CASE NO. 23005

APPLICATION OF TEXAS STANDARD OPERATING NM LLC FOR COMPULSORY POOLING LEA COUNTY, NEW MEXICO

EXHIBIT LIST

- 1. Application and Proposed Notice
- 2. Landman's Affidavit
- 3. Geologist's Affidavit
- 4. Affidavit of Mailing
- 5. Pooling Checklist

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXAS STANDARD OPERATING NM LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 23005

APPLICATION

Texas Standard Operating NM LLC applies for an order pooling all uncommitted mineral interest owners in the Upper Penn Shale formation in a proximity tract horizontal spacing unit underlying the SW/4 of Section 9 and the W/2 of Section 16, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

- 1. Applicant is an operator in the SW/4 of Section 9 and the W/2 of Section 16, and has the right to drill a well or wells thereon.
- 2. Applicant proposes to drill the 9-16 State Well No. 1H to a depth sufficient to test the Upper Penn Shale formation, and has dedicated the SW/4 of Section 9 and the W/2 of Section 16 to the well. The well has a first take point in the SE/4SW/4 of Section 16 and a last take point in the NE/4SW/4 of Section 9.
- 3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW/4 of Section 9 and the W/2 of Section 16 for the purposes set forth herein.
- 4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain mineral interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Upper

EXHIBIT 7

Penn Shale formation underlying the SW/4 of Section 9 and the W/2 of Section 16 pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Upper Penn Shale formation underlying the SW/4 of Section 9 and the W/2 of Section 16 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interest owners in the Upper Penn Shale formation underlying the SW/4 of Section 9 and the W/2 of Section 16;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Texas Standard Operating NM LLC

Application of Texas Standard Operating NM LLC for compulsory pooling, Lea County, New Mexico. Texas Standard Operating NM LLC seeks an order pooling all uncommitted mineral interest owners in the Upper Penn Shale formation underlying a proximity tract horizontal spacing unit comprised of the SW/4 of Section 9 and the W/2 of Section 16, Township 17 South, Range 36 East, NMPM. The unit will be dedicated to the 9-16 State Well No. 1H, to be drilled to a depth sufficient to test the Upper Penn Shale formation. The well has a first take point in the SE/4SW/4 of Section 16 and a last take point in the NE/4SW/4 of Section 9. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 7-1/2 miles south-southwest of Lovington, New Mexico.

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

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

APPLICATION OF TEXAS STANDARD OPERATING NM LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 22305

SELF-AFFIRMED STATEMENT OF MATT ROBERSON

Matt Roberson deposes and states:

- 1. I am a landman for Texas Standard Operating NM LLC ("Texas Standard"), and have personal knowledge of the matters stated herein. I have not previously testified before the Division. My educational and work experience are as follows: Studied Energy Management at the University of Texas. Graduated in December of 2017 and began working as a field agent for Dudley Land Company in January of 2018. Continued to work as a contractor and in-house landman for DLC through March of 2020 when I was hired by Texas Standard Oil. I obtained certification as a Registered Professional Landman through the American Association of Professional Landmen in May of 2021. I maintain active membership in the AAPL as well as the Permian Basin Landmen's Association and Dallas Association of Petroleum Landmen.
- 2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application filed herein.
- 3. The purpose of this application is to force pool a working interest owner into the horizontal spacing unit described below, and in a well or wells to be drilled in the unit.
- 4. No opposition is expected because the interest owner being pooled has been contacted regarding the proposed well, but has failed to voluntarily commit its interest to the well at this time.
- 5. A plat outlining the unit being pooled is submitted as Attachment A. Texas Standard seeks an order pooling an uncommitted mineral interest owner in the Upper Penn Shale formation underlying a proximity tract horizontal spacing unit comprised of the SW/4 of Section 9 and the W/2 of Section 16, Township 17 South, Range 36 East, NMPM. The unit will be dedicated to the 9-16 State Well No. 1H, to be drilled to a depth sufficient to test the Upper Penn Shale formation. The well has a first take point in the SE/4SW/4 of Section 16 and a last take point in the NE/4SW/4 of Section 9. There is no depth severance in the Upper Penn formation.

EXHIBIT 2

A form C-102 for the well is also submitted as part of Attachment A.

- 6. The party being pooled, and its interest, are set forth in Attachment B. Attachment C is a summary of communications and copies of the proposal letters sent to the uncommitted working interest owner.
- All interest owners are locatable. Texas Standard has made a good faith effort to locate and obtain the voluntary joinder of the working interest owners in the proposed well.
 - 8. Texas Standard has the right to pool the overriding royalty owners in the well unit.
- 9. Attachment D contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.
- 10. Texas Standard requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Texas Standard requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- 11. Texas Standard requests that the maximum cost plus 200% risk charge be assessed against a non-consenting working interest owner.
 - 12. Texas Standard requests that it be designated operator of the well.
- 13. The attachments to this affidavit were prepared by me, or compiled from company business records.
- 14. The granting of this application is in the interests of conservation and the prevention of waste.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 14 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

