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

APPLICATIONS OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

> Case No. 23365 Case No. 23366

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

> Case No. 23475 Case No. 23477



Case No. 23475:

Outland 18-7 State Com 114H Well Outland 18-7 State Com 214H Well

Case No. 23477:

Outland 18-7 State Com 113H Well Outland 18-7 State Com 223H Well

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**Outland 18-7 State Com 223H Well** 

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# **TAB 1**

Reference for Case Nos. 23475, 23477 Applications Case Nos. 23475:

**Applications Case Nos. 23477:** 

Outland 18-7 State Com 114H Well Outland 18-7 State Com 214H Well Outland 18-7 State Com 113H Well Outland 18-7 State Com 223H Well

# 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. <u>234</u>75

### **APPLICATION**

Earthstone Operating, LLC, ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division" or "OCD") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320.00-acre, more or less, spacing and proration unit comprised of the E/2 E/2 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 with correction lots, but there are no such lots in the proposed unit.

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, subject to the Division's discretion.
- 2. This application competes with the application filed in Case No. 23366 by Mewbourne Oil Company ("Mewbourne"). The E/2 E/2 of Section 7 is within the North Wilson Deep Unit ("State EU") originally created in 1963 by OCD Order No. R-2621, and currently, Mewbourne is the designated operator for units contained wholly within the State EU; however,

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in Case No. 23366, Mewbourne has overreached the boundaries of the State EU by proposing a unit involving lands both inside the State EU (i.e. the E/2 E/2 of Section 7) and lands outside the State EU (i.e. E/2 E/2 of Section 18). Furthermore, Mewbourne is proposing to drill its surface hole on, and develop, Section 18, which Mewbourne, during proceedings before the OCD in 2020, explicitly agreed to exclude from the State EU as an express condition for the OCD's expansion of the State EU. *See* Order No. R-21721, ¶ 4(d) (showing that Mewbourne agreed to exclude the E/2 of Section 18 from the expansion of the State EU to satisfy the objection of Earthstone's predecessor in interest, which was a condition for the Division's approval for the lands currently included in the State EU).

- 3. Earthstone, who owns WI in the competing units covering the E/2 E/2 of Sections 18 and 7, respectfully submits that Mewbourne, by proposing a unit that includes the E/2 E/2 of Section 18, and the correlative rights and potential waste associated with the E/2 E/2 of Section 18 located outside the State EU, has invoked the necessity for the Division to exercise its authority to evaluate the competing applications for the purpose of selecting the best operator and development plan that would protect correlative rights, prevent waste, and maximize production of the proposed straddle unit covering the E/2 E/2 of Sections 7 and 18.
- 4. Earthstone has simultaneously filed applications in other cases for the development of the W/2 of Sections 7 and 18, which is not in the State EU but is a part of Earthstone's overall plan for the optimal development of all of Sections 7 and 18. Earthstone respectfully requests that the Division exercise its authority to adjudicate the competing applications, that being the straddle units proposed by both Earthstone and Mewbourne, within the larger context of the proposed development of Sections 7 and 18.

- Accordingly, in this application, Earthstone proposes and dedicates to the HSU two initial wells: the Outland 18-7 State Com 114H Well and the Outland 18-7 State Com 214H
   Well, to be drilled to a sufficient depth to test the Bone Spring formation.
- 6. Earthstone proposes the **Outland 18-7 State Com 114H Well,** an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7.
- 7. Earthstone proposes the **Outland 18-7 State Com 214H Well,** an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7.
- 8. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.
- 9. 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. However, Earthstone is proposing a straddle unit that includes a section of land both inside and outside the North Deep Wilson Unit and therefore will be seeking approval of this overlap with the State EU during the adjudication process.
- 10. 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.
- 11. 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.

12. 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 320.00-acre, more or less, spacing and proration unit comprised of the E/2 E/2 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 114H Well and the Outland 18-7 StateCom 214H Well as the wells for the HSU.
- D. Approving the overlap of the HSU with the E/2 E/2 of Section 7 located within the Wilson North Deep Unit.
- E. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;
- F. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;
- G. 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

H. 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 320.00-acre, more or less, spacing and proration unit comprised of the E/2 E/2 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 with correction lots but there are no such lots in the proposed unit. The proposed wells to be dedicated to the horizontal spacing unit are the Outland 18-7 State Com 114H Well and the Outland 18-7 State Com 214H Well, both oil wells, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7. The proposed unit is a straddle unit that includes lands in the E/2 E/2 of Section 7 that are within the North Wilson Deep Unit. Applicant will seek approval for this overlap. 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.

# 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. <u>23477</u>

### **APPLICATION**

Earthstone Operating, LLC, ("Earthstone"), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division" or "OCD") pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320.00-acre, more or less, spacing and proration unit comprised of the W/2 E/2 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 with correction lots, but there are no such lots in the proposed unit.

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- 2. This application competes with the application filed in Case No. 23365 by Mewbourne Oil Company ("Mewbourne"). The W/2 E/2 of Section 7 is within the North Wilson Deep Unit ("State EU") originally created in 1963 by OCD Order No. R-2621, and currently, Mewbourne is the designated operator for units contained wholly within the State EU; however,

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in Case No. 23365, Mewbourne has overreached the boundaries of the State EU by proposing a unit involving lands both inside the State EU (i.e. the W/2 E/2 of Section 7) and lands outside the State EU (i.e. W/2 E/2 of Section 18). Furthermore, Mewbourne is proposing to drill its surface hole on, and develop, Section 18, which Mewbourne, during proceedings before the OCD in 2020, explicitly agreed to exclude from the State EU as an express condition for the OCD's expansion of the State EU. *See* Order No. R-21721, ¶ 4(d) (showing that Mewbourne agreed to exclude the E/2 of Section 18 from the expansion of the State EU to satisfy the objection of Earthstone's predecessor in interest, which was a condition for the Division's approval for the current lands included in the State EU).

- 3. Earthstone, who owns WI in the competing units covering the W/2 E/2 of Sections 18 and 7, respectfully submits that Mewbourne, by proposing a unit that includes the W/2 E/2 of Section 18, and the correlative rights and potential waste associated with the W/2 E/2 of Section 18 located outside the State EU, has invoked the necessity for the Division to exercise its authority to evaluate the competing applications for the purpose of selecting the best operator and development plan that would protect correlative rights, prevent waste, and maximize production of the proposed straddle unit covering the W/2 E/2 of Sections 7 and 18.
- 4. Earthstone has simultaneously filed applications in other cases for the development of the W/2 of Sections 7 and 18, which is not in the State EU but is a part of Earthstone's overall plan for the optimal development of all of Sections 7 and 18. Earthstone respectfully requests that the Division exercise its authority to adjudicate the competing applications, that being the straddle units proposed by both Earthstone and Mewbourne, within the larger context of the proposed development of Sections 7 and 18.

- 5. Accordingly, in this application, Earthstone proposes and dedicates to the HSU two initial wells: the **Outland 18-7 State Com 113H Well** and the **Outland 18-7 State Com 223H**Well, to be drilled to a sufficient depth to test the Bone Spring formation.
- 6. Earthstone proposes the **Outland 18-7 State Com 113H Well,** an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7.
- 7. Earthstone proposes the **Outland 18-7 State Com 223H Well,** an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7.
- 8. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.
- 9. 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. However, Earthstone is proposing a straddle unit that includes a section of land both inside and outside the North Deep Wilson Unit and therefore will be seeking approval of this overlap with the State EU during the adjudication process.
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12. 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 320.00-acre, more or less, spacing and proration unit comprised of the W/2 E/2 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 113H Well and the Outland 18-7 StateCom 223H Well as the wells for the HSU.
- D. Approving the overlap of the HSU with the W/2 E/2 of Section 7 located within the Wilson North Deep Unit.
- E. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;
- F. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;
- G. 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

H. 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

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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 320.00-acre, more or less, spacing and proration unit comprised of the W/2 E/2 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 with correction lots but there are no such lots in the proposed unit. The proposed wells to be dedicated to the horizontal spacing unit are the Outland 18-7 State Com 113H Well and the Outland 18-7 State Com 223H Well, both oil wells, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7. The proposed unit is a straddle unit that includes lands in the W/2 E/2 of Section 7 that are within the North Wilson Deep Unit. Applicant will seek approval for this overlap. 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: 23475, 23477	APPLICANT'S RESPONSE
Date: September 21, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	331165
Applicant's Counsel: Case Title:	Matthew M. Beck; Peifer, Hanson Mullins & Baker, P.A.  APPLICATION OF EARTHSTONE OPERATING, LLC,
	FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Mewbourne Oil Company; Devon Energy Production Company, L.P; MRC Permian Company; Northern Oil and Gas, Inc.
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)	320.00 acres, more or less
Building Blocks:	Quarter Quarter Sections (40 acre blocks)
Orientation:	South-North
Description: TRS/County	E/2 E/2 (23475) and W/2 E/2 of Sections 7 and 18 (23477), all in Township 21 South, Range 35 East,
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, standard spacing units
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 Breakdown
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

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Well #1 (App 23475)	Outland 18-7 State Com 114H Well (API No. 30- 025-Pending), SHL: Unit P, 285' FSL, 1275' FEL,
	Section 18, T21S-R35E, NMPM; BHL: Unit A, 50'
	FNL, 330' FEL, Section 7, T21S-R35E, NMPM,
	standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 114H Well: FTP 100' FSL,
	330' FEL, Section 18, LTP 100' FNL, 330' FEL,
	Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 114H Well: TVD approx.
	9,219', TMD 19,219'; Bone Spring formation, See Exhibit A and B-4
Well #2 (App 23475)	Outland 18-7 State Com 214H WellWell (API No.
	30-025-Pending), SHL: Unit P, 285' FSL, 1305' FEL,
	Section 18, T21S-R35E, NMPM; BHL: Unit A, 50' FNL, 990' FEL, Section 7, T21S-R35E, NMPM,
	standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 214H Well: FTP 100' FSL,
	990' FEL, Section 18, LTP 100' FNL, 990' FEL,
Completion Target (Formation, TVD and MD)	Section 7 Outland 18-7 State Com 214H Well: TVD approx.
Completion rarget (Formation, 170 and MD)	9,798', TMD 19,798'; Bone Spring formation, See
	Exhibit A and B-4
Well #1 (App 23477)	Outland 18-7 State Com 113H Well (API No. 30-
	025-Pending), SHL: Unit O, 285' FSL, 1335' FEL,
	Section 18, T21S-R35E, NMPM; BHL: Unit B, 50'
	FNL, 1650' FEL, Section 7, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 113H Well: FTP 100' FSL,
	1650' FEL, Section 18, LTP 100' FNL, 1650' FEL,
Constation Toward (Seconding TVD and AAD)	Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 113H Well: TVD approx. 9,238', TMD 19,238'; Bone Spring formation, See
	Exhibit A and B-4
Well #2 (App 23477)	Outland 18-7 State Com 223H Well (API No. 30-
	025-Pending), SHL: Unit O, 285' FSL, 1365' FEL,
	Section 18, T21S-R35E, NMPM; BHL: Unit B, 50'
	FNL, 2310' FEL, Section 7, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 223H Well: 100' FSL,
	2310' FEL, Section 18; BHL: 100' FNL, 2310' FEL,
Completion Torget (Formation TVD and MD)	Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 223H Well: TVD approx. 10,022', TMD 20,022'; 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 hea	
Report of Published Notice of Hearing (10 days before hea	aring Exhibit C-3, C-4

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Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)  If approval of Non-Standard Spacing Unit is requested,  Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit A-2 N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	N/A
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): Matthew M. Beck

Signed Name (Attorney or Party Representative): /s/ Matthew M. Beck

Date: September 14, 2023

## **TAB 2**

Case Nos. 23475, 23477

Exhibit A: Direct Testimony of Amanda Redfearn, Landman

Exhibit A-1: C-102 Forms

Exhibit A-2: Ownership and Sectional Maps Exhibit A-3: Well Proposal Letters and AFEs

Exhibit A-4: Chronology of Contacts with Uncommitted Owners

Exhibit A-5: Exhibit A to Operating Agreement for North Wilson Deep Unit

Exhibit A-6: Surface Development Operations Plans

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

APPLICATIONS OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

> Case No. 23365 Case No. 23366

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

> Case No. 23475 Case No. 23477

### **DIRECT TESTIMONY OF AMANDA M. 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 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 previously. My education and work experience are as follows: I graduated from the University of Houston-Downtown in 2016 with a Bachelor of Arts degree in International Business with a PLM minor. I have been employed with Earthstone in their land department as a Landman since 2021. I have worked as a Landman in New Mexico for approximately 3 years and in Texas for approximately 6 years throughout my career. Prior to working as a Landman, I have worked and held petroleum land technical positions working



projects in Texas and Louisiana since 2012. Combined, I have 11 years of petroleum land industry experience.

- 4. This Testimony 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 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 7 and 18; and seeks an order pooling all uncommitted mineral interest in the Wilson; Bone Spring formation; Pool Code: 64560, underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 E/2 of Sections 7 and 18 all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.
  - a. Under <u>Case No. 23475</u>, Earthstone seeks to dedicate the **Outland 18-7 State Com**114H Well (API 30-025-pending) as an initial well, horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7; approximate TVD of 9,219'; approximate TMD of 19,219'; FTP in Section 18: 100' FSL, 330' FEL; LTP in Section 7: 100' FNL, 330' FEL.
  - b. Under <u>Case No. 23475</u>, Earthstone seeks to dedicate the **Outland 18-7 State Com 214H Well** (API 30-025-pending) as an initial well, horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7; approximate TVD of 9,798'; approximate TMD of 19,798'; FTP in Section 18: 100' FSL, 990' FEL; LTP in Section 7: 100' FNL, 990' FEL.

- c. Under <u>Case No. 23477</u>, Earthstone seeks to dedicate the **Outland 18-7 State Com**113H Well (API 30-025-pending) as an initial well, horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7; approximate TVD of 9,238'; approximate TMD of 19,238'; FTP in Section 18: 100' FSL, 1,650' FEL; LTP in Section 7: 100' FNL, 1,650' FEL.
- d. Under <u>Case No. 23477</u>, Earthstone seeks to dedicate the **Outland 18-7 State Com 223H Well** (API 30-025-pending) as an initial well, horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7; approximate TVD of 10,022'; approximate TMD of 20,022'; FTP in Section 18: 100' FSL, 2,310' FEL; LTP in Section 7: 100' FNL, 2,310' FEL.
- 6. Mewbourne Oil Company ("Mewbourne") submitted a competing application in Case No. 23365 and Case No. 23366 seeking to compulsory pool interest owners in a horizontal spacing unit comprised of the same acreage and developing the same formation as the wells proposed by Earthstone. Mewbourne has proposed a two well development plan whereas Earthstone has proposed a four well development plan.
- 7. I am aware that, in considering competing compulsory pooling applications, the Division considers a number of factors to determine which application is the superior development plan. One of those factors, which is critical here given the negotiations of the parties (Mewbourne and Earthstone's predecessor-in-interest, Chisolm Energy Operating, LLC), is the "negotiations between the competing parties prior to the application to force pool to determine if there was a good faith effort" to negotiate. *See* OCD Order No. R-21834.

8. The prior negotiations of the parties – Earthstone's predecessor, Chisholm Energy Operating, LLC ("Chisholm") and Mewbourne – evidence that Mewbourne has not proceeded in good faith in the negotiations over the development of the acreage in these competing applications. Chisholm (Earthstone's predecessor) entered appearances in Mewbourne's Case No. 21418 whereby Chisholm among several other working interest owners had objected to Mewbourne's application in the Case No. 21418 to expand the North Wilson Deep Unit ("NWDU"). Chisholm objected for the same reason that Earthstone filed this application: Earthstone has almost a 50% working interest in the WI in the E/2 of Section 18, and Mewbourne has none. Chisholm wanted to, like Earthstone wants to, make beneficial economic use of that interest, which will not be done if the Division grants to Mewbourne its compulsory pooling applications over Earthstone's here. Mewbourne previously agreed that it wouldn't expand the North Wilson Deep Unit because of that objection by Chisholm, which agreement Earthstone seeks to have Mewbourne abide by here, and so should the Division. Mewbourne's agreement with Chisholm which Earthstone seeks to vindicate in these applications is evidenced in the Joint Motion for Continuance filed November 29, 2020 in the OCD Case file that Chisholm had "extensive communications with Mewbourne and have articulated concerns to Mewbourne regarding the proposed expansion...." Chisholm specifically expressed concern in the same Joint Motion for Continuance that Mewbourne "...will use its designation as "Operator" of a state unit to challenge and impede the development plans of other working interest owners in the acreage who refused to commit to the expansion." After raising such concerns, Chisholm entered into negotiations with Mewbourne and reached an agreement that was intended to protect Chisholm's correlative rights specifically in the E/2 of Section 18, as consideration for Chisholm's withdrawal of its objections, evidenced and made of record in the December 3, 2020 hearing. See Case No. 21418, Dec. 3, 2020 Tr. at 5:20-23 (counsel

for Devon Energy, COG Operating, Chisholm, & Chevron: "Madam Examiner, just one brief announcement. Chisholm and Mewbourne have reached a voluntary agreement, so Chisholm is withdrawing its objection to formation of the units."). Additionally, it is written and memorialized in Order R-21721, that "The expanded Unit area was originally proposed to be 13,272.13 acres in size, but Mewbourne eliminated the E/2 of Section 18-21S-35E and Section 4-22S-35E at the request of Chisholm Energy Operating LLC and the SE/4 of Section 32-20S-36E at the request of COG Operating LLC. As now proposed, the Expanded Unit covers 12,142.39 acres."

- 9. Thus, the Division approved the NWDU only "for oil and gas produced from the following described 12,142.39 acres of State trust lands in Lea County, New Mexico," which includes only the E/2 of Section 7, but expressly excludes the E/2 of Section 18. Furthermore, while the OCD found that approval of the Expanded Unit will serve to prevent waste and protect correlative rights within the lands assigned to the unit area, it did not address the prevention of waste or protection of correlative rights outside the lands assigned to the unit area. As a result, matters of conservation remain unaccounted for in the E/2 of Section 18. Earthstone, as successor in interest to Chisholm, respectfully asks that background matters outlined in paragraphs 7 and 8 are also taken into account when reviewing Earthstone's and Mewbourne's competing applications.
  - 10. The proposed C-102 for each well is attached as **Exhibit A-1**.
- 11. 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.
- 12. The parties being pooled, and the nature of their interests are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and

overriding royalty interest owners. Earthstone owns 49.916667% WI in the E/2 of Section 18 and owns 24.421073% leasehold working interest in the N/4 of Section 7. However, by virtue of being a Working Interest Party to the North Wilson Deep Unit ("NWDU") and the N/4 of Section 7 lands are included in the NWDU, Earthstone's leasehold interests have been significantly diluted, as Evidenced on **Exhibit A-2**.

- April 4, 2023 to the NWDU Operating Agreement that was found in Mewbourne's provided Division Order Title Opinion for Mewbourne's North Wilson Deep Unit 6H well, evidenced on **Exhibit A-5** to determine the contractual working interests owners and ownership percentages in Tract 1 and Tract 2 as well as the proposed spacing unit ownership outlined on **Exhibit A-2**.
  - 14. There are no depth severances in the Bone Spring formation in this acreage.
- 15. Earthstone is proposing a straddle unit that includes a section of land both inside and outside the North Deep Wilson Unit and therefore will be seeking approval of this overlap with the State EU during the adjudication process.
- 16. 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. I mailed all parties a well proposal, including an Authorization for Expenditure ("AFE"), for each well. 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.

- 17. 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.
- 18. 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.
- 19. **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.
- 20. 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.
- 21. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

- 22. Earthstone requests that it be designated operator of the units and wells.
- 23. In Order No. R-22739, Case No. 23478 and in Order No. R-22738, Case No. 23476, the Division approved the compulsory pooling of spacing units for Earthstone's companion wells, the Outland 18-7 State Com 111H, 112H, 212H, and 221H (now known as the Dovetail 18 7 State Com 11H, 112H, 212H, and 221H)<sup>1</sup>, located in the W/2 of Sections 18 and 7, T21S, R35E ("Dovetail 18 7 Wells"). Operating arrangements have been made for the Dovetail 18 7 Wells and the Outland 18-7 State Com 114H, 214H, 113H, and 223H wells, located in the E/2 of Sections 18 and 7, T21S, R35E ("Outland 18-7 Wells")<sup>2</sup> to be co-developed for cost and efficiency purposes.
- 24. Earthstone has an existing active Surface Use Agreement dated June 12, 2017 with the surface owner covering the S/2 of Section 18, T21S, R35E and has obtained approval from the surface owner to construct well pads for the above referenced wells.
- 25. The surface location for the Outland 18-7 Wells subject of this application were staked on March 27, 2023. Earthstone's Outland 18-7 Wells' pad location follows existing roads and pipelines. Earthstone's operations will be connected with existing and favorable infrastructure that will not need to be tied into the NWDU or traverse lands that are located outside of the proposed spacing unit. Thus, Earthstone is able to use the surface in a more prudent manner for optimal development of the subject lands and less environmental impact and waste than Mewbourne's development plan. More information about Earthstone's pad placement and nearby existing infrastructure for the Outland 18-7 Wells and Dovetail 18 7 Wells is shown on **Exhibit A-6**.

