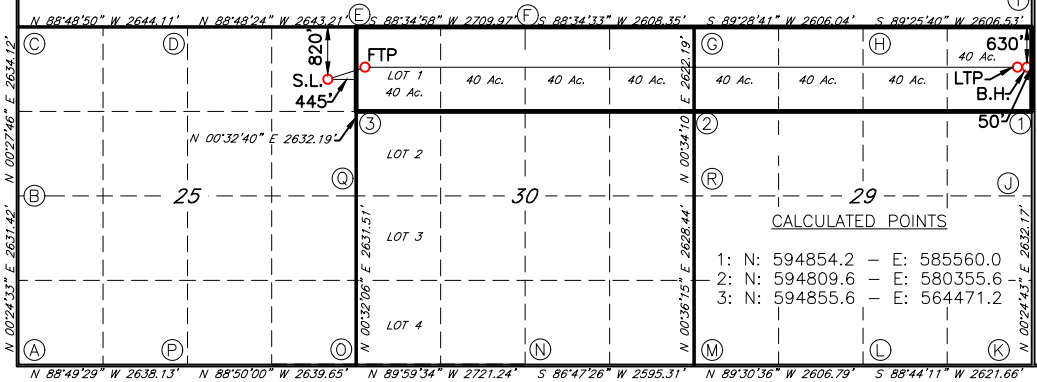

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Job No.: LS21040394

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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	376H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3470'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
I	25	19S	27E		2720	NORTH	750	EAST	EDDY

11 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
H	29	19S	28E		2090	NORTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 593284.9 – E: 574278.0
LAT: 32.6309441° N
LONG: 104.2263302° W

FIRST TAKE POINT (FTP)
2090' FNL & 100' FWL – SEC 30
N: 593901.6 – E: 575133.4
LAT: 32.6326369° N
LONG: 104.2235497° W

LAST TAKE POINT (LTP)
2090' FNL & 100' FEL – SEC 29
N: 594079.7 – E: 585464.3
LAT: 32.6330925° N
LONG: 104.1899897° W

BOTTOM HOLE (BH)
N: 594080.2 – E: 585514.3
LAT: 32.6330937° N
LONG: 104.1898274° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
N: 596043.6 – E: 572411.3

E: FOUND BRASS CAP "1941"
N: 595988.5 – E: 575053.3

F: FOUND BRASS CAP "1941"
N: 596055.5 – E: 577761.8

G: FOUND BRASS CAP "1941"
N: 596120.3 – E: 580368.7

H: FOUND BRASS CAP "1941"
N: 596144.1 – E: 582974.0

I: FOUND BRASS CAP "1941"
N: 596170.1 – E: 585579.7

J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

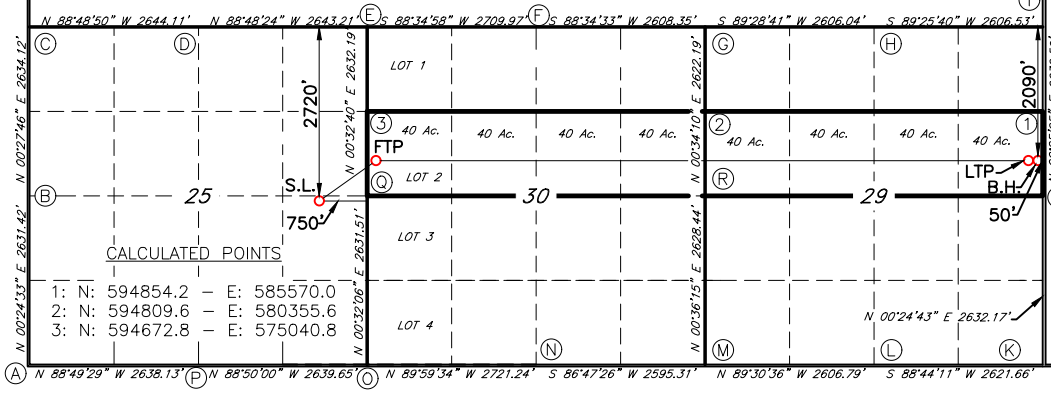
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



17 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

E-mail Address

18 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.

04/28/2021
Date of Survey

Signature and Seal of Professional Surveyor:

DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

Job No.: LS21040399R

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) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, 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) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	377H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3470'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
I	25	19S	27E		2810	NORTH	750	EAST	EDDY

11 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
I	29	19S	28E		1760	SOUTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 593195.0 – E: 574277.2
LAT: 32.6306969° N
LONG: 104.2263332° W

FIRST TAKE POINT (FTP)
1760' FSL & 100' FWL – SEC 30
N: 592485.8 – E: 575120.1
LAT: 32.6287453° N
LONG: 104.2235975° W

LAST TAKE POINT (LTP)
1760' FSL & 100' FEL – SEC 29
N: 592664.1 – E: 585454.0
LAT: 32.6292015° N
LONG: 104.1900293° W

BOTTOM HOLE (BH)
N: 592665.2 – E: 585504.0
LAT: 32.6292044° N
LONG: 104.1898669° W

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1941"
N: 590834.2 – E: 569728.4

B: FOUND BRASS CAP "1941"
N: 593464.9 – E: 569747.2

C: FOUND BRASS CAP "1941"
N: 596098.3 – E: 569768.4

D: FOUND BRASS CAP "1941"
N: 596043.6 – E: 572411.3

E: FOUND BRASS CAP "1941"
N: 595988.5 – E: 575053.3

F: FOUND BRASS CAP "1941"
N: 596055.5 – E: 577761.8

G: FOUND BRASS CAP "1941"
N: 596120.3 – E: 580368.7

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J: FOUND BRASS CAP "1941"
N: 593538.2 – E: 585560.2

K: FOUND BRASS CAP "1941"
N: 590906.8 – E: 585541.3

L: FOUND BRASS CAP " 1941"
N: 590849.0 – E: 582921.0

M: FOUND BRASS CAP "1941"
N: 590871.3 – E: 580314.9

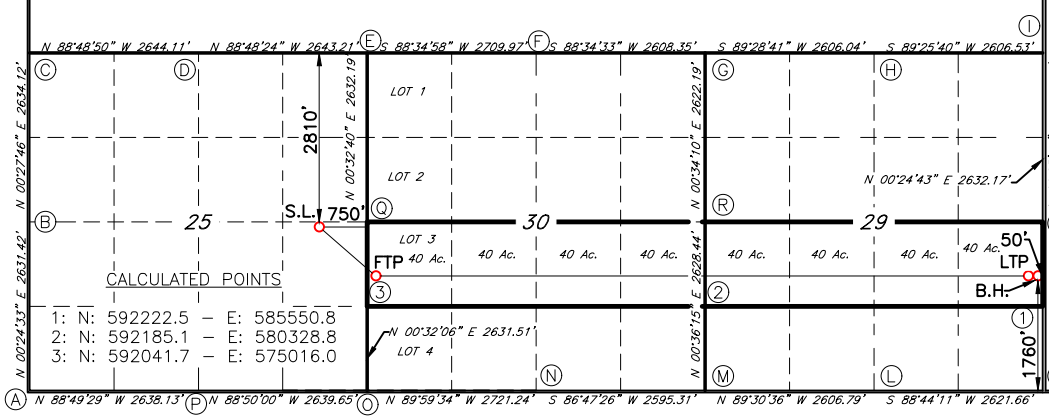
N: FOUND BRASS CAP "1941"
N: 590726.0 – E: 577724.3

O: FOUND BRASS CAP "1941"
N: 590726.4 – E: 575003.7

P: FOUND BRASS CAP "1941"
N: 590780.1 – E: 572365.3

Q: FOUND BRASS CAP "1941"
N: 593357.1 – E: 575028.3

R: FOUND BRASS CAP "1941"
N: 593498.9 – E: 580342.6



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Signature Date

Printed Name

E-mail Address

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04/28/2021
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Signature and Seal of Professional Surveyor:

DALE E. BELL
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14400
PROFESSIONAL SURVEYOR

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Job No.: LS21040402R

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	PALMILLO 29-30 STATE COM	378H
7 OGRID NO.	**8 Operator Name**	**9 Elevation**
	APACHE CORPORATION	3455'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
P	25	19S	27E		337	SOUTH	650	EAST	EDDY

11 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
P	29	19S	28E		360	SOUTH	50	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16

GEODETIC DATA
NAD 83 GRID – NM EAST

SURFACE LOCATION (SL)
N: 591076.5 – E: 574357.2
LAT: 32.6248735° N
LONG: 104.2260804° W

FIRST TAKE POINT (FTP)
360' FSL & 100' FWL – SEC 30
N: 591086.2 – E: 575107.1
LAT: 32.6248983° N
LONG: 104.2236446° W

LAST TAKE POINT (LTP)
360' FSL & 100' FEL – SEC 29
N: 591264.5 – E: 585444.0
LAT: 32.6253544° N
LONG: 104.1900681° W

BOTTOM HOLE (BH)
N: 591265.6 – E: 585493.9
LAT: 32.6253572° N
LONG: 104.1899058° W

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NAD 83 GRID – NM EAST

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N: 590834.2 – E: 569728.4

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N: 590726.0 – E: 577724.3

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N: 590726.4 – E: 575003.7

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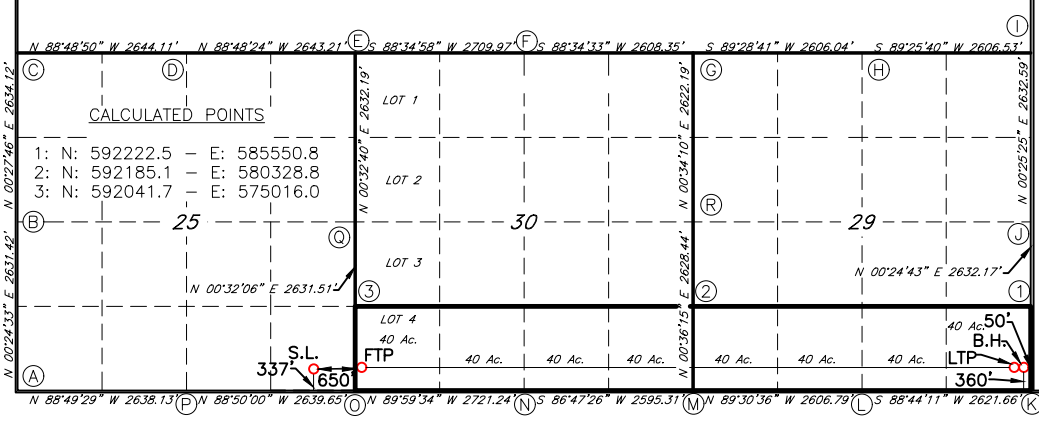
N: 593498.9 – E: 580342.6