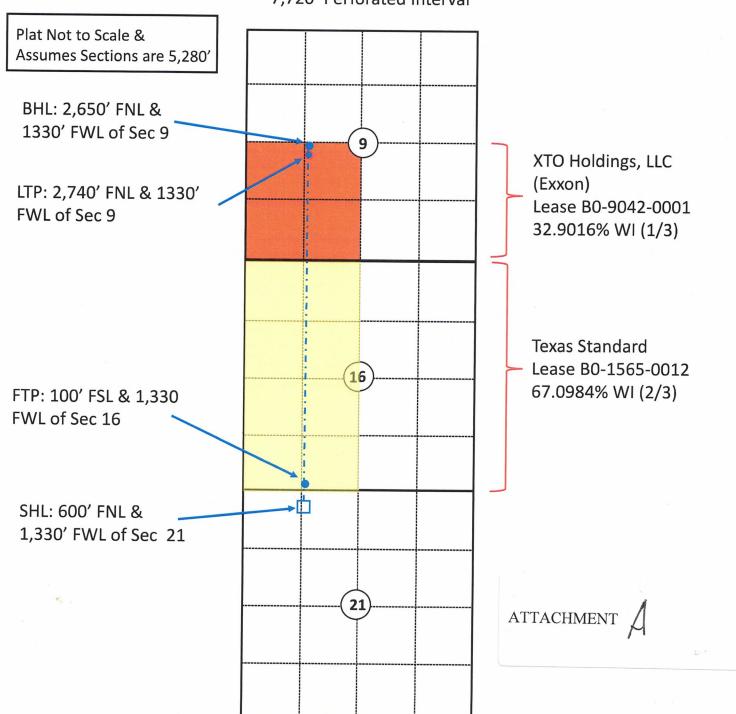
Date:

8/28/2022

Matt Roberson

Exhibit A-3 Plat

Texas Standard Operating NM LLC Proposed 1.5 Mile Lateral Location in T17S-R36E Sections 9-16
7,720' Perforated Interval



Allocation of Proposed Perforated Interval

Location:	Sec. 9	W2 Sec. 16	Perf Interval:
Est. Footage:	2,540′	5,180′	Est. 7,720'
Est. WI:	33.3333%	66.6667%	100%

District 1
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	Г	6	783	1 Code 33	WC.025G.09 5173615C; Upper Penn							
⁴ Property Co	de					roperty N			/	6 Well Number			
TO CONTO					9	10 2	IAIL	*			1H		
23149	29		TI	TEXAS STANDARD OPERATING NM LLC 9Elevation 3872'									
		¹⁰ Surface Location											
UL or lot no.	Section	Townsh	nip Range	Lot I	Idn Feet fro	m the	North/South line	Feet From the	East/W	est line	County		
C	21	17S	36E		60	0	NORTH	1330			LEA		
	×.		11	Botton	m Hole Loc	cation	If Different Fr	om Surface					
UL or lot no.	Section	Townsh	nip Range	Lot I	dn Feet fro	m the	North/South line	Feet from the	East/W	East/West line County			
K	9	17S	36E		264	8	SOUTH	1330					
12 Dedicated Acres	13 Joint o	or Infill	14 Consolidati	on 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.

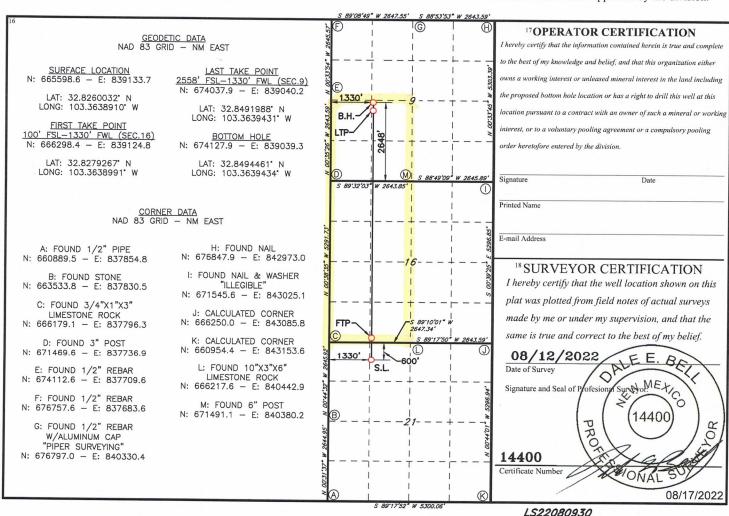


Exhibit A-4 Recapitulation

Texas Standard Operating NM LLC Proposed 9-16 State No. 1H Well

Spacing Unit: T17S - R36E, Sec. 9 - SW/4; Sec. 16 - W/2

Tract & Lease Numbers	Owner/Entity	Tract WI	Acres	Unit WI
No. 1: Sec 9 – SW/ 4		4		
B0-9042-0001	XTO Holdings, LLC (Exxon)	100%	160	33.3333%
No. 2: Sec 16 – W/2				
B0-1565-0012	Texas Standard Oil LLC	100%	320	66.6667%
Total Unit			480	100.0000%
Total FP				33.3333%

ATTACHMENT β



August 24, 2022

ATTACHMENT (

Contact Log with ExxonMobil:

- 10/6/21 Email to Brett Woody and Angie Repka with proposal, JOA, AFE and location plat
- 10/12/21 Email to Brett Woody and Angie Repka requesting confirmation of receipt
- 10/18/21 Sent proposal, JOA, AFE, and location plat via UPS to Exxon office for Brett Woody
- 11/11/21 Email to Brett Woody and Angie Repka requesting follow up and call back
- 11/12/21 Brett Woody called back left VM had forwarded original email to Blake Hueske back in October gave me contact info
- 11/12/21 Emailed Blake Hueske with original proposal and all pertonent documents
- 11/18/21 Contacted via phone + email Rex Barker, Britton McQuien, Willis Price, Nick Eaton at BTA Oil Producers about drilling plans through Sec. 21 proposed term assignment
- 11/18/21 BTA Declines all offers from TXS and will not participate
- 11/19/21 Emailed Blake Hueske and Luann Thomas the updated well proposal and AFE covering the BTA lease
- 12/13/21 Received call from Luann Thomas to discuss proposed well, and she asked about compulsory pooling process
- 12/15/21 Jeff Jackson and Luann Thomas emailed list of geology questions regarding proposed well, and I replied with answers same date
- 12/20/21 Called Rex Barker at BTA who declared that BTA will not cooperate with us and will drill their acreage independently
- 12/21/21 Emailed back and forth with Jeff Jackson, Luann Thomas, and Anne Collins regarding the technical aspects of the well
- 1/18/22 Spoke via phone with Luann Thomas about initial hearing date and TA terms
- 1/19/22 Spoke via phone with Luann Thomas about changing ORI on TA proposal
- 1/27/22 Checked in with Luann Thomas about status of election to participate