<sup>&</sup>lt;sup>1</sup> API numbers for the Dovetail 18 7 Sate Com Wells are 30-025-51728, 30-025-51729, 30-025-51730, and 30-025-51731

<sup>&</sup>lt;sup>2</sup> Earthstone's current applications for compulsory pooling (Case No. 23475 and Case No. 23477)

- 26. The Exhibits to this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.
- 27. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.
  - 28. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Received by OCD: 9/14/2023 4:27:33 PM

Released to Imaging: 9/14/2023 4:36:56 PM

Signature page of Testimony of Amanda M. Redfearn:

I understand that the preceding Direct Testimony will be used as written testimony before the Division in Case No. 23475 and Case No. 23477 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 M. 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
- Preform 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. Preforming 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

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## Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

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

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name					
<sup>4</sup> Property Code		<sup>5</sup> Property Name						
		OUTLAND	113H					
<sup>7</sup> OGRID No.		8 O <sub>l</sub>	<sup>9</sup> Elevation					
331165		EARTHSTON	3650.3					

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	18	21 S	35 E		285	SOUTH	1335	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township Range		Lot Idn	ot Idn Feet from the North/South line Fee		Feet from the	East/West line	County
В	7	21 S	35 E		50	NORTH	1650	EAST	LEA
12 Dedicated Acres	3 Joint	or Infill	4 Consolidation	n 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.

					<sup>17</sup> OPERATOR CERTIFICATION
		_	OUTLAND 18 7 STAT	TE_COM 113H	I hereby certify that the information contained herein is true and complete
	1650'—	(A)	EL. = 3650		to the best of my knowledge and belief, and that this organization either
	OTTOM _//		GEODETIC COORDINATES  NAD 27 NMSP EAST	GEODETIC COORDINATES NAD 83 NMSP EAST	owns a working interest or unleased mineral interest in the land including
I i	LTP-		SURFACE LOCATION N.= 536836.33	SURFACE LOCATION N.= 536897.91	the proposed bottom hole location or has a right to drill this well at this
L1 L2	+		E.= 787195.92	E.= 828378.93 LAT. = 32.4725542*N	location pursuant to a contract with an owner of such a mineral or working
				ONG. = 103.4025696'W	interest, or to a voluntary pooling agreement or a compulsory pooling order
SEC Z		$\oplus$	FIRST TAKE POINT 100' FSL, 1650' FEL NAD 27 NMSP EAST N.= 536648.79	FIRST TAKE POINT 100' FSL, 1650' FEL NAD 83 NMSP EAST N.= 536710.36	heretofore entered by the division.
			E.= 786882.58 LAT. = 32.4719220*N	E.= 828065.58 LAT. = 32.4720462'N ONG. = 103.4035909'W	Signature Date
L3 L4	w.º02		LAST TAKE POINT 100' FNL, 1650' FEL NAD 27 NMSP EAST N.= 547010.98	LAST TAKE POINT 100' FNL, 1650' FEL NAD 83 NMSP EAST N.= 547072.84	Printed Name
	N00.31	©		E.= 827971.11 LAT. = 32.5005290'N ONG. = 103.4036043'W	E-mail Address
	BNG.		BOTTOM OF HOLE NAD 27 NMSP EAST	BOTTOM OF HOLE NAD 83 NMSP EAST	18SURVEYOR CERTIFICATION
	GRID B		N.= 547060.96 E.= 786787.84	N.= 547122.82 E.= 827970.63	I hereby certify that the well location shown on this plat
L1			LAT. = 32.5005422*N	LAT. = 32.5006664*N ONG. = 103.4036045*W	was plotted from field notes of actual surveys made by
		]	CORNER COORDINAT		me or under my supervision, and that the same is true
		l	NAD 27 NMSP A - N.= 547122.15	E.= 788436.95	and correct to the best of my belief.
SEC18		Ð	B - N.= 547104.23 C - N.= 541822.28 D - N.= 536540.68	E.= 785797.79 E.= 785848.39 E.= 785892.38	MARCH 27, 2023
			E - N.= 536562.38 F - N.= 539218.13 G - N.= 541845.63	E.= 788532.98 E.= 788510.89 E.= 788489.05 E.= 788462.39	Date of Survey
L	SURFACE 00CATION 5	Ē	CORNER COORDINA' NAD 83 NMSP A - N.= 547184.02 B - N.= 547166.09 C - N.= 536602.25 E - N.= 536602.95 F - N.= 539279.78 G - N.= 541907.36 H - N.= 544544.77		Signature and Seal of Professional Surveyor:  Certificate Number: (Partition State will Local List 12797)  State Will Local List 12797

Intent		As Dril	led											
API#														
•	rator Nar	C	Property Name: OUTLAND 18 7 STATE COM								Well Number 113H			
Kick C	off Point	(KOP)												
UL O	Section 18	Township 21S	Range 35E	Lot	Feet 285		rom N		Feet 1335	5	From	i E/W ST	County LEA	
132.4	<sup>de</sup> 172554	2			Longitu 103.4	<sup>ude</sup> 40256	96						NAD 83	
First T	ake Poin	t (FTP)												
UL O	Section	Township 21S	Range 35E	Lot	Feet 100		rom N		Feet 1650	)	From	n E/W	County LEA	
Latitu					Longitu	Longitude						NAD 83		
Last T	ake Poin	t (LTP)			1									
UL B	Section 7	Township 21S	Range 35E	Lot	Feet 100	From NOR		Feet		From EAS	-	Count	У	
Latitu 32.5	de 500529	0			Longitu 103.4	ude 40360	)43		I			NAD <b>83</b>		
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API#														
Ope	rator Nar	ne:	1			Property Name:					Well Number			
														V7.06 /20 /201

KZ 06/29/2018

Inten	t	As Dril	led										
API#													
	rator Nar RTHST(	<sup>me:</sup> ONE OPE	ERATIN	G, LL	С	Property OUTLA			ATE CO	OM		Well Number 113H	
Kick C	Off Point	(KOP)											
UL O	Section 18	Township 21S	Range 35E	Lot	Feet 285		n N/S JTH	Feet 1335	Fron	n E/W ST	County LEA		
Latitu 32.4	ide 172429	9	l		Longitu 103.4	ude 4020901			<u> </u>		NAD <b>27</b>		
First 1	Гake Poin	it (FTP)											
UL O	Section 18	Township 21S	Range 35E	Lot	Feet 100	·     · · ·				County LEA			
Latitu <b>32.</b> 4	<sup>ide</sup> 171922	0			_	Longitude 103.4031113						NAD 27	
Last T	ake Poin	t (LTP)											
UL B	Section 7	Township 21S	Range 35E	Lot	Feet 100	From N/S			From E/W	Coun	ty		
Latitu <b>32.5</b>	ide 500404	9			Longitu 103.4	<sup>ide</sup> 4031239							
s this	s well the	defining v	vell for th	e Horiz	zontal S <sub>l</sub>	pacing Uni	t? [						
s this	s well an	infill well?											
	l is yes p ng Unit.	lease prov	ide API if	availab	ole, Ope	rator Nam	e and '	well nur	nber for	Definii	ng well fo	r Horizontal	
API#			]										
Ope	rator Nar	me:				Property Name:					Well Number		
												KZ 06/29/201	

KZ 06/29/2018

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#### State of New Mexico

## Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

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

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code	
<sup>4</sup> Property Code		OUTLAND	<sup>6</sup> Well Number 114H
<sup>7</sup> OGRID No. 331165		8 O <sub>1</sub> EARTHSTON	<sup>9</sup> Elevation 3651.0

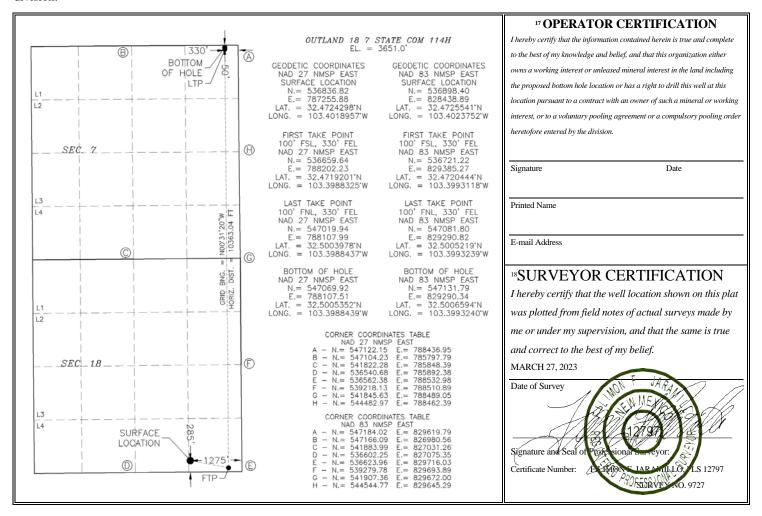
#### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	18	21 S	35 E		285	SOUTH	1275	EAST	LEA

#### <sup>11</sup> Bottom Hole Location If Different From Surface

	Bottom Hole Eocation in Directing From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
A	7	21 S	35 E		50	NORTH	330	EAST	LEA	
12 Dedicated Acre	<sup>12</sup> Dedicated Acres				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.



Operator Name:  EARTHSTONE OPERATING, LLC  Property Name:  OUTLAND 18 7 STATE COM  114H	Number <del>1</del>
Kick Off Point (KOP)	
UL     Section     Township     Range     Lot     Feet     From N/S     Feet     From E/W     County       P     18     21S     35E     285     SOUTH     1275     EAST     LEA	
Latitude Longitude NAD 32.4725541 103.4023752 83	
First Take Point (FTP)	
UL     Section P     Township Range 10     Lot Feet 10     From N/S SOUTH 10     Feet 335     Feet SOUTH 10     From E/W EAST LEA	
Latitude   Longitude   NAD   32.4720444   103.3993118   83	
Last Take Point (LTP)	
UL     Section A     Township A     Range B     Lot Section A     Feet B     From N/S Feet B     From E/W From E	
Latitude         Longitude         NAD           32.5005219         103.3993239         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 Horiz Spacing Unit.	ontal.
API#	
Operator Name: Property Name: Well	Number

KZ 06/29/2018

	umber
	umber
EARTHSTONE OPERATING, LLC OUTLAND 18 7 STATE COM 114H	
Kick Off Point (KOP)	
UL     Section     Township     Range     Lot     Feet     From N/S     Feet     From E/W     County       P     18     21S     35E     285     SOUTH     1275     EAST     LEA	
Latitude Longitude NAD 32.4724298 103.4018957 27	
First Take Point (FTP)	
UL     Section P     Township Range 100     Lot Feet 100     From N/S SOUTH     Feet 330     From E/W EAST     County LEA	
Latitude   Longitude   NAD   32.4719201   103.3988325   27	
Last Take Point (LTP)	
UL     Section A     Township A     Range 21S     Lot Section A     Feet A     From N/S NORTH     Feet A     From E/W SAST     County LEA	
Latitude         Longitude         NAD           32.5003978         103.3988437         27	
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 Horizo Spacing Unit.	ntal
API#	
Operator Name: Property Name: Well N	umber

KZ 06/29/2018

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

District III

<u>District II</u> 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u>

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

<sup>1</sup> API Numbe	er	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Pı	<sup>6</sup> Well Number	
		OUTLAND	214H	
<sup>7</sup> OGRID No.		8 O <sub>l</sub>	perator Name	<sup>9</sup> Elevation
331165		EARTHSTON	E OPERATING, LLC	3650.6

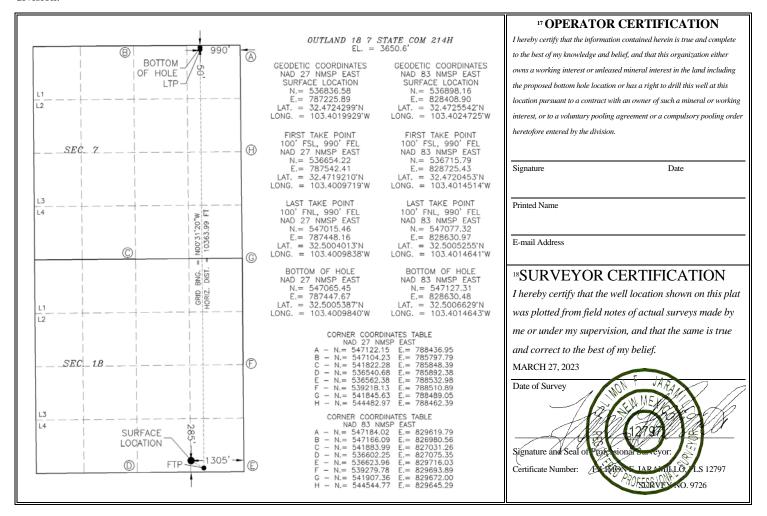
#### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	18	21 S	35 E		285	SOUTH	1305	EAST	LEA

#### <sup>11</sup> Bottom Hole Location If Different From Surface

	•			Jouoni I	ole Boeution	II Dilletelle I I	om Surrace		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	21 S	35 E		50	NORTH	990	EAST	LEA
12 Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	n 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.



Intent		As Dril	led										
API#													
	rator Nar	<sup>me:</sup> ONE OPI	ERATIN	G, LL	С	-	perty N			ATE CO	OM		Well Number 214H
						<u> </u>							<u> </u>
Kick C	off Point	(KOP)											
UL P	Section 18	Township 21S	Range 35E	Lot	Feet 285		From N		Feet 1305	Fro	m E/W ST	County LEA	
Latitu 32.4	de 172554	2			Longitu 103.4		725					NAD 83	
Eirc+ T	ako Dair	.+ /ETD\			•								
UL	Section	Township	Range	Lot	Feet		From N	1/S	Feet	Fro	m E/W	County	
P Latitu	18 de	21S   35E   100   SOUTH   990   EAST   LEA   NAD											
32.4720453 103.4014514 83													
Last T	ake Poin	t (LTP)											
UL A	Section 7	Township 21S	Range 35E	Lot	Feet 100		m N/S RTH	Feet		rom E/W AST	Count	ty	
Latitu 32.5	de 500525	5			Longitu 103.4		1641				NAD <b>83</b>		
											_1		
Ic thic	well the	defining v	vell for th	a Hari:	ontal Si	nacino	a l Init?	, Г					
15 (1115	well the	denining v	ven for th	C 110112	ZOTICAT 5	pacing	5 Omit:	L					
ls this	well an	infill well?											
	l is yes p ng Unit.	lease prov	ide API if	availab	ole, Ope	rator	Name	and v	vell num	nber for	Definii	ng well fo	r Horizontal
API#													
Opei	rator Nar	ne:				Prop	oerty N	lame	:				Well Number

KZ 06/29/2018

Inten	t	As Dril	led											
API#														
_	rator Nai	<sup>me:</sup> ONE OPE	ERATIN	G, LL	C		erty N			TATE	СО	)M		Well Number 214H
Kick C	Off Point	(KOP)				l								
UL P	Section 18	Township 21S	Range 35E	Lot	Feet 285		From N		Feet <b>130</b> 5		From EAS	E/W	County LEA	
Latitu 32.4	lde 172429	9			Longitu 103.4		929		<u>I</u>	l			NAD <b>27</b>	
First 1	ake Poir	nt (FTP)												
UL P	Section 18	Township 21S	Range 35E	Lot	Feet 100		From N SOUT		Feet 990		From EAS	E/W ST	County LEA	
							gitude NAD 27							
Last T	ake Poin	t (LTP)												
UL A	Section 7	Township 21S	Range 35E	Lot	Feet 100		n N/S RTH	Feet 990		From E EAST		Count LEA	У	
132.5	ide 500401	3			Longitu 103.4		838	•				NAD <b>27</b>		
Is this	well the	defining v	vell for th	e Horiz	ontal S <sub>l</sub>	pacing	Unit?			]	,			
Is this	well an	infill well?			]									
	l is yes p ng Unit.	lease prov	ide API if a	availab	le, Opei	rator N	Name :	and w	vell nı	umber	for [	Definir	ng well fo	r Horizontal
API#														
Ope	Operator Name:					Property Name: Well Nu						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

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State of New Mexico

## Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

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

AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	•	<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		5 Pr	operty Name		<sup>6</sup> Well Number
		OUTLAND	223H		
<sup>7</sup> OGRID No.		<sup>8</sup> O <sub>I</sub>	perator Name		<sup>9</sup> Elevation
331165		EARTHSTON	3649.9		
		10 <b>C</b> 1	irface Location		

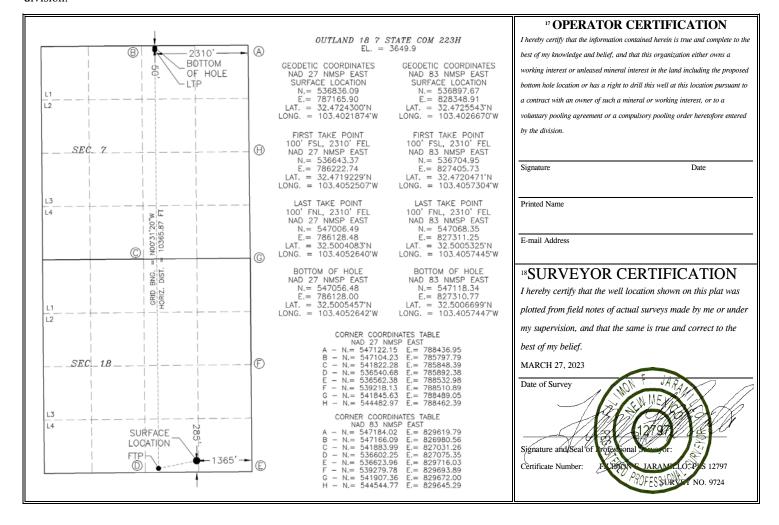
Surface Location

	0	18	21 S	35 E	285	SOUTH	1365	EAST	LEA
L	U	10	215	33 E	205	500111	1505	LIII	LILII

Bottom Hole Location If Different From Surface

UL or lot no. B	Section 7	Township 21 S	Range 35 E	Lot Idn	Feet from the 50	North/South line NORTH	Feet from the 2310	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acre	s <sup>13</sup> Joint	or Infill 14	Consolidation	1 Code			<sup>15</sup> 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.



