

Before the Oil Conservation Division
Examiner Hearing December 01, 2022
Case Nos. 23183

Steel Guitar 35-26 Fed Com 451H well



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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23183

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23183	APPLICANT'S RESPONSE
Date	December 1, 2022
Applicant	WPX Energy Permian, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 246289
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF WPX ENERGY PERMIAN, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Steel Guitar 35-26 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Purple Sage Wolfcamp Gas Pool (246289)
Well Location Setback Rules:	Purple Sage Wolfcamp
Spacing Unit Size:	431.99-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	431.99
Building Blocks:	320 acres
Orientation:	North-South
Description: TRS/County	W/2 of Section 26 and Lots 7-10 of irregular Section 35 (NW/4 equivalent), Township 26 South, Range 29 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	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	<p>BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: WPX Energy Permian, LLC Hearing Date: December 1, 2022 Case No. 23183</p>

Well #1	Steel Guitar 35-26 Fed Com 451H Well SHL: 423' FNL, 1,798' FWL (Unit C) of Section 26 FTP: 100' FNL, 422' FWL (Unit D) of Section 26 LTP: 100' FSL, 450' FWL (Lot 9) of Section 35 BHL: 90' FSL, 450' FWL (Lot 9) of Section 35 Target: Wolfcamp Orientation: North-South Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3; Exhibit D, D-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D

Target Formation	Exhibit D
HSU Cross Section	Exhibit D-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-1
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
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):	Paula M. Vance
Signed Name (Attorney or Party Representative):	
Date:	29-Nov-22

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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23183

APPLICATION

WPX Energy Permian, LLC (“WPX” or “Applicant”) (OGRID No. 246289), 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 Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool [98220]), underlying a 431.99-acre, more or less, standard horizontal well spacing unit comprised of the W/2 of Section 26 and Lots 7-10 of irregular Section 35 (NW/4 equivalent), Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, WPX 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 initially dedicate the above-referenced horizontal spacing unit to the proposed **Steel Guitar 35-26 Fed Com 451H well**, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35.
3. The S/2 NW/4 of irregular Section 35 borders the Texas state line.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183**

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2022, 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. Designating Applicant operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-998-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
arankin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR WPX ENERGY PERMIAN, LLC

CASE _____: **Application of WPX Energy Permian, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a 431.99-acre, more or less, standard horizontal well spacing unit comprised of the W/2 of Section 26 and Lots 7-10 of irregular Section 35 (NW/4 equivalent), Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **Steel Guitar 35-26 Fed Com 451H well**, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 17 miles south of Malaga, New Mexico.

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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23183

SELF-AFFIRMED STATEMENT OF RYAN CLOER

1. My name is Ryan Cloer, and I work as a Landman for Devon Energy Production Company, L.P., an affiliated entity of the applicant in this case, WPX Energy Permian, LLC (“WPX”). I am familiar with the application filed in this case and have personal knowledge of the information provided in this self-affirmed statement.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

3. None of the interest owners to be pooled have opposed this case proceeding by self-affirmed statement, so I do not expect any opposition at the hearing.

4. In **Case No. 23183**, WPX seeks an order pooling all uncommitted mineral interests in a 431.99-acre, more or less, standard horizontal well spacing unit comprised of the W/2 of Section 26 and Lots 7-10 of irregular Section 35 (NW/4 equivalent), Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

5. WPX intends to dedicate this standard horizontal spacing unit to the proposed initial **Steel Guitar 35-26 Fed Com 451H** well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
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Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
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(Lot 9) of Section 35. The completed interval of the well will comply with the Special Rules for the Purple Sage; Wolfcamp (Gas) (Pool code 98220) formation.

6. The S/2 NW/4 of irregular Section 35 borders the Texas state line

7. **WPX Exhibit C-1** contains the C-102 for the proposed well. The exhibit shows that this well will be assigned to the Purple Sage; Wolfcamp (Gas) (Pool code 98220).

8. **WPX Exhibit C-2** contains a plat outlining the unit being pooled, identifies the tracts of land comprising the proposed spacing unit, and identifies the working interests in each tract, and their interest in the horizontal spacing unit. WPX has highlighted the “uncommitted” working interest owners that remain to be pooled in this case.

9. WPX is also seeking to pool the overriding royalty interest owners identified on Exhibit C-2. The acreage in the unit includes only federal lands.

10. No depth severances exist within the Wolfcamp formation underlying this acreage.

11. **WPX Exhibit C-3** contains a sample of the well proposal letters and AFEs sent to owners with a working interest. The costs reflected in the AFEs are consistent with what WPX and other operators have incurred for drilling similar horizontal wells in the Wolfcamp formation in this area.

12. In addition to sending these well proposal letters, the uncommitted parties have been contacted multiple times regarding the proposed wells but have yet to voluntarily commit their interests to the proposed spacing unit. **WPX Exhibit C-4** contains a chronology of the contacts with the uncommitted working interest owners that WPX seeks to pool. In my opinion, WPX has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.

13. WPX requests overhead and administrative rates of \$8,000 per month for drilling and \$800 per month for a producing well. These rates are consistent with the rates charged by WPX and other operators for wells of this type in this area of southeastern New Mexico.

14. I have provided the law firm of Holland and Hart, LLP, with the names and addresses of the mineral owners that WPX seeks to pool. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, phone directories and conducted searches to locate contact information for these parties.