(432) 219-6710

Fax (432) 203-0585

- 2/11/22 Met at ExxonMobil offices to discuss details of project with the Exxon Non-Op team who verbally elected to participate
- 4/14/22 Received response from Luann Thomas that they are waiting to get us a signed JOA due to Manzano contesting our proposed well location (BTA had made a lease swap with Manzano by this time)
- 6/30/22 Sent email to Luann Thomas updated and revised well proposal through sections 9-16
- 7/1/22 Discussed with Luann Thomas via email the resolution to move location off Manzano lease had to restart the internal approval process with ExxonMobil
- 7/11/22 Emails with Luann Thomas acknowledging new proposal and drilling questions
- 8/2/22 Emailed/called Luann Thomas (no response) to inform of need to move quickly to drill 9-16 State #1H due to lease complications
- 8/4/22 Luann Thomas call with Tim Roberson to discuss the Exxon lease
- 8/19/22 Spoke with Luann Thomas about JOA Exxon will not have an answer for us for quite some time, best to just go ahead with compulsory pooling. Sent Exxon more drilling cost information.

TEXAS STANDARD Oil LLC

LLC

June 13, 2022

ExxonMobil 22777 Springwoods Village Pkwy Spring, TX 77389

Re: REVISED Well Proposal - Revised from Proposal sent 11-18-2021

9-16 State 1H Well

Lea County, New Mexico

Dear Mrs. Thomas,

Texas Standard Oil LLC ("Texas Standard") through its wholly owned subsidiary, Texas Standard Operating NM LLC has REVISED its previous proposal to drill the captioned well as follows:

Drill the captioned well from a Surface Location being approximately 600' FSL Section 9 & 1,330' FWL of Section 21, T17S-R36E to an approximate Bottom Hole Location being 2,650' FNL & 1,330' FWL of Section 9, T17S-R36E, Lea County, New Mexico (the "Well"). All calls are estimated and subject to a definitive survey. Please see the attached REVISED well location plat.

The Well will be drilled from the surface to a landing interval of approximately 11,350-11,725' TVD and drilled horizontally to a total measured depth of approximately 19,170-19,545' in the Upper Penn Shale (sometimes referred to as the "Wolfcamp C and D Shale").

Please find attached our REVISED Authority for Expenditure ("AFE") which provides an estimation of the total cost to drill and complete the Well. Texas Standard proposes that the Well will be subject to the terms and conditions of the Operating Agreement also attached for your review.

In the event that ExxonMobil elects to participate in its ratable share of the cost of drilling and completing the proposed Well, please sign and return both the attached AFE and Operating Agreement. Texas Standard proposes to drill the Well subject to the terms and conditions of the attached modified 1989H AAPL form of Operating Agreement. This proposal is subject to the execution of the Operating Agreement by all parties owning leasehold involving this well.

If you have any questions or would like to discuss this proposal, please contact me at 713-828-9306 or to email me at Matt@TxsOil.com. Thank you in advance for your careful consideration of this proposal.

Sincerely,

Matt Roberson, RPL

Landman

(432) 219-6710

Fax (713) 655-1197

TEXAS STANDARD Oil LLC

LLC

November 18, 2021

ExxonMobil 22777 Springwoods Village Pkwy Spring, TX 77389

Re: REVISED Well Proposal – Revised from Proposal sent 10-6-2021

9-21 State 1H Well

Lea County, New Mexico

Dear Mr. Hueske,

Texas Standard Oil LLC ("Texas Standard") through its wholly owned subsidiary, Texas Standard Operating NM LLC has REVISED it previous proposal to drill the captioned well as follows:

Drill the captioned well from a Surface Location being approximately 1,820' FSL Section 9 & 1,330' FWL of Section 9, T17S-R36E to an approximate Bottom Hole Location being 2,590' FNL & 1,330' FWL of Section 21, T17S-R36E, Lea County, New Mexico (the "Well"). All calls are estimated and subject to a definitive survey. Please see the attached REVISED well location plat.

The Well will be drilled from the surface to a landing interval of approximately 11,350-11,550 TVD at the Heel and 11,525-11,725' TVD at the Toe and drilled horizontally to a total measured depth of approximately 22,000' in the Upper Penn Shale (sometimes called "Wolfcamp C and D Shale").

Please find attached our REVISED Authority for Expenditure ("AFE") which provides an estimation of the total cost to drill and complete the Well. Texas Standard proposes that the Well will be subject to the terms and conditions of the Operating Agreement also attached for your review.

In the event that ExxonMobil elects to participate in its ratable share of the cost of drilling and completing the proposed Well, please sign and return both the attached AFE and Operating Agreement. Texas Standard proposes to drill the Well subject to the terms and conditions of the attached modified 1989H AAPL form of Operating Agreement. This proposal is subject to the execution of the Operating Agreement by all parties owning leasehold involving this well.

In the event that ExxonMobil does not desire to participate in the cost of drilling this well, then alternatively, we propose that our companies enter into a term assignment covering the 320 acres shown on the plat (not to scale), with ExxonMobil retaining a 3% overriding royalty interest, though, Texas Standard has not reviewed full title to determine the existing net revenue interest for this lease.

If you have any questions or would like to discuss this proposal, please do not hesitate to contact me at 713-828-9306 or to email me at Matt@TxsOil.com. Thank you in advance for your careful consideration of this proposal and we look forward to visiting with everyone.