Inten <sup>-</sup>	t	As Dril	led											
API#														
•	rator Na RTHST(	<sub>me:</sub> ONE OPE	ERATI	NG, LL	С	Prope OUTL				TATE	CC	)M		Well Number 223H
Kick (	Off Point	(KOB)												
UL	Section	Township	Range	Lot	Feet		rom N		Feet			n E/W	County	
O Latitu	18 <sup>Ide</sup> 172554	21S .3	35E		285 Longitu		OUT 70	П	136	3	EAS	) I	NAD 83	
02.	17 200 1	<u> </u>			100.	10200	10						00	
First 7	Take Poir	t (FTP)	Range	Lot	Feet	E	rom N	1/5	Feet		From	n E/W	County	
O Latitu	18	21S	35E	Lot	100 SOUTH 2310 EAST LEA  Longitude NAD									
32.4720471 103.4057304 83														
Last T	ake Poin	t (LTP)	Range	Lot	Feet	From 1	N/S	Feet		From	E/W	Count		
B Latitu	7	21S	35E		100 Longitu	NOR		231		EAST		LEA NAD		
	500532	:5			_	40574	45					83		
		defining v	vell for	the Horiz	zontal S <sub>l</sub>	pacing L	Jnit?			]				
	ng Unit.	lease prov	ide API	if availab	ole, Ope	rator Na	ame	and v	vell n	umber	for [	Definir	ng well fo	r Horizontal
														I
Operator Name: Property Name: Well Nur						Well Number								
						<u> </u>								1/7 05/00/001

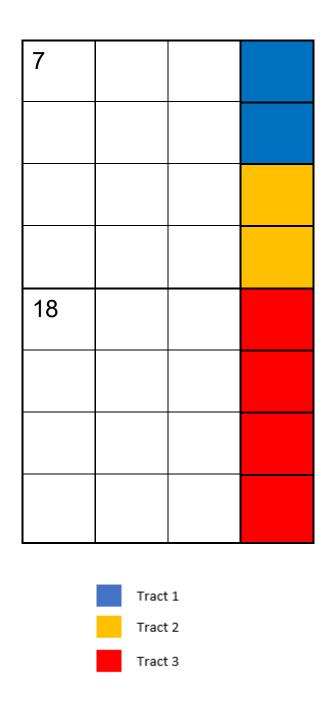
KZ 06/29/2018

	Well Number 223H
Kick Off Point (KOP)	
UL     Section     Township     Range     Lot     Feet     From N/S     Feet     From E/W     County       O     18     21S     35E     285     SOUTH     1365     EAST     LEA	
Latitude Longitude NAD 32.4724300 103.4021874 27	
First Take Point (FTP)	
UL     Section O     Township In	
Latitude Longitude NAD 32.4719229 103.4052507 27	
Last Take Point (LTP)	
UL     Section     Township     Range     Lot     Feet     From N/S     Feet     From E/W     County       B     7     21S     35E     100     NORTH     2310     EAST     LEA	
Latitude         Longitude         NAD           32.5004083         103.4052640         27	
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 Ho Spacing Unit.	Horizontal
API#	
Operator Name: Property Name: We	Well Number

KZ 06/29/2018

# Outland 18-7 State Com 114H Outland 18-7 State Com 214H

E/2 E/2 of Section 18, Township 21 South – Range 35 East E/2 E/2 of Section 7, Township 21 South – Range 35 East Lea County, New Mexico



#### **TRACT 1 OWNERSHIP (B0-1439-8)**

#### Working Interest:

Earthstone Permian LLC**	0.420298%	Committed
Devon Energy Production Company, LP	10.937500%	Uncommitted
Timothy R. MacDonald	0.024414%	Uncommitted
Maverick Oil & Gas Corporation	0.008138%	Uncommitted/Elected in AFE
Mewbourne Oil Company*	50.623056%	Uncommitted
Chevron U.S.A. Inc.*	13.146819%	Uncommitted
COG Operating LLC*	6.378980%	Uncommitted/Signed LA
Kaiser-Francis Oil Company*	4.014643%	Uncommitted
ConocoPhillips Company*	2.919053%	Uncommitted/Signed LA
OXY USA Inc.*	2.346292%	Uncommitted
SBI West Texas I LLC*	2.346292%	Uncommitted
MRC Permian Company *	2.278835%	Uncommitted
Magnum Hunter Production, Inc.*	1.453539%	Uncommitted
Northern Oil & Gas, Inc.*	1.099582%	Uncommitted
Alpha Energy Partners, LLC*	0.751106%	Uncommitted
OXY USA WTP Limited Partnership*	0.674559%	Uncommitted
Cimarex Energy Co.*	0.210286%	Uncommitted
Penrock Oil Corporation*	0.131979%	Uncommitted
Javelina Partners*	0.117315%	Uncommitted
Zorro Partners*	0.117315%	Uncommitted
	100.000000%	

#### Leasehold Working Interest Parties who did not join the North Wilson Deep Unit

#### **TRACT 2 OWNERSHIP (B0-1481-19)**

#### Working Interest:

Earthstone Permian LLC*	0.472086%	Committed
Mewbourne Oil Company*	56.860705%	Uncommitted
Chevron U.S.A. Inc.*	14.766738%	Uncommitted
COG Operating LLC*	7.164982%	Uncommitted/Signed LA
Kaiser-Francis Oil Company*	4.509318%	Uncommitted
ConocoPhillips Company*	3.278731%	Uncommitted/Signed LA

<sup>\*</sup>Contractual Working Interest as a Party to the North Wilson Deep Unit, per the Exhibit "A-1", dated April 4, 2023, to the North Wilson Deep Unit Operating Agreement found in the Mewbourne provided DOTO for the North Wilson Deep Unit 6H.

<sup>\*\*</sup>Earthstone Permian LLC owns 24.421073% Leasehold Working Interest in Tract. Working Interest figure shown above has been proportionately reduced to account for contractual intertest as a Party to the North Wilson Deep Unit and account of the Leasehold Working Intertest Parties who did not join the North Wilson Deep Unit.

OXY USA Inc.*	2.635396%	Uncommitted
SBI West Texas I LLC*	2.635396%	Uncommitted
MRC Permian Company *	2.559628%	Uncommitted
Magnum Hunter Production, Inc.*	1.632640%	Uncommitted
Northern Oil & Gas, Inc.*	1.235070%	Uncommitted
Alpha Energy Partners, LLC*	0.843656%	Uncommitted
OXY USA WTP Limited Partnership*	0.757676%	Uncommitted
Cimarex Energy Co.*	0.236197%	Uncommitted
Penrock Oil Corporation*	0.148241%	Uncommitted
Javelina Partners*	0.131770%	Uncommitted
Zorro Partners*	0.131770%	Uncommitted
	100.000000%	

<sup>\*</sup>Contractual Working Interest as a Party to the North Wilson Deep Unit, per the Exhibit "A-1", dated April 4, 2023, to the North Wilson Deep Unit Operating Agreement found in the Mewbourne provided DOTO for the North Wilson Deep Unit 6H.

#### TRACT 3 OWNERSHIP (V0-5917-3)

#### **Working Interest:**

Earthstone Permian LLC	49.916667%	Committed
Devon Energy Production Company, LP	50.000000%	Uncommitted
Timothy R. MacDonald	0.062500%	Uncommitted
Maverick Oil & Gas Corporation	0.020834%	Uncommitted/Elected in AFE
	100.000000%	

#### **SPACING UNIT OWNERSHIP**

Earthstone Permian LLC	25.181430%
Devon Energy Production Company, LP	27.734375%
Timothy R. MacDonald	0.037354%
Maverick Oil & Gas Corporation	0.012451%
Mewbourne Oil Company	26.870940%
Chevron U.S.A. Inc.	6.978389%
COG Operating LLC	3.385911%
Kaiser-Francis Oil Company	2.130990%
ConocoPhillips Company	1.549446%
OXY USA Inc.	1.245422%
SBI West Texas I LLC	1.245422%
MRC Permian Company	1.209616%
Magnum Hunter Production, Inc.	0.771545%
Northern Oil & Gas, Inc.	0.583663%
Alpha Energy Partners, LLC	0.398691%
OXY USA WTP Limited Partnership	0.358059%

Cimarex Energy Co.	0.111621%
Penrock Oil Corporation	0.070055%
Javelina Partners	0.062270%
Zorro Partners	0.062270%
	100.000000%

#### **WI PARTIES TO POOL**

Devon Energy Production Company, LP

Timothy R. MacDonald

Maverick Oil & Gas Corporation

Mewbourne Oil Company

Chevron U.S.A. Inc.

**COG Operating LLC** 

Kaiser-Francis Oil Company

ConocoPhillips Company

OXY USA Inc.

SBI West Texas I LLC

MRC Permian Company

Magnum Hunter Production, Inc.

Northern Oil & Gas, Inc.

Alpha Energy Partners, LLC

**OXY USA WTP Limited Partnership** 

Cimarex Energy Co.

Penrock Oil Corporation

Javelina Partners

**Zorro Partners** 

#### **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 Wilson Oil Company, Ltd.

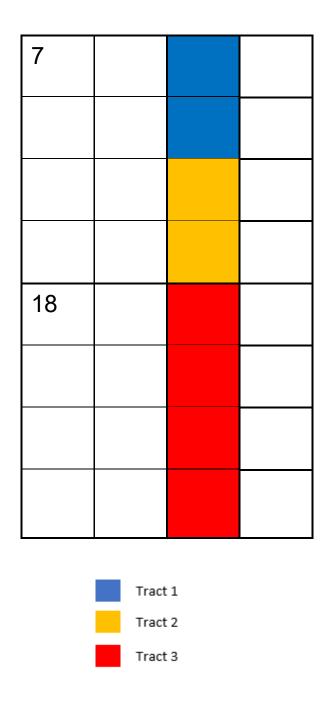
Chevron U.S.A Inc.

Mewbourne Oil Company

**Uncommitted Working Intertest Owners seeking to Compulsory Pool** 

#### Outland 18-7 State Com 113H Outland 18-7 State Com 223H

W/2 E/2 of Section 18, Township 21 South – Range 35 East W/2 E/2 of Section 7, Township 21 South – Range 35 East Lea County, New Mexico



#### **TRACT 1 OWNERSHIP (B0-1439-8)**

#### **Working Interest:**

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Penrock Oil Corporation*	0.131979%	Uncommitted
Javelina Partners*	0.117315%	Uncommitted
Zorro Partners*	0.117315%	Uncommitted
	100.000000%	

#### Leasehold Working Interest Parties who did not join the North Wilson Deep Unit

#### **TRACT 2 OWNERSHIP (B0-1481-19)**

#### Working Interest:

Earthstone Permian LLC*	0.472086%	Committed
Mewbourne Oil Company*	56.860705%	Uncommitted
Chevron U.S.A. Inc.*	14.766738%	Uncommitted
COG Operating LLC*	7.164982%	Uncommitted/Signed LA
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ConocoPhillips Company*	3.278731%	Uncommitted/Signed LA

<sup>\*</sup>Contractual Working Interest as a Party to the North Wilson Deep Unit, per the Exhibit "A-1", dated April 4, 2023, to the North Wilson Deep Unit Operating Agreement found in the Mewbourne provided DOTO for the North Wilson Deep Unit 6H.

<sup>\*\*</sup>Earthstone Permian LLC owns 24.421073% Leasehold Working Interest in Tract. Working Interest figure shown above has been proportionately reduced to account for contractual intertest as a Party to the North Wilson Deep Unit and account of the Leasehold Working Intertest Parties who did not join the North Wilson Deep Unit.

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Northern Oil & Gas, Inc.*	1.235070%	Uncommitted
Alpha Energy Partners, LLC*	0.843656%	Uncommitted
OXY USA WTP Limited Partnership*	0.757676%	Uncommitted
Cimarex Energy Co.*	0.236197%	Uncommitted
Penrock Oil Corporation*	0.148241%	Uncommitted
Javelina Partners*	0.131770%	Uncommitted
Zorro Partners*	0.131770%	Uncommitted
	100.000000%	

<sup>\*</sup>Contractual Working Interest as a Party to the North Wilson Deep Unit, per the Exhibit "A-1", dated April 4, 2023, to the North Wilson Deep Unit Operating Agreement found in the Mewbourne provided DOTO for the North Wilson Deep Unit 6H.

#### TRACT 3 OWNERSHIP (V0-5917-3)

#### **Working Interest:**

Earthstone Permian LLC	49.916667%	Committed
Devon Energy Production Company, LP	50.000000%	Uncommitted
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	100.000000%	

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SBI West Texas I LLC	1.245422%
MRC Permian Company	1.209616%
Magnum Hunter Production, Inc.	0.771545%
Northern Oil & Gas, Inc.	0.583663%
Alpha Energy Partners, LLC	0.398691%
OXY USA WTP Limited Partnership	0.358059%

Cimarex Energy Co.	0.111621%
Penrock Oil Corporation	0.070055%
Javelina Partners	0.062270%
Zorro Partners	0.062270%
	100.000000%

#### **WI PARTIES TO POOL**

Devon Energy Production Company, LP

Timothy R. MacDonald

Maverick Oil & Gas Corporation

Mewbourne Oil Company

Chevron U.S.A. Inc.

**COG Operating LLC** 

Kaiser-Francis Oil Company

ConocoPhillips Company

OXY USA Inc.

SBI West Texas I LLC

MRC Permian Company

Magnum Hunter Production, Inc.

Northern Oil & Gas, Inc.

Alpha Energy Partners, LLC

**OXY USA WTP Limited Partnership** 

Cimarex Energy Co.

Penrock Oil Corporation

Javelina Partners

**Zorro Partners** 

#### **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 Wilson Oil Company, Ltd.

Chevron U.S.A Inc.

Mewbourne Oil Company

**Uncommitted Working Intertest Owners seeking to Compulsory Pool** 



February 28, 2023

**EARTHSTONE** Operating, LLC

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

Office: 281-298-424 Fax: 832-823-0478

Delivery via Fed Ex

500 West Texas Suite 1020 Midland, TX 79701

Mewbourne Oil Company Attn: Land Department

Re: Proposed Horizontal Bone Spring Wells

Outland 18-7 State Com 113H
Outland 18-7 State Com 114H
Outland 18-7 State Com 214H
Outland 18-7 State Com 223H
E/2 of Section 18-T21S-R35E &
E/2 of Section 7-T21S-R35E
Lea County, New Mexico

To whom it may concern,

Earthstone Operating, LLC ("Earthstone") hereby proposes the drilling of four 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 113H: 1<sup>st</sup> 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.
- 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 214H: 2<sup>nd</sup> 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 223H: 2<sup>nd</sup> 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 of Section 18 and the E/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

#### **Mewbourne Oil Company**

	Participate for its proportionate share in the drilling & completion of the <b>Outland 18-7 State Com 113H</b> .
	Non-consent/farmout/assign its interest in the <b>Outland State Unit 13H</b> , subject to acceptable terms.
	Participate for its proportionate share in the drilling & completion of the <b>Outland 18-7 State Com 114H</b> .
	Non-consent/farmout/assign its interest in the <b>Outland 18-7 State Com 114H</b> , subject to acceptable terms.
	Participate for its proportionate share in the drilling & completion of the <b>Outland 18-7 State Com 214H</b> .
	Non-consent/farmout/assign its interest in the <b>Outland 18-7 State Com 214H</b> , subject to acceptable terms.
	Participate for its proportionate share in the drilling & completion of the <b>Outland 18-7 State Com 223H</b> .
	Non-consent/farmout/assign its interest in the <b>Outland 18-7 State Com 223H</b> , subject to acceptable terms.
Mewb	ourne Oil Company
By:	
Name:	
Title:	

Date:



March 30, 2023

#### **EARTHSTONE** Operating, LLC

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

Fax: 832-823-0478

Delivery via Fed Ex

Mewbourne Oil Company Attn: Land Department 500 West Texas **Suite 1020** Midland, TX 79701

Re: Supplement to Well Proposal dated February 28, 2023

> Outland 18-7 State Com 113H Outland 18-7 State Com 114H Outland 18-7 State Com 214H Outland 18-7 State Com 223H E/2 of Section 18-T21S-R35E & E/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



**Statement of Estimated Well Cost** 

Well Name: Outland State 18-7 State Com 113H

Project Description:

Estimate is for the drilling of

**AFE #:** 23 - XX - XXXX

Location: Lea Co., NM

Estimate is for the drilling of a 2.0 mile 1st Bone Spring Sand lateral in Lea County, NM. 10-3/4" Surface casing will be set at 1,750' MD.The 1st Intermediate section will be 9-7/8" drilled through the Capitan Reef and 8-5/8" Casing set at 5,600' MD. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,000 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 19 days to Rig Release.

	DRILLING INTANGIBLE		COMPLETION INTANGIBLE			
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$	30,000
1420/ 20	LOCATION AND ROADS	\$ 60,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$	430,000
1420/ 30	RIG MOBILIZATION	\$ 75,000	1432/110	TRUCKING/VACUUM TRUCK	\$	30,000
1420/ 50	DAYWORK	\$ 704,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	60,000
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,800
1420/ 90	FUEL, POWER & WATER	\$ 230,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	390,000
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/171	COMPLETION HOUSING	\$	19,600
1420/120	DRILLING/COMPLETION FLUIDS	\$ 277,000	1432/180	WELL STIMULATION	\$	3,050,000
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/181	WELL TEST SERVICES	\$	100,800
			1432/183		\$	
1420/140	CASING CREWS AND TOOLS			DIAGNOSTIC SERVICES		50,000
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/190	SLICKLINE SERVICES	\$	4,500
1420/160	MUD LOGGING	\$ 21,000	1432/195	CONTRACT LABOR	\$	15,000
1420/170	EQUIPMENT/TOOL RENTALS	\$ 119,000	1432/230	COILED TUBING SERVICES	\$	160,000
1420/174	DOWNHOLE RENTALS	\$ 76,000	1432/250	INSURANCE	\$	1,700
1420/180	WELL STIMULATION / TESTING	\$ -	1432/260	SUPERVISION/ENGINEERING	\$	70,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 152,000	1432/280	PIT REMEDIATION	\$	20,000
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 10,000	1432/290	MISCELLANEOUS	\$	12,500
1420/200	DIRECTION DRILLING/SURVEYING	\$ 228,000	1432/310	FRESH WATER TRANSFER	\$	90,000
1420/250	INSURANCE	\$ 10,000	1432/350	COMMUNICATIONS	\$	3,800
1420/260	SUPERVISION/ENGINEERING	\$ 110,000	1432/412	ARTIFICIAL LIFT	\$	50,000
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/300	CONTINGENCIES	\$	193,960
1420/315	PARTS	\$ 15,000	1432/417	FRAC INCIDENTAL	\$	100,000
1420/315	COMMUNICATIONS	\$ 9,000	1702/71/		4	100,000
1420/350	CONTINGENCY	\$ 52,500	<del>                                     </del>		+	
1420/300	CONTINUENCT	φ 52,500	1		+	
					-	
			сом	PLETION INTANGIBLE TOTAL	\$	5,283,560
					Ċ	
				COMPLETION TANGIBLE		
			ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
			1433/300	VALVES/CONNECTIONS/FITTINGS	\$	55,000
DF	RILLING INTANGIBLE TOTAL	\$ 2,613,000	1433/320	FLOWLINE	\$	36,000
			1433/370	TUBING	\$	126,000
	DRILLING TANGIBLE		1433/400	WELLHEAD EQUIPMENT	\$	70,000
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,000
		+			_	
1430/310	CONDUCTOR CASING		1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,000
1430/320	SURFACE CASING	\$ 175,000	1433/417	FRAC INCIDENTAL	\$	300,000
1430/330	INTERMEDIATE CASING	\$ 393,000			_	
1430/340	DRILLING LINERS	\$ -	COI	MPLETION TANGIBLE TOTAL	\$	992,000
1430/350	PRODUCTION CASING	\$ 839,000				
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000				
1430/400 1430/405	CASING HANGER/WELLHEAD EQUIP DOWNHOLE TOOLS	\$ 55,000 \$ -		FACILITIES INTANGIBLE		
			ACCOUNT CODE	FACILITIES INTANGIBLE ITEM DESCRIPTION		AMOUNT
			ACCOUNT CODE 1450/ 20		\$	<b>AMOUNT</b> 5,000
				ITEM DESCRIPTION	\$	
			1450/ 20	ITEM DESCRIPTION LOCATION AND ROADS	-	5,000
			1450/ 20 1450/ 90	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER	\$	5,000 1,000
			1450/ 20 1450/ 90 1450/110 1450/170	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$	5,000 1,000 10,000 40,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$ \$	5,000 1,000 10,000 40,000 70,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING	\$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$ \$	5,000 1,000 10,000 40,000 70,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING	\$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING	\$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS	\$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL	\$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE	\$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION	\$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE	\$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS	\$ \$ \$ \$ \$ \$ \$	5,000 1,000 40,000 70,000 25,000 10,000 161,000 AMOUNT
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000  161,000  AMOUNT 55,000 20,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 40,000 70,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CLITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/290 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000 25,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/290 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000 25,000 105,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/175 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/340 1452/345 1452/360	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  461,000  AMOUNT 55,000 70,000 75,000 150,000 69,000 50,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/345 1452/360 1452/380	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000 69,000 50,000 15,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/345 1452/360 1452/380	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  461,000  AMOUNT 55,000 70,000 75,000 150,000 69,000 50,000
			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/345 1452/360 1452/380	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000 69,000 50,000 15,000
1430/405			1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/345 1452/360 1452/380	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000  161,000  AMOUNT 55,000 20,000 70,000 150,000 69,000 50,000 15,000
1430/405	DOWNHOLE TOOLS		1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290 FAC ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/345 1452/360 1452/380	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 25,000 10,000 161,000  AMOUNT 55,000 20,000 15,000 69,000 50,000 15,000 559,000
1430/405	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ -	1450/ 20 1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/340 1452/345 1452/340 1452/340 1452/390  FAC	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES TANGIBLE TOTAL  CILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000 20,000 70,000 150,000 69,000 559,000 720,000
1430/405	DOWNHOLE TOOLS		1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/340 1452/345 1452/380 1452/380  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES TANGIBLE TOTAL  FACILITIES TOTAL  PLETION/FACILITIES COSTS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000 25,000 15,000 15,000 15,000 559,000 720,000
1430/405	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ -	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/340 1452/345 1452/380 1452/380  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES TANGIBLE TOTAL  CILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 1,000 40,000 70,000 25,000 10,000  AMOUNT 55,000 20,000 70,000 150,000 69,000 50,000 15,000 720,000
1430/405	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ -	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/340 1452/340 1452/340 1452/340 1452/390  FAC  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 1,000 40,000 70,000 25,000 10,000 161,000 25,000 150,000 150,000 150,000 50,000 150,000 720,000 720,000
1430/405	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ -	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/345 1452/345 1452/340 1452/345 1452/380 1452/380  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 1,000 40,000 70,000 25,000 10,000 161,000 25,000 150,000 150,000 150,000 559,000 720,000
1430/405  D TOT	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ 1,492,000	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/330 1452/345 1452/345 1452/380 1452/380 1452/390  FAC  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 1,000 40,000 70,000 25,000 10,000 161,000 20,000 150,000 150,000 50,000 15,000 720,000 720,000 15,000 15,000 15,000 11,100,560
1430/405  D TO1 Operator Approval Prepared By:	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ 1,492,000	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/330 1452/345 1452/345 1452/346 1452/345 1452/390  FAC  TOTAL CON TOTAL  Participant Approversity of the company:	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000 25,000 70,000 150,000 150,000 15,000 559,000 720,000 11,1100,560
1430/405  D TOT	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ 1,492,000 \$ 4,105,000	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/330 1452/345 1452/345 1452/380 1452/380 1452/390  FAC  TOTAL CON	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000 20,000 70,000 150,000 150,000 15,000 559,000 720,000 720,000 11,1100,560
TOT  Degrator Approval Prepared By:	DOWNHOLE TOOLS  RILLING TANGIBLE TOTAL	\$ 1,492,000 \$ 4,105,000	1450/ 20 1450/ 90 1450/ 10 1450/110 1450/170 1450/195 1450/260 1450/290  FAC  ACCOUNT CODE 1452/300 1452/330 1452/345 1452/345 1452/346 1452/345 1452/390  FAC  TOTAL CON TOTAL  Participant Approversity of the company:	ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES  CILITIES TANGIBLE TOTAL  PLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 10,000 161,000 20,000 70,000 150,000 50,000 559,000 720,000 720,000 11,1100,560



Statement of Estimated Well Cost

Well Name: Outland State 18-7 State Com 114H Project Descr Field Name: Wilson; Bone Spring Estimate is for

Location: Lea Co., NM

AFE #: 23 - XX - XXXX

Estimate is for the drilling of a 2.0 mile 1st Bone Spring Sand lateral in Lea County, NM. 10-3/4" Surface casing will be set at 1,750' MD.The 1st Intermediate section will be 9-7/8" drilled through the Capitan Reef and 8-5/8" Casing set at 5,600' MD. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,000 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 19 days to Rig Release.