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Signature Date

Printed Name

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04/28/2021
Date of Survey

Signature and Seal of Profesional Surveyor

DALE E. BELL
NEW MEXICO
14400
PROFESSIONAL SURVEYOR

14400
Certificate Number

07/10/2021

Job No.: LS21040405

Apache

January 25, 2021

VIA CERTIFED MAIL, RETURN RECEIPT
ARTICLE #9425 8149 0216 9397 0180 99

EOG Resources Inc
Land Department
PO Box 2267
Midland, TX 79706-2267

RE: WELL PROPOSALS
Palmillo 29-30 State Com 271H
Palmillo 29-30 State Com 272H
Palmillo 29-30 State Com 273H
Palmillo 29-30 State Com 274H
Palmillo 29-30 State Com 375H
Palmillo 29-30 State Com 376H
Palmillo 29-30 State Com 377H
Palmillo 29-30 State Com 378H
Sections 29 and 30, T19S-R28E
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation (herein referred to as "Apache") proposes to drill the following wells located in the referenced sections in order to sufficiently and effectively test the 2nd Bone Spring and 3rd Bone Spring formations. Further, the details and specifications of the herein proposed 2nd Bone Spring and 3rd Bone Spring wells are as follows:

Well Name:	**PALMILLO 29-30 STATE COM 271H**
Approx. Surface Location:	NE/4 NE/4 (Unit A) - Section 25-19S-27E
Approx. Terminus:	NE/4 NE/4 (Unit A)- Section 29-19S-28E
Objective:	2nd Bone Spring
Approx. Total Vertical Depth:	7,085'
Approx. Total Measured Depth:	17,435'
Dry Hole Costs:	$2,442,480
Completed Well Costs:	$2,516,863
Equipping Costs:	$500,000
Total Well Costs:	$5,459,343

Well Name:	**PALMILLO 29-30 STATE COM 272H**
Approx. Surface Location:	SE/4 NE/4 (Unit H) – Section 25 -19S-27E
Approx. Terminus:	SE/4 NE/4 (Unit H)- Section 29-19S-28E
Objective:	2nd Bone Spring
Approx. Total Vertical Depth:	7,095'
Approx. Total Measured Depth:	17,445'
Dry Hole Costs:	$2,442,480
Completed Well Costs:	$2,516,863
Equipping Costs:	$500,000
Total Well Costs:	$5,459,343

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D2
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

Well Name:	**PALMILLO 29-30 STATE COM 273H**
Approx. Surface Location:	NE/4 SE/4 (Unit I) - Section 25-19S-27E
Approx. Terminus:	NE/4 SE/4 (Unit I)- Section 29-19S-28E
Objective:	2nd Bone Spring
Approx. Total Vertical Depth:	7,110’
Approx. Total Measured Depth:	17,460’
Dry Hole Costs:	$2,442,480
Completed Well Costs:	$2,516,863
Equipping Costs:	$500,000
Total Well Costs:	$5,459,343

Well Name:	**PALMILLO 29-30 STATE COM 274H**
Approx. Surface Location:	SE/4 SE/4 (Unit P) - Section 25-19S-27E
Approx. Terminus:	SE/4 SE/4 (Unit P)- Section 29-19S-28E
Objective:	2nd Bone Spring
Approx. Total Vertical Depth:	7,090’
Approx. Total Measured Depth:	17,430’
Dry Hole Costs:	$2,442,480
Completed Well Costs:	$2,516,863
Equipping Costs:	$500,000
Total Well Costs:	$5,459,343

Well Name:	**PALMILLO 29-30 STATE COM 375H**
Approx. Surface Location:	NE/4 NE/4 (Unit A) - Section 25-19S-27E
Approx. Terminus:	NE/4 NE/4 (Unit A)- Section 29-19S-28E
Objective:	3rd Bone Spring
Approx. Total Vertical Depth:	8,340’
Approx. Total Measured Depth:	18,690’
Dry Hole Costs:	$2,941,080
Completed Well Costs:	$3,085,586
Equipping Costs:	$500,000
Total Well Costs:	$6,526,666

Well Name:	**PALMILLO 29-30 STATE COM 376H**
Approx. Surface Location:	SE/4 NE/4 (Unit H) - Section 25-19S-27E
Approx. Terminus:	SE/4 NE/4 (Unit H)- Section 29-19S-28E
Objective:	3rd Bone Spring
Approx. Total Vertical Depth:	8,380’
Approx. Total Measured Depth:	18,730’
Dry Hole Costs:	$2,941,080
Completed Well Costs:	$3,085,586
Equipping Costs:	$500,000
Total Well Costs:	$6,526,666

Well Name:	**PALMILLO 29-30 STATE COM 377H**
Approx. Surface Location:	NE/4 SE/4 (Unit I) - Section 25-19S-27E
Approx. Terminus:	NE/4 SE/4 (Unit I)- Section 29-19S-28E
Objective:	3rd Bone Spring
Approx. Total Vertical Depth:	8,390’
Approx. Total Measured Depth:	18,740’
Dry Hole Costs:	$2,941,080
Completed Well Costs:	$3,085,586
Equipping Costs:	$500,000
Total Well Costs:	$6,526,666

Well Name:	**PALMILLO 29-30 STATE COM 378H**
Approx. Surface Location:	SE/4 SE/4 (Unit P) - Section 25-19S-27E
Approx. Terminus:	SE/4 SE/4 (Unit P)- Section 29-19S-28E
Objective:	3rd Bone Spring
Approx. Total Vertical Depth:	8,350'
Approx. Total Measured Depth:	18,700'
Dry Hole Costs:	$2,941,080
Completed Well Costs:	$3,085,586
Equipping Costs:	$500,000
Total Well Costs:	$6,526,666

Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 29-30 facility is $5,405,000. The Palmillo 29-30 facility will service eight (8) Bone Spring horizontal wells. Costs for the Palmillo 29-30 facility will be shared proportionally by working interest owners in the wells across the sections. An election to participate in the wells will be an election to pafticipate in this facility with your proportionate share of the working interest and this facility AFE is not a separate election.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering Sections 29 and 30, 19S-28E, Eddy County, New Mexico with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of $8,000/$800
- Apache named as Operator

Enclosed, please find in duplicate our detailed AFES for your review. Should you wish to participate in Apache's proposed tests, please signify your acceptance by returning one (1) copy of each executed election ballot and (1) copy of each executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed wells, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms.

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well(s). Please reach out to me at the email address below if you are interested in this option.

Should you have any further questions, please contact me at blake.johnson@apachecorp.com

Sincerely,

APACHE CORPORATION

Blake Johnson
Landman

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 271H,
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 271H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 271H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 272H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 272H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 272H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 273H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 273H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 273H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 274H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 274H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 274H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 375H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 375H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 375H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 376H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 376H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 376H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 377H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 377H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 377H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

WELL PROPOSAL ELECTION BALLOT
PALMILLO 29-30 STATE COM 378H
Sections 29-30 of T19S-R28E
Eddy County, New Mexico

_____ Elects to participate in the drilling and completion of the Palmillo 29-30 State Com 378H

OR

_____ Does **NOT** elect to participate in the drilling and completion of the Palmillo 29-30 State Com 378H

By: _____

Printed Name: _____

Company Name (if applicable): _____

Date: _____

Email Address: _____

Palmillo Development
Palmillo 29-30 State COM 271H AFE

Intangible Development Costs					
Acct	**Description**	**Dry Hole**	**Completion**	**Equipping**	**Total Well Cost**
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$75,000	$3,741	$0	$78,741
70004	Casing Crews	30,000	$0	$0	$30,000
70006	Cement and Cementing Services	164,180	$0	$0	$164,180
70007	Chemicals	$0	$187,046	$0	$187,046
70008	Communications	6,400	$0	$0	$6,400
70011	Company Supervision	3,500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	30,000	$0	$50,000	$80,000
70019	Contract Rigs - Daywork	360,000	$0	$24,000	$384,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	$0	$0	$42,500
70021	Contract Supervision	75,000	$94,679	$0	$169,679
70022	Directional Drilling	200,000	$0	$0	$200,000
70025	Drilling Fluids	275,000	$0	$0	$275,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	90,000	$61,402	$15,000	$166,402
70034	Formation and Well Stimulation	$0	$467,670	$0	$467,670
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	59,000	$165,532	$0	$224,532
70046	Land and Site Reclamation	10,000	$0	$0	$10,000
70047	Legal and Curative	20,000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15,000	$0	$0	$15,000
70064	Rig Mobilization	140,000	$0	$0	$140,000
70065	Road and Site Preparation	100,000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
70074	Trucking and Hauling	35,000	$0	$15,000	$50,000
70076	Tubular Inspection/Testing	70,000	$0	$0	$70,000
70077	Water	40,000	$298,366	$5,000	$343,366
70078	Wellsite Damages, Loss, Rightof- Way	20,000	$0	$10,000	$30,000
70116	Containment Disposal Expense	110,000	$0	$0	$110,000
70121	Automation Labor	$0	$0	$16,000	$16,000
70169	Camp Rentals	30,100	$0	$0	$30,100
70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$448,362	$0	$448,362
70243	Mud Logging	10,500	$0	$0	$10,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$40,905	$0	$40,905
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5,000	$0	$0	$5,000
Subtotal	**Intangible Materials Cost**	**$2,016,680**	**$2,507,523**	**$221,000**	**$4,745,203**

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83,000	$0	$0	$83,000
71032	Other Subsurface Equipment	19,000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	266,000	$0	$0	$266,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12,800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45,000	$0	$20,000	$65,000
Subtotal	**Tangible Materials Cost**	**$425,800**	**$9,340**	**$279,000**	**$714,140**

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,016,680	$2,507,523	$221,000	$4,745,203
Subtotal Tangible Costs	$425,800	$9,340	$279,000	$714,140
Grand Total	**$2,442,480**	**$2,516,863**	**$500,000**	**$5,459,343**

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 272H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$75,000	$3,741	$0	$78,741
70004	Casing Crews	30,000	$0	$0	$30,000
70006	Cement and Cementing Services	164,180	$0	$0	$164,180
70007	Chemicals	$0	$187,046	$0	$187,046
70008	Communications	6,400	$0	$0	$6,400
70011	Company Supervision	3,500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	30,000	$0	$50,000	$80,000
70019	Contract Rigs - Daywork	360,000	$0	$24,000	$384,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	$0	$0	$42,500
70021	Contract Supervision	75,000	$94,679	$0	$169,679
70022	Directional Drilling	200,000	$0	$0	$200,000
70025	Drilling Fluids	275,000	$0	$0	$275,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	90,000	$61,402	$15,000	$166,402
70034	Formation and Well Stimulation	$0	$467,670	$0	$467,670
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	59,000	$165,532	$0	$224,532
70046	Land and Site Reclamation	10,000	$0	$0	$10,000
70047	Legal and Curative	20,000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15,000	$0	$0	$15,000
70064	Rig Mobilization	140,000	$0	$0	$140,000
70065	Road and Site Preparation	100,000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
70074	Trucking and Hauling	35,000	$0	$15,000	$50,000
70076	Tubular Inspection/Testing	70,000	$0	$0	$70,000
70077	Water	40,000	$298,366	$5,000	$343,366
70078	Wellsite Damages, Loss, Rightof- Way	20,000	$0	$10,000	$30,000
70116	Containment Disposal Expense	110,000	$0	$0	$110,000
70121	Automation Labor	$0	$0	$16,000	$16,000
70169	Camp Rentals	30,100	$0	$0	$30,100
70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$448,362	$0	$448,362
70243	Mud Logging	10,500	$0	$0	$10,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$40,905	$0	$40,905
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5,000	$0	$0	$5,000
Subtotal	**Intangible Materials Cost**	**$2,016,680**	**$2,507,523**	**$221,000**	**$4,745,203**