Sincerely,

Matt Roberson, RPL Landman

(432) 219-6710

Fax (713) 655-1197

TEXAS STANDARD OPERATING NM LLC

AUTHORITY FOR EXPENDITURE

	TIOILE			
PROF	POSED TD):		AFE NUMBER:
11,350-11,725' T	VD, 19,170-	19,545'	MD	
PROJECT DESCR	RIPTION &	OBJE	CTIVE:	PREPARED BY:
7 700! Danfausta d inte				Craig Young
2,500 lbs/ft proppant, Pilot Hole, \$1.50/bbl Frac Water, \$300K new frac pit, \$150K for reworking a frac pit				DATE:
				02/16/21
				REVISED:
				06/01/22
Workov	er:	Original:	х	Supplemental:
	PROF 11,350-11,725' T PROJECT DESCR 7,720' Perforated inte 2,500 lbs/ft proppant, Water, \$300K new frank a frac pit	11,350-11,725' TVD, 19,170- PROJECT DESCRIPTION & 7,720' Perforated interval, 200' st 2,500 lbs/ft proppant, Pilot Hole, Water, \$300K new frac pit, \$150K a frac pit	PROPOSED TD: 11,350-11,725' TVD, 19,170-19,545' PROJECT DESCRIPTION & OBJEC 7,720' Perforated interval, 200' stage len 2,500 lbs/ft proppant, Pilot Hole, \$1.50/b Water, \$300K new frac pit, \$150K for rev a frac pit	PROPOSED TD: 11,350-11,725' TVD, 19,170-19,545' MD PROJECT DESCRIPTION & OBJECTIVE: 7,720' Perforated interval, 200' stage length, 2,500 lbs/ft proppant, Pilot Hole, \$1.50/bbl Frac Water, \$300K new frac pit, \$150K for reworking a frac pit

DETAIL OF EXPENDITURES LOCATION	ACCT CODE	DRY HOLE	COMPLETION	TOTAL
Survey & Staking		\$7,500		\$7,
Permitting & Legal Title Opinion		\$25,000		\$25,
Surface Damages		\$25,000		\$25,
Location & Roads (Initial)		\$150,000		\$150,
Rathole/Mousehole/Conductor		\$15,000		\$15,0
Clean-Up & Restoration		\$10,000	\$5,000	\$15,
TOTAL LOCATION COSTS		\$232,500	\$5,000	\$237,
CONTRACT DRILLING				
Turnkey				
Footage				
Daywork - 44 Days @ \$30,000/Day		\$1,320,000		\$1,320,
Rig Mob & De-mob		\$280,000		\$280,
TOTAL RIG COSTS		\$1,600,000		\$1,600,
COMPLETION RIG COST				, , , ,
Daywork -				
Daywork - Completion Rig 3 days			\$20,000	\$20,
Completion Rig Move			130,000	Ψ=0,
TOTAL COMPLETION RIG COSTS			\$20,000	\$20,
WATER WELL/ DRILL WATER		\$75,000	\$702,000	\$777,0
FUEL & POWER		\$550,000	\$17,000	\$567,0
BITS, MILLS, REAMERS		\$155,000	\$10,000	\$165,0
MUD, COMPLETION FLUIDS & CHEMICALS		¥100,000	\$10,000	Ψ100,
Mud & Completion Fluid		\$225,000		\$225,0
LCM		\$220,000		Ψ223,0
Surfactants - Misc. frac needs				
TOTAL MUD & COMPLETION FLUIDS		\$225,000		6005.6
CEMENTING SERVICES		\$225,000		\$225,0
Conductor				
Surface - Primary 13 3/8"		\$45.000		0.45.6
Surface - Squeeze		\$45,000		\$45,0
Intermediate 1		\$75,000		\$75,0
Intermediate 1 - Squeeze		\$60,000		\$60,0
Intermediate 2				
Intermediate 2 - Squeeze				
Production - Primary 5 1/2"	, 7	\$100,000		\$100,0
Production - Squeeze				
Miscellaneous Pumping or plug.	5 -	\$60,000		\$60,0
TOTAL CEMENT SERVICES		\$340,000		\$340,0
OPEN HOLE LOGGING	Σ			
Surface Hole	ACHMENT			
Intermediate Hole	9			
Liner Hole	I.			
Total Depth	i i	\$187,000		\$187,0
RFT's/ Included in Logging Cost	A			
SWC's Analysis 100 x \$40		\$50,000		\$50,0
TOTAL OPEN HOLE LOGGING		\$237,000		\$237,0
CASED HOLE LOGGING SERVICES			- Industrial	
Cased Hole Logging & Shale Evaluation Log			\$15,000	\$15,0
38 Perforating & Plug Setting			\$195,000	\$195,0
1 Pkr/CBP & Setting Charges			\$12,000	\$12,0
Miscellaneous			+ . =,000	Ψ12,0