		SCITE	eduled as 19 da	ays to ring recease.			
	DRILLING INTANGIBLE				COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$	6,000	1432/ 10	LEASE / STAKE / PERMIT	\$	2,50
1420/ 16	INSPECTION	\$	10,000	1432/ 20	LOCATION AND ROADS	\$	30,00
1420/ 20	LOCATION AND ROADS	\$	60,000	1432/ 70	COMPLETION/WORKOVER RIG	\$	46,40
1420/ 25	SURFACE DAMAGES	\$	22,500	1432/ 90	FUEL, POWER & WATER	\$	430,00
1420/ 30	RIG MOBILIZATION	\$	75,000	1432/110	TRUCKING/VACUUM TRUCK	\$	30,00
1420/ 50	DAYWORK	\$	704,000	1432/120	DRILLING/COMPLETION FLUIDS	\$	60,00
1420/ 80	BITS/ REAMERS	\$	84,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$	352,80
1420/ 90	FUEL, POWER & WATER	\$	230,000	1432/170	EQUIPMENT/TOOL RENTALS	\$	390,00
1420/110	TRUCKING/VACUUM TRUCK	\$	55,000	1432/171	COMPLETION HOUSING	\$	19,60
1420/120	DRILLING/COMPLETION FLUIDS	\$	277,000	1432/180	WELL STIMULATION	\$	3,050,00
1420/130	CEMENT AND PUMP SERVICE	\$	230,000	1432/181	WELL TEST SERVICES	\$	100,80
1420/140	CASING CREWS AND TOOLS	\$	50,000	1432/183	DIAGNOSTIC SERVICES	\$	50,00
1420/150	ELECTRIC LOGGING/PERFORATING	\$	-	1432/190	SLICKLINE SERVICES	\$	4,5
1420/160	MUD LOGGING	\$	21,000	1432/195	CONTRACT LABOR	\$	15,0
1420/170	EQUIPMENT/TOOL RENTALS	\$	119,000	1432/230	COILED TUBING SERVICES	\$	160,0
1420/174	DOWNHOLE RENTALS	\$	76,000	1432/250	INSURANCE	\$	1,7
1420/180	WELL STIMULATION / TESTING	\$	-	1432/260	SUPERVISION/ENGINEERING	\$	70,0
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$	152,000	1432/280	PIT REMEDIATION	\$	20,0
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$	10,000	1432/290	MISCELLANEOUS	\$	12,5
1420/200	DIRECTION DRILLING/SURVEYING	\$	228,000	1432/310	FRESH WATER TRANSFER	\$	90,0
1420/250	INSURANCE	\$	10,000	1432/350	COMMUNICATIONS	\$	3,8
1420/260	SUPERVISION/ENGINEERING	\$	110,000	1432/412	ARTIFICIAL LIFT	\$	50,0
1420/270	ADMINISTRATIVE/OVERHEAD	\$	7,000	1432/300	CONTINGENCIES	\$	193,9
1420/315	PARTS	\$	15,000	1432/417	FRAC INCIDENTAL	\$	100,0
1420/350	COMMUNICATIONS	\$	9,000				
1420/300	CONTINGENCY	\$	52,500				
				col	MDI ETION INTANCIDI E TOTAL	•	F 202 F
				CO	MPLETION INTANGIBLE TOTAL	\$	5,283,56
		_			COMPLETION TANGIBLE		
				ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
Į.		_		1433/300	VALVES/CONNECTIONS/FITTINGS	\$	55,0
DRI	LLING INTANGIBLE TOTAL	\$	2,613,000	1433/320	FLOWLINE	\$	36,0
				1433/370	TUBING	\$	126,0
	DRILLING TANGIBLE			1433/400	WELLHEAD EQUIPMENT	\$	70,0
ACCOUNT CODE	ITEM DESCRIPTION	Т	AMOUNT	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,0
	CONDUCTOR CASING	\$	30,000	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,0
	SURFACE CASING	\$	175,000	1433/417	FRAC INCIDENTAL	\$	300,0
	INTERMEDIATE CASING	\$	393,000	1400/411	TIMO INGIDENTAL	Ψ	300,0
	DRILLING LINERS	\$	-		·		
	PRODUCTION CASING	\$	839,000	co	MPLETION TANGIBLE TOTAL	\$	992,00
	CASING HANGER/WELLHEAD EQUIP	\$	55,000			_	
	DOWNHOLE TOOLS	\$	33,000		FACILITIES INTANGIBLE		
1100,100	3011111022 10020	╅		ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT
	_	_		1450/ 20	LOCATION AND ROADS	\$	5,0
		_		1450/ 90	FUEL, POWER & WATER	\$	1,0
		_		1450/110	TRUCKING/VACUUM TRUCK	\$	10,0
		_		1450/170	EQUIPMENT/TOOL RENTAL	\$	40,0
				1450/195	CONTRACT LABOR	\$	70,0
				1450/260	SUPERVISION/ENGINEERING	\$	25,0
		_		1450/290	MISCELLANEOUS	\$	10,0
		-		1430/290	WISCELLANEOUS	Φ	10,0
		+					
				FA	CILITIES INTANGIBLE TOTAL	\$	161,00
		4					
					FACILITIES TANGIBLE		
				ACCOUNT CODE	ITEM DESCRIPTION	1	AMOUNT
				1452/300	VALVES/CONNECTIONS/FITTINGS	\$	55,0
		$\bot$		1452/315	METER EQUIPMENT	\$	20,0
				1452/320	AUTOMATION	\$	70,0
				1452/330	ACID GAS TREATMENT	\$	150,0
				1452/340	SEPARATORS	\$	25,0
		$\bot$		1452/345	HEATER TREATER	\$	105,0
				1452/360	STOCK TANKS	\$	69,0
				1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$	50,0
				1452/390	FACILITIES	\$	15,0
		4		F	ACILITIES TANGIBLE TOTAL	\$	559,00
	II I INO TANOIDI E TOTA	\$	1,492,000		FACILITIES TOTAL	\$	720,00
DR	ILLING TANGIBLE TOTAL						
	AL DRILLING COSTS	\$	4,105,000	TOTAL CO	MPLETION/FACILITIES COSTS	\$	6,995.56
		\$	4,105,000			Ħ:	6,995,56
		\$	4,105,000		MPLETION/FACILITIES COSTS . ESTIMATED WELL COST	\$	6,995,56 11,100,56
TOTA		\$ Date:			ESTIMATED WELL COST	\$	
				TOTAL	ESTIMATED WELL COST	\$	11,100,56



**Statement of Estimated Well Cost** 

Well Name: Outland State 18-7 State Com 214HProject Description:Field Name: Wilson; Bone SpringEstimate is for the drilling of a 2.0 mile 2nd Bone Spring Sand lateral in Lea County, NM. 10-3/4" Surface casing will be set at 1,750' MD. The 1st Intermediate section will be 9-7/8" drilled through the Capitan Reef and 8-5/8" Casing set at 5,600' MD. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,000 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 20 days to Rig Release.

	DRILLING INTANGIBLE		COMPLETION INTANGIBLE				
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	1	AMOUNT	
1420/ 10	LEASE / STAKE / PERMIT	\$ 6.0		LEASE / STAKE / PERMIT	\$	2,500	
1420/ 16	INSPECTION	\$ 10,0		LOCATION AND ROADS	\$	30,000	
1420/ 10	LOCATION AND ROADS	\$ 60,0		COMPLETION/WORKOVER RIG	\$	46,400	
1420/ 25		\$ 22,5			\$	430,000	
	SURFACE DAMAGES			FUEL, POWER & WATER	+		
1420/ 30	RIG MOBILIZATION	\$ 75,0		TRUCKING/VACUUM TRUCK	\$	30,000	
1420/ 50	DAYWORK	\$ 736,0		DRILLING/COMPLETION FLUIDS	\$	60,000	
1420/ 80	BITS/ REAMERS	\$ 84,0		ELECTRIC LOGGING/PERFORATING	\$	352,800	
1420/ 90	FUEL, POWER & WATER	\$ 238,0	00 <b>1432/170</b>	EQUIPMENT/TOOL RENTALS	\$	390,000	
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,0	00 <b>1432/171</b>	COMPLETION HOUSING	\$	19,600	
1420/120	DRILLING/COMPLETION FLUIDS	\$ 296,0	00 <b>1432/180</b>	WELL STIMULATION	\$	3,050,000	
1420/130	CEMENT AND PUMP SERVICE	\$ 230,0	00 <b>1432/181</b>	WELL TEST SERVICES	\$	100,80	
1420/140	CASING CREWS AND TOOLS	\$ 50,0	00 1432/183	DIAGNOSTIC SERVICES	\$	50,00	
1420/150	ELECTRIC LOGGING/PERFORATING	\$	1432/190	SLICKLINE SERVICES	\$	4,50	
1420/160	MUD LOGGING	\$ 23,0		CONTRACT LABOR	\$	15,00	
1420/170	EQUIPMENT/TOOL RENTALS	\$ 125,0		COILED TUBING SERVICES	\$	160,00	
1420/174	DOWNHOLE RENTALS	\$ 80,0		INSURANCE	\$	1,70	
1420/180	WELL STIMULATION / TESTING	\$		SUPERVISION/ENGINEERING	\$	70,00	
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 160,0	00 <b>1432/280</b>	PIT REMEDIATION	\$	20,00	
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 10,0	00 <b>1432/290</b>	MISCELLANEOUS	\$	12,50	
1420/200	DIRECTION DRILLING/SURVEYING	\$ 237,0	00 1432/310	FRESH WATER TRANSFER	\$	90,00	
1420/250	INSURANCE	\$ 10,0		COMMUNICATIONS	\$	3,80	
1420/260	SUPERVISION/ENGINEERING	\$ 115,0	_	ARTIFICIAL LIFT	\$	50,00	
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,0		CONTINGENCIES	\$	193,96	
1420/315	PARTS	\$ 15,0		FRAC INCIDENTAL	\$	100,00	
1420/350	COMMUNICATIONS	\$ 9,0			+		
1420/300	CONTINGENCY	\$ 54,5	00				
			COM	IPLETION INTANGIBLE TOTAL	\$	5,283,56	
	+						
	1			COMPLETION TANGIBLE			
	+		ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT	
	,				-		
DF	RILLING INTANGIBLE TOTAL	\$ 2,708,0	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	55,00	
		, , , , ,	1433/320	FLOWLINE	\$	36,00	
			1433/370	TUBING	\$	126,00	
	DRILLING TANGIBLE		1433/400	WELLHEAD EQUIPMENT	\$	50,00	
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,000	
1430/310	CONDUCTOR CASING	\$ 30,0		SURFACE ARTIFICIAL LIFT EQUIP	\$	80,000	
			_				
1430/320	SURFACE CASING	\$ 175,0		FRAC INCIDENTAL	\$	300,000	
1430/330	INTERMEDIATE CASING	\$ 393,0	00				
1430/340	DRILLING LINERS	\$	co	MPLETION TANGIBLE TOTAL	\$	972,000	
1430/350	PRODUCTION CASING	\$ 882,0	00	IIII EETION TANOIBEE TOTAL	Ψ	372,000	
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,0	00				
1430/405	DOWNHOLE TOOLS	\$		FACILITIES INTANGIBLE			
		·	ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT	
	+					7.111.00111	
					•	5.00	
			1450/ 20	LOCATION AND ROADS	\$		
			1450/ 90	FUEL, POWER & WATER	\$	1,00	
			1450/ 90 1450/110	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$	1,00 10,00	
			1450/ 90	FUEL, POWER & WATER	\$	1,00 10,00	
			1450/ 90 1450/110	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$	1,00 10,00 40,00	
			1450/ 90 1450/110 1450/170	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$	1,00 10,00 40,00 70,00	
			1450/ 90 1450/110 1450/170 1450/195	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR	\$ \$ \$	1,00 10,00 40,00 70,00 25,00	
			1450/90 1450/110 1450/170 1450/195 1450/260	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING	\$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS	\$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS	\$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL	\$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE	\$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000  AMOUNT 55,00 20,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000  AMOUNT 55,00 20,00	
			1450/ 90 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000  AMOUNT 55,00 20,00 70,00	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000  AMOUNT 55,00 20,00 70,00 - 25,00	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00  161,000  AMOUNT 55,00 20,00 70,00 - 25,00 105,00	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000 10,000  161,000  AMOUNT  55,000 20,000 70,000 - 25,000 105,000	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00  161,000  AMOUNT  55,00 20,00 70,00 - 25,00 105,00 69,00	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345 1452/360	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00  161,000  AMOUNT 55,00 20,00 70,000 - 25,00 105,00 69,00	
			1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/345 1452/360 1452/380 1452/380	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00  161,000  AMOUNT 55,00 20,00 70,00 - 25,00 105,00 69,00 50,00	
D	ORILLING TANGIBLE TOTAL	\$ 1,535,0	1450/ 90 1450/110 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345 1452/360 1452/380 1452/390  FA	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00  161,000  AMOUNT 55,00 20,000 70,00 - 25,00 105,00 69,00 50,00 409,000	
D	RILLING TANGIBLE TOTAL	\$ 1,535,0	1450/ 90 1450/110 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345 1452/360 1452/380 1452/390  FA	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES  ACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000 10,000  161,000  AMOUNT 55,000 70,000 25,000 105,000 69,000 50,000 409,000	
	PRILLING TANGIBLE TOTAL  TAL DRILLING COSTS	\$ 1,535,0 \$ 4,243,00	1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/345 1452/360 1452/380 1452/390  F.	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES  ACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000 161,000  AMOUNT 55,000 20,000 70,000 25,000 50,000 15,000 409,000	
			1450/ 90 1450/110 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/345 1452/345 1452/360 1452/380 1452/390  F.	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000 10,000 161,000  AMOUNT 55,000 20,000 105,000 69,000 409,000 570,000 6,825,560	
ТОТ	TAL DRILLING COSTS		1450/ 90 1450/110 1450/170 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/340 1452/340 1452/345 1452/380 1452/390  F.  OO  TOTAL COI	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,00 10,00 40,00 70,00 25,00 10,00 161,000  AMOUNT 55,00 20,00 70,000 15,00 409,000 570,000	
	TAL DRILLING COSTS		1450/ 90 1450/110 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/330 1452/345 1452/345 1452/360 1452/380 1452/390  F.	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,000 1,000 10,000 40,000 70,000 25,000 161,000  AMOUNT 55,000 20,000 70,000 15,000 409,000 570,000 11,068,560  11,068,560	
TO1	TAL DRILLING COSTS	\$ 4,243,00	1450/ 90 1450/110 1450/110 1450/170 1450/195 1450/260 1450/290  FA  ACCOUNT CODE 1452/300 1452/315 1452/320 1452/340 1452/345 1452/340 1452/345 1452/380 1452/390  FA  TOTAL COI  TOTAL COI  Participant Approv	FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,000 10,000 40,000 70,000 25,000 10,000 161,000 20,000 70,000 25,000 105,000 409,000 570,000 570,000 6,825,560 11,068,560	



Statement of Estimated Well Cost

Well Name: Outland State 18-7 State Com 223HProject Description:Field Name: Wilson; Bone SpringEstimate is for the drilling of a 2.0 mile 2nd Bone Spring Sand lateral in Lea County, NM. 10-3/4" Surface casing will be set at 1,750' MD. The 1st Intermediate section will be 9-7/8" drilled through the Capitan Reef and 8-5/8" Casing set at 5,600' MD. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,000 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 20 days to Rig Release.

