

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING May 4, 2023**

**APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A
HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

Case No. 23478:

**Outland 18-7 State Com 111H Well
Outland 18-7 State Com 221H Well**

EARTHSTONE OPERATING, LLC

TABLE OF CONTENTS

TAB 1	Reference for Case No. 23478	
	Application Case No. 23478:	Outland 18-7 State Com 111H Well
		Outland 18-7 State Com 221H Well
	NMOCD Checklist Case No. 23478	
TAB 2	Exhibit A:	Self-Affirmed Statement of Amanda Redfearn, Landman
	Exhibit A-1:	C-102 Forms
	Exhibit A-2:	Ownership and Sectional Map
	Exhibit A-3:	Well Proposal Letters and AFEs
	Exhibit A-4:	Chronology of Contacts with Uncommitted Owners
TAB 3	Exhibit B:	Self-Affirmed Statement of Jason J. Asmus, Geologist
	Exhibit B-1:	Structure Map
	Exhibit B-2:	1 st Bone Spring Sand Structure
	Exhibit B-3:	2 nd Bone Spring Sand Structure
	Exhibit B-4:	Structural Cross-Section
	Exhibit B-5:	Gun Barrel View
TAB 4	Exhibit C:	Self-Affirmed Statement of Notice, Darin C. Savage
	Exhibit C-1:	Notice Letter
	Exhibit C-2:	Mailing List
	Exhibit C-3:	Affidavit of Publication
	Exhibit C-4:	Curative Notice Letter and Publication

TAB 1

Reference for Case No. 23478

Application Case No. 23478:

Outland 18-7 State Com 111H Well

Outland 18-7 State Com 221H Well

NMOCD Checklist Case No. 23478

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23478

APPLICATION

Earthstone Operating, LLC, (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 285.00-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Sections 7 and 18 are irregular sections containing correction lots.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest (“WI”) owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU two initial wells: the **Outland 18-7 State Com 111H Well** and the **Outland 18-7 State Com 221H Well**, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **Outland 18-7 State Com 111H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7.

4. Earthstone proposes the **Outland 18-7 State Com 221H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7.

5. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the land records did not reveal any overlapping units; should an overlapping unit be discovered, Earthstone will satisfy notice as part of the permitting process.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of uncommitted interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on May 4, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 285.00-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico;

- B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.
- C. Approving the **Outland 18-7 State Com 111H Well** and the **Outland 18-7 State Com 221H Well** as the wells for the HSU.
- D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;
- E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Earthstone Operating LLC

Application of Earthstone Operating, LLC for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 285.00-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Sections 7 and 18 are irregular and contain correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Outland 18-7 State Com 111H Well** and the **Outland 18-7 State Com 221H Well**, both oil wells, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under statewide Rules; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 miles northwest of Eunice, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23478	APPLICANT'S RESPONSE
Date: May 4, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	331165
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Devon Energy Production Company, L.P.; MRC Permian Company
Well Family	Outland
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Wilson; Bone Spring formation; Pool Code: 64560
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	285.00 acres, more or less
Building Blocks:	Quarter Quarter Sections (40 acre blocks) (equivalent Lots)
Orientation:	South-North
Description: TRS/County	Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, standard spacing unit
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-2: Ownership
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	Outland 18-7 State Com 111H Well (API No. 30-015-Pending), SHL: Unit N, 145' FSL, 1570' FWL, Section 18, T21S-R35E, NMPM; BHL: Lot 1, 50' FNL, 990' FWL, Section 7, T21S-R35E, NMPM, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 111H Well: FTP 100' FSL, 990' FWL, Section 18, LTP 100' FNL, 990' FWL, Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 111H Well: TVD approx. 9,257', TMD 19,000'; Bone Spring formation, See Exhibit A and B-4
Well #2	Outland 18-7 State Com 221H Well, SHL: Unit N, 145' FSL, 1540' FWL, Section 18, T21S-R35E, NMPM; BHL: Lot 1, 50' FNL, 330' FWL, Section 7, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 221H Well: FTP 100' FSL, 330' FWL, Section 18, LTP 100' FNL, 330' FWL, Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 221H Well: TVD approx. 10,032', TMD 20,000'; Bone Spring formation, See Exhibit A and B-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500, Exhibit A
Production Supervision/Month \$	\$750, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2, C-4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3, C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 14
Ownership Depth Severance (including percentage above & below)	N/A

Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B-2, B-3
Target Formation	Exhibit B-2, B-3, B-4, B-5
HSU Cross Section	Exhibit B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2, B-1
Well Bore Location Map	Exhibit A-1; Exhibit B-5
Structure Contour Map - Subsea Depth	Exhibit B-2, B-3
Cross Section Location Map (including wells)	Exhibit B-4, B-5
Cross Section (including Landing Zone)	Exhibit B-4
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):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	May 2, 2023

TAB 2

Case No. 23478

Exhibit A: Self-Affirmed Statement of Amanda Redfearn, Landman
Exhibit A-1: C-102 Forms
Exhibit A-2: Ownership and Sectional Map
Exhibit A-3: Well Proposal Letters and AFEs
Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23478

SELF-AFFIRMED STATEMENT OF AMANDA REDFEARN

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. I am employed as a Landman with Earthstone Operating, LLC, (“Earthstone”), and I am familiar with the subject application and the lands involved.
3. I graduated in May 2016 from University of Houston - Downtown with a bachelor’s degree in International Business with a PLM minor. I have worked at Earthstone Energy, Inc. for approximately 2 years, and I have been working in New Mexico for more than 2 years. I have not testified previously before the New Mexico Oil Conservation Division (“Division”) but ask that my credentials be accepted of record for the purpose of being qualified and recognized as an expert witness in petroleum land matters. I have attached a two-page resume to this affidavit for the Division’s review and consideration.
4. This affidavit is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).
5. Earthstone seeks an order pooling all uncommitted mineral interest in the Wilson; Bone Spring formation; Pool Code: 64560, underlying a standard 285-acre, more or less,

**EXHIBIT
A**

horizontal spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

6. Under Case No. 23478, Earthstone seeks to dedicate the **Outland 18-7 State Com 111H Well** (API 30-015-pending) as an initial well, horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7; approximate TVD of 9,257'; approximate TMD of 19,000'; FTP in Section 18: 100' FSL, 990' FWL; LTP in Section 7: 100' FNL, 990' FWL.

7. Under Case No. 23478, Earthstone seeks to dedicate the **Outland 18-7 State Com 221H Well** (API 30-015-pending) as an initial well, horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7; approximate TVD of 10,032'; approximate TMD of 20,000'; FTP in Section 18: 100' FSL, 330' FWL; LTP in Section 7: 100' FNL, 330' FWL.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's offset requirements.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owner.

11. There are no depth severances in the Bone Spring formation in this acreage.

13. Earthstone's review of the land records did not reveal any overlapping units; should an overlapping unit be discovered, Earthstone will satisfy notice as part of the permitting process.

14. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed; also, all the ORRI owners were locatable and sent notice, however, there is one an overriding interest owner, TWR IV, LLC (“TWR”), that was discovered through a follow up title search after our initial notice was sent and published. Earthstone did send a follow up letter notice to TWR on April 28, 2023. Earthstone published notice in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice. However, Earthstone sent an updated publication notice to Hobbs News-Sun to address the TWR as an ORRI owner. The revised publication should be published on May 3, 2023.

15. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

16. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement

become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

18. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

19. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

20. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

21. Earthstone requests that it be designated operator of the units and wells.

22. The Exhibits to this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.

23. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.


24. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Amanda Redfearn:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23478 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


Amanda Redfearn


Date Signed

Amanda M. Redfearn

WORK EXPERIENCE

Earthstone Energy

June 2021 – Current

Senior Landman – Permian (December 2022 – Current)

Landman – Permian (June 2021 – December 2022)

- Assist management and provide support on Texas and New Mexico acquisition due diligence efforts, review and prepare ABOS exhibits, closings, onboarding, integration, and operations of acquired assets totaling over \$2 billion to date
- Provide support and coordinate development plans with geologists, engineers, operations, and regulatory teams
- Analyze, identify, and quantify any present Land business risks involved in current and future development activity
- Coordinate with various local, state, and federal land entities to support operational activities
- Draft and negotiate JOAs, Assignments, Unit/Pooling Agreements, Production Sharing Agreements, Letter Agreements, Trades, Mineral and Surface Agreements, and other contracts necessary to acquire, develop, and operate
- Establish and manage relationships with landowners, landowner's attorneys, regulatory agencies, industry partners, and competitors
- Manage and direct brokers for title research, due diligence, and curative efforts
- Direct and work with title attorneys to secure necessary examination of title, rendering of title opinions, and resolving defects
- Provide support to DO and Accounting teams to resolve owner and partner JIB inquiries

Capitol Land Source

January 2020 – June 2021

Landman – Permian

- Team lead and key advisor to client on two Permian based due diligence projects for acquisitions totaling \$425 million
- Project manager and coordinator with cross functional teams: conduct surface and mineral title research, generate ownership reports, and clear title on ~400 pipeline routes, wells, and OHPLs in New Mexico and Texas
- Coordinate with various local, state, and federal land entities to support client's operational activities

BHP Billiton

June 2014 – March 2019

Landman – Eagle Ford and Permian (November 2017 – March 2019)

- Responsible for management and development of \$160 million Permian and Eagle Ford asset OBO budget
- Serve as the Land subject matter expert to collaboratively evaluate external well proposals on cross functional business unit teams
- Perform land evaluation/title due diligence prior to drill; verify, manage, and maintain new and existing ownership setups
- Review and resolve JIB disputes for JV Accounting in addition to approving cash calls from external partners
- Lead negotiator and project manager for Land transactions; acquire, maintain, and divest Permian and Eagle Ford assets
- Negotiate and draft various ancillary oil and gas agreements: Leases, Wellbore Assignments, Production Sharing Agreements, Farmout/Ins, Joint Operating Agreements, Trades, Mineral and Surface Agreements
- Provide work direction to field land agents and outside legal counsel

Land Technician – Eagle Ford (March 2017 – November 2017)

Land Technical Assistant II – Eagle Ford (June 2014 – March 2017)

- Responsible for assisting Eagle Ford Land Operations Team with development planning and maintenance of 125 pooled and retained acreage units. Performing land evaluations prior to drill: review title and pursue curative to mitigate risks; navigate onerous lease provisions and amendments
- Work collaboratively with Eagle Ford Landmen, Well Delivery, Reservoir Engineering, Construction, Regulatory, and Drilling Engineering teams to plan for optimal new development locations
- Assisted with drilling roughly 100 wells, representing over \$100 billion in capital investment
- Propose and track AFEs to WI partners and work with JV Accounting to facilitate timely and accurate cash calls
- Draft and negotiate ancillary land agreements with landowners, attorneys, WI partners, Counties, and State of Texas: Surface and Subsurface Easements, Production Sharing and Production Allocation Agreements to maximize EUR and avoid stranding reserves, JOAs, Assignments, Lease and Unit Agreements
- Manage and provide GLO notifications pursuant to State Agreement provisions
- Manage and secure necessary well permitting waivers: Work with Regulatory and offsetting operators to obtain/grant SWR 37 waivers and off-lease point of penetration waivers

Cathexis Oil & Gas, LLC

August 2012- March 2014

Land Tech I (Eagle Ford and Haynesville)

- Assist brokers with locating landowners, determining ownership in county court houses
- Coordinate and review Oil & Gas leases, Joint Operating Agreements, Assignments, Unitization Agreements, Rights-of- Way, Title Opinions, Contact Exhibits, and other various ancillary contracts

EDUCATION & AFFILIATIONS

University of Houston – Downtown

Degree Completed: May 2016

Bachelor of Business Administration, International Business with PLM minor

AAPL

Active Member August 2016 –Current

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 64560	³ Pool Name WILSON; BONE SPRING
⁴ Property Code	⁵ Property Name OUTLAND 18 7 STATE COM	⁶ Well Number 111H
⁷ OGRID No. 372137	⁸ Operator Name EARTHSTONE OPERATING, LLC.	⁹ Elevation 3639.5

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
N	18	21 S	35 E		145	SOUTH	1570	WEST	LEA

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
1	7	21 S	35 E		50	NORTH	990	WEST	LEA

¹² Dedicated Acres 285.2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Clay Pollard</i> 3/29/2023 Signature Date</p> <p>CLAY POLLARD Printed Name</p> <p>CPOLLARD@EARTHSTONEENERGY.COM E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>
--	---

**EXHIBIT
A-1**

Intent ☐ As Drilled ☐

API #		
Operator Name: EARTHSTONE OPERATING, LLC	Property Name: OUTLAND 18 7 STATE COM	Well Number 111H

Kick Off Point (KOP)

UL N	Section 18	Township 21S	Range 35E	Lot	Feet 145	From N/S SOUTH	Feet 1570	From E/W WEST	County LEA
Latitude 32.4721725					Longitude 103.4098228			NAD 83	

First Take Point (FTP)

UL	Section 18	Township 21S	Range 35E	Lot 4	Feet 100	From N/S SOUTH	Feet 990	From E/W WEST	County LEA
Latitude 32.4720493					Longitude 103.4117012			NAD 83	

Last Take Point (LTP)

UL	Section 7	Township 21S	Range 35E	Lot 1	Feet 100	From N/S NORTH	Feet 990	From E/W WEST	County LEA
Latitude 32.5005404					Longitude 103.4116776			NAD 83	

Is this well the defining well for the Horizontal Spacing Unit? ☐Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