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83,000	$0	$0	$83,000
71032	Other Subsurface Equipment	19,000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	266,000	$0	$0	$266,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12,800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45,000	$0	$20,000	$65,000
Subtotal	Tangible Materials Cost	$425,800	$9,340	$279,000	$714,140

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,016,680	$2,507,523	$221,000	$4,745,203
Subtotal Tangible Costs	$425,800	$9,340	$279,000	$714,140
Grand Total	**$2,442,480**	**$2,516,863**	**$500,000**	**$5,459,343**

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 273H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$75,000	$3,741	$0	$78,741
70004	Casing Crews	30,000	$0	$0	$30,000
70006	Cement and Cementing Services	164,180	$0	$0	$164,180
70007	Chemicals	$0	$187,046	$0	$187,046
70008	Communications	6,400	$0	$0	$6,400
70011	Company Supervision	3,500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	30,000	$0	$50,000	$80,000
70019	Contract Rigs - Daywork	360,000	$0	$24,000	$384,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	$0	$0	$42,500
70021	Contract Supervision	75,000	$94,679	$0	$169,679
70022	Directional Drilling	200,000	$0	$0	$200,000
70025	Drilling Fluids	275,000	$0	$0	$275,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	90,000	$61,402	$15,000	$166,402
70034	Formation and Well Stimulation	$0	$467,670	$0	$467,670
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	59,000	$165,532	$0	$224,532
70046	Land and Site Reclamation	10,000	$0	$0	$10,000
70047	Legal and Curative	20,000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15,000	$0	$0	$15,000
70064	Rig Mobilization	140,000	$0	$0	$140,000
70065	Road and Site Preparation	100,000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
70074	Trucking and Hauling	35,000	$0	$15,000	$50,000
70076	Tubular Inspection/Testing	70,000	$0	$0	$70,000
70077	Water	40,000	$298,366	$5,000	$343,366
70078	Wellsite Damages, Loss, Rightof- Way	20,000	$0	$10,000	$30,000
70116	Containment Disposal Expense	110,000	$0	$0	$110,000
70121	Automation Labor	$0	$0	$16,000	$16,000
70169	Camp Rentals	30,100	$0	$0	$30,100
70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$448,362	$0	$448,362
70243	Mud Logging	10,500	$0	$0	$10,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$40,905	$0	$40,905
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5,000	$0	$0	$5,000
Subtotal	**Intangible Materials Cost**	**$2,016,680**	**$2,507,523**	**$221,000**	**$4,745,203**

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83,000	$0	$0	$83,000
71032	Other Subsurface Equipment	19,000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	266,000	$0	$0	$266,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12,800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45,000	$0	$20,000	$65,000
Subtotal	**Tangible Materials Cost**	**$425,800**	**$9,340**	**$279,000**	**$714,140**

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,016,680	$2,507,523	$221,000	$4,745,203
Subtotal Tangible Costs	$425,800	$9,340	$279,000	$714,140
Grand Total	**$2,442,480**	**$2,516,863**	**$500,000**	**$5,459,343**

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 274H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$75,000	$3,741	$0	$78,741
70004	Casing Crews	30,000	$0	$0	$30,000
70006	Cement and Cementing Services	164,180	$0	$0	$164,180
70007	Chemicals	$0	$187,046	$0	$187,046
70008	Communications	6,400	$0	$0	$6,400
70011	Company Supervision	3,500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	30,000	$0	$50,000	$80,000
70019	Contract Rigs - Daywork	360,000	$0	$24,000	$384,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42,500	$0	$0	$42,500
70021	Contract Supervision	75,000	$94,679	$0	$169,679
70022	Directional Drilling	200,000	$0	$0	$200,000
70025	Drilling Fluids	275,000	$0	$0	$275,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	90,000	$61,402	$15,000	$166,402
70034	Formation and Well Stimulation	$0	$467,670	$0	$467,670
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	59,000	$165,532	$0	$224,532
70046	Land and Site Reclamation	10,000	$0	$0	$10,000
70047	Legal and Curative	20,000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15,000	$0	$0	$15,000
70064	Rig Mobilization	140,000	$0	$0	$140,000
70065	Road and Site Preparation	100,000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
70074	Trucking and Hauling	35,000	$0	$15,000	$50,000
70076	Tubular Inspection/Testing	70,000	$0	$0	$70,000
70077	Water	40,000	$298,366	$5,000	$343,366
70078	Wellsite Damages, Loss, Rightof- Way	20,000	$0	$10,000	$30,000
70116	Containment Disposal Expense	110,000	$0	$0	$110,000
70121	Automation Labor	$0	$0	$16,000	$16,000
70169	Camp Rentals	30,100	$0	$0	$30,100
70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$448,362	$0	$448,362
70243	Mud Logging	10,500	$0	$0	$10,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$40,905	$0	$40,905
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5,000	$0	$0	$5,000
Subtotal	Intangible Materials Cost	$2,016,680	$2,507,523	$221,000	$4,745,203

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83,000	$0	$0	$83,000
71032	Other Subsurface Equipment	19,000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	266,000	$0	$0	$266,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12,800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45,000	$0	$20,000	$65,000
Subtotal	Tangible Materials Cost	$425,800	$9,340	$279,000	$714,140

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,016,680	$2,507,523	$221,000	$4,745,203
Subtotal Tangible Costs	$425,800	$9,340	$279,000	$714,140
Grand Total	**$2,442,480**	**$2,516,863**	**$500,000**	**$5,459,343**

Drilling

Notes: Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~17500' MD, 7150' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 17500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 1500 #/ft. 0% RC 36 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 375H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$92,500	$3,741	$0	$96,241
70004	Casing Crews	35000	$0	$0	$35,000
70006	Cement and Cementing Services	173080	$0	$0	$173,080
70007	Chemicals	$0	$232,773	$0	$232,773
70008	Communications	9600	$0	$0	$9,600
70011	Company Supervision	3500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	35000	$0	$50,000	$85,000
70019	Contract Rigs - Daywork	560000	$0	$24,000	$584,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42500	$0	$0	$42,500
70021	Contract Supervision	106000	$94,679	$0	$200,679
70022	Directional Drilling	220000	$0	$0	$220,000
70025	Drilling Fluids	350000	$0	$0	$350,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	135000	$61,402	$15,000	$211,402
70034	Formation and Well Stimulation	$0	$641,378	$0	$641,378
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	87000	$242,312	$0	$329,312
70046	Land and Site Reclamation	10000	$0	$0	$10,000
70047	Legal and Curative	20000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15000	$0	$0	$15,000
70064	Rig Mobilization	140000	$0	$0	$140,000
70065	Road and Site Preparation	100000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
70074	Trucking and Hauling	35000	$0	$15,000	$50,000
70076	Tubular Inspection/Testing	75000	$0	$0	$75,000
70077	Water	45000	$392,553	$5,000	$442,553
70078	Wellsite Damages, Loss, Rightof- Way	20000	$0	$10,000	$30,000
70116	Containment Disposal Expense	125000	$0	$0	$125,000
70121	Automation Labor	$0	$0	$16,000	$16,000
70169	Camp Rentals	44100	$0	$0	$44,100
70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$613,602	$0	$613,602
70243	Mud Logging	16,500	$0	$0	$16,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$53,987	$0	$53,987
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5000	$0	$0	$5,000
Subtotal	Intangible Materials Cost	$2,500,280	$3,076,247	$221,000	$5,797,527

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83000	$0	$0	$83,000
71032	Other Subsurface Equipment	19000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	281000	$0	$0	$281,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45000	$0	$20,000	$65,000
Subtotal	Tangible Materials Cost	$440,800	$9,340	$279,000	$729,140

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,500,280	$3,076,247	$221,000	$5,797,527
Subtotal Tangible Costs	$440,800	$9,340	$279,000	$729,140
Grand Total	**$2,941,080**	**$3,085,586**	**$500,000**	**$6,526,666**

Drilling

Drill a horizontal well to produce the 3rd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~8600' MD, 8250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~18500' MD, 8500' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 18500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 376H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$92,500	$3,741	$0	$96,241
70004	Casing Crews	35000	$0	$0	$35,000
70006	Cement and Cementing Services	173080	$0	$0	$173,080
70007	Chemicals	$0	$232,773	$0	$232,773
70008	Communications	9600	$0	$0	$9,600
70011	Company Supervision	3500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	35000	$0	$50,000	$85,000
70019	Contract Rigs - Daywork	560000	$0	$24,000	$584,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42500	$0	$0	$42,500
70021	Contract Supervision	106000	$94,679	$0	$200,679
70022	Directional Drilling	220000	$0	$0	$220,000
70025	Drilling Fluids	350000	$0	$0	$350,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	135000	$61,402	$15,000	$211,402
70034	Formation and Well Stimulation	$0	$641,378	$0	$641,378
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	87000	$242,312	$0	$329,312
70046	Land and Site Reclamation	10000	$0	$0	$10,000
70047	Legal and Curative	20000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15000	$0	$0	$15,000
70064	Rig Mobilization	140000	$0	$0	$140,000
70065	Road and Site Preparation	100000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
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70186	Flowback Tester	$0	$24,672	$20,000	$44,672
70187	Pump Truck Service	$0	$0	$5,000	$5,000
70198	Sand/Proppant	$0	$613,602	$0	$613,602
70243	Mud Logging	16,500	$0	$0	$16,500
70255	Drilling Operations Center	$0	$0	$0	$0
70285	Water Transfer	$0	$81,759	$0	$81,759
70286	Water Treatment	$0	$53,987	$0	$53,987
70289	Frac Plugs	$0	$44,888	$0	$44,888
70291	Frac Valve / Frac Tree	$0	$111,179	$0	$111,179
70529	Safety Case	5000	$0	$0	$5,000
Subtotal	Intangible Materials Cost	$2,500,280	$3,076,247	$221,000	$5,797,527

Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	$0	$0	$30,000	$30,000
71012	Flow Lines	$0	$0	$45,000	$45,000
71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83000	$0	$0	$83,000
71032	Other Subsurface Equipment	19000	$0	$50,000	$69,000
71034	Personnel Safety Systems	$0	$9,340	$0	$9,340
71036	Pipe, Valves, Fittings and Anodes	$0	$0	$25,000	$25,000
71040	Production Casing	281000	$0	$0	$281,000
71043	Pumps - Surface	$0	$0	$4,000	$4,000
71050	Surface Casing	12800	$0	$0	$12,800
71053	Tubing	$0	$0	$75,000	$75,000
71056	Wellhead Assembly	45000	$0	$20,000	$65,000
Subtotal	Tangible Materials Cost	$440,800	$9,340	$279,000	$729,140

Description	Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs	$2,500,280	$3,076,247	$221,000	$5,797,527
Subtotal Tangible Costs	$440,800	$9,340	$279,000	$729,140
Grand Total	**$2,941,080**	**$3,085,586**	**$500,000**	**$6,526,666**

Drilling

Drill a horizontal well to produce the 3rd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~8600' MD, 8250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~18500' MD, 8500' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 18500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