	DRILLING INTANGIBLE		COMPLETION INTANGIBLE						
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT			
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,0		LEASE / STAKE / PERMIT	\$	2,50			
1420/ 16	INSPECTION	\$ 10,0	00 1432/ 20	LOCATION AND ROADS	\$	30,00			
1420/ 20	LOCATION AND ROADS	\$ 60,0		COMPLETION/WORKOVER RIG	\$	46,40			
1420/ 25	SURFACE DAMAGES	\$ 22,5	00 1432/ 90	FUEL, POWER & WATER	\$	430,00			
1420/ 30	RIG MOBILIZATION	\$ 75,0		TRUCKING/VACUUM TRUCK	\$	30,00			
1420/ 50	DAYWORK	\$ 736,0		DRILLING/COMPLETION FLUIDS	\$	60,00			
1420/ 80	BITS/ REAMERS	\$ 84,0		ELECTRIC LOGGING/PERFORATING	\$	352,80			
					+ -				
1420/ 90	FUEL, POWER & WATER	\$ 238,0		EQUIPMENT/TOOL RENTALS	\$	390,00			
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,0	00 1432/171	COMPLETION HOUSING	\$	19,60			
1420/120	DRILLING/COMPLETION FLUIDS	\$ 296,0	00 <b>1432/180</b>	WELL STIMULATION	\$	3,050,0			
1420/130	CEMENT AND PUMP SERVICE	\$ 230,0	00 <b>1432/181</b>	WELL TEST SERVICES	\$	100,8			
1420/140	CASING CREWS AND TOOLS	\$ 50,0	00 <b>1432/183</b>	DIAGNOSTIC SERVICES	\$	50,0			
1420/150	ELECTRIC LOGGING/PERFORATING	\$	1432/190	SLICKLINE SERVICES	\$	4,5			
1420/160	MUD LOGGING	\$ 23,0	00 1432/195	CONTRACT LABOR	\$	15,0			
1420/170	EQUIPMENT/TOOL RENTALS	\$ 125,0		COILED TUBING SERVICES	\$	160,0			
1420/174	DOWNHOLE RENTALS	\$ 80,0		INSURANCE	\$	1,7			
		\$			\$				
1420/180	WELL STIMULATION / TESTING		1432/260	SUPERVISION/ENGINEERING		70,0			
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 160,0		PIT REMEDIATION	\$	20,0			
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 10,0	00 <b>1432/290</b>	MISCELLANEOUS	\$	12,5			
1420/200	DIRECTION DRILLING/SURVEYING	\$ 237,0	00 <b>1432/310</b>	FRESH WATER TRANSFER	\$	90,0			
1420/250	INSURANCE	\$ 10,0	00 <b>1432/350</b>	COMMUNICATIONS	\$	3,8			
1420/260	SUPERVISION/ENGINEERING	\$ 115,0	00 1432/412	ARTIFICIAL LIFT	\$	50,0			
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,0		CONTINGENCIES	\$	193,9			
			+						
1420/315	PARTS	\$ 15,0		FRAC INCIDENTAL	\$	100,0			
1420/350	COMMUNICATIONS	\$ 9,0			4				
1420/300	CONTINGENCY	\$ 54,5	00						
			COM	PLETION INTANGIBLE TOTAL	\$	5,283,5			
			00.	II LETION INTANGIBLE TOTAL		0,200,0			
				COMPLETION TANGIBLE					
			ACCOUNT CODE	ITEM DESCRIPTION		AMOUNT			
ne.	RILLING INTANGIBLE TOTAL	\$ 2,708,0	1433/300	VALVES/CONNECTIONS/FITTINGS	\$	55,0			
DR	ILLING INTANGIBLE TOTAL	\$ 2,700,0	1433/320	FLOWLINE	\$	36,0			
			1433/370	TUBING	\$	126,0			
	DRILLING TANGIBLE		1433/400	WELLHEAD EQUIPMENT	\$	50,0			
**************************************		*******			_				
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$	325,0			
1430/310	CONDUCTOR CASING	\$ 30,0	00 1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$	80,0			
1430/320	SURFACE CASING	\$ 175,0	00 <b>1433/417</b>	FRAC INCIDENTAL	\$	300,0			
1430/330	INTERMEDIATE CASING	\$ 393,0	00						
1430/340	DRILLING LINERS	\$				070.00			
				*****					
1430/350	PRODUCTION CASING	\$ 882,0	— со	MPLETION TANGIBLE TOTAL	\$	972,00			
		\$ 882,0	00 CO	MPLETION TANGIBLE TOTAL	\$	972,00			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	00 CO		\$	972,0			
		\$ 882,0	00 CO	FACILITIES INTANGIBLE	\$				
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE	FACILITIES INTANGIBLE ITEM DESCRIPTION		AMOUNT			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20	FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS	\$	AMOUNT 5,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE	FACILITIES INTANGIBLE ITEM DESCRIPTION		AMOUNT 5,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20	FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS	\$	<b>AMOUNT</b> 5,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/ 110	FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK	\$ \$	<b>AMOUNT</b> 5,0 1,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/110  1450/170	FACILITIES INTANGIBLE ITEM DESCRIPTION LOCATION AND ROADS FUEL, POWER & WATER TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL	\$ \$ \$	5,0 1,0 10,0 40,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/110  1450/170  1450/195	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR	\$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/110  1450/170  1450/195  1450/260	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/110  1450/170  1450/195	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR	\$ \$ \$ \$				
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  ACCOUNT CODE  1450/ 20  1450/ 10  1450/170  1450/170  1450/260  1450/290  FA  ACCOUNT CODE	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	5,0 1,0 10,0 40,0 70,0 25,0 10,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 10  1450/110  1450/170  1450/260  1450/290  FA  ACCOUNT CODE  1452/300	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS	\$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0 1.0 10.0 40.0 70.0 25.0 10.0 161.0  AMOUNT 555.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/260  1450/290  FA  ACCOUNT CODE  1452/300  1452/315	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0.0 1.0.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/20  1450/110  1450/170  1450/260  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0.0 1.0.0 40.0 70.0 25.0 10.0 161,0  AMOUNT 55.0 20.0 70.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 20  1450/ 10  1450/ 10  1450/ 170  1450/ 195  1450/ 290  FA  ACCOUNT CODE  1452/ 300  1452/ 315  1452/ 320  1452/ 330	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0.0 1.0.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/195  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/330  1452/330	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0.0 1.0.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 20  1450/ 10  1450/ 10  1450/ 170  1450/ 195  1450/ 290  FA  ACCOUNT CODE  1452/ 300  1452/ 315  1452/ 320  1452/ 330	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0.0 1.0.0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/195  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/330  1452/340	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5,(,0) 1,(,0) 10,(,0) 40,(,0) 70,(,0) 25,(,0) 10,(,0)  AMOUNT 55,(,0) 70,(,0) 25,(,0) 105,(,0)			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/195  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/340  1452/345	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5.0. 1.0. 40.0. 70.0. 25.0. 10.0. 161,0  AMOUNT 55.0. 20.0. 70.0. 25.0. 69.0.			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/290  FA  ACCOUNT CODE  1450/290  1452/315  1452/320  1452/330  1452/340  1452/345  1452/360	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5,0,0 10,0 40,0,0 70,0 25,0,0 161,0  AMOUNT 55,0,0 70,0 20,0,0 105,0 69,0 69,0 50,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/ 10  1450/ 170  1450/ 195  1450/ 260  1450/ 290  FA  ACCOUNT CODE  1452/ 300  1452/ 315  1452/ 320  1452/ 330  1452/ 340  1452/ 345  1452/ 360  1452/ 380  1452/ 390	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5,0 1,0 10,0 40,0 25,0 10,0  161,0  AMOUNT  55,0 20,0 70,0 25,0 105,0 69,0 50,0 15,0			
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/ 10  1450/ 170  1450/ 195  1450/ 260  1450/ 290  FA  ACCOUNT CODE  1452/ 300  1452/ 315  1452/ 320  1452/ 330  1452/ 340  1452/ 345  1452/ 360  1452/ 380  1452/ 390	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5.0  1.0  10.0  40.0  70.0  161,0  AMOUNT  55.0  10.0  AMOUNT  55.0  69.0  69.0  15.0			
1430/400 1430/405	CASING HANGER/WELLHEAD EQUIP	\$ 882,0 \$ 55,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/290  FA  ACCOUNT CODE  1450/290  1452/315  1452/320  1452/330  1452/340  1452/345  1452/380  1452/390	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5,0 1,0 10,0 40,0 25,0 10,0  161,0  AMOUNT  AMOUNT  55,0 20,0 70,0 69,0 69,0 409,0 409,0			
1430/400 1430/405	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$ \$ 1,535,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/195  1450/290  FA  ACCOUNT CODE  1450/290  1452/300  1452/315  1452/320  1452/345  1452/345  1452/380  1452/380  1452/390  F/	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5.0  1.0  10.0  40.0  70.0  25.0  10.0  161,0  AMOUNT  55.0  20.0  70.0  105.0  69.0  50.0  409.0			
1430/400 1430/405	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/170  1450/195  1450/290  FA  ACCOUNT CODE  1450/290  1452/300  1452/315  1452/320  1452/345  1452/345  1452/380  1452/380  1452/390  F/	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK  EQUIPMENT/TOOL RENTAL  CONTRACT LABOR  SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT  SEPARATORS  HEATER TREATER  STOCK TANKS  ELECTRICAL EQUIPMENT & SUPPLIES  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5.0  1.0  40,0  70,0  25,0  161,0  AMOUNT  55,0  20,0  70,0  69,0  50,0  409,0  570,0			
1430/400 1430/405	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$ \$ 1,535,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/195  1450/290  FA  ACCOUNT CODE  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/330  1452/340  1452/340  1452/340  1452/340  1452/390  FA  TOTAL CON	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE  ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS  METER EQUIPMENT  AUTOMATION  ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL  FACILITIES TANGIBLE TOTAL	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5,0 1,0 10,0 40,0 25,0 10,0 161,0  AMOUNT  55,0 20,0 70,0 25,0 105,0 69,0 570,0 570,0 6,825,56			
1430/400 1430/405  D  TOT	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$ \$ 1,535,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/195  1450/290  FA  ACCOUNT CODE  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/330  1452/340  1452/340  1452/340  1452/380  1452/390  FA	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION  ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5,0 1,0 10,0 40,0 70,0 25,0 10,0  161,0  AMOUNT  55,0 20,0 70,0 25,0 105,0 69,0 50,0 15,0 409,0  409,0  411,068,56			
1430/400 1430/405  D TOT	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$ \$ 1,535,0	ACCOUNT CODE  1450/ 20  1450/ 90  1450/ 10  1450/ 170  1450/ 195  1450/ 260  1450/ 290  FA  ACCOUNT CODE  1450/ 290  FA  ACCOUNT CODE  1452/ 300  1452/ 315  1452/ 320  1452/ 330  1452/ 340  1452/ 345  1452/ 380  1452/ 380  1452/ 390  TOTAL CON	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION  ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT 5,00 1,0 10,0 40,0 70,0 25,0 10,0 161,00  AMOUNT 55,0 20,0 70,0 105,0 69,0 50,0 409,00 570,00 6,825,56			
1430/400 1430/405	CASING HANGERWELLHEAD EQUIP DOWNHOLE TOOLS	\$ 882,( \$ 55,0 \$ \$ 1,535,0 \$ 4,243,00	ACCOUNT CODE  1450/ 20  1450/ 90  1450/110  1450/195  1450/290  FA  ACCOUNT CODE  1450/290  FA  ACCOUNT CODE  1452/300  1452/315  1452/320  1452/330  1452/340  1452/340  1452/380  1452/390  TOTAL COM  Participant Approv	FACILITIES INTANGIBLE  ITEM DESCRIPTION  LOCATION AND ROADS  FUEL, POWER & WATER  TRUCKING/VACUUM TRUCK EQUIPMENT/TOOL RENTAL  CONTRACT LABOR SUPERVISION/ENGINEERING  MISCELLANEOUS  CILITIES INTANGIBLE TOTAL  FACILITIES TANGIBLE ITEM DESCRIPTION  VALVES/CONNECTIONS/FITTINGS METER EQUIPMENT AUTOMATION  ACID GAS TREATMENT SEPARATORS HEATER TREATER STOCK TANKS ELECTRICAL EQUIPMENT & SUPPLIES FACILITIES TANGIBLE TOTAL  MPLETION/FACILITIES COSTS  ESTIMATED WELL COST	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	AMOUNT  5,0 1,0 10,0 40,0 70,0 25,0 10,0  161,0  AMOUNT  55,0 20,0 70,0 25,0 105,0 69,0 50,0 15,0 409,0  409,0  411,068,56			

## **Chronology of Contact with Uncommitted Owners**

Company	Proposal Tracking Number	Supplemental Proposal Tracking Number	Proposal Sent Date	Proposal Delivery Date	Contact	Date	Notes
Alpha Energy Parnters, LLC Attn: Mr. Tyler Adams PO Box 10701 Midland, TX 79702	9405 5036 9930 0490 2419 13	9405 5036 9930 0513 0616 10	2/28/2023 3/30/2023	03/04/2023 at 10:34am	email & call email	3/21/23 8/28/23	3/21/23: Discussed with Riley Morris Alpha's Interest, operational timing, competing proposal matters. Brief conversations were had around potential commercial options but parties have decided to postpone those options until there is a hearing outcome.  8/28/23: Discussed with Riley Morris operational timing, case status update, and how Alpha's interest in the proposed wells is derived from their contractual interest in the NWDU.
Chevron U.S.A Inc Attn: Mr. Scott Sabrsula 1400 Smith Street Houston, TX 77002	771428260740	771709253328	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 9:20am Friday 3/31/2023 at 9:10am	email & call call	3/9/23 3/31/23	3/9/23: Discussed with Grace Davenport Moss Chevron's interest, provided anticipated operational timing and requested technical details.  3/31/23: Call to inform their position is to remain neutral in the cases and would work to sign JOA if ESTE prevails at hearing.
Cimarex Energy Company Magnum Hunter Prod Inc Attn: Mr Dylan Park 600 N Marienfield St, Suite 600 Midland, TX 79701	771428364542	771709284176	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:36am Friday 3/31/2023 at 11:12am			
COG Operating LLC ConocoPhilips Company Attn: Baylor Mitchell 600 W. Illinois Ave Midland, TX 79701	771428310071	771709310659	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:18am Friday 3/31/2023 at 11:04am	call email email email	3/9/23 3/20/23 4/25/23 5/1/23	Multiple calls and email exchanges with COG & COP regarding our proposals and development plans.  4/25/23: Landman emailed to advise their preference is to stay neutral for the time being but wanted to go ahead and started negotiations on a JOA in the event ESTE prevails at hearing.  5/1/23: Landman emailed to advise their preference is to be under a letter agreement vs. JOA until operatorship is determined by the OCD. Parties executed a Letter Agreement dated 4/28/23 on 5/2/23.



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 email email call	3/9/23 3/15/23 3/27/23 4/18/23 5/2/23 7/26/23	3/9/23: Received phone call from Andrew Wenzel to discuss their interests and proposals received.  3/15/23: Discussions had with Andrew about exploring commerical options in lieu of participating.  3/27/23: Held joint ESTE/DVN Land team call to followup on previous commercial alternatives discussion.  4/18/23: Andrew emailed to advise of DVN's concerns about Mewbourne's willingness to retreat and develop the E/2 of Sec 7 on a 1-mile basis.  5/2/23: Andrew emailed to advise that DVN is going to remain neutral in the cases for the time being.  7/26/23: Call from new DVN Landman (Daniel) to discuss status of cases, development plans, and pickup on prior commercial alternatives discussions.
Javelina Partners 616 Texas Street Fort Worh, TX 76102	771428609801	771709325890	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:06am Friday 3/31/2023 at 1:36pm			
Kaiser-Francis Oil Company Attn: Mr. Brendon Kushnerick 6733 South Yale Ave Tulsa, OK 74136	771427971165	771709560020	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 9:32am Friday 3/31/2023 at 10:04am	call email	3/9/23 3/30/23	3/9/23: Called Landman to discuss his questions in his email on 3/8/23. Explained the competing apllication situation. Kaiser expressed they would like to remain nuetral and pickback up on JOA discussions given the uncertaintly of who would prevail as operator.  3/30/23: Landman reached out for an update to see if ESTE and MOC were able to work anything out. Since ESTE & MOC had not, I advised him of the May 4th hearing date in which our cases would be initally heard.

Magnum Hunter Production Inc 600 N. Marienfeld St., Suite 600 Midland, TX 79701	771722328073	3/31/2023	Monday 4/3/2023 at 10:57am				
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	3/7/23 3/30/23	3/7/23: Had conversations with Ben about our development plans and competing applications with Mewbourne. He advised that he had not received Mewbourne's proposals. Maverick elected to participate on 3/7/23 in ESTE's proposed wells and discussed that parties would work on mutaual agreeded JOA to execute vs. going under order should ESTE prevail at hearing.  3/30/23: Provided a status update on the competing cases and advised of the May 4th hearing date.
Mewbourne Oil Company Attn: Land Department 500 West Texas, Suite 1020 Midland, TX 79701	771427779388	771709589305	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 11:11am Friday 3/31/2023 at 10:22am	email & calls	12/8/22 - 5/9/2023	Multiple email and phone conversations were held from 12/8/22 to 5/9/23. ESTE attempted to work on a trade after receiving MOC's NWDU proposals but were unable to come to a mutual trade agreement. ESTE decided to compete for operatorship given lack of mutual beneficial trade and the history with our predecessor and the NWDU expansion. MOC stated they have a WI in the Bone Spring formation of section 18 multiple times via email exchanges in March however, could not provide requested conveyance docs or title supporting otherwise. It was later made a matter of record when MOC's attorney admitted they did not own a WI in section 18 as purported. ESTE did not find this as negotiating in good faith and proceeded with our competing applications.  5/9/23: MOC's landman reached out to see if a meeting could be setup between the parties to discuss how we could work through the parties issues. Meeting between ESTE & MOC's land teams were held on 5/11. Parties could not reach an agreement or alternative as MOC only desired for ESTE to participate in their proposed wells.

MRC Permin Company Attn: Mr. Nick Weeks One Lincoln Centre 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	771428040363	771709633408	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:28am Friday 3/31/2023 at 10:46am			
Northern Oil and Gas, Inc Attn: Mr. Andrew Voelker 4350 Baker Road, Suite 400 Minnetonka, MN 55343	771428402411	771709670218	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:09am Friday 3/31/2023 at 10:09am	email email	3/15/2023 4/4/2023	Per Northern, "Given the competing operatorship and planned contested hearing, we plan to hang on to and make our election once the governing entities/OCD makes its determination on who the prevailing operator is for this unit. We very much look forward to this unit being developed and will stay tuned to the hearing scheduled for May 4th."
OXY USA WTP Limited Partnership Attn: Mr. Jonathan Gonzales OXY USA Inc 5 Greenway Plaza, Suite 110 Houston, TX 77046	771427874530	771709826294	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 9:34am Friday 3/31/2023 at 9:39am			
Penroc Oil Corporation Attn: Aggie Alexiev 1515 W. Calle Sur, Suite 174 Hobbs, NM 88240	771429109837	771709751580	2/28/2023 3/30/2023	Wednesday 3/1/2023 at 10:45am Friday 3/31/2023 at 9:53am	call	3/9/2023	3/9/23: Called to follow up on their 3/2/23 email inquiry regarding Penroc's interest. Penroc indacted they plan on participating once oporatorship is determined.
SBI west Texas I LLC Attn: Mr. Andrew Bishop 5065 Westheimer, Suite 625 Houston, TX 77056	771428345617	771709782670	2/28/2023 3/30/2023	Delayed Monday 4/3/2023 at 9:34am			
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			N/C election made on 3/2/2023

Zorro Partners	771428107746	771709105210	2/28/2023	Wednesday 3/1/2023 at 10:06am		
616 Texas St Fort Worth, TX 76102	//142810//46	771709103210	3/30/2023	Friday 3/31/2023 at 1:36pm		

#### OPERATING AGREEMENT

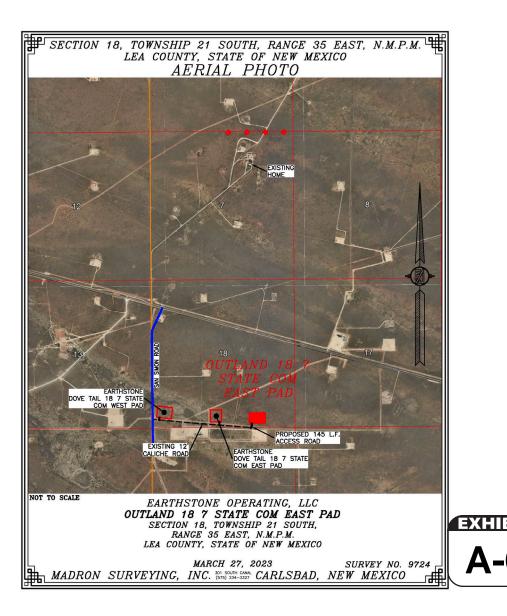
Captioned lands are subject to an Operating Agreement prepared in connection with the Unit Agreement for the development and operation of the North Wilson Deep Unit dated August 1, 2020 wherein Mewbourne Oil Company is designated as Operator. The agreement is prepared on Form A.A.P.L. 610-1989. The Exhibit "A-1", dated April 4, 2023, to the Operating Agreement describes the parties and their respective interests as follows:

Party	Working Interest %
Mewbourne Oil Company	56.860705%
Chevron U.S.A. Inc.	14.766738%
COG Operating LLC	7.164982%
Kaiser-Francis Oil Company	4.509318%
ConocoPhillips Company	3.278731%
Oxy USA Inc.	2.635396%
SBI West Texas I LLC	2.635396%
MRC Permian Company	2.559628%
Magnum Hunter Production, Inc.	1.632640%
Northern Oil & Gas, Inc.	1.235070%
Alpha Energy Partners, LLC	0.843656%
Oxy USA WTP Limited Partnership	0.757676%
Earthstone Permian LLC	0.472086%
Cimarex Energy Co	0.236197%
Penroc Oil Corporation	0.148241%
Javelina Partners	0.131770%
Zorro Partners	0.131770%
	100.000000%



## Earthstone Operating, LLC Surface Development Operations Plans

- Active Surface Use Agreement dated June 12, 2017 between ESTE and Merchant Livestock.
- ESTE is considered to be in a good standing with the State of NM, BLM, and along with ranchers, and environmental stewardship.
- New Mexico SOPA compliance met and pad placement agreed upon for avoidance of residential setbacks
  - Staked March 27, 2023
- Operating arrangements have been made for Dovetail 18-7 State Com and Outland 18-7 State Com Development to be co-developed for cost and efficiency purposes.
- All three pad locations (Dovetail 18 7 and Outland 18-7) follow existing roads, pipelines, and neighboring operator's existing infrastructure. Earthstone's operations will be connected with existing and favorable infrastructure that will not need to be tied into a Unit or traverse lands that are located outside of the proposed spacing unit.