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 64560	³ Pool Name WILSON; BONE SPRING
⁴ Property Code	⁵ Property Name OUTLAND 18 7 STATE COM	⁶ Well Number 221H
⁷ OGRID No. 372137	⁸ Operator Name EARTHSTONE OPERATING, LLC.	⁹ Elevation 3639.5

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
N	18	21 S	35 E		145	SOUTH	1540	WEST	LEA

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
1	7	21 S	35 E		50	NORTH	330	WEST	LEA
¹² Dedicated Acres 285.2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Clay Pollard</i> 3/29/2023 Signature Date</p> <p>CLAY POLLARD Printed Name</p> <p>CPOLLARD@EARTHSTONEENERGY.COM E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>
--	---

Intent ☐ As Drilled ☐

API #		
Operator Name: EARTHSTONE OPERATING, LLC	Property Name: OUTLAND 18 7 STATE COM	Well Number 221H

Kick Off Point (KOP)

UL N	Section 18	Township 21S	Range 35E	Lot	Feet 145	From N/S SOUTH	Feet 1540	From E/W WEST	County LEA
Latitude 32.4721732					Longitude 103.4099200			NAD 83	

First Take Point (FTP)

UL	Section 18	Township 21S	Range 35E	Lot 4	Feet 100	From N/S SOUTH	Feet 330	From E/W WEST	County LEA
Latitude 32.4720501					Longitude 103.4138417			NAD 83	

Last Take Point (LTP)

UL	Section 7	Township 21S	Range 35E	Lot 1	Feet 100	From N/S NORTH	Feet 330	From E/W WEST	County LEA
Latitude 32.5005437					Longitude 103.4138186			NAD 83	

Is this well the defining well for the Horizontal Spacing Unit? ☐Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

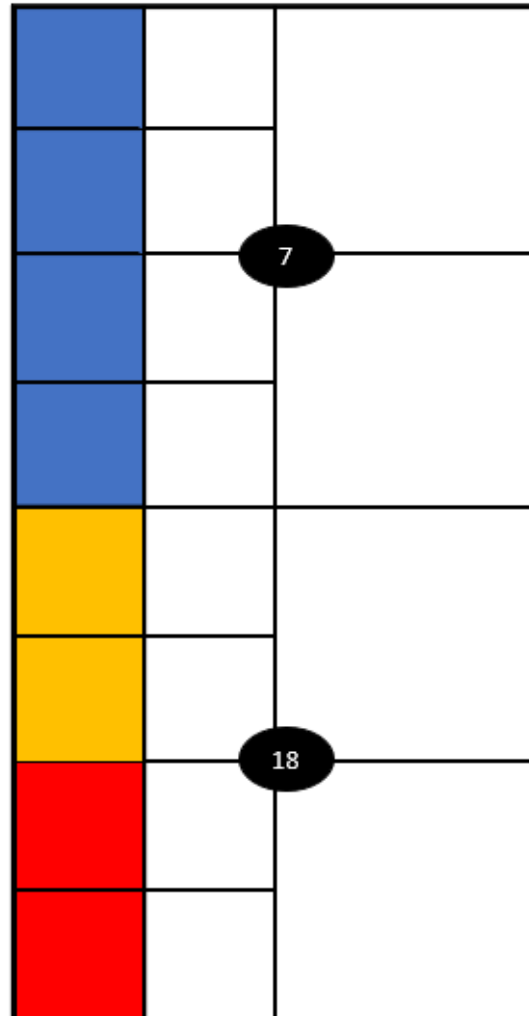
Outland 18-7 State Com 111H

Outland 18-7 State Com 221H

Lots 1-4 of Section 18, Township 21 South – Range 35 East

Lots 1-4 of Section 7, Township 21 South – Range 35 East

Lea County, New Mexico



- Tract 1
- Tract 2
- Tract 3

**EXHIBIT
A-2**

TRACT 1 OWNERSHIP (B0-1399-24)**Working Interest:**

Earthstone Permian LLC	74.750125%	Uncommitted
Devon Energy Production Company, LP	25.000000%	Uncommitted
Timothy R. MacDonald	0.187500%	Uncommitted
Maverick Oil & Gas Corporation	0.062375%	Uncommitted
	100.000000%	

TRACT 2 OWNERSHIP (B0-1400-30)**Working Interest:**

Earthstone Permian LLC	74.812500%	Uncommitted
Devon Energy Production Company, LP	25.000000%	Uncommitted
Timothy R. MacDonald	0.140625%	Uncommitted
Maverick Oil & Gas Corporation	0.046875%	Uncommitted
	100.000000%	

TRACT 3 OWNERSHIP (V0-5917-3)**Working Interest:**

Earthstone Permian LLC	49.916666%	Uncommitted
Devon Energy Production Company, LP	50.000000%	Uncommitted
Timothy R. MacDonald	0.062500%	Uncommitted
Maverick Oil & Gas Corporation	0.020834%	Uncommitted
	100.000000%	

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	68.5390754%
Devon Energy Production Company, LP	31.2684211%
Timothy R. MacDonald	0.1444243%
Maverick Oil & Gas Corporation	0.0480792%
	100.000000%

WI PARTIES TO POOL

Devon Energy Production Company, LP
Timothy R. MacDonald
Maverick Oil & Gas Corporation

ORRI PARTIES TO POOL

TWR IV, LLC
Beverly Jean Renfro Barr, Trustee of the Family Trust created U/W/O Richard Kevin Barr
Nearburg Producing Company, for the benefit of Nearburg Producing Company Employee Fund

Uncommitted Working Interest Owners seeing to Compulsory Pool



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

February 28, 2023

Delivery via Fed Ex

Maverick Oil & Gas Corp
c/o Kimbrough Engineering Co
1001 W Wall Street
Midland, TX 79701

Re: Proposed Horizontal Bone Spring Wells
Outland 18-7 State Com 111H
Outland 18-7 State Com 112H
Outland 18-7 State Com 113H
Outland 18-7 State Com 114H
Outland 18-7 State Com 212H
Outland 18-7 State Com 214H
Outland 18-7 State Com 221H
Outland 18-7 State Com 223H
E/2 & W/2 of Section 18-T21S-R35E &
E/2 & W/2 of Section 7-T21S-R35E
Lea County, New Mexico

To whom it may concern,

Earthstone Operating, LLC ("Earthstone") hereby proposes the drilling of eight horizontal wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each subject well reflecting estimated costs to drill, test, complete and equip the well.

In connection with the above, please note the following:

- **Outland 18-7 State Com 111H:** 1st Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1570' FWL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 990' FWL of Section 7-21S-35E.
- **Outland 18-7 State Com 112H:** 1st Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1630' FWL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 2310' FWL of Section 7-21S-35E.
- **Outland 18-7 State Com 113H:** 1st Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1600' FEL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 1650' FEL of Section 7-21S-35E.