15. **WPX Exhibits C-1 through C-4** were prepared by me or compiled under my direction from WPX's company business records.

16. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.


RYAN CLOER

11/22/2022

Date

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 Rd., Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, New Mexico 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 30-015-49377	² Pool Code 98220	³ Pool Name PURPLE SAGE WOLFCAMP GAS POOL
⁴ Property Code 332695	⁵ Property Name STEEL GUITAR 35-26 FED COM	
⁷ OGRID No. 246289	⁸ Operator Name WPX ENERGY PERMIAN, LLC	⁶ Well Number 451H
		⁹ Elevation 2887.5'

¹⁰Surface Location

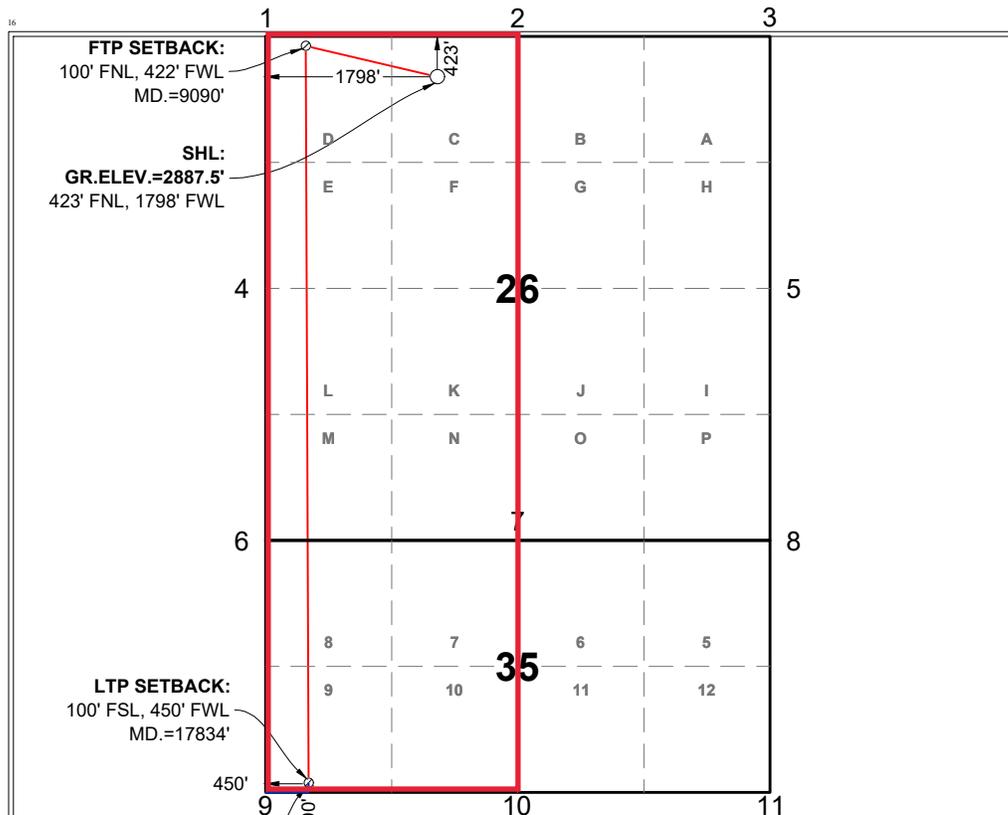
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26-S	29-E		423	NORTH	1798	WEST	EDDY

¹¹Bottom 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
L9	35	26-S	29-E		90	SOUTH	450	WEST	EDDY

¹² Dedicated Acres 431.99	¹³ Joint or Infill	¹⁴ Consolidated Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁶OPERATOR 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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Rv 11/22/2022
 Signature Date
Ray Vaz
 Print Name
Ray.Vaz@dvn.com
 E-mail Address

¹⁷SURVEYORS 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.

JUNE 1, 2022
 Date of Survey

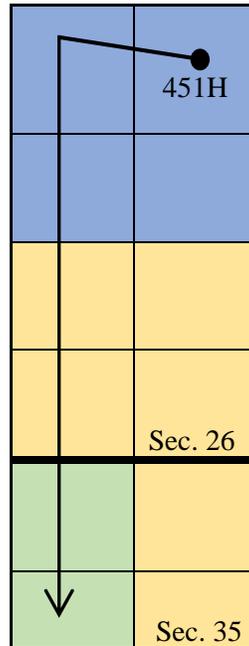
Signature and Seal of Professional Surveyor:

Job No.: WTC55291 Draft: M.Y.
 JAMES C. TOMPKINS 27117 DATE: 06/02/2022
 Certificate Number

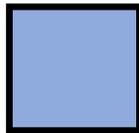
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-1
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
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X:\Projects\Oil & Gas Surveys\Devon Energy\55391-Devon Energy, Pre-Completion Plat STEEL GUITAR 35-26 FED COM 451H, Eddy Co., NM\Drawings\55391-Devon Energy, Pre-Completion Plat STEEL GUITAR 35-26 FED COM 451H.dwg 11/22/2022 11:59 AM, JMOORE

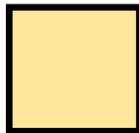
Ownership Breakdown
Steel Guitar 35-26 Fed Com 451H
W2 Section 26 & Lots 7-10 Section 35, T26S, R29E, Eddy County, New Mexico,
Purple Sage; Wolfcamp Gas Pool (98220) Wolfcamp Formation