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60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Palmillo Development
Palmillo 29-30 State COM 377H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	$0	$0	$0	$0
70003	Bits Coreheads and Reamers	$92,500	$3,741	$0	$96,241
70004	Casing Crews	35000	$0	$0	$35,000
70006	Cement and Cementing Services	173080	$0	$0	$173,080
70007	Chemicals	$0	$232,773	$0	$232,773
70008	Communications	9600	$0	$0	$9,600
70011	Company Supervision	3500	$8,016	$20,000	$31,516
70012	Company Vehicle and/or Boat	500	$573	$1,000	$2,073
70017	Contract Labor	35000	$0	$50,000	$85,000
70019	Contract Rigs - Daywork	560000	$0	$24,000	$584,000
70020	CONTRACT RIGS - FOOTAGE/TURNKEY	42500	$0	$0	$42,500
70021	Contract Supervision	106000	$94,679	$0	$200,679
70022	Directional Drilling	220000	$0	$0	$220,000
70025	Drilling Fluids	350000	$0	$0	$350,000
70026	Electrical Contract	$0	$0	$25,000	$25,000
70031	Equipment Rental	135000	$61,402	$15,000	$211,402
70034	Formation and Well Stimulation	$0	$641,378	$0	$641,378
70035	Formation Testing	$0	$51,300	$0	$51,300
70037	Fuel	87000	$242,312	$0	$329,312
70046	Land and Site Reclamation	10000	$0	$0	$10,000
70047	Legal and Curative	20000	$0	$0	$20,000
70049	Logging	$0	$282,830	$15,000	$297,830
70054	LOE-Other	15000	$0	$0	$15,000
70064	Rig Mobilization	140000	$0	$0	$140,000
70065	Road and Site Preparation	100000	$9,619	$0	$109,619
70067	Salt Water Disposal	$0	$14,587	$0	$14,587
70069	Coiled Tubing	$0	$110,397	$0	$110,397
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70169	Camp Rentals	44100	$0	$0	$44,100
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70198	Sand/Proppant	$0	$613,602	$0	$613,602
70243	Mud Logging	16,500	$0	$0	$16,500
70255	Drilling Operations Center	$0	$0	$0	$0
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Subtotal	Intangible Materials Cost	$2,500,280	$3,076,247	$221,000	$5,797,527

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71018	Instrumentation	$0	$0	$30,000	$30,000
71019	Intermediate Casing	83000	$0	$0	$83,000
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Grand Total	**$2,941,080**	**$3,085,586**	**$500,000**	**$6,526,666**

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Palmillo Development
Palmillo 29-30 State COM 378H AFE

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Grand Total	**$2,941,080**	**$3,085,586**	**$500,000**	**$6,526,666**

Drilling

Drill a horizontal well to produce the 3rd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~8600' MD, 8250' TVD. Drill a ~9800, 8-1/2" lateral section to TD of ~18500' MD, 8500' TVD. Set and cmt 5-1/2" 20# CYP-110 GB-CD casing string to 18500'. Estimated time is 3 days MIRU + 9 Days to Drill + 2 days TD-RR. Rig Rate = $25,500K per day.

Completions

60 Stage P&P complete 10,360 ft. lateral @ 170 ft/stg 2100 #/ft. 0% RC 48 BBL/ft water @ 0.72 $/BBL

Equipping

This AFE will provide funds to equip and produce a horizontal well. The funds requested will be used to purchase and install headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree.

Partner Signature:_____

Date:_____

Summary of Attempted Contacts

- Apache Corporation ("Apache") conducted extensive title work to determine the working interest owners and other interest owners.
- Apache searched public records, phone directory, and various different types of internet searches.
- Apache sent well proposal letters to the working interest owners on or around January 25th, 2021.
- Apache proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- On March 18th, 2021 Apache also mailed out the full version of the JOA to all working interest owners.
- Apache filed an application to force pool parties who had not entered in to an agreement.
- Apache's counsel sent notices of the force pooling application to the addresses of record for the uncommitted interest owners.
- I have had multiple communications between January 25th, 2021 and today with various parties including but not limited to Colgate Production LLC, EOG Resources Inc., Cimarex Energy Co, Occidental Permian Limited Partnership (and various other Oxy entities), XTO Energy Inc, Marathon Oil Permian, LLC, Sabre Exploration Inc.
- Marathon Oil Permian, LLC and Apache Corporation have management approval to move forward with a trade. As such, Apache would secure all of Marathon's interest in Section 30-19S-28E.
- Thirteen parties encompassing the hearings in question have agreed to support Apache to be the operator of the sections in question including Cimarex Energy Co and EOG Resources Co.
- Five parties have executed the JOA with another seven indicating they will execute our JOA.
- Apache has attempted to discuss this protested matter with Colgate Production, LLC multiple times but has failed to come to a resolution. Multiple trade offers were made, and all have been rejected.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D3
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

SDX RESOURCES, INC.
TRUE NORTH EXPLORATION, INC.
507 N. Marienfeld, Suite 100
Midland, TX 79701
Office: 432-685-1761 Fax: 432-685-0533
Mobile: 214-697-6462

October 13, 2021

New Mexico Oil and Gas Division
Attn.: Hearing Examiner

RE: Palmillo State 29-30
T19S-R28E Sections 29 and 30
Eddy County, New Mexico

Ladies and Gentlemen:

We are working interest owner in the captioned lands and wells proposed on same. Apache has drilled multiple successful lateral wells in the immediate vicinity of the Palmillo 29- 30 wells. After meeting with the Apache staff we have confidence in their expertise along with existing local infrastructure. This will save time, money and eliminate waste.

I would be happy to discuss in further detail.

Thank you.
Steve Sell
214-697-6462

Working Interest Owners:

Nance Resources, Inc.	2924 Mellennium Circle	Billings, MT	59102
Marks Oil	1775 Sherman Street, Suite 2015	Denver, CO	80203-4319
Daniel J Murphy	P.O. Box 2179	Crested Butte, CO	81224
Cheney Energy Partners, LLC	7670 Woodway Dr., Suite 175	Houston, TX	77063
Alpar Energy, Inc.	P.O. Box 1046	Perryton, TX	79070
Anthracite Energy Partners, LLC	4803 Tremont Ave	Midland, TX	79707
Conejos Energy, LLC	4803 Tremont Ave	Midland, TX	79707
V-J Energy Partners, LLC	3701 Fairhaven Ct.	Midland, TX	79707
JSTM Energy Investments, LLC	P. O. Box 5441	Midland, TX	79704
True North Exploration, Inc.	P. O. Box 5061	Midland, TX	79704
CKHK Financial, LLC	3511 Edgewater St.	Dallas, TX	75202

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D4
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

NANCE RESOURCES

October 12, 2021

Blake Johnson
Apache Corporation
2000 Post Oak Blvd, Suite 100
Houston, TX 77056

Mr. Johnson,

I am writing this letter to indicate my strong support for Apache Corporation to be granted operatorship of the Palmillo 29-30 State Com locations located in Sections 29 & 30, T19S, R28E in Eddy County, New Mexico. My company, Nance Resources, Inc., has a working interest in the proposed spacing unit, and we believe that, given their strong operating history and ESG record, Apache will be the best operator to drill, complete, and produce the subject wells efficiently and responsibly.

Please let me know if you need any additional information from me.

Sincerely,

Brian R. Cebull
President

2924 Millennium Circle
Billings, MT 59102
(406)867-6700

TKM RESOURCES, LLC

October 27, 2021

VIA EMAIL TO: MR. BLAKE JOHNSON – APACHE COPORATION

State of New Mexico
Department of Energy, Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case Nos: 21727-21730 and 21851-21854
Hearing date: November 5, 2021
Palmillo State Com 29-30 Wells
Sec. 29, T19S-R28E
Eddy County, New Mexico

Gentlemen:

TKM Resources, LLC ("TKM") is a working interest owner in referenced lands and the Palmillo State Com 29-30 Wells (the "Wells") proposed in the referenced Compulsory Pooling Applications submitted by Apache Corporation. TKM is in favor of Apache's Applications and fully supports Apache being named Operator of the Wells.

Apache has the necessary technical and operational expertise to drill and produce the Wells. They have successfully drilled multiple horizontal wells in the immediate vicinity. Furthermore, given the efficiencies of its existing local infrastructure, I believe current and future operations will be best served by Apache Corporation.

Please do not hesitate to contact me directly at 303-861-1974 or via email Steve.Marks@marksoil.net if you have any questions or concerns.

Respectfully submitted,

Stephen K. Marks
General Manager

1775 SHERMAN ST., SUITE 2990 • DENVER, COLORADO 80203-4324 • (303) 861-1974 • FAX (303) 863-0616

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF DREW CHENOWETH

Drew Chenoweth, of lawful age and being first duly sworn, declares as follows:

1. My name is Drew Chenoweth, and I am employed by Apache Corporation ("Apache") as a petroleum geologist. I am familiar with the applications filed by Apache in these consolidated cases and have conducted a geologic study of the lands in the subject area.

2. I have been employed by Apache since 2017 and my responsibilities have included the Permian Basin of New Mexico. My educational background and work experience is accurately summarized in **Apache Exhibit E-1.** I am a member of AAPG and have been a member of this organization since 2008. I believe my credentials qualify me to testify as an expert witness in petroleum geology.

3. The target intervals for the initial wells to be dedicated to the horizontal well spacing units at issue are the Second and Third Sands of the Bone Spring formation. These target intervals are reflected in the type log depicted on the right of **Slide 8 of Apache Exhibit C.** This type log is from State /CB/1 well located in Section 29 and indicated on the inset map as a blue star. This type log has been utilized to create exhibits

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

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for these cases and contains gamma ray, caliper, deep resistivity, bulk density and neutron porosity tracks.

4. **Slide 9 of Apache Exhibit C** reflects Apache has been the most active operator in Township 19 South, Range 28 East and has extensive experience drilling and completing horizontal wells in the targeted Bone Spring intervals in this subject area. Our Palmillo 14 State 1H pilot hole and horizontal well (depicted by a star on the plat on the left side) was drilled in 2014 and helped characterize the Bone Spring depositional system and targets. Since that time, Apache has drilled and completed 36 horizontal wells in the Bone Spring formation in this area, with 20 horizontal completions in the Second Bone Spring Sand and 16 horizontal completions in the Third Bone Spring Sand.

5. In contrast, Colgate has not completed a single horizontal well in the Bone Spring formation in the subject area and did not commence drilling a horizonal well in this area until March of 2020. The plat on the right of Slide 9 shows Colgate's limited drilling experience in this area. Essentially, Colgate has very limited experience drilling in the Second and Third Bone Spring intervals in this area and has yet to report any production results from its efforts.

6. A great example of Apache's superior drilling experience in this area is the Form C-103 Colgate filed on February 19th of 2020 that is contained on **Slide 10 of Apache Exhibit C.** It reflects that prior to drilling its first horizontal well in this area, Colgate changed its initial surface casing design to match that utilized by an experienced operator in an adjacent section. The experienced operator referenced by Colgate is Apache.

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7. A key lesson Apache learned early while drilling in the Palmillo area is that integrating depth migrated seismic into the well planning and targeting process is vital in this township where there is often a lack of well control. Apache's extensive drilling and completion experience in this area has revealed isolated nuances in the structure of the Third Bone Spring Carbonate, which is the base of the Second Bone Spring Sands. These isolated nuances are only revealed with the assistance of licensed seismic data. Realizing that staying within the Second Bone Spring target zone is especially crucial in the subject area, Apache acquired licensed seismic data over the subject area, including Sections 29 and 30. Apache has utilized that proprietary data to successfully plan and steer its wells.