**EXHIBIT
A-3**

- **Outland 18-7 State Com 114H:** 1st Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1540' FEL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 330' FEL of Section 7-21S-35E.
- **Outland 18-7 State Com 212H:** 2nd Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1600' FWL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 1650' FWL of Section 7-21S-35E.
- **Outland 18-7 State Com 214H:** 2nd Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1570' FEL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 990' FEL of Section 7-21S-35E.
- **Outland 18-7 State Com 221H:** 2nd Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1540' FWL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 330' FWL of Section 7-21S-35E.
- **Outland 18-7 State Com 223H:** 2nd Bone Spring target to be drilled from a proposed legal surface hole location of 145' FSL & 1630' FEL of Section 18-21S-35E to a proposed bottom hole location of 50' FNL & 2310' FEL of Section 7-21S-35E.

Earthstone reserves the right to modify the SHL locations and drillings plans described above in order to address topography, cultural and/or environmental concerns, among other reasons. Earthstone will advise you of any such modifications.

Earthstone is proposing to drill this well under the terms of a modified 1989 AAPL form Operating Agreement covering the E/2 & W/2 of Section 18 and the E/2 & W/2 of Section 7, Township 21 South, Range 35 East, Lea County, New Mexico. Said Operating Agreement will name Earthstone Operating, LLC as Operator and will be made available for your review upon request.

Please indicate your election in the space provided below and return one (1) copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE.

If a response is not received within thirty (30) days from your receipt of this notice, Earthstone will begin filling pooling application(s) with the NMOCD.

Please feel free to contact the undersigned with any questions or concerns.

Sincerely,

Amanda Redfearn

Senior Landman

281-771-3048

amanda@earthstonenergy.com

Maverick Oil & Gas Corp

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 111H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 111H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 112H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 112H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 113H**.
_____ Non-consent/farmout/assign its interest in the **Outland State Unit 13H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 114H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 114H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 212H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 212H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 214H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 214H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 221H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 221H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **Outland 18-7 State Com 223H**.
_____ Non-consent/farmout/assign its interest in the **Outland 18-7 State Com 223H**, subject to acceptable terms.

Maverick Oil & Gas Corp

By: _____
Name: _____
Title: _____
Date: _____

Released to Imaging: 5/2/2023 5:01:06 PM

Released to Imaging: 5/2/2023 5:01:06 PM



EARTHSTONE Operating, LLC

1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

March 30, 2023

Delivery via Fed Ex

Maverick Oil & Gas Corp
c/o Kimbrough Engineering Co
1001 W Wall Street
Midland, TX 79701

Re: Supplement to Well Proposal dated February 28, 2023
Outland 18-7 State Com 111H
Outland 18-7 State Com 112H
Outland 18-7 State Com 113H
Outland 18-7 State Com 114H
Outland 18-7 State Com 212H
Outland 18-7 State Com 214H
Outland 18-7 State Com 221H
Outland 18-7 State Com 223H
E/2 & W/2 of Section 18-T21S-R35E &
E/2 & W/2 of Section 7-T21S-R35E
Lea County, New Mexico

Dear Working Interest Owner,

Earthstone Operating, LLC is providing this Supplemental Letter ("Supplement") to be incorporated into the Well Proposal dated February 28, 2023 ("Well Proposal"), in order to provide the overhead rates for the wells.

Earthstone Operating, LLC proposes overhead rates of \$7500 per month while drilling, and \$750 per month during production.

The estimated SHL, BHL, Authority for Expenditure, and all other specifications remain unchanged for the wells proposed, and the original Well Proposal dated February 28, 2023, remains in effect subject to this Supplement.

Please feel free to contact the undersigned with any questions or concerns.

Sincerely,

Amanda Redfearn

Senior Landman

281-771-3048

amanda@earthstonenergy.com

Chronology of Contact with Non-Joined Working Interests

Company	Proposal Tracking Number	Supplemental Proposal Tracking Number	Proposal Sent Date	Proposal Delivery Date	Contact	Date	Notes
Maverick Oil & Gas Corp C/O Kimbrough Engineering CO 1001 W Wall Street Midland, TX 79701	771429932951	771709914168	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:54am Friday 3/31/2023 at 10:55am	call & email call	3/7/2023 3/30/2023	Received phone call from Ben Kimbrough to discuss their interest in the proposed wells. Elected to participate on 3/7/2023 via email.
Timothy R Macdonald 3003 Paleo Point College Station, TX 77845	771429915731	771709940360	2/28/2023 3/30/2023	Wednesday 3/1/2023 Friday 3/31/2023	mail	3/6/2023	N/C election made on 3/2/2023
Devon Energy Production CO LP Attn: Mr. Verl Brown 333 W Sheridan Ave Oklahoma City, OK 73102	771428141590	771709867662	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:11am Friday 3/31/2023 at 10:09am	call email call	3/9/2023 3/15/2023 3/27/2023	Received phone call from Andrew Wenzel to discuss their interest and proposals received on 3/9. Discussions had with Andrew about exploring commercial options in lieu of participating on 3/15 via e-mail. Held joint ESTE/DVN Land team call to followup on previous commercial alternatives discussions on 3/27/23.

EXHIBIT
A-4

TAB 3

Case No. 23478

Exhibit B: Self-Affirmed Statement of Jason J. Asmus, Geologist
Exhibit B-1: Structure Map
Exhibit B-2: 1st Bone Spring Sand Structure
Exhibit B-3: 2nd Bone Spring Sand Structure
Exhibit B-4: Structural Cross-Section
Exhibit B-5: Gun Barrel View

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

**APPLICATIONS OF EARTHSTONE OPERATING,
LLC FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. 23478

SELF-AFFIRMED STATEMENT OF JASON J. ASMUS

I, Jason J. Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This affidavit is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** is a location map of the pooled unit area.
6. **Exhibit B-2** and **Exhibit B-3** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 25’. The unit being pooled is outlined by red rectangle.

**EXHIBIT
B**

The structure map shows that there is a regional down-dip to the West. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

7. **Exhibit B-4** is a structural cross-section from South to North. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of each target zone within the 1st and 2nd Bone Spring Ss Formations. The landing zones are outlined along the left edge of the cross-section.

8. An additional exhibit for the benefit of the Division's review include **Exhibit B-5**. **Exhibit B-5** is a gun barrel representation of the unit development plan.

9. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

10. The preferred well orientation in this area is North-South so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

11. The Exhibits to this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.

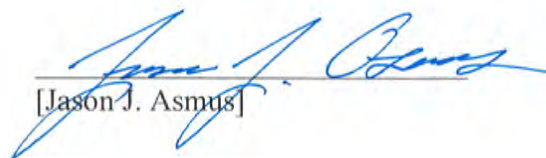
12. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

13. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case Nos. 23478 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

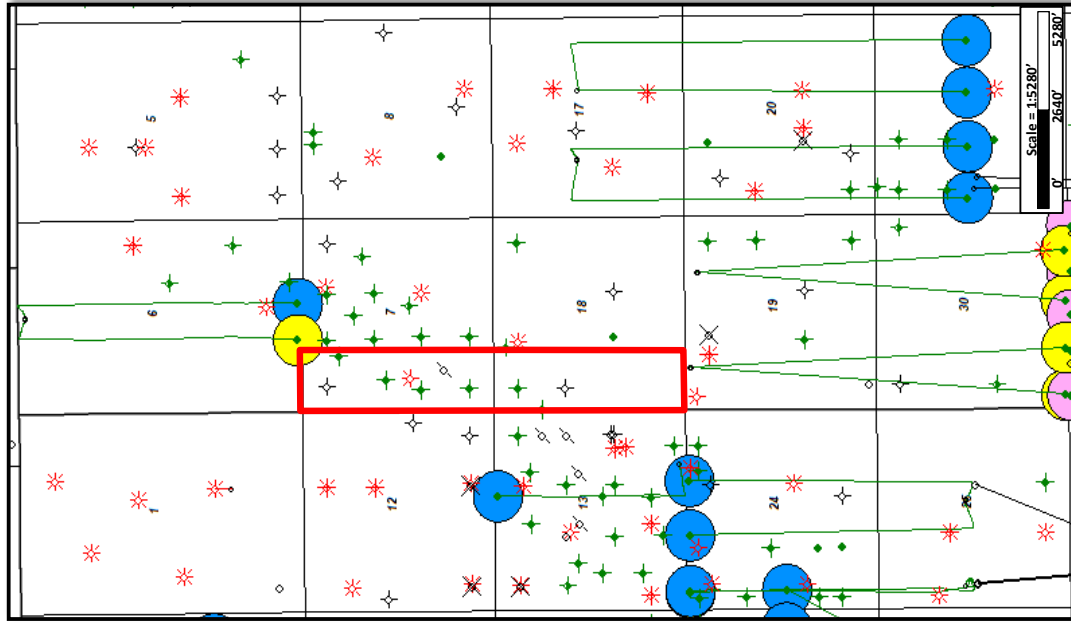
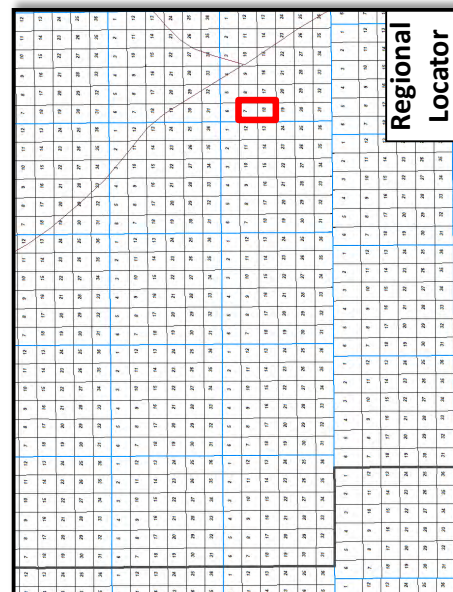

[Jason J. Asmus]

4-26-2023

Date Signed

Exhibit B-1 Locator Map

- 1st Bone Spring Sand
- 2nd Bone Spring Sand
- 3rd Bone Spring Sand



**EXHIBIT
B-1**

Exhibit B-2 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

- 1st Bone Spring Sand
- 2nd Bone Spring Sand
- 3rd Bone Spring Sand

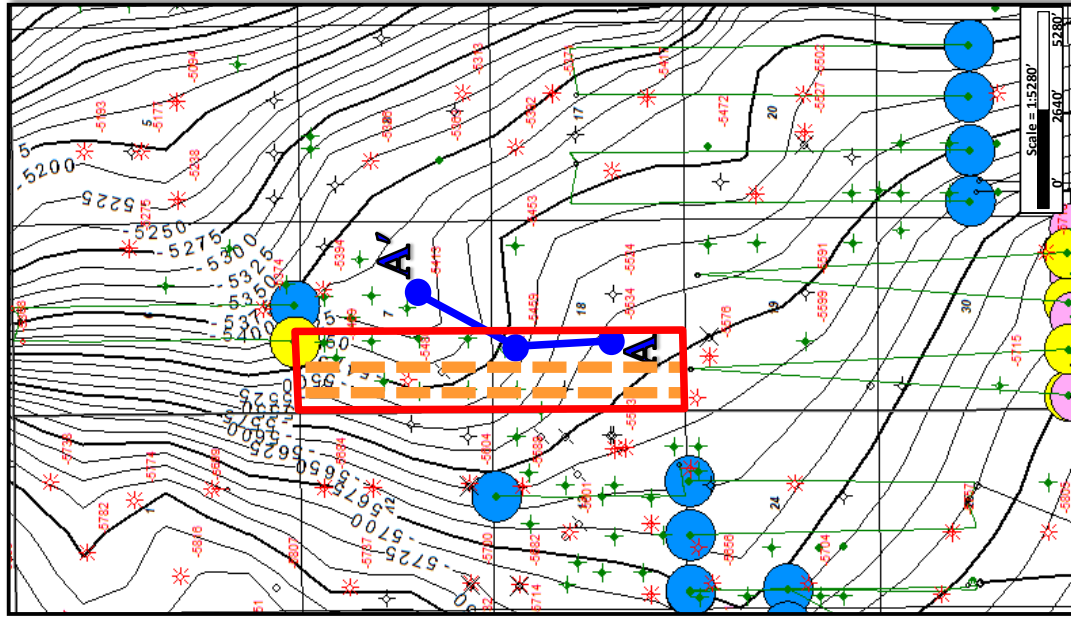
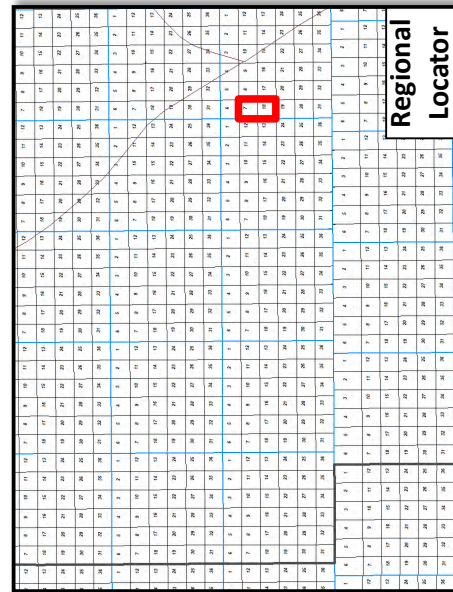
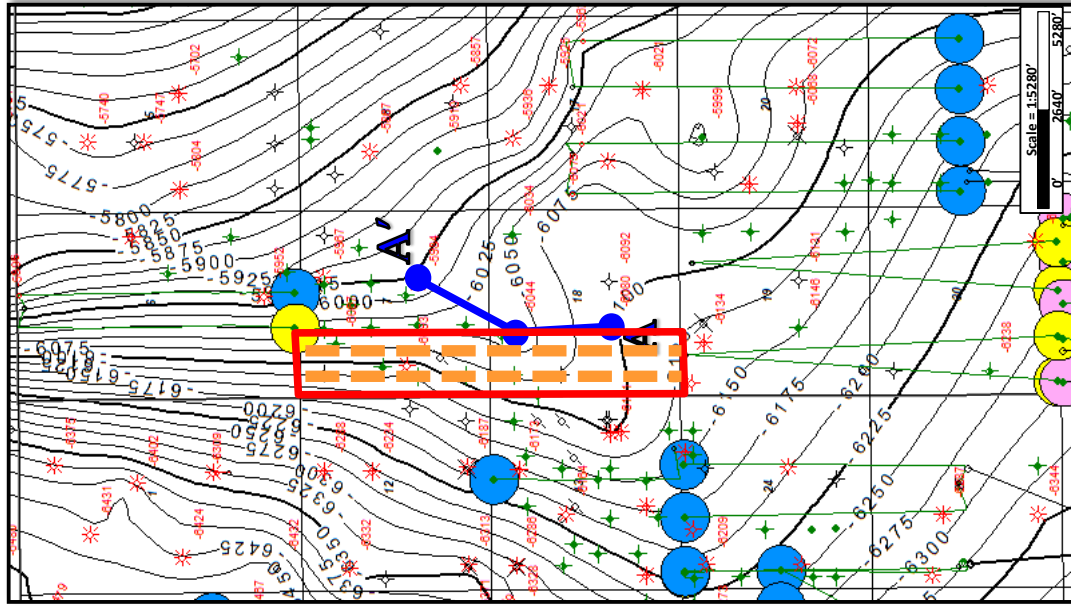
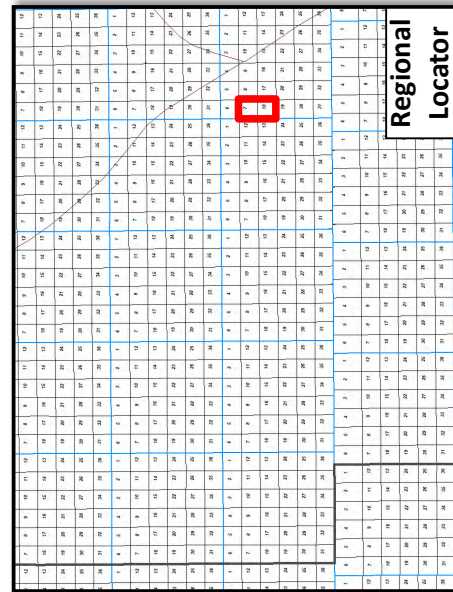