TOTAL CASED HOLE LOGGING SERVICES		\$222,000	\$222,000
RILL STEM TEST			
OIL TUBING UNIT		\$220,000	\$220,000
rac Stack		\$90,000	\$90,000
ELL TEST/ FLOWBACK		\$65,000	\$65,000
TIMULATION 38 Stages, 200', 2500 lbs/ft		\$3,400,000	\$3,400,000
ENTAL EQUIPMENT & SERVICES			
Automatic Driller			
BOP Equipment		\$7,500	\$7,500
Closed Loop System	\$153,500		\$153,500
DC, DP, Kelly, Handling Tools, etc.			
Agitator	\$33,700		\$33,700
Drill Time Recorder			***************************************
Drilling Jars	\$7,900		\$7,900
Fork Lift	\$27,700	\$7,500	\$35,200
Gas Detector			
Generator		\$13,500	\$13,500
HWDP			
Hydraulic Choke	\$6,500		\$6,500
Insp / Damages / Repair	\$32,200		\$32,200
Living Quarters, Trailers, Septic Systems, etc.	\$52,250	\$15,000	\$67,250
Frac Tanks	\$6,450	\$25,000	\$31,450
H2S Safety Equipment and Training	\$6,450		\$6,450
Mud Cleaner	\$19,350		\$19,350
Phone & Fax	\$13,000	\$1,500	\$14,500
PVT Equipment	\$15,000		\$15,000
Rig Communication - Intercoms	\$5,000	\$4,000	\$9,000
Rotating Head / Wear Bushing	\$22,500		\$22,500
Shale Shaker & Screens	\$5,000		\$5,000
Spacer Spool/ DSA			
Stabilizers	\$19,350		\$19,350
Steam Cleaner	\$25,000		\$25,000
Teledrift Survey Tools	\$10,000		\$10,000
Vac System	\$13,000		\$13,000
Transfer Pumps/Water Transfer	\$6,450	\$135,000	\$141,450
Trash Trailer	\$6,450	\$1,500	\$7,950
Water Line, Pumps, Air Compressors, etc.	\$4,500	\$1,500	\$6,000
Miscellaneous (Frac Tanks/Tank Covers)	\$25,800	- Announce	\$25,800
TOTAL RENTAL EQUIPMENT & SERVICES	\$517,050	\$212,000	\$729,050

SPECIALIZED SERVICES			
BHA Inspection	\$5,000		\$5,
BOP Testing	\$7,000		\$7,
Casing Crew - Surface	\$11,000		\$11,
Casing Crew - Intermediate 1	\$25,000		\$25,
Casing Crew - Intermediate 2			
Casing Crew - Production	\$45,000		\$45,
Casing Crew - Liner			
Crane		\$50,000	\$50,
Csg / Tbg Inspection & 3rd Party	\$10,000		\$10,
Gate Guard			
Mud Logger	\$31,000		\$31,
PU/ LD Machine		***************************************	
Roustabout / Lease Crew	\$3,500	\$2,538	\$6,
Slick Line Services			,
Tubing Testing			
Welding Services	\$2,500	\$2,700	\$5,
Wellhead Serviceman	\$5,000	,	\$5,
Miscellaneous (OB Cuttings Disposal)	\$115,000	-	\$115,
TOTAL SPECIALIZED SERVICES	\$260,000	\$55,238	\$315,
DIRECTIONAL DRILLING SERVICES	, ,,,,,,,,,	#00,200	ΨO 10,
OH Whipstock		· · · · · · · · · · · · · · · · · · ·	
Mud Motors/Steering Tool / MWD	\$260,000	100	¢260
Gyro/ Multi-Shot Surveys	φ200,000		\$260,
Remaining Directional - Mob & De-mob	#20 000		000
TOTAL DIRECTIONAL DRILLING SERVICES	\$30,000		\$30,
FISHING TOOLS & SERVICE	\$290,000	-	\$290,
F. T. Supervisor & Tools			
Wireline (FP & BO)			
TOTAL FISHING TOOLS & SERVICE			
TRANSPORTATION			
Trucking	\$161,250	\$20,000	\$181,2
Pipe Hauling			
Vacuum Truck Service	\$22,500	\$25,000	\$47,
Supply & Crew Boats			
Aircraft			
TOTAL TRANSPORTATION	\$183,750	\$45,000	\$228,7
DOCK SERVICE & DISPATCHER			
SUPERVISION (MAN & EXPENSES)		,	
Drilling/ Completion Consultant	\$115,000	\$67,000	\$182,0
Mud Consultant	7.13,130	7-7,000	Ψ.02,
Geologist - Geosteering	\$8.000	-	\$8,0
Other Consulting Services	\$5,000	\$30,000	\$35,0
TOTAL SUPERVISION	\$128,000	\$97,000	\$225,0
DRILLING & COMPLETION OVERHEAD	\$7,000	\$3,000	\$225,0
NSURANCE	\$7,000	φ3,000	\$10,0
Well Control	625,000		005
	\$35,000	- Land	\$35,0
Workman's Comp. Gen Liab & Umbrella	400000	-	*
TOTAL INSURANCE	\$35,000		\$35,0
CONTINGENCIES @ 5%	\$241,765	\$258,162	\$499,9
INTANGIBLES	\$5,077,035	\$5,421,400	\$10,498,4
ASING, TUBING, RODS			
Conductor Casing 20" X 40'	\$5,000		\$5,0
Surface Casing 2100' X 13 3/8"	\$162,000		\$162,0
Intermediate Casing 1 - 12,000' X 9 5/8"	\$805,000		\$805,0
Intermediate Casing 2			
Production Casing 20,281' X 51/2"	\$873,000		\$873,0
Drilling Liner			
Sucker Rods			
Tubing 11,000' 2 7/8"		\$75,000	\$75,0
TOTAL CASING, TUBING & RODS	\$1,845,000	\$75,000	\$1,920,0
TOTAL GAOING, TODING & RODS	¥ .,5 TO,000	710,000	ψ1,020,0
VELLHEAD & TREE	\$35,000		625.0
	\$35,000		\$35,0