8. **Slide 11 of Apache Exhibit C** contains an example of these isolated structural nuances that can impact an operator's ability to stay within the targeted zone. The structure map on the left side extends across a portion of Township 19 South, Range 28 East and is based on well control data. Using only well control data indicates that within the grey dashed circled area the structure of the Third Bone Spring Carbonate gently dips to the East. The box below this structure map demonstrates the track of the carbonate top expected within the circled area based only on well control data. The gamma ray track plotted along the wellbore is filled with cool colors indicating low gamma (carbonates) and higher gamma measurements colored as yellow to brown (sandstones/shales). The map on the right shows the result of integrating depth migrated seismic data into the structural interpretation. This data reveals a previously unresolvable, yet significant structural nose that extends into this area from the north within the grey dashed circle. The box below this structure map demonstrates the actual

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track of the carbonate top within the circled area. Note that this differs substantially from what would be expected if only well control data was utilized.

9. These structural nuances within the subject area will impact the ability of an operator to stay within the targeted Second Bone Spring Sand above the Third Bone Spring Carbonate.

10. Because of the nuances that exist in the structure of the Third Bone Spring Carbonate in this area, it is important for an operator to have both experiences targeting the Second Bone Spring Sand and access to seismic data. This is especially true as operators move from drilling one-mile to two-mile horizontal wells. Apache has gained that experience over its years of drilling and completing horizontal wells in this area and has successfully integrated seismic data to stay within the Second Bone Spring Sands and out of the carbonate since discovering the existence of these structural nuances.

11. **Slide 12 of Apache Exhibit C** is a subsea structure map I created of the Third Bone Spring Carbonate, which is the base of the Second Bone Spring Sands. I have outlined and shaded Sections 29 and 30 on the structure map. Based on well control data, the regional structure of the Third Bone Spring Carbonate appears to be dipping East, Southeast. The well control data and the propriety seismic data obtained by Apache do not reveal any faults, pinch outs, or other geologic impediments to developing the Second Bone Spring Sands with horizontal wells. However, as noted above, structural nuances exist in the Third Bone Spring Carbonate that can only be observed with seismic data and must be considered when planning and drilling horizontal wells.

12. The type log on the right of Slide 12 is from a well within Section 29 depicted by a blue star in the inset map. My interpreted formation tops are shown, and

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the Second Bone Spring Sandstone target is highlighted in green. Finally, the cross-section A-A' that I will be showing on the next slide is outlined on the map with a blue star.

13. **Slide 13 of Apache Exhibit C** is a stratigraphic cross section I prepared for the Second Bone Spring Sand using the logs from the five wells shown on the prior slide. The cross section is hung on the Third Bone Spring Carbonate and each well on the cross-section contains gamma ray, resistivity, and porosity logs. The landing zone for the wells targeting the Second Bone Spring Sands is depicted with a red dash line. While this cross section shows carbonate stringers and variations in thickness in the upper part of the Second Bone Spring Sands, our lower target zone is good sand that is continuous across the proposed spacing units.

14. **Slide 14 of Apache Exhibit C** is a subsea structure map I prepared off the top of the Third Bone Spring Sand interval using the same well logs. I have again outlined and shaded Sections 29 and 30 on the structure map. This slide shows the regional dip of the Third Bone Spring Sand is East, Southeast. The nuances of this target are also improved drastically with integration of seismic interpretation into the structural mapping. The well control data and the propriety seismic data obtained by Apache do not reveal any faults, pinch outs, or other geologic impediments to developing the Third Bone Spring Sands with horizontal wells. The State CB 1 is again displayed on the right with my interpreted formation tops as well as our Third Bone Spring Sandstone target highlighted in green. The cross-section A-A' is reused, but the datum and depth shown on the next exhibit has been changed to highlight the Third Bone Spring Sandstone target.

15. **Slide 15 of Apache Exhibit C** is a stratigraphic cross section I prepared for the Third Bone Spring Sand using the logs from the five wells shown on the prior slide.

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Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The landing zone for the wells targeting the Third Bone Spring Sand is depicted with a red dash line. This cross section demonstrates less variability in the Third Bone Spring Sand interval and that this target zone is continuous across the proposed spacing units.

16. Based on my geologic study and Apache's extensive drilling and completion experience in this area, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed horizontal spacing units is productive and will contribute proportionately to the production from the wells.

17. In my opinion, the lay-down orientation of the wells is the preferred orientation for horizontal well development in this area and has been proven by Apache to develop the subject acreage efficiently and effectively.

18. Apache's drilling and completion experience in this area is superior to Colgate. In addition, Apache has access to the well control and seismic data necessary to understand the structural nuances in this area and successfully drill horizontal wells in the Second and Third Bone Spring Sands underlying the proposed spacing units.

19. In my opinion, the granting of Apache's applications in these consolidated cases and the denial of Colgate's applications are in the best interest of conservation, the prevention of waste, and protection of correlative rights.

20. **Apache Exhibit E-1** and **Slides 8 through 15 of Apache Exhibit C** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

DREW CHENOWETH

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STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 1 day of November 2021 by Drew Chenoweth.

Dixie M. Harrel
NOTARY PUBLIC

My Commission Expires:
05/30/2023

Dixie M. Harrel
Notary Public, State of Texas
Comm. Expires 05/30/2023
Notary ID 13203250-2

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Drew Chenoweth

Houston, TX **drew.a.chenoweth@gmail.com**
(906) 630-0095 **linkedin.com/in/drew-chenoweth**

Apache Corporation – Delaware Basin Geologist **2017-Present**

Delaware Basin North West Shelf/North West Slope – Eddy/Lea County NM (one year)

- Created detailed target maps of North West Shelf acreage. Finalized development plan reviewing regional geology
- Analysed of all non-operated well proposals with engineering team, executing on high NPV agreements
- Detailed geologic mapping of slope stratigraphy. Responsible for planning Palmillo & Camacho wells and monitoring while drilling

NAUR Exploitation Geologist I (one year); NAUR Resource Development Geologist II: Alpine High (two years)

- Responsible for picking well locations/targets, fulfilling CDCs of assigned acreage, geoprognosis creation, leading prespud, geohazard detection/avoidance, casing point depth and monitoring while drilling of 71 wells.
- Monitored 4-5 rig lines at once for several months; Monitored up to seven rigs at once.
- Collaborated with drilling to successfully eliminate liners on 14 wells saving ~$7MM in equipment costs.
- Responsible for accurate inventory counts of 143k acres.
- Worked with land to successfully create a large pooled lease between three units allowing longer, higher NPV laterals. Pooled unit satisfied CDC with 1/3 of original wells saving $34MM per year in CDC well costs.
- Collaborated with land, facilities and production teams to create long term development for assigned acreage.
- Designed Alpine High strategy with supervisor and presented to CEO and upper management.

Impac Exploration Services **2016-2017**

Wellsite Geologist/Earth Scientist I: Midland and Delaware Basins

- Mudlogged Permian Basin wells while excelling at all aspects of Wellsite Geology and working 12-24 hour shifts.
- Performed various Geochemical analyses in Geoscience lab: XRD, XRF, Pyrolysis, Capillary Suction Time.

Chevron **2014-2016**

Operations/Asset Development Geologist: McElroy and Mid-Concho Fields

- Prospected for and identified over 50 workovers that yielded above average results.
- Coordinated with team engineers and manager to review workover candidates within two-day deadline.
- Developed new step-out well locations based on a paleo-channel resolved with seismic amplitude maps.
- Analyzed well logs to improve waterflood sweep and discover bypassed oil opportunities.
- Recalculated and upgraded oil volumetrics in both fields using Petra. Strengthened interpretations using wireline, seismic, production data, scout tickets, hand-drawn maps and core analysis.
- Conceptualized new workover method using rig-less acid jobs, saving hundreds of thousands per year.

Education/Internships

University of Texas at El Paso: M.S. Geology **2014**

Thesis: Depositional Environment, Sequence Stratigraphy and Reservoir Properties of the Bliss Fm., El Paso, Texas
Scholarships and Achievements: Conoco Phillips Academic Excellence Scholarship UTEP's Vernon G. and Joy Hunt Endowed Scholarship Fund in Geology, Captain of the 2011 UTEP IBA Team; Led team to nationals in Houston.

Conoco Phillips: Intern Geologist: Eagleford Shale **2012**
Whiting Petroleum: Intern Geologist: North Ward Estes Field **2011**

Lake Superior State University: B.S. Geology, B.A. French **2010**

Scholarships and Achievements: Michigan Academic Excellence/Michigan Merit Award Scholarship, L.S.S.U. Geology Program's Academic Excellence Scholarship, L.S.S.U. French Program's Scholarship for Academic Excellence, and the Diplôme de Français des Affaires 1er degree from the Paris Chamber of Commerce.

Software

Significant Experience: Petrel, Decision Space, Transform, Petra, Kingdom, WellView, Rigsense, Totco, Pason, Adobe Illustrator, MLogger, TLog, Mainlog
Moderate Experience: Spotfire, ArcGIS, Dynamic Surveillance Systems

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E1
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF SHELBY JOHNSON

Shelby Johnson, of lawful age and being first duly sworn, declares as follows:

1. My name is Shelby Johnson, and I am employed by Apache Corporation ("Apache") as a petroleum reservoir engineer. I am familiar with the applications filed by Apache in these consolidated cases and have studied Apache's performance in the Bone Spring formation underlying the subject area.

2. My educational background and work experience is accurately summarized in **Apache Exhibit F-1.** I am a licensed professional engineer by the state of Texas since 2019 and a member of the Society of Petroleum Engineers since 2010. I believe my credentials qualify me to testify as an expert witness in petroleum reservoir and engineering matters.

3. As reflected on **Slide 16 of Apache Exhibit C,** Apache has been drilling, completing, and producing wells in the Bone Spring formation underlying the subject area since 2014. Our current producing well count is 36 horizontal wells, with twelve wells brought online in 2021 during the COVID pandemic.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Apache Corporation Hearing
Date: November 05, 2021
Case Nos. 21727-21730

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4. With the heterogeneous geology in the area, a thorough understanding of the reservoir quality is key to understanding and predicting performance. Apache's extensive drilling and completion experience in the subject area has allowed the company to improve performance and gain a thorough understanding of the reservoir quality. We understand which parameters are the key production drivers and have gained the ability to accurately geosteer and remain within the identified target zones. We have optimized our inter-well spacing to mitigate interference and depletion risks. Our spacing strategy coupled with our optimized frac design effectively captures the desired drainage area in an efficient and effective manner.

5. Apache's drilling and completion capability in the subject area is demonstrated by **Slide 17 of Apache Exhibit C.** The gold lines reflect Apache's well performance on the lateral length normalized cumulative oil plot. The plot on the left provides the production data for wells completed in the Second Bone Spring Sands underlying Township 19 South, Range 28 East and surrounding areas. The plot on the right shows the same information for wells completed in the Third Bone Spring Sands. This production data demonstrates Apache has consistently outperformed operators of wells completed in the Second Bone Spring Sands and is on par with operators of wells completed in the Third Bone Spring Sands.