Tract 1:
NMNM 19609
(160 acres)



Tract 2:
NMNM 13997
(215.80 acres)



Tract 3:
NMNM 54998
(56.19 acres)



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
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OWNERSHIP BREAKDOWN**TRACT 1:** (NW/4 of Section 26-T26S-R29E, being 160 acres)

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	160.00	1.000000	Committed
Total:	160.00	1.000000	

TRACT 2: (SW/4 of Section 26 and Lot 7 and Lot 10 of Section 35-T26S-R29E, being 215.80 acres)

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	215.80	1.000000	Committed
Total:	215.80	1.000000	

TRACT 3: (Lot 8 and Lot 9 of Section 35-T26S-R29E, being 56.19 acres)

Owner	Net Acres	Tract WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	18.73	.333334	Committed
Southwest Royalties, Inc. 200 N Loraine Street, Ste. 400 Midland, TX 79701	37.46	.666666	Uncommitted
Total:	56.19	1.000000	

UNIT: (W2 Section 26 & Lots 7-10 Section 35-T26S-R29E, being 431.99 acres)

Owner	Net Acres	Unit WI	Status
WPX Energy Permian, LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102	394.53	.91328503	Committed
Southwest Royalties, Inc. 200 N Loraine Street, Ste. 400 Midland, TX 79701	37.46	.08671497	Uncommitted
Total:	431.99	1.000000	

Overriding Royalty Interest seeking to Compulsory Pool

John O. Norman
P.O. Box 89
Springdale, AR 72764

Gates Properties, LTD
P.O. Box 81119
Midland, TX 79708-1119

Neil Christopher Norman
911 Bentwater Pkwy
Cedar Hill, TX 75104

Patrick Michael Norman Trust u/t/d/10/15/2007
John E. Norman, Trustee
1107 Forrest Park Way
Greenwood, AR 72936

Patrick Michael Norman Trust u/t/d/10/15/2007
John E. Norman, Trustee
911 Bentwater Pkwy
Cedar Hill, TX 75104



Devon Energy Center
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015

September 30th, 2021

Working Interest Owners
Listed on Attached Exhibit "A"

RE: Steel Guitar 35-26 Fed Com 451H
Sections 26 and 35,
Township 26 South, Range 29 East
Eddy County, New Mexico

Dear Sir or Madam,

WPX Energy Permian, LLC ("WPX"), a wholly owned subsidiary of Devon Energy Corporation, hereby proposes the drilling of the following horizontal well in the Purple Sage; Wolfcamp field with a horizontal spacing unit consisting of all of Sections 26 and 35, Township 26 South, Range 29 East being 862.40 acres, more or less.

- Steel Guitar 35-26 Fed Com 451H, to be drilled to a depth to test the Wolfcamp formation, at a total vertical depth of approximately 11,091', and total measured depth of approximately 17,891', with a SHL at 417' FNL and 1,737' FWL of Section 26, or at a legal location in Unit C, and a BHL at 330' FWL and 50' FSL of Section 35, or at a legal location in Lot 9. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$8,306,854.45 being the total estimated cost to drill and complete said well.

The proposed locations and target depth is subject to change depending on any surface or subsurface concerns encountered.

WPX is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement, covering All of Sections 26 and 35, Township 26 South, Range 29 East, Eddy County, New Mexico (the "JOA"). It has the following general terms:

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

If you wish to participate in the operation, please indicate in the space provided below, along with a signed AFE, and deliver to my attention at the letterhead address or by email at andrew.wenzel@dv.com, and WPX will provide the completed JOA for your review.

If you do not wish to participate in the proposed operation, WPX would like to negotiate a voluntary agreement that includes your interest.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
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Well Proposal
Steel Guitar 35-26 Fed Com 451H

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If an agreement is not reached within 30 days of the date of this letter, WPX will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells.

Should you have any questions, please do not hesitate to contact me at (405) 228-4218 or by email at andrew.wenzel@dvn.com.

Sincerely,

WPX Energy Permian, LLC
Devon Energy Production Company, LP



Andrew J. Wenzel
Senior Landman

Enclosures

Steel Guitar 35-26 Fed Com 451H

_____ I/We hereby elect to participate in the Steel Guitar 35-26 Fed Com 451H

_____ I/We hereby elect **not** to participate in the Steel Guitar 35-26 Fed Com 451H

Company / Individual: _____

By: _____

Name: _____

Title: _____

Date: _____

Well Proposal
Steel Guitar 35-26 Fed Com 451H

page 3 of 3

Exhibit "A"
Working Interest Owners

Chevron U.S.A. Inc.

1111 Bagby St. 6301 Deauville Blvd.
Houston, TX 77002 Midland, TX 79706

COG Operating LLC

600 W. Illinois Ave.
Midland, TX 79701

Veritas Permian Resources, LLC

P.O. Box 10850
Fort Worth, TX 76114

Magic Dog Oil & Gas, Ltd.

P.O. Box 10708
Midland, TX 79702

Karen V Martin & William H Martin Energy Ltd.

400 W. Illinois, Suite 1120 400 N. Marienfield, Suite 100
Midland, TX 79701 Midland, TX 79701

Southwest Royalties, Inc.

P.O. Box 53570
Midland, TX 79710

Southwest Royalties Inc. Income/Drilling Program 1987-1, L.P.