Upper Tree- 5 1/8" 10K		\$35,000	\$35,00
Miscellaneous		***************************************	
TOTAL WELLHEAD & TREE	\$35,000	\$35,000	\$70,00
SUBSURFACE EQUIPMENT			
Downhole Pump			
Drilling Liner Accessories			
Drive Shoe & Conductor Accessories			
Flow Nipples, GL Valves, Etc.		\$40,000	\$40,00
Intermediate Casing Accessories	\$5,000		\$5,00
Liner Hangers (Drlg & Prod)			
Production Casing Accessories	\$21,000		\$21,00
Production Packers		\$15,000	\$15,000
Surface Casing Accessories	\$5,000		\$5,000
Miscellaneous	\$2,000	\$5,000	\$7,000
TOTAL SUBSURFACE EQUIPMENT	\$33,000	\$60,000	\$93,000
SURFACE FACILITIES			
48" X 10' 2 Phase		\$20,000	\$20,000
Contract Labor		\$150,000	\$150,000
36" X 10' Gas Scrubber		\$15,500	\$15,500
Facility Installation		\$15,000	\$15,000
Flowline + Installation		\$100,000	\$100,000
Flowline Tap		\$25,000	\$25,000
3 Phase 4 X 20		\$50,000	\$50,000
Instrumentation / Electrical		\$50,000	\$50,000
Lease Meters & Accessories		\$7,500	\$7,500
Flare,		\$50,000	\$50,000
Miscellaneous Equipment & Fittings		\$50,000	\$50,000
Pumping Unit & Equipment			
Safety Systems		\$10,000	\$10,000
Sales Line & Meter & Connections		\$30,000	\$30,000
Sales Line & Meter Installation		\$35,000	\$35,000
Salt Water Disposal Pump & Equipment			7 7 7
Separators		\$45,000	\$45,000
VRT Tower		\$22,000	\$22,000
Tanks		\$120,000	\$120,000
Transportation - Equipment		\$20,000	\$20,000
TOTAL SURFACE FACILITIES		\$815,000	\$815,000
CONTINGENCIES @ 5%	\$95,650	\$49,250	\$144,900
TANGIBLES	\$2,008,650	\$1,034,250	\$3,042,900
. THIS AFE	\$7,085,685	\$6,455,650	\$13,541,335
	Ψ1,000,009	ψ0,400,000	φ13,541,335

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

APPLICATION OF TEXAS STANDARD OPERATING NM LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 23005

SELF-AFFIRMED STATEMENT OF DAVID ENTZMINGER

COUNTY OF MIDLAND)
) ss
STATE OF TEXAS	

David Entzminger deposes and states:

- I am over the age of 18, and have personal knowledge of the matters stated herein. I have not previously testified before the Division. My educational and work experience are as follows: I have a BS Geological Engineering (1976) Univ. of Idaho and MS Geology (1979) Idaho State University. I am a Certified Professional Geologist with AAPG. I have been working as a petroleum geologist since 1977 (45 years) with major companies like ARCO & BP, independent companies like Whiting Petroleum & Cabot, and small independents like HRC & MDC as well as having my own company Entzminger Geoscience Services, LLC. I have managed large drilling programs of over 100 wells that managed to produce of 25 mboepd. I have explored in most basins throughout the United States. I have published or presented over 40 professional papers and have been very active in both local and national professional organizations.
- 2. I am a geologist for Texas Standard Oil Company ("Texas Standard"), and I am familiar with the geological matters involved in these cases.
 - 3. The following geological plats are attached hereto:
 - (a) Attachment A is a base map on the base of the Upper Penn formation in the area of the proposed 9-16 State Well No. 1H. It shows the proposed well unit, and the well units and names for other Upper Penn wells in the area.
 - (b) Attachment B is a structure map in the top of the Strawn formation. It shows that the structure is relatively flat across the proposed well unit. It also shows Upper Penn wells in the area, and a line of cross-section.
 - (c) Attachment C is a stratigraphic cross section showing the Penn Shale, the target zones for the proposed well. The well logs on the cross-section give a representative

EXHIBIT 3

sample of the Penn Shale in this area. The Penn Shale is continuous and uniformly thick across the well unit.

- 4. I conclude from the maps that:
 - (a) The horizontal spacing unit is justified from a geologic standpoint.
 - (b) The target zone is continuous and of relatively uniform thickness across the well unit.
 - (c) Each quarter-quarter section in the well unit will contribute more or less equally to production.
 - (d) There is no faulting or other geologic impediment in the area which will affect the drilling of the subject well.
- 5. Attachment D is a Directional Drilling Plan for the proposed well. The producing interval of the well will be at orthodox locations.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

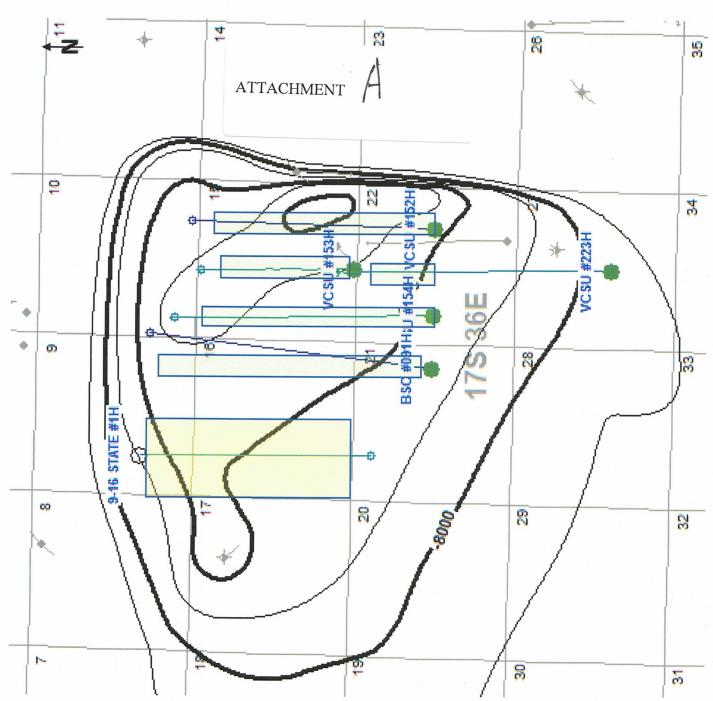
Date: <u>Aug 27, 2022</u>

David Entzminger

NMOCD Case RESE Base Map Only wells > 11,000′ TVD By David J. Entzminger August 25, 2022

The surface location of the 9-16 State #1H is in Section 21, 600′ FNL & 1,330′ FWL. The first take point is 100′ FSL & 1,330′ FWL of Section 16. The end of lateral is 2,650′ FNL & 1,330′ FWL of Section 9. The proration unit (yellow) includes **480** acres being the SW of Section 9, the W2 of Section 16. The well is west of the recent producers VSCU #154, VCSU #153H, VSCU #152, VSCU #23H, and BSC #91H (green).