6. In contrast, my review of the production records indicates Colgate has not completed any Bone Spring wells in the subject area. Colgate therefore has no production data from wells Colgate has drilled to place on these performance slides.

7. Apache has learned a significant amount from our extensive drilling and completion experience in this area, which we will be able to incorporate in future

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development. Our long history in the Bone Spring formation and performance track record in the subject area provide a competitive advantage and demonstrates why working interest owners in this area prefer Apache to develop the Bone Spring formation underlying Sections 29 and 30.

8. In addition, as reflected on **Slide 18 of Apache Exhibit C,** Apache intends to use the same surface locations for the proposed two-mile Palmillo wells in Sections 29 and 30 to develop adjacent Sections 25 and 26 to the West with Apache's proposed two-mile Camacho wells. This consolidation of surface locations will not only reduce the surface footprint for the necessary facilities but provide cost savings and efficiencies for strong economic returns.

9. In my opinion, the granting of Apache's applications and the denial of Colgate's competing applications in these consolidated cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

10. **Apache Exhibit F-1** and **Slides 16 through 18 of Apache Exhibit C** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Shelby Johnson

SHELBY JOHNSON

Page 105 of 134

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STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 1 day of November 2021 by Shelby Johnson.

Dixie M. Harrel
NOTARY PUBLIC

My Commission Expires:
05/30/2023

Dixie M. Harrel
Notary Public, State of Texas
Comm. Expires 05/30/2023
Notary ID 132[illegible]250-2

Page 106 of 134

1038 W 26th Street Unit C, Houston, TX 77008 • (832) 687-4778 • ShelbyLJohnson1@gmail.com

Shelby Johnson, P.E.

Education

Texas A&M University, College Station, TX **May 2014**

Cumulative GPA: 3.8/4.0, Magna Cum Laude, Bachelor of Science in Petroleum Engineering

Dwight Look College of Engineering, Harold Vance Department of Petroleum Engineering, Student and Teaching Assistant

Work Experience

Apache Corp, Houston, TX **2021-Current**

Reservoir Engineer III – *Delaware Basin*

- Manage field development planning and post appraise new wells
- Perform reservoir modeling with an emphasis on rate transient analysis, frac modeling, depletion considerations, linear flow parameter, and OOIP analysis
- Analyze non-op and land trade opportunities to high grade positions and maximize value

EIG Global Energy Partners, Houston, TX **2020-2021**

Reservoir Engineer, Contract – *Energy Private Equity*

- Evaluate investment opportunities by analyzing engineering and financial data to create economic models and business development recommendations
- Perform technical diligence related to type curves (DCA), development plans, subsurface data, surface operations, LOS, plant statements, midstream contracts
- Manage portfolio of closed deals by executing engineering analysis for post appraisals and future investment decisions

Varde Partners, Houston, TX **2020**

Reservoir Engineer, Senior Analyst – *Energy Private Equity* – perform engineering analysis for investment opportunities

Anadarko Petroleum Corporation, The Woodlands, TX **2014-2019**

Senior Reservoir Engineer – *US Onshore Exploration (Permian Basin)* 2017-2019

- Execute confidential exploration programs as project engineer performing all reservoir, completions, and production responsibilities, including completion and artificial lift design and monitoring, with capital budget of $100MM/year
- Perform risked stochastic economic analysis to commercially characterize geologic prospects with a focus in the Permian
- Prioritize and rank exploration prospects for comparison with APC's existing portfolio to determine recommendation
- Perform decline curve analysis, volumetric analysis, competitor (offset) analysis, A&D and non-op evaluations
- Manage SEC reserves reporting for exploration wells and discoveries
- Work with an integrated team of geologists, geophysicists, petrophysicists, geochemists, landmen, and corporate development on presentations and investment recommendations to upper level management

Production/Operations Engineer – *Delaware Basin* 2014-2017

- Manage produced water: develop plans to satisfy short and long term disposal needs with economic evaluation; design and permits SWD wells and water infrastructure system; manage agreements with 3rd party SWD companies; perform wellwork and surface maintenance for SWDs; understand risks to injection and analyze alternatives; develop sourcing and recycling strategy for use in drilling and completions; work with multi-disciplinary team consisting of reservoir, field operations, planning, regulatory, and HSE
- Reservoir study of disposal formations using volumetrics, well tests, pressure transient analysis, and nodal analysis
- Manage non-drilling capital (NDC) budget: forecast capital for water and power infrastructure, artificial lift, wellsite retrofits, non-op projects, office construction, automation, surface land acquisitions, and recompletions
- Created database for idle wells and process for P&A; executed all high priority P&A jobs

ExxonMobil Corporation, Fort Worth, TX **Summer 2013**

Reservoir Engineering Intern *with XTO Energy* – created database to analyze East Texas uphole recompletion opportunities and identified top candidates for field execution; performed economic analysis and recommended projects to management

Devon Energy, Groesbeck, TX **Summer 2012**

Engineering Field Intern – conducted a natural gas liquids project comparing refrigeration plant to a wellsite Joule-Thomson (JT) Unit and recommended wellsite to pilot; daily field activities included production operations, workovers, fracs, and drilling operations

Skills & Training

Anadarko New Hire Program (LAUNCH) Graduate, ARIES, Cygnet, Enersight, IHS Harmony, IHS Production Explorer, IPM Suite (Prosper/MBAL/Gap), Microsoft Office Suite, OpenWells, PEEP, Petra, PHDWin, Process Safety Training, Rose & Associates Training, Spotfire, ValNav, Well Control School

Achievements & Certifications

Licensed Professional Engineer (P.E.) 2019-Current

Petroleum Engineering Student Paper Contest, Texas A&M University

2014 Senior 1st place in semi-finals; 2013 Junior 2nd place overall and 1st place in semi-finals

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F1
Submitted by: Apache Corporation Hearing
Date: November 05, 2021
Case Nos. 21727-21730

1038 W 26th Street Unit C, Houston, TX 77008 • (832) 687-4778 • ShelbyLJohnson1@gmail.com

Shelby Johnson, P.E.

Organizations & Leadership

Society of Petroleum Engineers, *2019 SPE Roughneck Camp Panelist Speaker*	2010-Current
Anadarko's Petrotechnical Women's Resource Group, *Communications Chair*	2014-2019
Anadarko's Intern Recruitment Committee	2017-2019
Society of Women Engineers	2010-2019

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 21827 & 21878

AFFIDAVIT OF TAYLOR THETFORD

Taylor Thetford, of lawful age and being first duly sworn, declares as follows:

1. My name is Taylor Thetford, and I am employed by Apache Corporation ("Apache") as a petroleum engineer. I am familiar with the applications filed by Apache in these consolidated cases, Apache's drilling history and Apache's plans for subject area.

2. My educational background and work experience is accurately summarized in **Apache Exhibit G-1.** I have been a member of the Society of Petroleum Engineers since 2013. I believe my credentials qualify me to testify as an expert witness in petroleum, drilling, and engineering matters.

3. Apache was founded in 1954 and has extensive experience with oil and gas drilling worldwide and most importantly the Permian/Delaware Basin in Texas and New Mexico. Apache is the most experienced operator in the subject area which is why we believe we are the best candidate to develop the Bone Spring formation underlying the proposed spacing units using horizontal wells. Colgate has only limited horizontal drilling experience in this area and has yet to complete any of these wells.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. G
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

4. **Slide 18 of Apache Exhibit C** notes that Apache intends to utilize three well pads in the E/2 E/2 of Section 25 in Township 19 South, Range 27 East to develop Sections 25 and 26 in that township and the acreage that is the subject of these consolidated cases. This is consistent with Apache's goal to strategically design and consolidated well pads and surface facilities in this area to minimize the necessary surface disturbance. There will be a total of 16 wells drilled in both the 2nd and 3rd bone spring landing zone. Apache intends to use a single tank battery for the Palmillo 29-30 wells to further reduce the necessary surface disturbance.

5. **Slide 19 of Apache Exhibit C** notes that since 2017 Apache has drilled seventeen one-mile Second Bone Spring wells in Township 19 South, Range 28 East. This experience has enabled Apache to steadily reduce the number of drilling days by 34%. Apache can now drill one-mile Second Bone Spring wells in an average time of around 8 to 9 days from spud to TMD in the subject area.

6. **Slide 20 of Apache Exhibit C** reflects that Apache's drilling experience has allowed it to reduce the costs per well. The yellow bars represent costs per foot while the blue bars represent the actual total costs per well. Apache is averaging $164 per foot for an average actual drilling cost of $2.04MM for a one mile well in the Second Bone Spring Sand.

7. **Slide 21 of Apache Exhibit C** reflects Apache's estimated time to drill a two-mile Second Bone Spring well using the costs Apache has incurred for one-mile wells. Apache estimates that it will take another three days to drill the additional segment of lateral for a two-mile well. This results in an anticipated 3 days to move the rig to location, 12 days from spud to TMD and 3 days to run casing and cement the well prior

to skidding the rig to the next well for a total of 18 days of the rig on location. In contrast, the AFE's Colgate submitted to Apache indicate Colgate experiences or anticipates over 20 days for "drilling days."

8. **Slide 22 of Apache Exhibit C** provides the estimated costs to drill the proposed 2-mile Second Bone Spring wells, which are reflected in the AFE's Apache submitted to the working interest owners in the subject acreage.

9. Since 2017 Apache has drilled four 2-mile Third Bone Spring wells and has submitted AFE's to the working interest owners based on those actual costs. **Slide 23 of Apache Exhibit C** reflects that this experience has enabled Apache to steadily reduce the number of drilling days by 13%. Apache can now drill two-mile Third Bone Spring wells in an average time of around 23 to 24 days from spud to TMD in the subject area.

10. **Slide 24 of Apache Exhibit C** reflects that Apache's drilling experience has allowed it to reduce the costs per well. The yellow bars represent the cost per foot while the blue bars represent the total cost per well. Apache has averaged $200 per foot and an average actual cost of $3.70MM for a two mile well in the Third Bone Spring Sand.

11. **Slide 25 of Apache Exhibit C** provides the estimated costs to drill the proposed 2-mile Third Bone Spring wells, which are reflected in the AFE's Apache submitted to the working interest owners in the subject acreage. The $2.94MM total drilling cost is less than what Apache averaged for its prior 4 wells because Apache expects efficiencies due to more wells per pad which equates to less money spent per well on rig move and location costs and utilizing knowledge learned from drilling the previous wells to reduce time on well.

12. In my opinion, the granting of Apache's applications and the denial of Colgate's competing applications in these consolidated cases is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. **Apache Exhibit G-1 and Slides 18 through 25 of Apache Exhibit C** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

TAYLOR THETFORD

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this _____ day of _____2021 by Taylor Thetford.

NOTARY PUBLIC

My Commission Expires:

_____

TAYLOR S. THETFORD

Drilling Engineer

281-221-6536 **taylor.thetford@apachecorp.com**

PROFILE

Technology driven engineer with 7+ years of US onshore drilling experience in both unconventional and conventional plays in Texas and New Mexico. Skilled at developing and implementing new drilling programs, completing detailed cost estimates, and performing high level analytical analysis. Possesses strong communication and problem-solving skills and the ability to work independently or in team environments.