P.O. Box 53570
Midland, TX 79710

Judson Exploration, LP

3736 Bee Cave, Rd, Suite #1, PMB-181
Austin, Texas 78746

QP Exploration, LLC

708 North Buckhorn Way
Mustang, OK 73064



Authorization for Expenditure

AFE # XX-146879.02

Well Name: STEEL GUITAR 35-26 FED COM 451H

AFE Date: 9/30/2021

Cost Center Number: 1094619001

State: NM

Legal Description: Sec. 26 & 35, Township 26S, Range 29E

County/Parish: Eddy

Revision:

Explanation and Justification: Horizontal well to be drilled to a depth to test the Wolfcamp formation, at a total vertical depth of approximately 11,091', and total measured depth of approximately 17,891', with a SHL at 417' FNL and 1,737' FWL of Section 26, or at a legal location in Unit C, and a BHL at 330' FWL and 50' FSL of Section 35, or at a legal location in Lot X.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	195,104.80	0.00	195,104.80
6060100	DYED LIQUID FUELS	132,480.89	303,363.89	0.00	435,844.78
6080100	DISPOSAL - SOLIDS	105,984.71	3,072.60	0.00	109,057.31
6080110	DISP-SALTWATER & OTH	0.00	194,572.60	0.00	194,572.60
6090100	FLUIDS - WATER	17,664.12	0.00	0.00	17,664.12
6090120	RECYC TREAT&PROC-H2O	0.00	347,825.72	0.00	347,825.72
6100100	PERMIT SURVEY&TITLE	10,000.00	0.00	0.00	10,000.00
6100110	RIGHT OF WAY	4,500.00	0.00	0.00	4,500.00
6110120	ROAD&SITE PREP M&S	22,833.33	0.00	0.00	22,833.33
6110130	ROAD&SITE PREP SVC	45,666.67	1,536.30	0.00	47,202.97
6130170	COMM SVCS - WAN	15,897.71	0.00	0.00	15,897.71
6130360	RTOC - ENGINEERING	0.00	17,053.56	0.00	17,053.56
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	253,020.34	0.00	253,020.34
6160100	MATERIALS & SUPPLIES	14,131.29	0.00	0.00	14,131.29
6170110	SNUBBG&COIL TUBG SVC	0.00	139,402.82	0.00	139,402.82
6190100	TRCKG&HL-SOLID&FLUID	79,488.53	0.00	0.00	79,488.53
6190110	TRUCKING&HAUL OF EQP	86,554.18	20,723.00	0.00	107,277.18
6200130	CONSLT & PROJECT SVC	132,480.89	82,716.14	0.00	215,197.03
6230120	SAFETY SERVICES	22,963.35	0.00	0.00	22,963.35
6300270	SOLIDS CONTROL SRVCS	118,349.59	0.00	0.00	118,349.59
6310120	STIMULATION SERVICES	0.00	659,700.71	0.00	659,700.71
6310190	PROPPANT PURCHASE	0.00	571,695.64	0.00	571,695.64
6310200	CASING & TUBULAR SVC	79,488.53	0.00	0.00	79,488.53
6310250	CEMENTING SERVICES	90,000.00	0.00	0.00	90,000.00
6310280	DAYWORK COSTS	520,560.00	0.00	0.00	520,560.00
6310300	DIRECTIONAL SERVICES	213,735.83	0.00	0.00	213,735.83
6310310	DRILL BITS	95,386.24	0.00	0.00	95,386.24
6310330	DRILL&COMP FLUID&SVC	167,809.12	7,419.29	0.00	175,228.41
6310370	MOB & DEMOBILIZATION	158,977.06	0.00	0.00	158,977.06
6310380	OPEN HOLE EVALUATION	26,496.18	0.00	0.00	26,496.18
6310480	TSTNG-WELL, PL & OTH	0.00	158,143.05	0.00	158,143.05
6310600	MISC PUMPING SERVICE	0.00	23,666.59	0.00	23,666.59
6320100	EQPMNT SVC-SRF RNTL	264,961.77	137,765.12	0.00	402,726.89
6320110	EQUIP SVC - DOWNHOLE	88,320.59	38,064.32	0.00	126,384.91
6320190	WATER TRANSFER	0.00	60,273.93	0.00	60,273.93
6350100	CONSTRUCTION SVC	0.00	1,500,000.00	0.00	1,500,000.00
6520100	LEGAL FEES	1,000.00	0.00	0.00	1,000.00
6550110	MISCELLANEOUS SVC	52,992.35	0.00	0.00	52,992.35
6630110	CAPITAL OVERHEAD	0.00	9,900.00	0.00	9,900.00
6740340	TAXES OTHER	0.00	3,516.00	0.00	3,516.00
	Total Intangibles	2,569,722.93	4,728,536.42	0.00	7,298,259.35

	Tangible	Drilling	Completion	Dry Hole	Total
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Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # Well Name: Cost Center Number: Legal Description: Revision: <input type="checkbox"/>	AFE Date: State: County/Parish:
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Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
Code	Description	Costs	Costs	Costs	Costs
6310150	CASG-COND&DRIVE PIPE	25,000.00	0.00	0.00	25,000.00
6310420	TUBING & COMPONENTS	0.00	55,000.00	0.00	55,000.00
6310460	WELLHEAD EQUIPMENT	28,000.00	97,318.04	0.00	125,318.04
6310530	SURFACE CASING	23,100.00	0.00	0.00	23,100.00
6310540	INTERMEDIATE CASING	472,800.00	0.00	0.00	472,800.00
6310560	PROD LINERS&TIEBACKS	128,400.00	0.00	0.00	128,400.00
6310580	CASING COMPONENTS	158,977.06	0.00	0.00	158,977.06
6330100	PIPE, FIT, FLANG, CPLNG	0.00	20,000.00	0.00	20,000.00
	Total Tangibles	836,277.06	172,318.04	0.00	1,008,595.10

TOTAL ESTIMATED COST	3,405,999.99	4,900,854.46	0.00	8,306,854.45
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature: _____ **Print Name:** _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015

October 19th, 2022

Southwest Royalties, Inc.