EXHIBIT
B-2

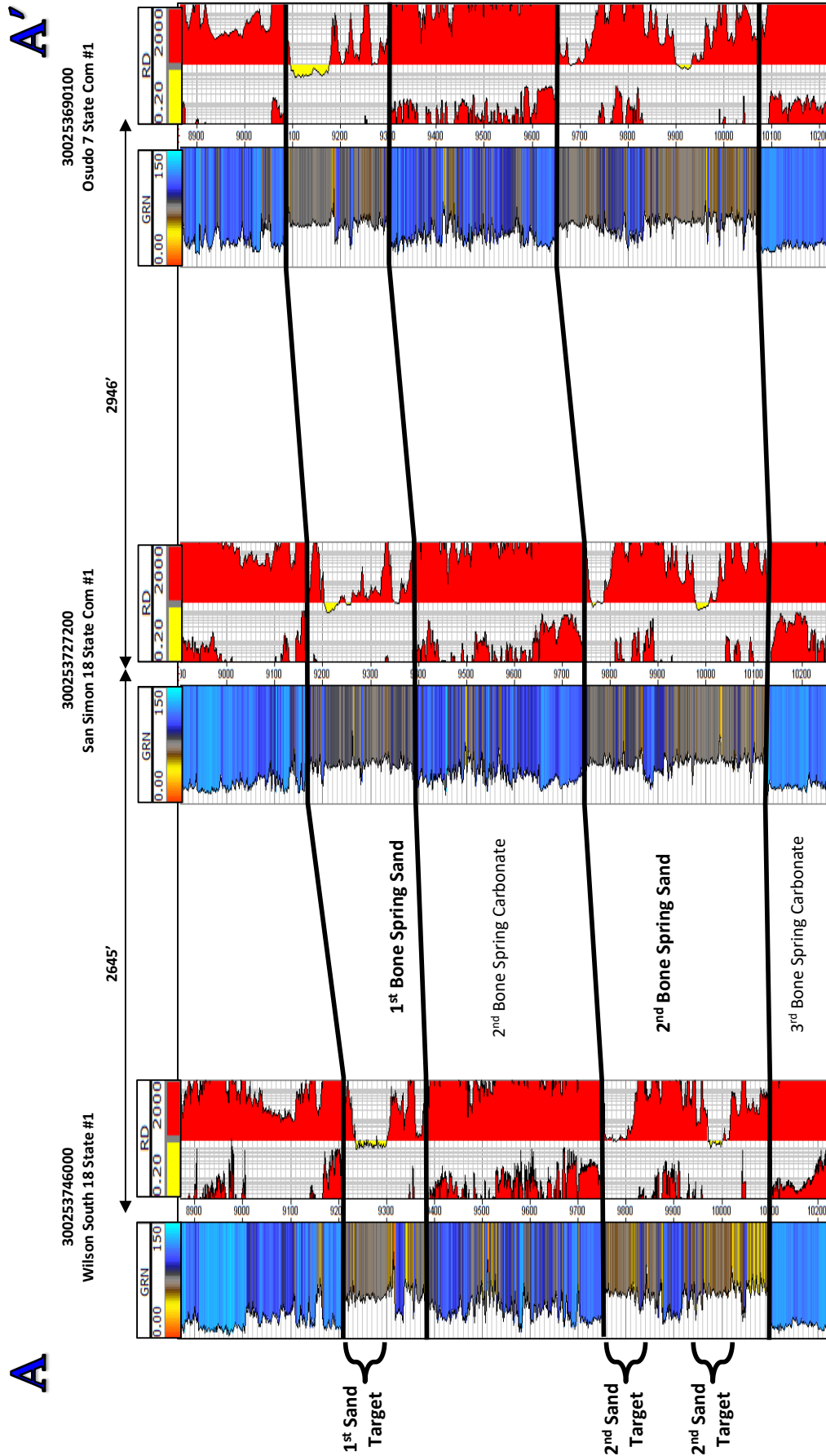
Exhibit B-3 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