EMPLOYMENT HISTORY

Drilling Engineer, Apache Corporation ..... Jun 2013 — Present

Houston, TX

Drilling Engineer III

- Apr 2020 – Present
- Delaware Basin Asset Drilling Team Member
- Responsible for providing detailed drilling cost estimates and managing permitting timelines along with performing offset technical research and well design
- Lead a team of programmers in the design and implementation of cutting-edge real-time drilling software

Drilling Engineer II

- May 2018 – Apr 2020
- Permian Region Drilling Engineer – New Mexico Assets
- Plan, permit, and drill wells on both NM state and BLM land in the bone spring and wolfcamp target formations

Drilling Engineer II

- Mar 2016 – May 2018
- Special Projects: Drilling Intelligence Guide (DIG)
- Develop, deploy, and support data aggregation and advisory system to collect, store, and analyze big data from 20 operated drilling rigs to enable better drilling decisions from well structured, non-manipulated data, physics-based models, and predictive alerts.

Rotational Drilling Engineer

- Jun 2013 – May 2016
- Completed Apache's Accelerated Development Program for drilling engineers
- Year-long rotations in Permian and US Gulf Coast regions

TECHNICAL SKILLS

Peloton WellView ..... DSWellPlan .....

Tibco Spotfire ..... Compass .....

Drillscan Wellscan ..... StressCheck .....

EDUCATION

Texas Tech University ..... Aug 2009 — May 2013

Lubbock, TX

Bachelor of Science, Petroleum Engineering

Minor: Mechanical Engineering

Texas Tech Presidential Scholarship Recipient

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. G1
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

AWARDS/ACHIEVEMENTS

✤ **Regional Drilling Engineer Award** ..... Apr 2019
Midland, TX

SPE Southwest Region Award Winner

TECHNICAL PAPERS

✤ ..... Mar 2016 — Present

2016

- Ashok, Pradeepkumar , Ambrus, Adrian , Ramos, Dawson , Lutteringer, John , Behounek, Michael , Yang, Yueheng Lisa, Thetford, Taylor , and Terrence Weaver. "A Step by Step Approach to Improving Data Quality in Drilling Operations: Field Trials in North America." Paper presented at the SPE Intelligent Energy International Conference and Exhibition, Aberdeen, Scotland, UK, September 2016. doi: https://doi.org/10.2118/181076-MS
- Ashok, Pradeepkumar , Ambrus, Adrian , Ramos, Dawson , Lutteringer, John , Behounek, Michael , Yang, Yueheng Lisa, Thetford, Taylor , and Terrence Weaver. "A Step by Step Approach to Improving Data Quality in Drilling Operations: Field Trials in North America." Paper presented at the SPE Intelligent Energy International Conference and Exhibition, Aberdeen, Scotland, UK, September 2016. doi: https://doi.org/10.2118/181076-MS

2017

- Behounek, Michael , Hofer, Evan , Thetford, Taylor , White, Matthew , Yang, Lisa , and Marcos Taccolini. "Taking a Different Approach to Drilling Data Aggregation to Improve Drilling Performance." Paper presented at the SPE/IADC Drilling Conference and Exhibition, The Hague, The Netherlands, March 2017. doi: https://doi.org/10.2118/184741-MS
- Ambrus, A.. , Ashok, P.. , Chintapalli, A.. , Ramos, D.. , Behounek, M.. , Thetford, T. S., and B.. Nelson. "A Novel Probabilistic Rig Based Drilling Optimization Index to Improve Drilling Performance." Paper presented at the SPE Offshore Europe Conference & Exhibition, Aberdeen, United Kingdom, September 2017. doi: https://doi.org/10.2118/186166-MS

2018

- Ambrus, A.. , Ashok, P.. , Ramos, D.. , Chintapalli, A.. , Susich, A.. , Thetford, T.. , Nelson, B.. , Shahri, M.. , McNab, J.. , and M.. Behounek. "Self-Learning Probabilistic Detection and Alerting of Drillstring Washout and Pump Failure Incidents During Drilling Operations." Paper presented at the IADC/SPE Drilling Conference and Exhibition, Fort Worth, Texas, USA, March 2018. doi: https://doi.org/10.2118/189700-MS
- D'Angelo, John, Ashok, Pradeepkumar, van Oort, Eric, Shahri, Mojtaba, Nelson, Brian, Thetford, Taylor, and Michael Behounek. "Monitoring Wellbore Quality in Real-Time Using a Geometrically Derived Tortuosity Metric." Paper presented at the SPE/AAPG/SEG Unconventional Resources Technology Conference, Houston, Texas, USA, July 2018. doi: https://doi.org/10.15530/URTEC-2018-2901598
- Shahri, Mojtaba , Kutlu, Bahri , Thetford, Taylor , Nelson, Brian , Wilson, Timothy , Behounek, Michael , Ambrus, Adrian , and Pradeepkumar Ashok. "Adopting Physical Models in Real-Time Drilling Application: Wellbore Hydraulics." Paper presented at the SPE Liquids-Rich Basins Conference - North America, Midland, Texas, USA, September 2018. doi:
- Shahri, Mojtaba , Wilson, Timothy , Thetford, Taylor , Nelson, Brian , Behounek, Michael , Ambrus, Adrian , D'Angelo, John , and Pradeepkumar Ashok. "Implementation of a Fully Automated Real-Time Torque and Drag Model for Improving Drilling Performance: Case Study." Paper presented at the SPE Annual Technical Conference and Exhibition, Dallas, Texas, USA, September 2018. doi: https://doi.org/10.2118/191426-MS

2019

- Behounek, Michael , Millican, Blake , Nelson, Brian , Wicks, Matthew , Rintala, Eugene , White, Matthew , Thetford, Taylor , Ashok, Pradeepkumar , and Dawson Ramos. "Change Management Challenges Deploying a Rig-Based Drilling Advisory System." Paper presented at the SPE/IADC International Drilling Conference and Exhibition, The Hague, The Netherlands, March 2019. doi: https://doi.org/10.2118/194184-MS

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

APPLICATIONS OF APACHE CORPORATION FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO.

CASE NOS. 21727-21730

AFFIDAVIT

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

Michael H. Feldewert, attorney in fact and authorized representative Apache Corporation, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

Michael H. Feldewert

SUBSCRIBED AND SWORN to before me this 1st day of November, 2021 by Michael H. Feldewert.

Notary Public

My Commission Expires:
Nov. 12, 2023

OFFICIAL SEAL
Carla Garcia
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: Nov. 12, 2023

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. H
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

HOLLAND&HART LLP

Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

March 19, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico.
Palmillo 29-30 State Com #271H & #375H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

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 by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division, by mail at 1220 S. St. Francis Dr., Santa Fe, NM, 87505 or email at OCD.Hearings@state.nm.us, and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR APACHE CORPORATION

HOLLAND&HART LLP

Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

March 19, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico.
Palmillo 29-30 State Com #272H & #376H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

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If you have any questions about this matter, please contact Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR APACHE CORPORATION

HOLLAND&HART LLP

Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

March 19, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico.
Palmillo 29-30 State Com #273H & #377H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

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If you have any questions about this matter, please contact Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR APACHE CORPORATION

HOLLAND&HART LLP

Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

March 19, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of Apache Corporation for Compulsory Pooling, Eddy County, New Mexico.
Palmillo 29-30 State Com #274H & #378H wells

Dear Sir or Madam:

This letter is to advise you that Apache Corporation has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

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 by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division, by mail at 1220 S. St. Francis Dr., Santa Fe, NM, 87505 or email at OCD.Hearings@state.nm.us, and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Blake Johnson, at (432) 818-1698, or blake.johnson@apachecorp.com.

Sincerely,

ATTORNEY FOR APACHE CORPORATION

Released to Imaging: 11/2/2021 8:15:25 AM

Received by OCD: 11/1/2021 7:30:16 PM

Apache - Palmillo 20-30 Wells
Case Nos. 21727-21730 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765898529002	Apache Corporation	303 Veterans Airpark Ln Ste 1000	Midland	TX	79705-4572	Your item was delivered at 9:37 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898523734	Crown Oil Partners VI, LLC	PO Box 50820	Midland	TX	79710-0820	Your item was delivered at 10:07 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898523901	Crump Energy Partners III, LLC	PO Box 50820	Midland	TX	79710-0820	Your item was delivered at 10:07 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898523987	Currie Smith I, Ltd.	3602 S Washington St	Amarillo	TX	79110-1303	Your item was delivered to an individual at the address at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110.
9414811898765898523659	Dale A. Smith	418 S Polk St	Amarillo	TX	79101-1414	Your item was delivered to the front desk, reception area, or mail room at 2:12 pm on March 23, 2021 in AMARILLO, TX 79101.
9414811898765898523604	Daniel J Murphy	PO Box 2179	Crested Butte	CO	81224-2179	Your item was delivered at 7:55 am on March 26, 2021 in CRESTED BUTTE, CO 81224.
9414811898765898523680	Ellen Smith Bivins	3602 S Washington St	Amarillo	TX	79110-1303	Your item was delivered to an individual at the address at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110.
9414811898765898523154	Eog Resources Inc Attn Midland Division	PO Box 2267	Midland	TX	79702-2267	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765898523123	JSTM Energy Investments, LLC	PO Box 5441	Midland	TX	79704-5441	Your item was delivered at 12:40 pm on March 25, 2021 in MIDLAND, TX 79704.
9414811898765898523130	Marks Oil, Inc.	1775 N Sherman St Ste 2015	Denver	CO	80203-4319	Your item has been delivered to an agent for final delivery in DENVER, CO 80203 on March 23, 2021 at 3:09 pm.
9414811898765898523321	Nance Resources, Inc	2924 Millennium Cir	Billings	MT	59102-7474	Your item was delivered to an individual at the address at 10:43 am on March 23, 2021 in BILLINGS, MT 59102.
9414811898765898529033	Alpar Energy, Inc	PO Box 1046	Perryton	TX	79070-1046	Your item was delivered at 9:42 am on March 25, 2021 in PERRYTON, TX 79070.
9414811898765898523383	Occidental Permian Limited Partnership	5 Greenway Plz	Houston	TX	77046-0526	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on March 22, 2021 at 10:57 am.
9414811898765898523055	ODS-ACS Properties, Ltd.	3602 S Washington St	Amarillo	TX	79110-1303	Your item was delivered to an individual at the address at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110.
9414811898765898523093	OXY USA INC	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on March 22, 2021 at 10:57 am.
9414811898765898523079	OXY USA WTP Limited Partnership	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on March 22, 2021 at 10:57 am.