P.O. Box 53570
Midland, TX 79710

Southwest Royalties Inc. Income/Drilling Program 1987-1, L.P.

P.O. Box 53570
Midland, TX 79710

RE: Steel Guitar 35-26 Fed Com 451H

Updated Spacing Unit
W2 Section 26 & Lots 7-10 Section 35, Township 26 South, Range 29 East
Eddy Co., New Mexico

Dear Sir or Madam,

WPX Energy Permian, LLC ("WPX"), a wholly owned subsidiary of Devon Energy Corporation, proposed the drilling of the Steel Guitar 35-26 Fed Com 451H well (the "well") in a letter dated September 30th, 2021. WPX now intends to produce the well from a West Half (W2) spacing unit comprised of the W2 of Section 26 and Lots 7-10 of Section 35, Township 26 South, Range 29 East, Eddy County, New Mexico, being 431.99 acres, more or less.

If you wish to participate in the operation, please indicate by executing the original proposal letter, along with the signed AFE, and deliver to my attention.

Should you have any questions regarding this change or the original well proposal, you can contact me at (405) 228-2448 or by email at ryan.cloer@dvn.com.

Sincerely,

WPX Energy Permian, LLC

Ryan Cloer
Senior Staff Landman

Summary of Communications

Uncommitted Working Interest Owner:

Southwest Royalties, Inc.

In addition to sending well proposals, WPX has had discussions with Tanner Culp (Petroleum Engineer at Southwest Royalties, Inc.) regarding voluntary joinder. They have signed and returned the AFE attached to the proposal but negotiations continue on a mutually agreeable form of JOA.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-4
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183

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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23183

SELF-AFFIRMED STATEMENT OF KEEGAN DePRIEST

1. My name is Keegan DePriest, and I work as a Geologist for Devon Energy Production Company, L.P., an affiliated entity of the applicant in this case, WPX Energy Permian, LLC (“WPX”). I am familiar with the application filed in this case and have personal knowledge of the information provided in this self-affirmed statement.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters and my credentials as an expert petroleum geologist have been accepted by the Division and been made a matter of record.

3. In this case, WPX is targeting the Wolfcamp formation.

4. **WPX Exhibit D-1** is a structure map of the top of the Wolfcamp formation, which also reflects the surrounding area in Eddy County in relation to Sections 26 and 35 that comprise the spacing unit in this case. The **Steel Guitar 35-26 Fed Com 451H well** is depicted with a red line in Sections 26 and 35, and I have identified the first and last take point for the well. Existing producing wells in the Wolfcamp formation are also shown on this map.

5. **WPX Exhibit D-1** shows that the formation is gently dipping to the east in this area. I do not observe any faulting, pinch outs, or geologic impediments to developing this targeted interval with horizontal wells.

6. **WPX Exhibit D-2** identifies the two wells penetrating the targeted intervals that I used to construct a cross-section from A to A’. I utilized these well logs because they penetrate the

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183**

targeted interval, are of good quality, and are representative of the geology within the proposed spacing unit. At this depth, this area has limited well control. These two wells have detailed log coverage and are representative of the geologic formation.

7. **WPX Exhibit D-3** is a cross section using the representative wells depicted on Exhibit D-2. It contains a gamma ray, resistivity, and porosity logs. The landing zone for the **Steel Guitar 35-26 Fed Com 451H well** is labeled on the left side of the exhibit. The cross-section demonstrates that the Steel Guitar 35-26 Fed Com 451H well should be most geologically similar to the Ross Draw 25-1.

8. In my opinion, the standup orientation of the well is the preferred orientation for horizontal well development of the targeted interval in the Wolfcamp formation in this area. This standup orientation will efficiently and effectively develop the subject acreage.

9. Based on my geologic study, the targeted intervals within the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the tracts comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbore.

10. In my opinion, the granting of WPX's application will be in the best interest of conservation, the preservation of waste, and protection of correlative rights.