Note: well names are at BHL



Released to Imaging: 9/9/2022 2:35:50 PM

By David J. Entzminger August 25, 2022 The 9-16 State #1H will be drilled from south to north.

A – A' Well Cross Section

Note: well names are at BHL

3 26 35 ATTACHMENT CI- 100' 9 34 VCSU15#223H CSU VCSD #153H 9-16 State #1H 20 53 32 10 8 3 Released to Imaging: 9/9/2022 2:35:50 PM

				_							1											
				Bld Rate Wlk Rate	("/100")		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
ture 0.00		08/29/22		Bld Rate	("/100")		0.0	8.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	0.1						
Minimum Curvature	Depth Reference:	Date Printed: 08/29/22		DLS	(°/100')		0.00	8.00	0.04	0.05	0.00	0.00	0.00	0.00	0.10	0.12						
Minin	Depth R	Depth Re Date	Depth Re Date	Depth Re Date	Depth Re Date	Date	Dat	La	ure	Ang (°)		#DIV/0i	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
				Closure	Dist (ft) Ang (°)	00.00	0.00	728.38	1863.10	2862.86	3862.71	4862.56	5862.40	6862.25	7862.20	8699.16						
						>	Ш	Ш	ш	Ш	ш	Ш	ш	ш	ш	ш						
8.48	1 1	8.04		tes	E/W (ft)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ber: ecl.:	orr.: orr.: nfo:	orr.: orr.: nfo:	orr.: orr.: orr.:	orr	orr.: Info:	orr	orr.: orr.: nfo:	corr.: Info:	orr.: Info:	Coordinates		Z	Z	Z	Z	Z	Z	Z	Z	z	z	Z
Job Number:	Grid Corr.:	Total Survey Corr.:	Target Info:	Coo	N/S (ft)	00.00	0.00	728.38	1863.10	2862.86	3862.71	4862.56	5862.40	6862.25	7862.20	8699.16						
2		Tota		SA	(ft)	00.00	#DIV/0i	728.38	1863.10	2862.86	3862.71	4862.56	5862.40	6862.25	7862.20	8699.16						
oerating				QVT.	(ft)	00.00	11228.00	11943.77	11919.01	11897.20	11879.75	11862.29	11844.84	11827.39	11818.66	11811.36						
Ompany: Texas Standard Operating Field: Upper Penn	nty, NM	e # 1H		Course	Lgth(ft)		11228	1137	1135	1000	1000	1000	1000	1000	1000	837						
pany: Texas Stand Field: Upper Penn	Cty/Blk/Par: Lea County	Well Name: 9-16 State #		Azimuth	(C)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
pmpany: Field:	y/Blk/Par:	ell Name:	Rig:	Incl	(2)	00.00	00.00	91.00	91.50	91.00	91.00	91.00	91.00	91.00	90.00	91.00						
,	5	≥	J.	Survey	Type Depth (ft)	0	11228	12365	13500	14500	15500	16500	17500	18500	19500	20337						
Minimum Curvature			PRINT RANGE	Tool	Type	GYRO	GYRO	MWD	MWD	MWD	MWD	MWD	MWD	MWD	MWD	MWD						
Minimu			H.		So.	0	_	2	က	4	2	9	7	œ	0	10						

ATTACHMENT D

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

APPLICATION OF REXAS STANDARD OPERATING NM LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case Nos. 23005

SELF-AFFIRMED ST	<u> </u>	ENT OF	NOTICE
------------------	----------	--------	--------

SELF-AFFIRMED STATEMENT OF NOTICE
COUNTY OF SANTA FE)
STATE OF NEW MEXICO)
James Bruce deposes and states:
1. I am over the age of 18, and have personal knowledge of the matters stated herein
2. I am an attorney for Texas Standard Operating NM LLC.
3. Texas Standard Operating NM LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owner, at its correct address by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below. Date: S/24/22 James Bruce James Bruce
exhibit 4

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

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

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

jamesbruc@aol.com

August 11, 2022

CERTIFIED MAIL

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling (Case No. 23005), filed with the New Mexico Oil Conservation Division by Texas Standard Operating NM LLC. In this case Texas Standard Operating NM LLC seeks an order pooling all uncommitted mineral interest owners in the Upper Penn Shale formation underlying a (proximity tract) horizontal spacing unit comprised of the SW/4 of Section 9 and the W/2 of Section 16, Township 17 South, Range 36 East, NMPM. The unit will be dedicated to the 9-16 State Well No. 1H.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, September 1, 2022. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emmrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, http://emmrd.state.nm.us/OCD/announcements.html. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than five business days before the hearing. This statement may be filed online with the Division at <u>ocd.hearings@state.nm.us</u>, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

James Bruce

Attorney for Mewbourne Oil Company

ATTACHMENT

EXHIBIT A

ExxonMobil Corporation c/o XTO Holdings LLC 22777 Springwoods Village Parkway Spring, Texas 77389