Released to Imaging: 11/2/2021 8:15:25 AM

Received by OCD: 11/1/2021 7:30:16 PM

Apache - Palmillo Wells
Case Nos. 21727-21730 Postal Delivery Report

9414811898765898523420	Sabre Exploration, Inc.	PO Box 4848	Wichita Falls	TX	76308-0848	Your item was delivered at 9:33 am on March 26, 2021 in WICHITA FALLS, TX 76308.
9414811898765898523482	SDX Properties, Inc.	PO Box 501	Midland	TX	79702-0501	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765898523550	Texilvania, Ltd.	3602 S Washington St	Amarillo	TX	79110-1303	Your item was delivered to an individual at the address at 1:51 pm on March 23, 2021 in AMARILLO, TX 79110.
9414811898765898523598	TKM Resources, LLC	1775 N Sherman St Ste 2015	Denver	CO	80203-4319	Your item has been delivered to an agent for final delivery in DENVER, CO 80203 on March 23, 2021 at 3:09 pm.
9414811898765898523574	True North Exploration, Inc.	PO Box 501	Midland	TX	79702-0501	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765898524229	V-J Energy Partners, LLC	3701 Fairhaven Ct	Midland	TX	79707-4321	Your item was delivered to an individual at the address at 2:45 pm on March 22, 2021 in MIDLAND, TX 79707.
9414811898765898529422	AmericaWest Resources, LLC	PO Box 3383	Midland	TX	79702-3383	Your item was delivered at 10:51 am on March 25, 2021 in MIDLAND, TX 79701.
9414811898765898524281	XTO Energy Inc.	22777 Springwoods Village Pkwy	Spring	TX	77389-1425	Your item was delivered to the front desk, reception area, or mail room at 9:25 am on March 23, 2021 in SPRING, TX 77389.
9414811898765898524854	ZPZ Delaware I LLC	303 Veterans Airpark Ln Ste 1000	Midland	TX	79705-4572	Your item was delivered at 9:37 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898524892	Chevron USA, Inc.	1400 Smith St	Houston	TX	77002-7327	Your item was delivered at 1:26 pm on March 24, 2021 in HOUSTON, TX 77002.
9414811898765898524878	Marathon Oil Permian LLC	5555 San Felipe St	Houston	TX	77056-2701	Your item was delivered to the front desk, reception area, or mail room at 1:26 pm on March 22, 2021 in HOUSTON, TX 77056.
9414811898765898524724	S.K. Lawlis	PO Box 1889	Midland	TX	79702-1889	Your item was delivered at 1:06 pm on March 24, 2021 in MIDLAND, TX 79701.
9414811898765898524779	EOG Resources, Inc.	5509 Champions Dr	Midland	TX	79706-2843	Your item was picked up at a postal facility at 8:03 am on March 22, 2021 in MIDLAND, TX 79702.
9414811898765898524922	V-F Petroleum Inc.	PO Box 1889	Midland	TX	79702-1889	Your item was delivered at 1:06 pm on March 24, 2021 in MIDLAND, TX 79701.
9414811898765898524984	Read & Stevens, Inc.	PO Box 1518	Roswell	NM	88202-1518	Your item was delivered at 10:22 am on March 24, 2021 in ROSWELL, NM 88201.
9414811898765898524656	Crump Energy Partners III, LLC	4000 N Big Spring St Ste 310	Midland	TX	79705-4628	Your item was delivered to the front desk, reception area, or mail room at 10:18 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898524694	CM Resources, LLC	300 N Marienfeld St Ste 1000	Midland	TX	79701-4688	Your item was delivered to the front desk, reception area, or mail room at 11:01 am on March 22, 2021 in MIDLAND, TX 79701.
9414811898765898529583	Anthracite Energy Partners, LLC	4803 Tremont Ave	Midland	TX	79707-4110	Your item was delivered to an individual at the address at 12:04 pm on March 29, 2021 in MIDLAND, TX 79707.

Released to Imaging: 11/2/2021 8:15:25 AM

Received by OCD: 11/1/2021 7:30:16 PM

Apache - Palmillo Wells
Case Nos. 21727-21730 Postal Delivery Report

9414811898765898524670	Crown Oil Partners VI, LLC	4000 N Big Spring St Ste 310	Midland	TX	79705-4628	Your item was delivered to the front desk, reception area, or mail room at 10:18 am on March 22, 2021 in MIDLAND, TX 79705.
9414811898765898524120	WPX Energy Permian, LLC	3500 One Williams Ctr Ste 3400	Tulsa	OK	74172-0135	Your item was picked up at a postal facility at 4:56 am on March 23, 2021 in TULSA, OK 74103.
9414811898765898524182	Jetta Production Company	777 Taylor St	Fort Worth	TX	76102-4919	Your item arrived at the SANTA FE, NM 87501 post office at 7:15 am on March 30, 2021 and is ready for pickup.
9414811898765898524175	COG Operating LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your item was picked up at a postal facility at 8:41 am on March 22, 2021 in MIDLAND, TX 79702.
9414811898765898524366	Tug Hill Energy, LLC	3131 W 7th St	Fort Worth	TX	76107-2779	Your item arrived at our COPPELL TX DISTRIBUTION CENTER destination facility on March 31, 2021 at 6:49 pm. The item is currently in transit to the destination.
9414811898765898523253	Cheney Energy Partners LLC	7670 Woodway Dr Ste 175	Houston	TX	77063-1593	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765898523291	Cimarex Energy Co	600 N Marienfeld St Ste 600	Midland	TX	79701-4405	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765898523833	CK Finance, LLC	4536 Edmondson Ave	Dallas	TX	75205-2606	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765898523758	Colgate Production LLC	300 N Marienfeld St Ste 1000	Midland	TX	79701-4688	Your item was delivered to the front desk, reception area, or mail room at 11:01 am on March 22, 2021 in MIDLAND, TX 79701.
9414811898765898523796	Conejos Energy, LLC	4803 Tremont Ave	Midland	TX	79707-4110	Your item was delivered to an individual at the address at 12:04 pm on March 29, 2021 in MIDLAND, TX 79707.

Carlsbad Current Argus.

Affidavit of Publication

Ad # 0004655915

This is not an invoice

DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown
NOTARY PUBLIC

5.15.23
My commission expires

Ad # 0004655915
PO #:
# of Affidavits 1

This is not an invoice

NANCY HEYRMAN
Notary Public
State of Wisconsin

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. I
Submitted by: Apache Corporation
Hearing Date: November 05, 2021
Case Nos. 21727-21730

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, April 8, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://www.emnrd.state.nm.us/OCD/hearings.html or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **March 28, 2021.**

Persons may view and participate in the hearings through the following link:

https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1a53b301b1f6485853e05d5f923df077
Event number: 187 653 1969
Event password: FvRGmafs933

Join by video: 1876531969@nmemnrd.webex.com
Numeric Password: 490768
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 187 653 1969

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All pooled parties, including: Apache Corporation; Alpar Energy, Inc; AmericaWest Resources, LLC; Anthracite Energy Partners, LLC; Cheney Energy Partners, LLC; Cimarex Energy Co; CK Finance, LLC; Colgate Production LLC; Conejos Energy, LLC; Crown Oil Partners VI, LLC; Crump Energy Partners III, LLC; Currie Smith I, Ltd.; Dale A. Smith, his heirs and devisees; Daniel J Murphy, his heirs and devisees; Ellen Smith Bivins, her heirs and devisees; EOG Resources Inc; JSTM Energy Investments, LLC; Marks Oil, Inc.; Nance Resources, Inc; Occidental Permian Limited Partnership; ODS-ACS Properties, Ltd.; OXY USA INC; OXY USA WTP Limited Partnership; Sabre Exploration, Inc.; SDX Properties, Inc.; Texilvania, Ltd.; TKM Resources, LLC; True North Exploration, Inc.; V-J Energy Partners, LLC; XTO Energy Inc.; ZPZ Delaware I LLC; Chevron USA, Inc.; Marathon Oil Permian LLC; S.K. Lawlis, his/her heirs and devisees; V-F Petroleum Inc.; Read & Stevens, Inc.; CM Resources, LLC; WPX Energy Permian, LLC; Jetta Production Company; COG Operating LLC; and Tug Hill Energy, LLC.

Case No. 21727: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #271H** well (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #375H** well (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 NE/4 (Unit A) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

is located approximately 13 miles northeast of Carlsbad, New Mexico.
4655915 *Current- Argus March 23, 2021*

Carlsbad Current Argus.

Affidavit of Publication

Ad # 0004655936

This is not an invoice

DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown
NOTARY PUBLIC

5.15.23
My commission expires

NANCY HEYRMAN
Notary Public
State of Wisconsin

Ad # 0004655936
PO #:
# of Affidavits 1

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, April 8, 2021, beginning at 8:15** a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at http://www.emnrd.state.nm.us/OCD/hearings.html or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **March 28, 2021.**

Persons may view and participate in the hearings through the following link:

https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1a53b301b1f6485853e05d5f923df077
Event number: 187 653 1969
Event password: FvRGmafs933

Join by video: 1876531969@nmemnrd.webex.com
Numeric Password: 490768
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 187 653 1969

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All pooled parties, including: Apache Corporation; Alpar Energy, Inc; AmericaWest Resources, LLC; Anthracite Energy Partners, LLC; Cheney Energy Partners, LLC; Cimarex Energy Co; CK Finance, LLC; Colgate Production LLC; Conejos Energy, LLC; Crown Oil Partners VI, LLC; Crump Energy Partners III, LLC; Currie Smith I, Ltd.; Dale A. Smith, his heirs and devisees; Daniel J Murphy, his heirs and devisees; Ellen Smith Bivins, her heirs and devisees; EOG Resources Inc; JSTM Energy Investments, LLC; Marks Oil, Inc.; Nance Resources, Inc; Occidental Permian Limited Partnership; ODS-ACS Properties, Ltd.; OXY USA INC; OXY USA WTP Limited Partnership; Sabre Exploration, Inc.; SDX Properties, Inc.; Texilvania, Ltd.; TKM Resources, LLC; True North Exploration, Inc.; V-J Energy Partners, LLC; XTO Energy Inc.; ZPZ Delaware I LLC; Chevron USA, Inc.; Marathon Oil Permian LLC; S.K. Lawlis, his/her heirs and devisees; V-F Petroleum Inc.; Read & Stevens, Inc.; CM Resources, LLC; WPX Energy Permian, LLC; Jetta Production Company; COG Operating LLC; and Tug Hill Energy, LLC.

Case No. 21728: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #272H** well (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #376H** well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 NE/4 (Unit H) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 NE/4 (Unit H) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

is located approximately 13 miles northeast of Carlsbad, New Mexico.
4655936 *Current- Argus March 23, 2021*

Carlsbad Current Argus.

Affidavit of Publication

Ad # 0004655972

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DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

03/23/2021

Legal Clerk

Subscribed and sworn before me this March 23, 2021:

State of WI, County of Brown
NOTARY PUBLIC

5.15.23
My commission expires

NANCY HEYRMAN
Notary Public
State of Wisconsin

Ad # 0004655972
PO #:
# of Affidavits 1

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

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Case No. 21729: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #273H well** (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #377H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

is located approximately 13 miles northeast of Carlsbad, New Mexico.
4655972 *Current- Argus March 23, 2021*

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004655992

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DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 P

SANTA FE, NM 87504

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03/23/2021

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State of WI, County of Brown
NOTARY PUBLIC

5.15.23
My commission expires

NANCY HEYRMAN
Notary Public
State of Wisconsin

Ad # 0004655992
PO #:
# of Affidavits 1

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

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Case No. 21730: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 29-30 State Com #274H** well (API No. 30-015-pending), and (2) the **Palmillo 29-30 State Com #378H** well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area

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4655992 *Current- Argus March 23, 2021*