11. **WPX Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

12. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

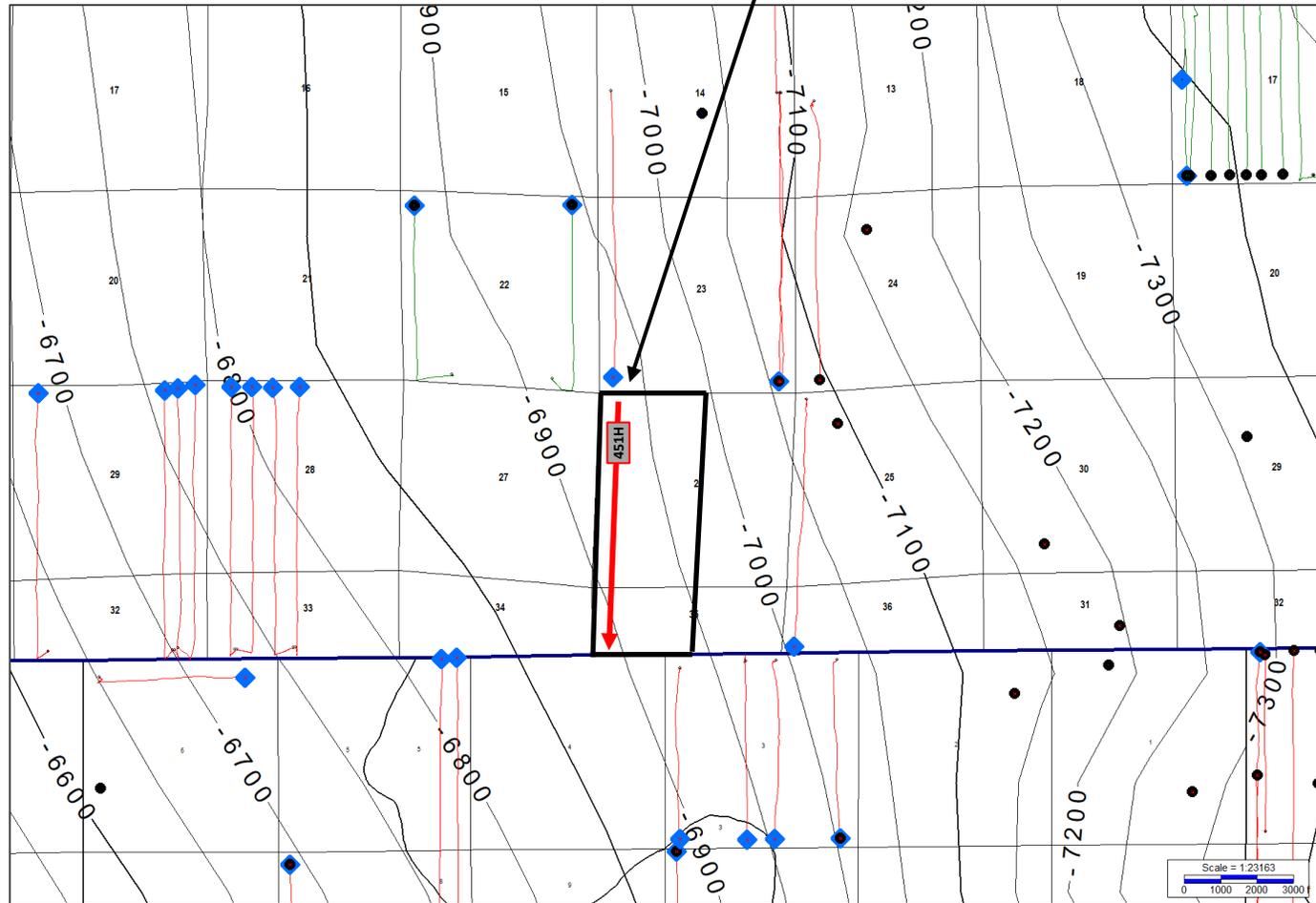
Keegan DePriest
KEEGAN DePRIEST

11/22/22
Date

Structure Map: Wolfcamp Top

CI = 50 Feet

Devon Horizontal Locations:
STEEL GUITAR 35-26 FED COM 451H



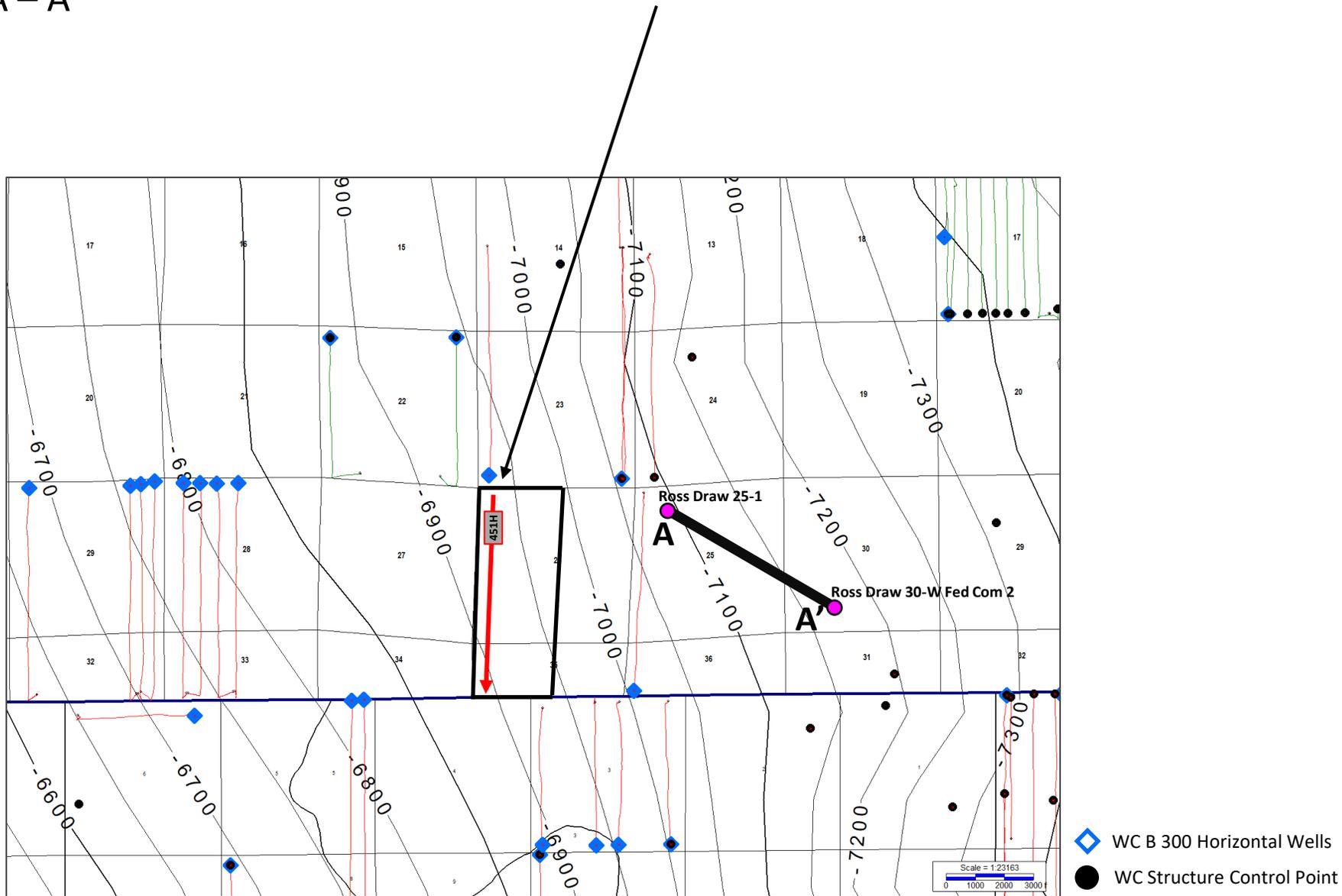
- ◆ WC B 300 Horizontal Wells
- WC Structure Control Point