- 1st Bone Spring Sand
- 2nd Bone Spring Sand
- 3rd Bone Spring Sand



**EXHIBIT
B-3**

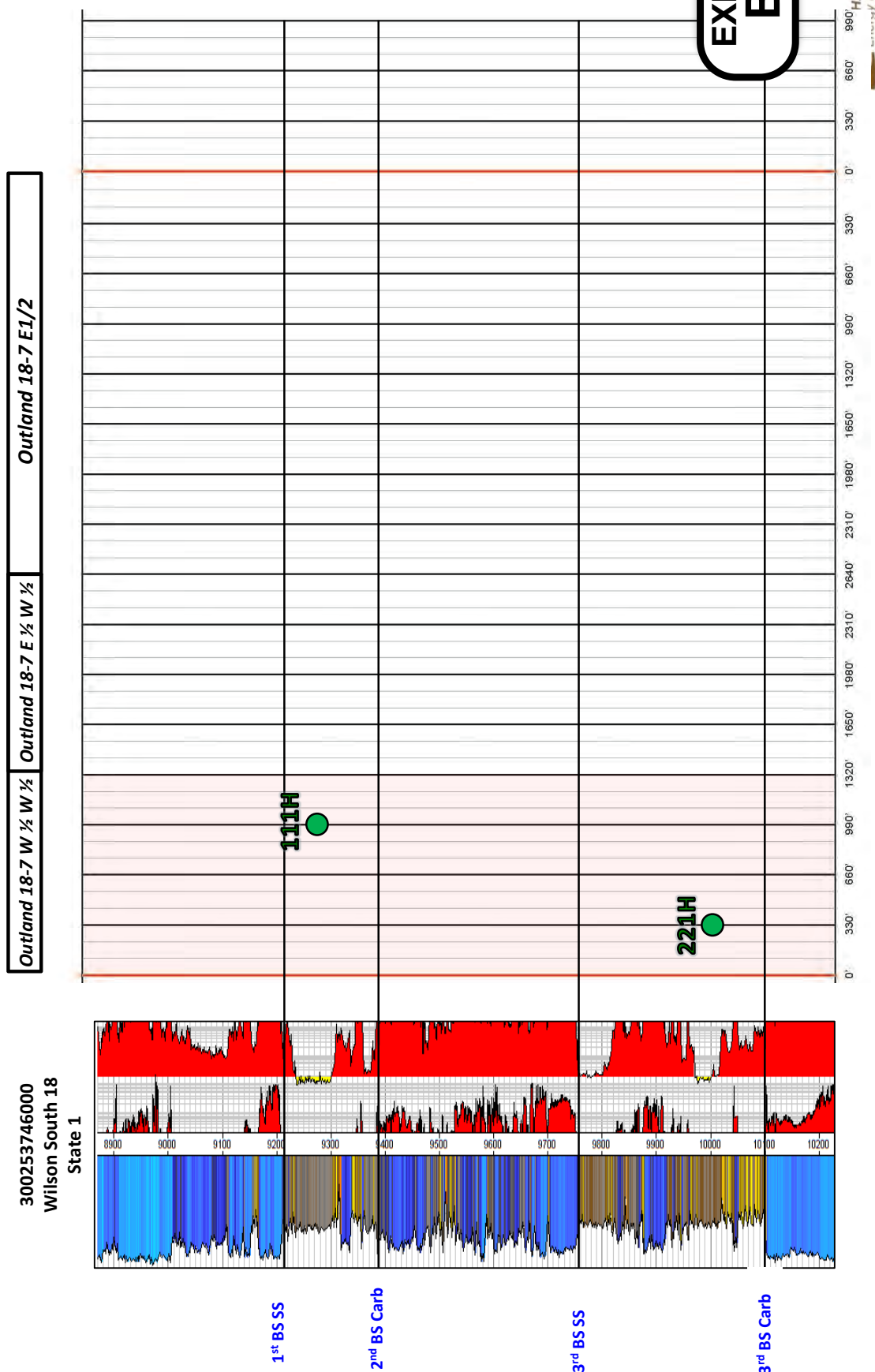
Exhibit B-4 Structural Cross Section A-A': 1st - 2nd Bone Spring Sand



**EXHIBIT
B-4**



Exhibit B-5 Gun Barrel Development Proposal



TAB 4

Case No. 23478

Exhibit C: Self-Affirmed Statement of Notice, Darin C. Savage
Exhibit C-1: Notice Letters
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication
Exhibit C-4: Curative Notice Letter and Publication

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23478

SELF-AFFIRMED STATEMENT OF NOTICE

[illegible]

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC, (“Earthstone”), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 13, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Notice was sent to the Hobbs News Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on April 18, 2023. See Exhibit C-3.

3. However, during additional review of the title, Earthstone discovered one additional ORRI owner, TWR IV, LLC (“TWR”) who was not accounted for in the initial letter notices and publication notice. Therefore, Earthstone sent an additional letter notice to TWR on April 28, 2023, and did a revised publication notice with the addition of TWR that was published on May 3, 2023. *See* attached as Exhibit C-4.

**EXHIBIT
C**

4. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

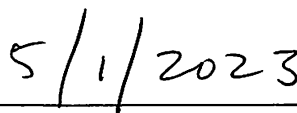
[Signature page follows]

Signature page of Self-Affirmed Statement of Darin C. Savage:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23478 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

A handwritten signature in black ink, appearing to be 'Darin Savage', written over a horizontal line.

Darin Savage

A handwritten date '5/1/2023' in black ink, written over a horizontal line.

Date Signed



ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

April 13, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Outland 18-7 State Com 111H Well (Case No. 23478)
Outland 18-7 State Com 221H Well (Case No. 23478)

Case Nos. 23478:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23478, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23478, Earthstone seeks to pool the Bone Spring formation underlying Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, a standard unit encompassing 285 acres, more or less, dedicated to the above-referenced 111H and 221H Wells.

A hearing has been requested before a Division Examiner on May 4, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/oed/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
C-1**

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Amanda Redfearn at (281) 771-3048 or at amanda@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Transaction Report Details - CertifiedPro.net Date Created: 4/13/2023 - 4/13/2023 Generated: 5/2/2023 10:29:15 AM											
USPS Article Number	Date Mailed	Reference Number	Name 1	Name 2	Address1	City	State	Zip	Mailing Status	Mail Service Type	
9314869904300106669716	4/13/2023	4221.4	New Mexico State Land Office		310 Old Santa Fe Trail	Santa Fe	NM	87501	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300106669709	4/13/2024	4221.4	Beverly Jean Renfro Barr	Trustee of the Family Trust	804 Park Vista Circle	Soutlake	TX	76092	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300106669693	4/13/2025	4221.4	Cynthia Mae Wilson	Trustee Bypass Trust dated 7/17/2012	11644 Blalock Lane	Houston	TX	77024	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300106669686	4/13/2026	4221.4	Timothy R. Macdonald		3003 Paleo Point	College Station	TX	77845	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300106669679	4/13/2027	4221.4	Maverick Oil & Gas Corp	C/O Kimbrough Engineering Co.	1001 W Wall Street	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	