## **TAB 3**

Case Nos. 23475, 23477

Exhibit B: Direct Testimony of Jason J. Asmus, Geologist Exhibit B-1: Structure Map 1st Bone Spring Sand Structure Exhibit B-2: 2<sup>nd</sup> Bone Spring Sand Structure Exhibit B-3: Structural Cross-Section Exhibit B-4: Exhibit B-5: Gun Barrel View Exhibit B-6: Oil Production Data and Gun Barrel View of NWDU 003H & 004H Exhibit B-7: Gun Barrel View of Mewbourne NWDU 8H & 9H Development Plans Reservoir Engineering – Offset 2nd Bone Spring Well Performance Exhibit B-8: Reservoir Engineering – Spacing and Well Performance Example

Reservoir Engineering – Spacing and Well Performance Example

Exhibit B-9:

Exhibit B-10:

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

APPLICATIONS OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

> Case No. 23365 Case No. 23366

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

> Case No. 23475 Case No. 23477

#### **DIRECT TESTIMONY 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 applications 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 1.5 years, and I have been working in New Mexico for 11 years. My Resume follows this testimony; 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 1<sup>st</sup> and 2<sup>nd</sup> Bone Spring Ss with contour interval of 25'. The unit being pooled is outlined in red, with proposed well locations



displayed as orange dashed lines. Furthermore, type cross-section wells displayed in Exhibit B-4 are highlighted by blue dots and connected by a blue line referenced as A-A'. The structure maps show that there is a regional down-dip to the W-NW. I do not observe any faulting, pinch-outs, or other geologic impediments to developing proposed target intervals within the 1<sup>st</sup> and 2<sup>nd</sup> Bone Spring Sandstone Formations.

- 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 1<sup>st</sup> and 2<sup>nd</sup> Bone Spring Sandstone Formations. The target landing zones, and average thickness of each, are outlined and annotated along the left edge of the cross-section. A red dashed arrow internal to each target landing zone identifies our intended lateral position within each proposed horizontal well, in addition to, the stratigraphic continuity of proposed target zones.
- 8. **Exhibit B-5** is a gun barrel representation of the unit development plan, approximate landing zones in reference to a type log for the area, and the associated spacing of proposed wellbores within the East half-section DSU.
- 9. From a geological and reservoir engineering perspective, as evidenced in the exhibits and as discussed below, Earthstone's development is superior to the competing development from Mewbourne Oil Company ("Mewbourne") in Case Nos. 23365 and 23366. Earthstone's development plan is superior to Mewbourne's because Earthstone's proposed staggered pattern in the 2<sup>nd</sup> Bone Spring helps mitigate the risk that is present in Mewbourne's development plan of hydrocarbon and pressure depletion for the existing wellbores in the adjacent North Wilson Deep Unit to the east. Earthstone's development plan is superior because

Earthstone's use of increased proppant intensity in its completion design provides greater oil estimated ultimate recovery ("EUR").

- 10. **Exhibit B-6** uses the same gun barrel representation as **Exhibit B-5** and provides cumulative oil production data through 9/1/2023 for the existing wellbores in the adjacent North Wilson Deep Unit to the east. The production data has been scaled to each wellbore's horizontal lateral length in feet. This scaling provides an equivalent measuring unit when comparing productivity between wellbores or different lateral lengths. Accounting for the total oil produced from the existing wellbores highlights the hydrocarbon and pressure depletion likely to be encountered when drilling a new wellbore offset to the west. The risk of depletion negatively impacts the productivity of the new wellbore. While any offset wellbore within 2,000ft to an existing producing wellbore is unlikely to fully avoid depletion, Earthstone's proposed staggered pattern in the 2<sup>nd</sup> Bone Spring helps mitigate the risk. Additionally, co-developing wellbores in the 1<sup>st</sup> Bone Spring also helps mitigate encountering depletion, should the 1<sup>st</sup> Bone Spring wells instead be drilled at a future date.
- 11. **Exhibit B-7** is a gun barrel representation of Mewbourne's proposed unit development plan. This depiction demonstrates the increased depletion risk from drilling an offset wellbore with closer spacing to an existing producing wellbore. The exhibit also highlights some variances in proposed hydraulic fracturing ("completion") design by each operator which can potentially affect well productivity and ultimate hydrocarbon recovery.
- 12. **Exhibit B-8** is a study performed by Earthstone's Reservoir Engineering team of well productivity and oil EUR for existing 2<sup>nd</sup> Bone Spring producing wells within an approximately 5-mile radius of the Outland 18-7 unit. This exhibit shows positive correlation trends between a well's EUR and increasing hydraulic fracturing intensity, which supports

Earthstone's use of increased proppant intensity in its completion design. The study also evaluates the impact on a well's EUR depending on how closely it is spaced to an existing producing well. This shows increasing spacing between wellbores leads to positive improvement in hydrocarbon recovery.

- 13. **Exhibits B-9 and B-10** provide two examples within an approximately 5-mile radius of the Outland 18-7 unit of similar development scenarios where new wellbores are drilled offset to existing producing wellbores and the resulting impact to the new wells' production. Each example shows an area map of the selected wellbores being analyzed. To the right of this map is a gun barrel representation of the wellbores which has a reference well in the center and the relative spacing to offset wells. Added details for each well include oil EUR, dates of first production, and abbreviated well names. The two charts at the bottom compare cumulative oil and gas production for each of the selected wells and are color-coded by well name. These more clearly show how increasing spacing to existing wells and applying a staggered pattern can mitigate depletion risk and lead to increased hydrocarbon recovery.
  - 14. Based on my geologic analysis of the area in discussion, I conclude the following:
    - a. The horizontal spacing and proration units are justified from a geologic standpoint.
    - b. There are no structural impediments or faulting that will interfere with horizontal development.
    - Each quarter-quarter section in the unit will contribute more or less equally to production.
- 15. The preferred well orientation in this area is North-South so that the wells run subperpendicular to the inferred orientation of the maximum horizontal stress. In addition, a N-S

development orientation has been established for this area as exhibited by most offset horizontal wells targeting the 1<sup>st</sup> and 2<sup>nd</sup> Bone Spring Sandstone Formations.

- 16. The Exhibits in this Affidavit were prepared by me or compiled from Earthstone's company business records under my direct supervision.
- 17. The granting of these Applications is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.
  - 18. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Direct Testimony of Jason J. Asmus:

I understand that this Direct Testimony will be used as written testimony before the Division in Case Nos. 23475 and 23477 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.

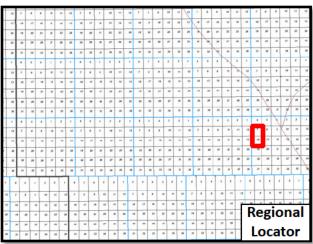
Jason J. Asmus

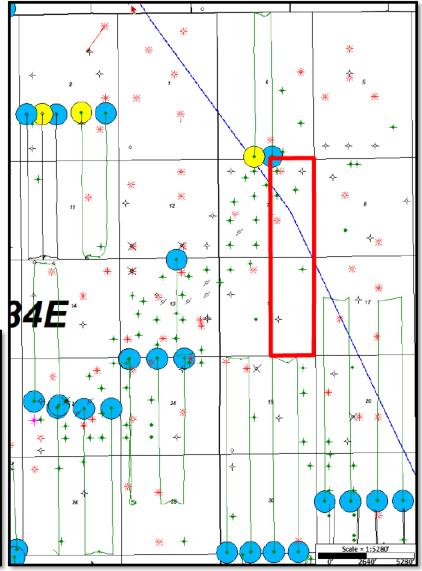
Date Signed

# Exhibit B-1 Locator Map

- 1st Bone Spring Sand

- 2<sup>nd</sup> Bone Spring Sand

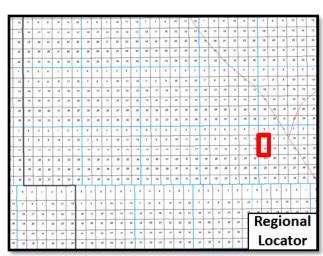


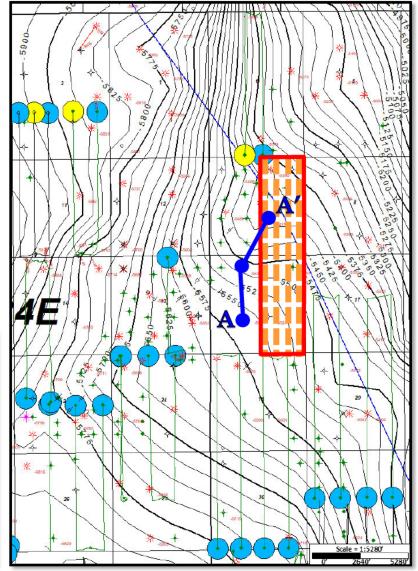




# Exhibit B-2 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

- 1<sup>st</sup> Bone Spring Sand - 2<sup>nd</sup> Bone Spring Sand

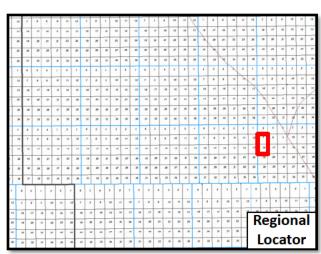


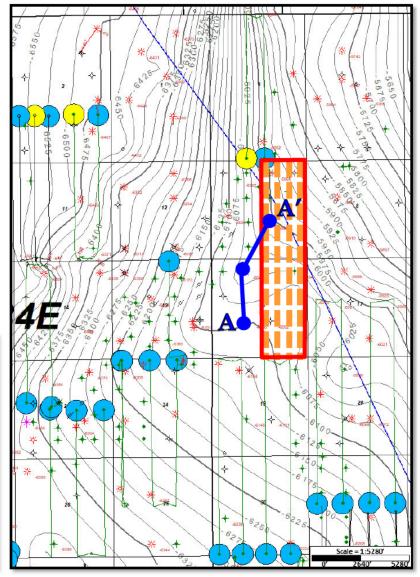




# Exhibit B-3 2<sup>nd</sup> Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

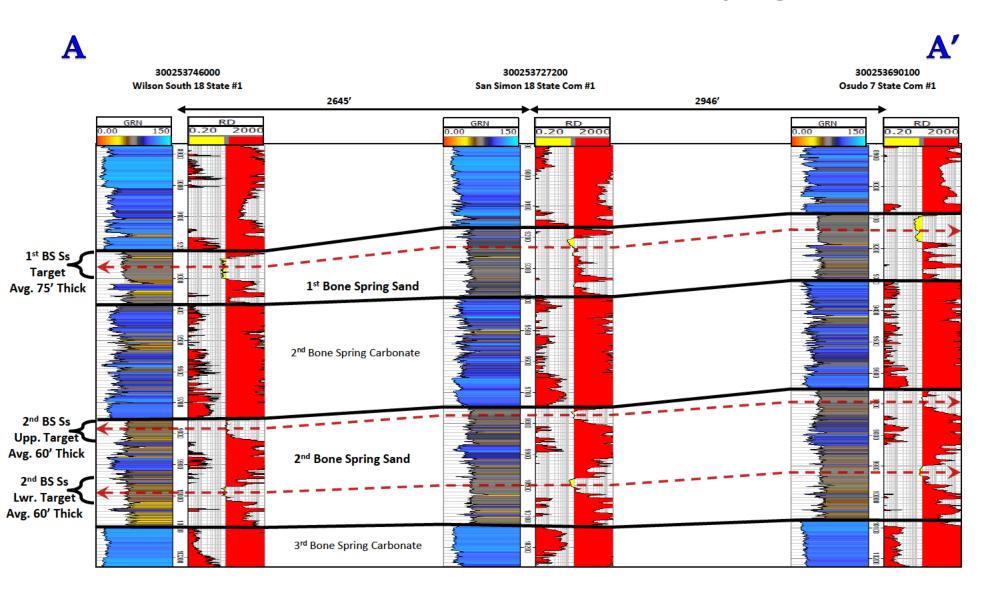
- 1<sup>st</sup> Bone Spring Sand
- 2<sup>nd</sup> Bone Spring Sand





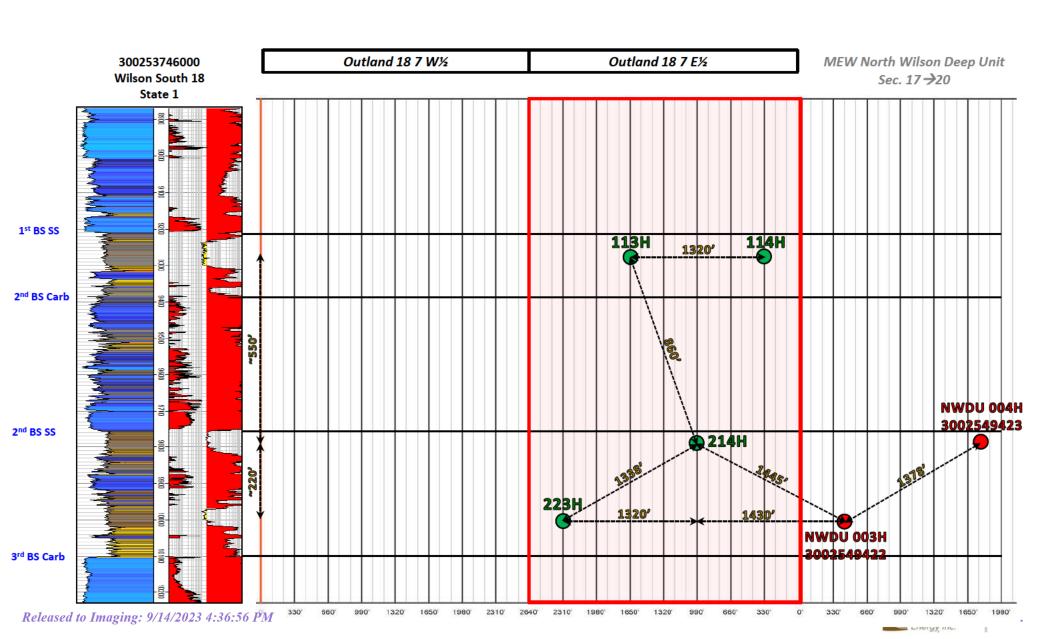


# Exhibit B-4 Structural Cross Section A-A': 1st - 2nd Bone Spring Sand

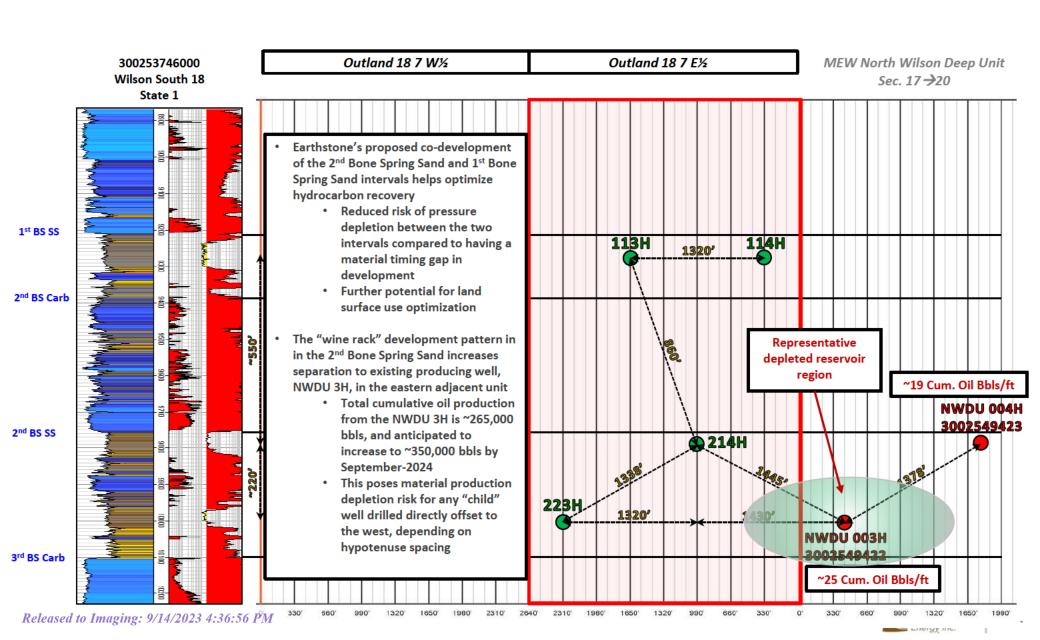




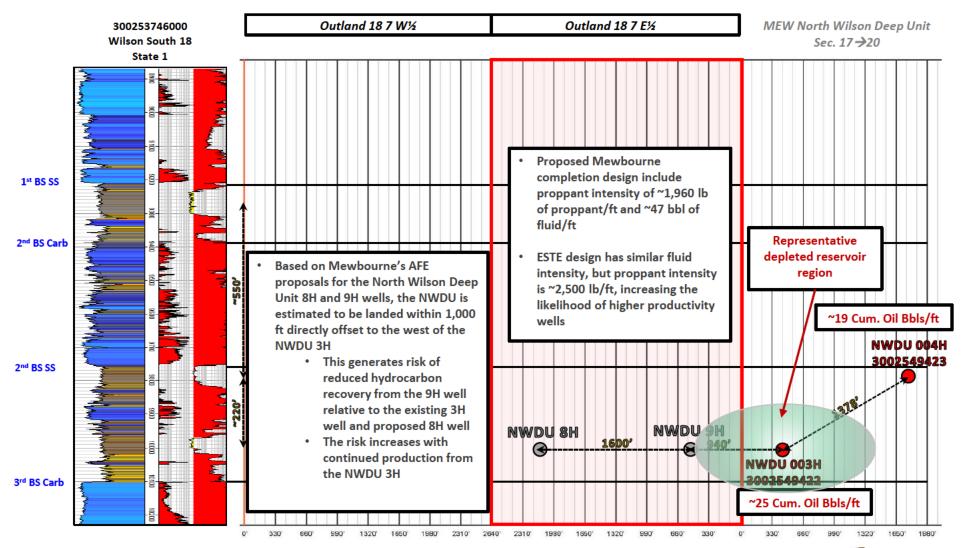
# Exhibit B-5 Gun Barrel Development Proposal



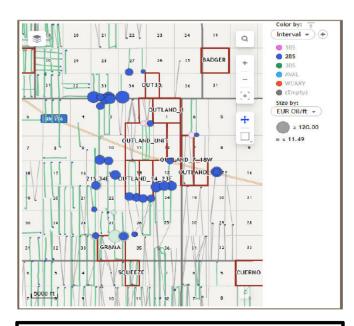
### B-6 Reservoir Engineering - Earthstone Gun Barrel Development Proposal



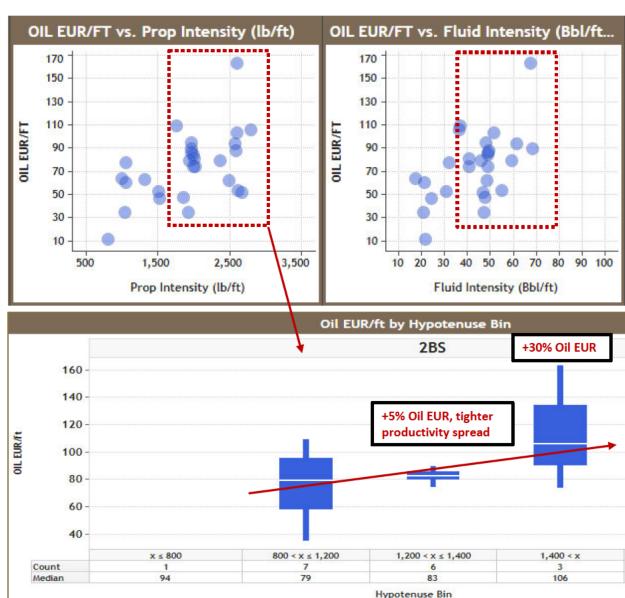
### B-7 Reservoir Engineering - Mewbourne Gun Barrel Development Proposal