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-1
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183

Base Map with Line of Section

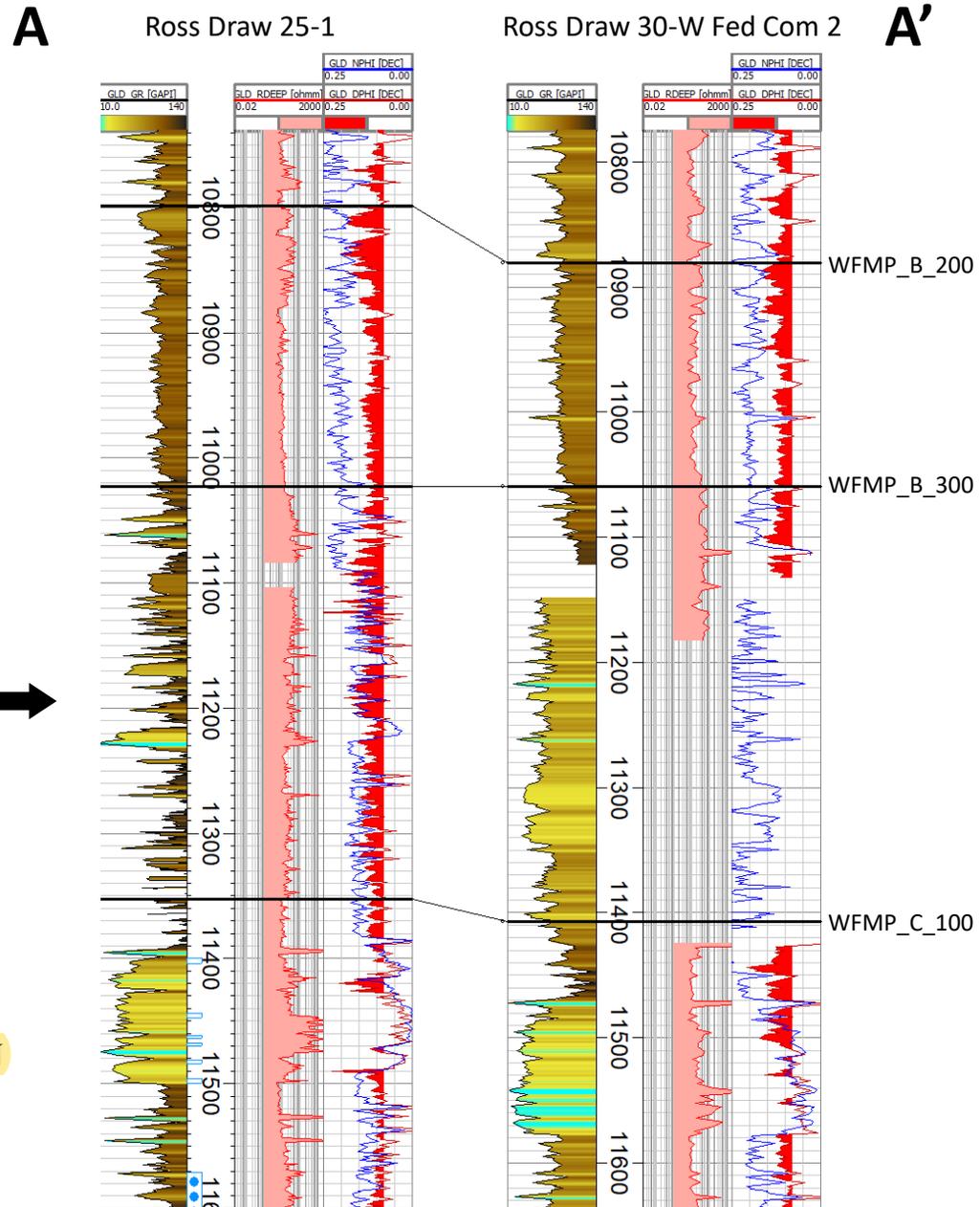
A - A'