USPS Tracking®

FAQs >

Track Another Package +

Tracking Number: 70210950000203743559

Remove X

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

USPS Tracking Plus [®] Available ✓	U.S. Postal Service CERTIFIED MAIL® RECEIPT Domestic Mail Only	CERTIFIED MAIL® RECEIPT	
In Transit to Next Facility August 18, 2022	For delivery information, visit our website at www.usps.com®. GFFICIAL USE Certified Mail Fee \$ [Extra Services & Fees (check box, add fee as appropriate)]	Feed	
Get Updates ✓	Return Receipt (electronic) Adult Signature Restricted Delivery Here Adult Signature Restricted Delivery Return Receipt (electronic) Return Rece	eedback	
Text & Email Updates	Sent To Street and Apt. No., 7 Spring, Texas 77389 c/o XTO Holdings LLC 22777 Springwoods Village Parkway Spring, Texas 77389	1 10 20 20 20 20 20 20 20 20 20 20 20 20 20	
Tracking History	City, State, ZIP+4 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruc	tions	

August 18, 2022

In Transit to Next Facility

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

August 14, 2022, 3:03 pm Departed USPS Regional Facility NORTH HOUSTON TX DISTRIBUTION CENTER

August 13, 2022, 11:36 am Arrived at USPS Regional Facility NORTH HOUSTON TX DISTRIBUTION CENTER August 11, 2022, 10:24 pm Departed USPS Facility ALBUQUERQUE, NM 87101

August 11, 2022, 8:33 pm Arrived at USPS Facility

ALBUQUERQUE, NM 87101

USPS Tracking Plus® Product Information

See Less ∧

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to:	A. Signature X
ExxonMobil Corporation c/o XTO Holdings LLC 22777 Springwoods Village Parkway Spring, Texas 77389	If YES, enter delivery address below: No
#	3. Service Type Adult Signature Registered Mail Express® Registered Mail Restricted Mail Res
9590 9402 7543 2098 9500 28	Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery ☐ Collect on Delivery ☐ Collect on Delivery ☐ Signature Confirmation™ ☐ Restricted Delivery ☐ Registered Mail Restricted Delivery ☐ Signature Confirmation™ ☐ Restricted Delivery

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS				
Case:		23005		
Date	Septer	mber 1, 2022		
Applicant	Texas Standard Operating NM LLC			
Designated Operator & OGRID	- State Statistical operating HIVI EEC			
(affiliation if applicable)	Texas Standard Operating NM LLC/OGRID No. 231429			
Applicant's Counsel:	James Bruce			
Case Title:	Application of Texas Standard Operating NM LLC for Compulsory Pooling, Lea County, New Mexico			
Entries of Appearance/Intervenors:				
Well Family	9-16 State Wells			
Formation/Pool				
Formation Name(s) or Vertical Extent:	Upper Penn Formation			
Primary Product (Oil or Gas):	Oil			
Pooling this vertical extent:	Upper Penn formation			
Pool Name and Pool Code:				
Well Location Setback Rules:	WC-025 S173615C; Upper Penn /Pool Code 98333 Statewide rules and current horizontal well rules			
Spacing Unit Size:	Quarter-quarter Section/40 acres			
Spacing Unit	quarter quarter section, 40 acres			
Type (Horizontal/Vertical)	Horizontal			
Size (Acres)	480 acres			
Building Blocks:	40 acres			
Orientation:	South-North			
Description: TRS/County	SW/4 §9-23S-28E and W/2 §16-17S-36E, NMPM, Lea County			
Standard Horizontal Well Spacing Unit	Yes			
(Y/N), If No, describe				
Other Situations				
Depth Severance: Y/N. If yes, description	No	_		
Proximity Tracts: If yes, description	Yes. See well described below.	EXHIBIT 5		
Proximity Defining Well: if yes,		_		
description				
Applicant's Ownership in Each Tract	Exhibits 2-A and 2-B			
Well(s)				
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	9-16 State Well No. 1H API No. 30-015-Pending SHL: 600 FNL & 1330 FWL §21-17S-36E BHL: 2648 FSL & 1330 FWL §9 FTP: 100 FSL & 1330 FWL §16 LTP: 2540 FSL & 1330 FWL §9 Upper Penn/TVD 11350-11725 feet/MD 19170-19545 feet The reason the TVD and MD vary is that the operator is trying to keep the wellbore approximately 150 feet above the top of the Strawn formation, which varies in depth.			

HBrowinshwall Fire Parel List of the PM Points	See above Page 31 of
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
Notice of Hearing	Cost 1 20070/ Extinuit 2, page 2
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20	LAMBIT I
days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10	EXHIBIT 4
days before hearing)	Not needed
Ownership Determination	Not needed
Land Ownership Schematic of the	
Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and	Exhibit 2-A
owners)	Exhibit 2-B
Pooled Parties (including ownership	EXHIBIT 2-B
type)	Exhibits 2-A and 2-B
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including	Not applicable
percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (i.e. Exhibit A of	EXHIBITE E
JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
Geology	
Summary (including special	
considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-C
Well Orientation (with rationale)	Standup/Exhibit 3
Target Formation	Upper Penn
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 2-A
Tracts	Exhibit 2-A
Summary of Interests, Unit	
Recapitulation (Tracts)	Exhibit 2-B
Released to Imaging: 9/9/2022 2:35:50 PM	

GBeerined by AGA: 1978/3 (સ્ત્રેનોના Basin)	Exhibit 2-A	Page 32 of 3.
Well Bore Location Map	Exhibit 2-A	
Structure Contour Map - Subsea Depth	Exhibit 3-A	
Cross Section Location Map (including		
wells)	Exhibit 3-C	
Cross Section (including Landing Zone)	Exhibit 3-C	
Additional Information		
CERTIFICATION: I hereby certify that the		
information provided in this checklist is		
complete and accurate.		
Printed Name (Attorney or Party		
Representative):	James Bruce	
Signed Name (Attorney or Party	1 2	
Representative):	Gelmas Trera	
Date:	August 30, 2022	