# B-8 Reservoir Engineering - Offset 2<sup>nd</sup> Bone Spring Well Performance

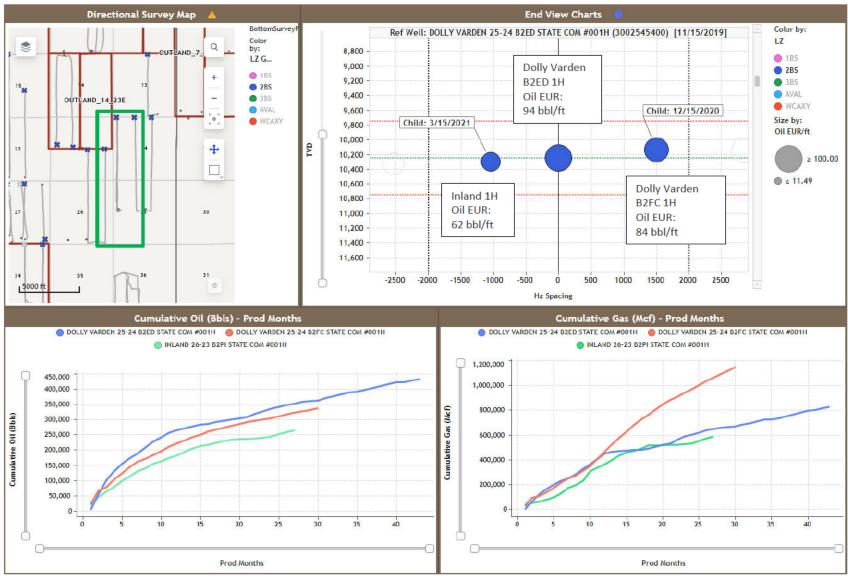


- Production, oil estimated ultimate recovery (EUR), and well spacing were evaluated for wells targeting 2<sup>nd</sup> Bone Spring and proximal to the Outland 18-7 unit
- Oil EUR was measured against several completion design parameters: proppant and fluid intensity
  - Generally, observe improved EUR with increasing stimulation
- Wells with completion intensities similar to ESTE and Mewbourne were then evaluated for oil EUR performance against hypotenuse spacing to nearest offset well
  - Wells spaced 1,200 1,700 ft show marked improvement over those spaced 800 – 1,200 ft





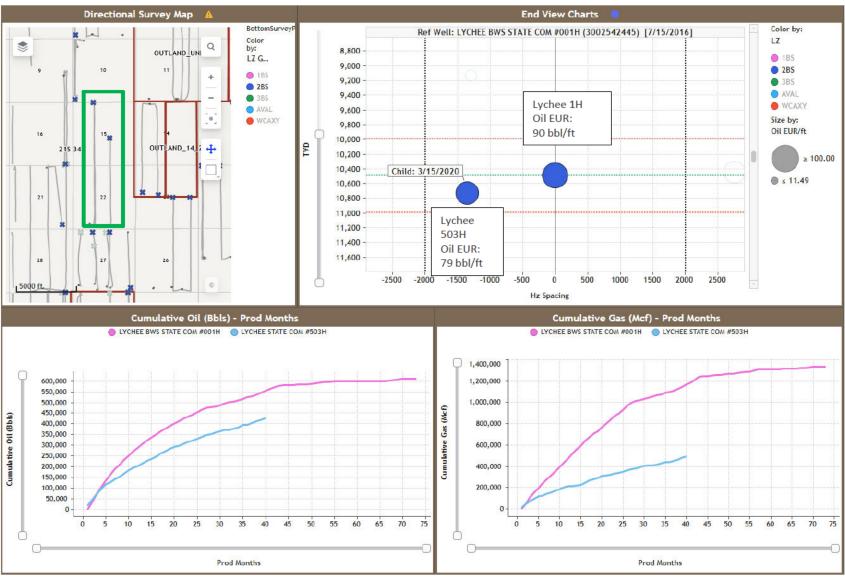
# B-9 Reservoir Engineering - Spacing and Well Performance Example 1



- Dolly Varden B2ED 1H with two "child" offset wells to east and west, all with similar completions designs
- West child well at ~1,000 ft spacing with >30% reduction in EUR relative to parent
- Observed an ~10% oil FUR reduction in the east child well, compared to parent EUR Released to Imaging: 9/14/2023 4:36:56 PM



# B-10 Reservoir Engineering - Spacing and Well Performance Example 2



- Lychee 1H with "child" offset well, Lychee 503H, to west at ~1,350 ft and vertical staggering of ~200 ft
- Child well oil EUR underperforming the parent well by ~13%
- Note the material variance in cumulative gas production in the lower right chart Released to Imaging: 9/14/2023 4:36:56 PM



### **TAB 4**

Case No. 23475, 23477

Direct Testimony of Nicholas Goree Exhibit C: Earthstone Performance Record Exhibit C-1: Recent Offset Activity on Acreage Exhibit C-2:

Exhibit C-3:

AFE Comparison: Drilling Intangibles and Tangibles AFE Comparison: Completion/Facility Intangibles and Tangibles Exhibit C-4:

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

APPLICATIONS OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

> Case No. 23365 Case No. 23366

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

> Case No. 23475 Case No. 23477

#### **DIRECT TESTIMONY OF ENGINEER NICHOLAS GOREE**

- I, Nicholas James Goree, 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 a petroleum engineer employed by Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject applications of Earthstone and Mewbourne Oil Company ("Mewbourne") and the lands involved.
- 3. I am employed as a petroleum engineer with the title of Vice President of Drilling for Earthstone Operating, LLC ("Earthstone"), and I am familiar with the subject application and the geology involved.
- 4. I have worked at Earthstone for approximately 6 years; I have been working in New Mexico for 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. My resume is attached for the Division's review and consideration. My education and work experience are as follows:



- I obtained a Bachelor's degree in Petroleum Engineering from the University of Oklahoma in 2010;
- b. I obtained a Master in Energy Business from Tulsa University in 2015;
- c. I have been working in the oil and gas industry since 2010 in various engineering capacities, including Drilling, Completions and Production Operations.
- 5. From an engineering perspective, Earthstone's development plan is superior to the competing proposal of Mewbourne for the following reasons:
  - a. As set froth in **Exhibit C-1**, Earthstone has a long history as an operator and entered the New Mexico Delaware basin in 2022 with its acquisition of Chisholm Energy Operating, LLC ("Chisholm"). With the acquisition of Chisholm, Earthstone acquired and became operator of 78 previously drilled wells. Subsequently in 2022, Earthstone acquired Titus NM Delaware and 51 previously drilled wells. Earthstone has drilled 74 wells in New Mexico. Earthstone thus operates 203 wells in the Delaware Basin, 74 of which it has drilled. Additionally, Earthstone operates 136 wells in the Midland Basin.
  - b. As **Exhibit C-2** shows, Earthstone recently successfully drilled 3 Outland State wells. So Earthstone is very familiar with drilling the acreage at issue in these applications, and can drill the proposed wells economically and efficiently. Earthstone owns and operates 3 producing horizontal wells in a section adjacent to the proposed Outland Horizontal Spacing Unit being contested. The landing zones and inter-well lateral spacing of the wells have been designed to both maximize the recovery of oil and gas from the proposed HSU and to

simultaneously minimize any negative impact on horizontal wells in adjacent HSUs.

- c. The proposed pad location minimizes additional potential surface disturbance, because Earthstone will be using existing infrastructure already in place and will be co-developing with Earthstone's Dove Tail 18-7 State Com development directly offsetting the proposed Outland 18-7 State Com wells.
- d. Operationally, examining AFE costs in comparison to that of Mewbourne's proposed NWDU 8H versus Earthstone's 18-7 214H AFE, Earthstone's overall proposal is \$461,540 or 4.2% cheaper than that of Mewbourne's. See Exhibits C-3 & C-4. Breaking cost differentials down specifically into drilling and completion/facilities shows that the largest differential is in drilling costs. See **Exhibit C-3**. An estimated \$388,300 is saved in Earthstone's AFE in comparison to Mewbourne. The majority of this cost savings is saved by the estimated drilling time saved, which favors Earthstone by 9 days. Also, during comparison of the AFEs, it was found Mewbourne is missing costs for closed loop drilling. This suggests that Mewbourne will be constructing a pit, which will cause additional surface disturbance and potential environmental damage. If Mewbourne's plan is to use closed loop drilling, then this oversight could drive cost differentials above \$500,000 between Mewbourne and Earthstone just on drilling operations. Evaluating completions and facilities costs, there is little difference in the intangible costs side. See Exhibit C-4. Even though costs are comparable, Earthstone's development plan plans to pump 28% more sand compared with Mewbourne, which should allow for greater fracture complexity

and greater future production. Evaluating Tangible costs, Earthstone is \$155,700 or 9.9% below Mewbourne's proposed costs. And even while Earthstone's development plan is cheaper, it's more efficient, because Earthstone's production includes the running of an Electrical Submersible Pump (ESP), which will allow for greater fluid production rates than Mewbourne's proposed artificial lift.

- 6. The Exhibits attached to this narrative testimony were prepared by me or compiled from Earthstone's company business records under my direct supervision.
- 7. The granting of this Application by Earthstone over Mewbourne's application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.
  - 8. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Testimony of Nicholas Goree:

I understand that this Direct Testimony will be used as written testimony before the Division in Case Nos. 23475 and 23477 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.

Nicholas Goree

Date Signed

### C-1 Earthstone Energy Record of Performance

#### **Earthstone Operator History:**

Entered Delaware with Chisholm Acquisition in 2022

Chisholm Wells Previously Drilled: 78

Titus NM Delaware Acquisition in 2022

Titus Wells Previously Drilled: 51

Earthstone Operating Delaware Wells Drilled:74

Total Delaware Wells: 203

Long Operator History as well in Texas Midland Basin

Total Midland Basin Wells: 136



Images: Earthstone Drilling Rig Unit 410 Operating (2022)

EARTHSTONE Energy Inc.

### C-2 Recent Offset Activity on Acreage

Earthstone recently successfully drilled 3 Outland State wells

Spud to RR:

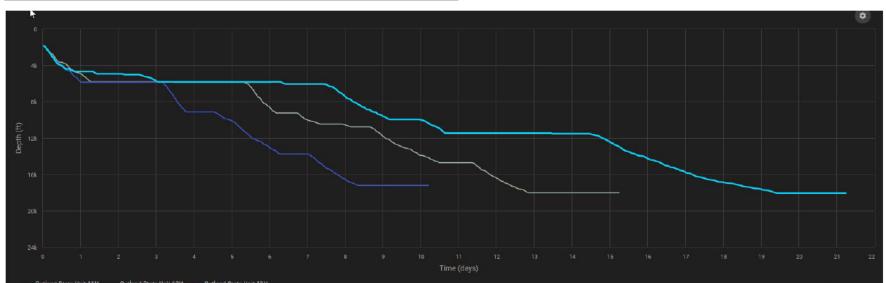
Outland State Unit 11H: 21.4 Days 1st BSPG

Outland State Unit 12H: 10.2 Days 2nd BSPG

Outland State Unit 13H: 15.2 Days 1st BSPG



#### Well Performance



# C-3 AFE Comparison

Drilling Intangibles and Tangibles

Intangible Costs	Me	wbourne	ESTE		
Regulatory Permits & Surveys	\$	10,000	\$ 6,000		
Location/Road/Site/Preparation	\$	50,000			
Location/Restoration	\$	200,000	\$ 60,000		
Daywork/Turnkey/Footage Drilling	\$	805,300	\$ 736,000		
Fuel	\$	184,100			
Mud Chemical & Additives	\$	40,000			
Mud - Specialized	\$	200,000	\$ 296,000		
Cementing	\$	120,000	\$ 230,000		
Logging & Wireline Services	\$	2,300	\$ -		
Casing/Tubing/Snubbing Service	\$	25,000	\$ 50,000		
Mud Logging	\$	35,000	\$ 23,000		
Water & Other	\$	35,000	\$ 238,000		
Bits	\$	93,700	\$ 84,000		
Inspection & Repair Services	\$	50,000	\$ 10,000		
Testing & Flowback Services	\$	12,000	\$ -		
Rig Mobilization	\$	120,000	\$ 75,000		
Transportation	\$	30,000	\$ 55,000		
Welding, Construction & Maint. Services	\$	4,000	\$ -		
Contract Services & Supervision	\$	83,300	\$ 10,000		
Directional Services	\$	393,000	\$ 237,000		
Equipment Rentals	\$	194,600	\$ 125,000		
Well/Lease Legal	\$	5,000	\$ 9,000		
Well/Lease Insurance	\$	5,100	\$ 10,000		
Intangible Supplies	\$	8,000	\$ 15,000		
Damages	\$	30,000	\$ 22,500		
Company Supervision	\$	129,600	\$ 115,000		
Overhead Fixed Rate	\$	10,000	\$ 7,000		
Contingencies	\$	143,800	\$ 54,500		
Downhole Rentals	\$	-	\$ 80,000		
Closed Loop Sys/Cutting Disp	\$	-	\$ 160,000		
Total	\$3	3,018,800	\$ 2,708,000		
Difference	\$	310,800			

**Originally Completions Side** 

Tangible Costs	М	Mewbourne		ESTE		
Casing 19.1"-30"	\$	-	\$	30,000		
Casing 10.1"-19"	\$	152,800	\$	175,000		
Casing 8.1"-10"	\$	368,700	\$	393,000		
Casing 6.1"-8"	\$	630,700	\$	882,000		
Casing 4.1"-6"	\$	375,300	<b>—</b>			
Tubing	\$	-				
Drilling Head	\$	35,000	\$	55,000		
Tubing Head & Upper Section	\$	-				
Horizontal Completion Tools	\$	50,000	4			
Subsurface Equip & Artificial Lift	\$	-				
Pumping Unit Systems	\$	-				
Service Pumps	\$	-				
Storage Tanks	\$	-				
Emissions Control Equipment	\$	-				
Separation/Treating Equipment	\$	-				
Automation/Metering Equipment	\$	-				
Oil/Gas Pipeline, Valves, & Misc	\$	-				
Water Pipeline, Valves, & Misc	\$	-				
Onsite Valves, Fittings, Lines	\$	-				
Cathodic Protection	\$	-				
Electrical Installation	\$	-				
Equipment Installation	\$	-				
Oil/Gas Pipeline Construction	\$	-				
Water Pipeline Construction	\$	-				
Total	\$	1,612,500	\$	1,535,000		
Difference:	Ś	77,500				

Total Drilling Difference: \$388,300



# C-4 AFE Comparison

• Completion/Facility Intangibles and Tangibles

Intangible Costs	М	ewbourne		ESTE
Regulatory Permits & Surveys	\$	-	\$	2,500
Location/Road/Site/Preparation	\$	35,000	\$	35,000
Location/Restoration	\$	112,500	\$	20,000
Daywork/Turnkey/Footage Drilling	\$	92,900	\$	-
Fuel	\$	323,200	\$	-
Alternate Fuels	\$	96,300	\$	-
Horizontal Drillout Services	\$	200,000	\$	160,000
Stimulation Toe Preparation	\$	40,000	\$	-
Cementing	\$	4,500	\$	-
Logging & Wireline Services	\$	364,500	\$	357,300
Casing/Tubing/Snubbing Service	\$	15,000	\$	-
Stimulation	\$	2,850,000	\$3	3,050,000
Stimulation Rentals & Other	\$	278,000	\$	390,000
Water & Other	\$	448,600	\$	491,000
Bits	\$	5,000	\$	-
Inspection & Repair Services	\$	5,000	\$	-
Misc Air & Pumping Services	\$	10,000	\$	-
Testing & Flowback Services	\$	24,000	\$	100,800
Completion/Workover Rig	\$	10,500	\$	46,400
Transportation	\$	74,500	\$	120,000
Welding, Construction & Maint. Services	\$	15,000	\$	-
Contract Services & Supervision	\$	57,700	\$	115,000
Equipment Rentals	\$	21,600	\$	120,000
Well/Lease Insurance	\$	-	\$	1,700
Intangible Supplies	\$	1,000	\$	-
Damages	\$	10,000	\$	-
Pipeline Interconnect & ROW Easements	\$	5,000	\$	-
Company Supervision	\$	62,400	\$	114,600
Overhead Fixed Rate	\$	20,000	\$	-
Contingencies	\$	259,100	\$	320,260
Total	\$	5,441,300	\$5	,444,560
d to Imaging: 9/14/2023 4:36:50ffeyence			\$	3,260

Tangible Costs	Mewbourne			ESTE	
Casing 19.1"-30"	\$	-	\$	-	
Casing 10.1"-19"	\$	-	\$	-	
Casing 8.1"-10"	\$	-	\$	-	
Casing 6.1"-8"	\$	-	\$	-	
Casing 4.1"-6"	\$	-	\$	-	
Tubing	\$	135,400	\$	126,000	
Drilling Head	\$	-	\$	-	
Tubing Head & Upper Section	\$	30,000	\$	50,000	
Horizontal Completion Tools	\$	-	\$	-	
Subsurface Equip & Artificial Lift	\$	25,000	\$	705,000	
Pumping Unit Systems	\$	-	\$	-	
Service Pumps	\$	16,000	\$	-	
Storage Tanks	\$	203,000	\$	69,000	
Emissions Control Equipment	\$	137,700	\$	15,000	
Separation/Treating Equipment	\$	98,700	ş	130,000	
Automation/Metering Equipment	\$	89,300	\$	90,000	
Oil/Gas Pipeline, Valves, & Misc	\$	30,500	\$	-	
Water Pipeline, Valves, & Misc	\$	101,200	\$	-	
Onsite Valves, Fittings, Lines	\$	202,600	\$	110,000	
Cathodic Protection	\$	-	\$	-	
Electrical Installation	\$	238,100	\$	50,000	
Equipment Installation	\$	137,500	\$	36,000	
Oil/Gas Pipeline Construction	\$	12,500	\$	-	
Water Pipeline Construction	\$	79,200	\$	-	
Total	\$	1,536,700	\$	1,381,000	
Difference:	\$	155,700			

Total Completions Difference: \$152,440



### **TAB 5**

Case No. 23475, 23477

Exhibit D: Affirmation of Notice, Matthew M. Beck

Exhibit D-1: Notice Letters

Exhibit D-2: Mailing List Receipts Exhibit D-3: Affidavit of Publication

Exhibit D-4: Supplemental Letters and Affidavits of Publication

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

APPLICATIONS OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

> Case No. 23365 Case No. 23366

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

> Case No. 23475 Case No. 23477

#### AFFIRMATION OF NOTICE

STATE OF NEW MEXICO	)	
	)	SS
COUNTY OF BERNALILLO	)	

- I, Matthew M. Beck, counsel for 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. 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. During Earthstone's additional review of the title, however, Earthstone discovered one additional ORRI owner, TWR IV, LLC ("TWR") who was not accounted for in the initial letter notices and publication notice. Earthstone, therefore, 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, and Exhibit C-2 at 1.

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.

I understand that this Affirmation will be used as written testimony before the Division in Case Nos. 23475 and 23477 and affirm that my testimony herein is true and made under penalty of perjury under the laws of the State of New Mexico.

Matthew M. Beck

9-14-23



#### ABADIE I 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 114H Well (Case No. 23475) Outland 18-7 State Com 214H Well (Case No. 23475)

Case Nos. 23475:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23475, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23475, Earthstone seeks to pool the Bone Spring formation underlying the E/2 E/2 of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 114H and 214H 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: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O: 970.385.4401 • F: 970.385.4901



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 Prehearing 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,

Darin C. Savage

Attorney for Earthstone Operating, LLC

#### ABADIE I 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 113H Well (Case No. 23477) Outland 18-7 State Com 223H Well (Case No. 23477)

Case Nos. 23477:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23477, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23477, Earthstone seeks to pool the Bone Spring formation underlying the W/2 E/2 of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 113H and 223H 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: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O: 970.385.4401 • F: 970.385.4901

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 Prehearing 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,

Darin C. Savage

Attorney for Earthstone Operating, LLC



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<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

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:

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

D-2



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<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: New Mexico State Land Office

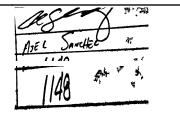
Shipment Details

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.



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 IndividualStatus Date / Time:April 17, 2023, 01:36 p.m.Location:SOUTHLAKE, TX 76092

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

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:

Burth J. barr

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.



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<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

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.



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.



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 79701Postal 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.



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 6614 75.

#### 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<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: New Mexico State Land Office

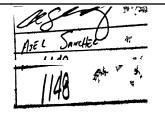
Shipment Details

Weight: 4.0oz

#### 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.



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 6614 68**.

Item Details

Status: Delivered, Individual Picked Up at Post Office

Status Date / Time: April 18, 2023, 12:08 p.m. Location: ROSWELL, NM 88201

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Campbell Investment Company

Shipment Details

Weight: 4.0oz

Recipient Signature

Signature of Recipient:

PO BOX 3854

Address of Recipient:

ROSWELL, NM 88202-3854

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.



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 6614 44.

Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 12:06 p.m. **Location:** HOUSTON, TX 77057

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: ZPZ Delaware Oil Company

Shipment Details

Weight: 4.0oz

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.

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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.