Devon Horizontal Locations:
STEEL GUITAR 35-26 FED COM 451H



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-2
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183

Stratigraphic Cross Section A – A' Wolfcamp



WFMP B 300 Upper Landing →

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D-3
 Submitted by: WPX Energy Permian, LLC
 Hearing Date: December 1, 2022
 Case No. 23183

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

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23183

**SELF-AFFIRMED STATEMENT OF
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of WPX Energy Permian, LLC (“WPX”), the Applicant herein. I have personal knowledge of the matters addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of November 23, 2022.

5. I caused a notice to be published to all parties subject to these compulsory pooling proceedings. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached as Exhibit F.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183**



Paula M. Vance

11/29/2022

Date



Paula M. Vance
Associate
Phone (505) 988-4421
Email pmvance@hollandhart.com

November 11, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of WPX Energy Permian, LLC for Compulsory Pooling, Eddy County, New Mexico.
Steel Guitar 35-26 Fed Com 451H well

Ladies & Gentlemen:

This letter is to advise you that WPX Energy Permian, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on December 1, 2022, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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

If you have any questions about this matter, please contact Ryan Cloer at (405) 228-2448 or ryan.cloer@dvn.com.

Sincerely,

Paula M. Vance
ATTORNEY FOR WPX ENERGY PERMIAN, LLC

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

WPX_Steel Guitar W2
Case No. 23183 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765816751775	Southwest Royalties, Inc.	PO Box 53570	Midland	TX	79710-3570	This is a reminder to pick up your item before November 29, 2022 or your item will be returned on November 30, 2022. Please pick up the item at the MIDLAND, TX 79710 Post Office.
9414811898765816751911	Income/Drilling Program 1987-1, LP Southwest Royalties, Inc.	PO Box 53570	Midland	TX	79710-3570	This is a reminder to pick up your item before November 29, 2022 or your item will be returned on November 30, 2022. Please pick up the item at the MIDLAND, TX 79710 Post Office.
9414811898765816751959	John O. Norman	PO Box 89	Springdale	AR	72765-0089	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on November 20, 2022 at 1:14 am. The item is currently in transit to the destination.
9414811898765816751966	Gates Properties, LTD	PO Box 81119	Midland	TX	79708-1119	Your item was picked up at the post office at 3:41 pm on November 17, 2022 in MIDLAND, TX 79707.
9414811898765816751928	Neil Christopher Norman	911 Bentwater Pkwy	Cedar Hill	TX	75104-8268	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765816751904	John E. Norman, Trustee Patrick Michael Norman Trust u/t/d/10/15/2007	1107 Forrest Park Way	Greenwoc	AR	72936-5923	Your item was delivered to an individual at the address at 1:22 pm on November 18, 2022 in GREENWOOD, AR 72936.
9414811898765816751997	John E. Norman, Trustee Patrick Michael Norman Trust u/t/d/10/15/2007	911 Bentwater Pkwy	Cedar Hill	TX	75104-8268	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005482108

This is not an invoice

HOLLAND & HART
POBOX 2208

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 in editions dated as follows:

11/15/2022

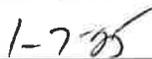


Legal Clerk

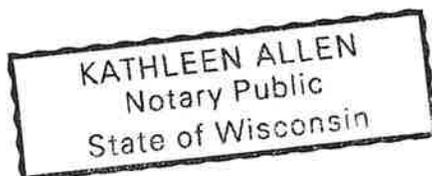
Subscribed and sworn before me this November 15, 2022:



State of WI, County of Brown
NOTARY PUBLIC



My commission expires



Ad # 0005482108
PO #:
of Affidavits 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: WPX Energy Permian, LLC
Hearing Date: December 1, 2022
Case No. 23183

**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 Public 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, December 1, 2022, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@emnrd.nm.org. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.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@emnrd.nm.org, or the New Mexico Relay Network at 1-800-659-1779, no later than **November 21, 2022.**

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

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m5be28594df145217ab2d12e1eacbe95>

Webinar number: : 2486 863 8751

Panelist password: : KJg4GNPTg25 (55444678 from phones and video systems)

Join by video: 24868638751@nmemnrd.webex.com

You can also dial 173.243.2.68 and enter your webinar number

Join by audio: 1-844-992-4726 United States Toll Free

+1-408-418-9388 United States Toll

Access code: 2486 863 8751

**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 interest owners subject to pooling proceedings, including: Southwest Royalties, Inc.; Southwest Royalties, Inc. Income/Drilling Program 1987-1, LP; John O. Norman, his heirs and devisees; Gates Properties, LTD; Neil Christopher Norman, his heirs and devisees; and Patrick Michael Norman Trust u/t/d/10/15/2007 John E. Norman, Trustee.

Case No. 23183: Application of WPX Energy Permian, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a 431.99-acre, more or less, standard horizontal well spacing unit comprised of the W/2 of Section 26 and Lots 7-10 of irregular Section 35 (NW/4 equivalent), Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **Steel Guitar 35-26 Fed Com 451H well**, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 17 miles south of Malaga, New Mexico.
#5482108, Current-Arqus, November 15, 2022