**EXHIBIT
C-2**



April 18, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0106 6696 79.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	April 17, 2023, 10:50 a.m.
Location:	MIDLAND, TX 79701
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Maverick Oil Gas Corp C O Kimbrough Engineerin


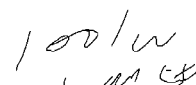
Shipment Details

Weight:	3.0oz
----------------	-------

Destination Delivery Address

Street Address:	1001 W WALL ST
City, State ZIP Code:	MIDLAND, TX 79701-6637

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.4



April 18, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0106 6696 86.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	April 17, 2023, 12:39 p.m.
Location:	COLLEGE STATION, TX 77845
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Timothy R Macdonald



Shipment Details

Weight:	3.0oz
----------------	-------

Destination Delivery Address

Street Address:	3003 PALEO PT
City, State ZIP Code:	COLLEGE STATION, TX 77845-6153

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.4



April 21, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0106 6696 93.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	April 20, 2023, 05:37 p.m.
Location:	HOUSTON, TX 77024
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Cynthia Mae Wilson Trustee Bypass Trust dated 7

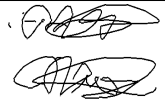

Shipment Details

Weight:	3.0oz
----------------	-------

Destination Delivery Address

Street Address:	11644 BLALOCK LN
City, State ZIP Code:	HOUSTON, TX 77024-7305

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.4



April 18, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0106 6697 09.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	April 17, 2023, 01:36 p.m.
Location:	SOUTHLAKE, TX 76092
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Beverly Jean Renfro Barr Trustee of the Family T

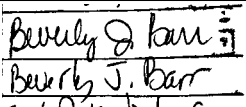
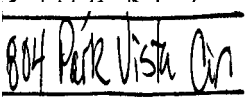
Shipment Details

Weight:	3.0oz
----------------	-------

Destination Delivery Address

Street Address:	804 PARK VISTA CIR
City, State ZIP Code:	SOUTHLAKE, TX 76092-4342

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.4



April 19, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0106 6697 16.

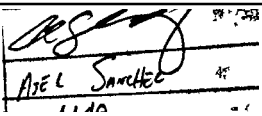
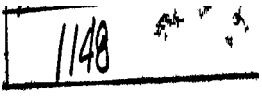
Item Details

Status:	Delivered to Agent for Final Delivery
Status Date / Time:	April 18, 2023, 06:48 a.m.
Location:	SANTA FE, NM 87501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	New Mexico State Land Office

Shipment Details

Weight:	3.0oz
----------------	-------

Recipient Signature

Signature of Recipient: (Authorized Agent)	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

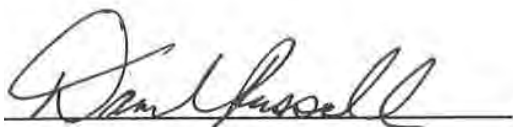
Reference Number: 4221.4

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
April 18, 2023
and ending with the issue dated
April 18, 2023.



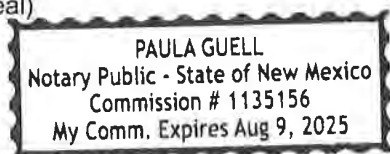
Publisher

Sworn and subscribed to before me this
18th day of April 2023.



Notary

My commission expires
August 09, 2025
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE April 18, 2023

CASE No. 23478: Notice – to all parties and persons having any right, title, interest or claim in this case, including owners of working interest, overriding royalty interest, and record title, among others, whether such parties or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected parties and persons, which based on reasonable diligence include MAVERICK OIL & GAS CORP.; TIMOTHY R. MACDONALD; CYNTHIA MAE WILSON, TRUSTEE OF THE BYPASS TRUST, CREATED BY THE WILL OF SCOTT EVANS DATED 7/17/12; and BEVERLY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY THE WILL OF RICHARD KEVIN BARR; of EARTHSTONE OPERATING, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on May 4, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Earthstone Operating LLC, at 1400 Woodloch Forest Dr., Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 285.00-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Sections 7 and 18 are irregular and contain correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Outland 18-7 State Com 111H Well** and the **Outland 18-7 State Com 221H Well**, both oil wells, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under statewide Rules; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 miles northwest of Eunice, New Mexico.
#00277692

67115820

00277692

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

**EXHIBIT
C-3**



ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

April 28, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Outland 18-7 State Com 111H Well (Case No. 23478)
Outland 18-7 State Com 221H Well (Case No. 23478)

Case Nos. 23478:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23478, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23478, Earthstone seeks to pool the Bone Spring formation underlying Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, a standard unit encompassing 285 acres, more or less, dedicated to the above-referenced 111H and 221H Wells.

A hearing has been requested before a Division Examiner on May 4, 2023, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/oed/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
C-4**

You are being notified as an interest owner (subject to title examination) and 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 NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Amanda Redfearn at (281) 771-3048 or at amanda@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

CASE No. 23478: Notice -- to all parties and persons having any right, title, interest or claim in this case, including owners of working interest, overriding royalty interest, and record title, among others, whether such parties or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected parties and persons, which based on reasonable diligence include MAVERICK OIL & GAS CORP.; TIMOTHY R. MACDONALD; CYNTHIA MAE WILSON, TRUSTEE OF THE BYPASS TRUST, CREATED BY THE WILL OF SCOTT EVANS DATED 7/17/12; BEVERLY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY THE WILL OF RICHARD KEVIN BARR; and **TWR IV, LLC**; of EARTHSTONE OPERATING, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on May 4, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/oed/hearing-info/> or call (505) 476-3441. The hearing on May 4, 2023, may be further continued to address any notice issues. Earthstone Operating LLC, at 1400 Woodloch Forest Dr., Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 285.00-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Sections 7 and 18 are irregular and contain correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Outland 18-7 State Com 111H Well** and the **Outland 18-7 State Com 221H Well**, both oil wells, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 18 to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under statewide Rules; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 miles northwest of Eunice, New Mexico.

Transaction Report Details - CertifiedPro.net										
Date Created= 4/01/2023 - 5/2/2023										
Generated: 5/2/2023 7:23:26 AM										
USPS Article Number	Date Created	Reference Number	Name 1	Address1	City	State	Zip	Mailing Status	Mail Service Type	Mail Delivery Date
9314869904300107442424	2023-04-28 2:37 PM	4221.4	TWR IV, LLC	3724 Hulen St.	Fort Worth	TX	76107	Delivered	Certified Mail	2023-05-01 1:07 PM



May 2, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number:
9314 8699 0430 0107 4424 24.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	May 1, 2023, 12:07 p.m.
Location:	FORT WORTH, TX 76107
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	TWR IV LLC

Shipment Details

Weight:	6.0oz
----------------	-------

Destination Delivery Address

Street Address:	3724 HULEN ST
City, State ZIP Code:	FORT WORTH, TX 76107-6816

Recipient Signature

Signature of Recipient:	RE 740 C19
Address of Recipient:	3724 HULEN

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.4