**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 6614 37.

Item Details

Status: Delivered, Neighbor as Requested

Status Date / Time: April 17, 2023, 04:45 p.m.
Location: SAN FRANCISCO, CA 94109

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Crescent Porter Hale Foundation

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 1600 BUSH ST

City, State ZIP Code: SAN FRANCISCO, CA 94109-5308

Recipient Signature

Signature of Recipient:

Address of Recipient:

1660 Bush St

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.



**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 6614 20.

### Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 02:54 p.m. **Location:** FORT WORTH, TX 76102

Postal Product: First-Class Mail® Extra Services: Certified Mail™

Return Receipt Electronic

Recipient Name: Range Resources

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

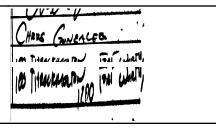
Street Address: 100 THROCKMORTON ST STE 1200

City, State ZIP Code: FORT WORTH, TX 76102-2842

## 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.



April 24, 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 6613 90**.

Item Details

**Status:** Delivered to Agent for Final Delivery

Status Date / Time: April 21, 2023, 01:03 p.m. Location: HOUSTON, TX 77202

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: EOG Resources Inc

Shipment Details

Weight: 4.0oz

Recipient Signature

Signature of Recipient: (Authorized Agent)

Address of Recipient:

Marika Mune

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.



**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 6613 83.

Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 10:16 a.m.

Location:HOBBS, NM 88240Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Leaco New Mexico Expl Prod

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 726 E MICHIGAN DR STE 330
City, State ZIP Code: HOBBS, NM 88240-3465

Recipient Signature

Signature of Recipient:

Micaah woif

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.



April 20, 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 6613 76**.

### Item Details

Status: Delivered, Left with Individual Status Date / Time: April 19, 2023, 07:17 a.m.

Location:TULSA, OK 74103Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Samson Resources Company

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 2 W 2ND ST STE 00001500 City, State ZIP Code: TULSA, OK 74103-3103

## Recipient Signature

Signature of Recipient:

Address of Recipient:

Stephen Grice

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.



**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 6613 69**.

### Item Details

Status: Delivered, Left with Individual Status Date / Time: April 17, 2023, 03:37 p.m.

Location:DALLAS, TX 75251Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Petro Quest Exploration

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address:12222 MERIT DR STE 955City, State ZIP Code:DALLAS, TX 75251-2231

## 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

Released to Imaging: 9/14/2023 4:36:56 PM



**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 6613 52.

### Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 12:44 p.m. **Location:** FORT WORTH, TX 76102

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Finley Resources

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 1308 LAKE ST

City, State ZIP Code: FORT WORTH, TX 76102-4505

Recipient Signature

Signature of Recipient:

Jam Finla

Address of Recipient:

1708 L-16

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

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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.



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 6613 45**.

### Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 12:44 p.m. **Location:** FORT WORTH, TX 76102

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: James D Finley

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 1308 LAKE ST

City, State ZIP Code: FORT WORTH, TX 76102-4505

Recipient Signature

Signature of Recipient:

Jam, Finla

Address of Recipient:

1008 L-16

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

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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.



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 6613 14.

Item Details

Status: Delivered, Left with Individual Status Date / Time: April 18, 2023, 10:56 a.m.

Location: AMARILLO, TX 79110

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: H L Exploration Production Co

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 5500 MEADOWGREEN DR
City, State ZIP Code: AMARILLO, TX 79110-4644

Recipient Signature

Signature of Recipient:

5500 MEADOWGREEN DR,

Address of Recipient:

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

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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.



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 6613 07**.

### Item Details

Status:Delivered, Left with IndividualStatus Date / Time:April 17, 2023, 03:40 p.m.Location:HOUSTON, TX 77002

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: TLW Investments Inc

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 1001 FANNIN ST STE 2020 City, State ZIP Code: HOUSTON, TX 77002-6715

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.

Irene Abarco

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.



**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 6612 91.

### Item Details

**Status:** Delivered to Agent for Final Delivery

**Status Date / Time:** April 17, 2023, 01:23 p.m. **Location:** HOUSTON, TX 77079

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

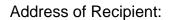
Recipient Name: Forty Acres Energy LLC

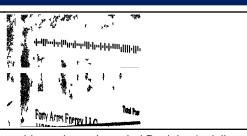
Shipment Details

Weight: 4.0oz

## Recipient Signature

Signature of Recipient: (Authorized Agent)





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



**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 6612 77.

Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 17, 2023, 12:06 p.m. **Location:** HOUSTON, TX 77057

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Apache Corporation

Shipment Details

Weight: 4.0oz

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.

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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.



April 24, 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 6612 60**.

Item Details

Status: Delivered, Individual Picked Up at Post Office

**Status Date / Time:** April 21, 2023, 09:11 a.m.

Location:TYLER, TX 75701Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Curtis W Mewbourne Trustee

Shipment Details

Weight: 4.0oz

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.

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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.



**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 6612 53.

### Item Details

Status: Delivered, Individual Picked Up at Post Office

**Status Date / Time:** April 17, 2023, 10:43 a.m.

Location:DALLAS, TX 75231Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Nearburg Producing Co Nearburg Producing Co Em

Shipment Details

Weight: 4.0oz

## Recipient Signature

Signature of Recipient:

- P -

Address of Recipient:

25504

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



**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 6612 39.

### Item Details

Status:Delivered, Left with IndividualStatus Date / Time:April 17, 2023, 01:36 p.m.Location:SOUTHLAKE, TX 76092

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Beverly Jean Renfro Barr Trustee of the Family T

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 804 PARK VISTA CIR

City, State ZIP Code: SOUTHLAKE, TX 76092-4342

## Recipient Signature

Signature of Recipient:

Beurly J. Barr

Address of Recipient:

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

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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.



April 24, 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 6612 15.

### Item Details

Status: Delivered

Status Date / Time:April 21, 2023, 02:51 p.m.Location:HENDERSON, NV 89012

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Monica Marks Gersh

Shipment Details

Weight: 4.0oz

## Recipient Signature

Signature of Recipient:

Address of Recipient:

Monica Marks Gersh
37 ENGHAL

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

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



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 6611 92**.

Item Details

Status:Delivered, Left with IndividualStatus Date / Time:April 17, 2023, 03:31 p.m.Location:LOVINGTON, NM 88260

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Belinda Garner Individually and PR of Estate of

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 1004 N 14TH ST

City, State ZIP Code: LOVINGTON, NM 88260-2400

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.

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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.



**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 6611 85.

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: 4.0oz

**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.

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



**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 6611 78.

Item Details

Status:Delivered, Left with IndividualStatus Date / Time:April 17, 2023, 10:50 a.m.

Location:MIDLAND, TX 79701Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Maverick Oil Gas Corp C O Kimbrough Engineerin

Shipment Details

Weight: 4.0oz

**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.

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



**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 6611 61**.

### Item Details

Status: Delivered, Individual Picked Up at Postal Facility

Status Date / Time: April 17, 2023, 08:09 a.m.

Location: OKLAHOMA CITY, OK 73102

Postal Product: First-Class Mail®
Extra Services: Certified Mail™

Return Receipt Electronic

Recipient Name: Devon Energy Production CO LP Attn Mr Verl Bro

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 333 W SHERIDAN AVE

City, State ZIP Code: OKLAHOMA CITY, OK 73102-5015

## Recipient Signature

Signature of Recipient:

Mich Aurgege

Mick Aurgege

Chap

Mann

Ma

Address of Recipient:

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

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



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 6611 54**.

### Item Details

**Status:** Delivered to Agent for Final Delivery

Status Date / Time: April 17, 2023, 12:57 p.m. Location: HOUSTON, TX 77046

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: OXY USA WTP Limited Partnership Attn Mr Jonath

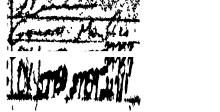
Shipment Details

Weight: 4.0oz

## 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.

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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.



April 28, 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 6611 47.

Item Details

Status: Delivered, Left with Individual

Status Date / Time: April 27, 2023, 02:52 p.m. Location: HOUSTON, TX 77057

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: SBI West Texas I LLC Attn Mr Andrew Bishop

Shipment Details

Weight: 4.0oz

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.

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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.



**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 6611 23.

Item Details

**Status:** Delivered to Agent for Final Delivery

Status Date / Time: April 17, 2023, 10:56 a.m. Location: HOPKINS, MN 55343

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Northern Oil and Gas Inc Attn Mr Andrew Voelk

Shipment Details

Weight: 4.0oz

Recipient Signature

Signature of Recipient: (Authorized Agent)

Address of Recipient:

4390 PRIKI

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

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



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 6611 16**.

Item Details

**Status:** Delivered, Left with Individual

**Status Date / Time:** April 17, 2023, 10:19 a.m.

**Location:** DALLAS, TX 75240 **Postal Product:** First-Class Mail®

Return Receipt Electronic

Certified Mail™

Recipient Name: MRC Permin Company Attn Mr Nick Weeks

Shipment Details

**Extra Services:** 

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 5400 LYNDON B JOHNSON FWY

City, State ZIP Code: DALLAS, TX 75240-1000

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.

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



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 6611 09**.

Item Details

Status: Delivered, Left with Individual Status Date / Time: April 17, 2023, 01:51 p.m.

Location: MIDLAND, TX 79701

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Mewbourne Oil Company Attn Land Department

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 500 W TEXAS AVE STE 1020 City, State ZIP Code: MIDLAND, TX 79701-4279

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.

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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.



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 6610 93.

Item Details

Status: Delivered, Front Desk/Reception/Mail Room

**Status Date / Time:** April 20, 2023, 09:47 a.m.

Location:TULSA, OK 74136Postal Product:First-Class Mail®Extra Services:Certified Mail™

Return Receipt Electronic

Recipient Name: Kaiser Francis Oil Company Attn Mr Brendon Kus

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 6733 S YALE AVE

City, State ZIP Code: TULSA, OK 74136-3330

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.

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



**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 6610 86.

Item Details	
Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	April 17, 2023, 01:27 p.m.
Location:	FORT WORTH, TX 76102
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	Javelina Partners
Shipment Details	
Weight:	4.0oz
Destination Delivery Address	
City, State ZIP Code:	FORT WORTH, TX 76102-4662
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.

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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.



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 6610 79**.

### Item Details

Status: Delivered, Individual Picked Up at Postal Facility

Status Date / Time: April 18, 2023, 07:47 a.m.
Location: MIDLAND, TX 79702

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: ConocoPhilips Company Attn Baylor Mitchell

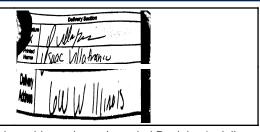
Shipment Details

Weight: 4.0oz

## 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.

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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.



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 6610 62**.

### Item Details

Status: Delivered, Individual Picked Up at Postal Facility

Status Date / Time: April 18, 2023, 07:47 a.m.
Location: MIDLAND, TX 79702

Postal Product: First-Class Mail®
Extra Services: Certified Mail™

Return Receipt Electronic

Recipient Name: COG Operating LLC Attn Baylor Mitchell

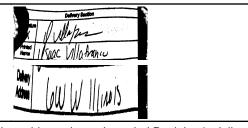
Shipment Details

Weight: 4.0oz

## 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.

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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.



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 6610 55.

Item Details

Status: Delivered, Left with Individual

**Status Date / Time:** April 17, 2023, 08:43 a.m.

Location: MIDLAND, TX 79701

Postal Product: First-Class Mail®
Extra Services: Certified Mail™

Return Receipt Electronic

Recipient Name: Magnum Hunter Production Inc Attn Mr Dylan Par

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 600 N MARIENFELD ST STE 600

City, State ZIP Code: MIDLAND, TX 79701-4405

Recipient Signature

Signature of Recipient:

Address of Recipient: 668 - 680

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

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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.



**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 6610 48.

### Item Details

Status: Delivered, Left with Individual Status Date / Time: April 17, 2023, 08:41 a.m.

Location: MIDLAND, TX 79701

Postal Product: First-Class Mail®

Postal Product: First-Class Mail

Extra Services: Certified Mail™

Return Receipt Electronic

Recipient Name: Cimarex Energy Company Attn Mr Dylan Park

Shipment Details

Weight: 4.0oz

**Destination Delivery Address** 

Street Address: 600 N MARIENFELD ST STE 600

City, State ZIP Code: MIDLAND, TX 79701-4405

Recipient Signature

Signature of Recipient:

Address of Recipient:

600.600

5/22 5/22

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.



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 6610 31.

### Item Details

Status: Delivered, Front Desk/Reception/Mail Room

Status Date / Time: April 20, 2023, 11:00 a.m. Location: HOUSTON, TX 77202

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Recipient Name: Chevron U S A Inc Attn Mr Scott Sabrsula

Shipment Details

Weight: 4.0oz

## Recipient Signature

Signature of Recipient:

Address of Recipient:

Andry Allegar

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.



April 24, 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 6610 24.

### Item Details

Status: Delivered, Individual Picked Up at Post Office

Status Date / Time: April 21, 2023, 02:14 p.m.
Location: MIDLAND, TX 79701

First Class Mail®

Postal Product: First-Class Mail<sup>®</sup>
Extra Services: Certified Mail<sup>™</sup>

Return Receipt Electronic

Rend Claybrol

Recipient Name: Alpha Energy Parnters LLC Attn Mr Tyler Adams

Shipment Details

Weight: 4.0oz

## 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.



**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 6610 17.

Item Details	
Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	April 17, 2023, 01:27 p.m.
Location:	FORT WORTH, TX 76102
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic
Recipient Name:	Zorro Partners
Shipment Details	
Weight:	4.0oz
Destination Delivery Address	
City, State ZIP Code:	FORT WORTH, TX 76102-4662
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.

# **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

PAULA GUELL
Notary Public - State of New Mexico
Commission # 1135156
My Comm. Expires Aug 9, 2025

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. 23475: Notice — to all partles 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 partles or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected partles and persons, which based on reasonable diligence include ZORRO PARTNERS; ALPHA ENERGY PARTNERS, LLC; CHEVRON U.S.A., INC.; CIMAREX ENERGY COMPANY; MAGNUM HUNTER PRODUCTION, INC.; COGO PERATINER LLC; CONOCOPHILLIPS COMPANY; JAVELINA PARTNERS; KAISER-FRANCIS OIL COMPANY; MEWBOURNE OIL COMPANY; MRC PERMIAN COMPANY; NORTHERN OIL AND GAS, INC.; PENROC OIL CORPORATION; SBI WEST TEXAS I LLC; OXY USA WTP; DEVON ENERGY PRODUCTION CO. LP; MAVERICK OIL & GAS CORP.; TIMOTHY R. MACDONALD; BELINDA GARRAER, INDIVIDUALLY AND AS PERSONAL REPRESENTATIVE OF THE ESTATE OF JAMES H. GARNER; JAVEL AND AS PERSONAL REPRESENTATIVE OF THE ESTATE OF JAMES H. GARNER; JAVEL AND AS PERSONAL REPRESENTATIVE OF THE BYPASS TRUST CREATED BY HILE WILL OF SCOTT EVANS WILLSON DATE OF 7/17/2012; BEVERLY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF SCOTT EVANS WILLSON DATE OF 7/17/2012; BEVERLY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF SICHARD COMPANY FIB/O NEARBURG PRODUCING COMPANY FIB/O NEARB CASE No. 23475: 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

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

# 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.

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

My commission expires August 09, 2025

(Seal)

PAULA GUELL Notary Public - State of New Mexico Commission # 1135156 My Comm. Expires Aug 9, 2025

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. 23477; 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 ZORRO PARTNERS; ALPHA ENERGY PARTNERS, LLC; CHEVRON U.S.A., INC.; CIMAREX ENERGY COMPANY; MAGNUM HUNTER PRODUCTION, INC.; CIMAREX ENERGY COMPANY; MAGNUM HUNTER PRODUCTION, INC.; CIMAREX ENERGY COMPANY; MAGNUM HUNTER PRODUCTION, INC.; COG OPERATING LLC CONOCOPHILLIPS COMPANY; JAVELINA PARTNERS; KAISER-FRANCIS OIL COMPANY; MEWBOURNE OIL COMPANY; MEMBOURNE OIL COMPANY; MEMBOURNE OIL COMPANY; MEMBOURNE OIL COMPANY; MEMBOURNE OIL COMPANY; MEMB 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.emprd.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 320.00-acre, more or less, spacing and proration unit comprised of the W/2 E/2 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 with correction lots but there are no such lots in the proposed unit. The proposed wells to be dedicated to the horizontal spacing unit are the Outland 18-7 State Com 113H Well and the Outland 18-7 State Com 223H Well, both oil wells, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 7. The proposed unit is a straddle unit that includes lands in the W/2 E/2 of Section 7 that are within the North Wilson Deep Unit, a state exploratory unit. Applicant will seek approval for this overlap. 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.

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



#### ABADIE I 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 114H Well (Case No. 23475) Outland 18-7 State Com 214H Well (Case No. 23475)

Case Nos. 23475:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC ("Earthstone"), has filed the enclosed application, Case No. 23475, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23475, Earthstone seeks to pool the Bone Spring formation underlying the E/2 E/2 of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 114H and 214H 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: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O: 970.385.4401 • F: 970.385.4901



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 Prehearing 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,

Darin C. Savage

Attorney for Earthstone Operating, LLC

### ABADIE I SCHILL PC



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

April 28, 2023

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Re: Application of Earthstone Operating, LLC, for a horizontal

spacing unit and compulsory pooling, Lea County, New Mexico

Outland 18-7 State Com 113H Well (Case No. 23477)
Outland 18-7 State Com 223H Well (Case No. 23477)

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abadieschill.com

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Sincerely,

Darin C. Savage

Attorney for Earthstone Operating, LLC

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> Beginning with the issue dated May 03, 2023 and ending with the issue dated May 03, 2023.

Publisher

Sworn and subscribed to before me this 3rd day of May 2023.

Business Manager

My commission expires January 29, 2027 (Seal)

> STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526

This COMMISSION EXPIRES 01/29/2027
This Commission Expires 01/29/2027
legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

#### LEGAL NOTICE May 3, 2023

CASE No. 23475: 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 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 ZORRO PARTNERS; ALPHA ENERGY PARTNERS, LLC; CHEVRON U.S.A., INC.; CIMAREX ENERGY COMPANY; MAGNUM HUNTER PRODUCTION, INC.; COG OPERATING LLC; CONOCOPHILLIPS COMPANY; JAVELINA PARTNERS; KAISER-FRANCIS OIL COMPANY; MEWBOURNE OIL COMPANY; MRC PERMIAN COMPANY; NORTHERN OIL AND GAS, INC.; PENROC OIL CORPORATION; SBI WEST TEXAS I LLC; OXY USA WTP; DEVON ENERGY PRODUCTION CO. LP; MAVERICK OIL & GAS CORP.; TIMOTHY R. MACDONALD; BELINDA GARNER, INDIVIDUALLY AND AS PERSONAL REPRESENTATIVE OF THE ESTATE OF JAMES H. GARNER, JR., DECEASED; SCHUYLER MARKS PAULSON; MONICA MARKS GERSH; CYNTHIA MAE WILSON, TRUSTEE OF THE BYPASS TRUST CREATED BY THE WILL OF SCOTT EVANS WILSON DATED 7/17/2012; BEVERLY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF RICHARD KEVIN BARR; WILSON OIL COMPANY, LTD.; NEARBURG PRODUCING COMPANY EMPLOYEE FUND, CURTIS W. MEWBOURNE, TRUSTEE; APACHE CORPORATION; ASCENT ENERGY, LLC; FORTY ACRES ENERGY LLC; TWINVESTMENTS INC; H&L EXPLORATION & PRODUCTION CO; JOE R. WRIGHT; MCCOMBS ENERGY, LTD; JAMES D. FINLEY; FINLEY RESOURCES; PETRO-QUEST EXPLORATION; SAMSON RESOURCES COMPANY; LEACO NEW MEXICO EXPL. & PROD.; EOG RESOURCES INC; PARTNERSHIP PROPERTIES CO; JOHN R. BRYANT; RANGE RESOURCES; CRESCENT PORTER HALE FOUNDATION; ZPZ DELAWARE OIL COMPANY; LAG COUNTY, New Mexico. The State of New Mexico expl.; & PROD.; EOG RESOURCES INC; PARTNERSHIP PROPERTIES CO; JOHN R. BRYANT; RANGE RESOURCES; CRESCENT PORTER HALE FOUNDATION; ZPZ DELAWARE OIL COMPANY; LAG 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, Troy of the part of 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. 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 320.00-acre, more or less, spacing and proration unit comprised of the E/2 E/2 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 with correction lots but there are no such lots in the proposed unit. The proposed wells to be dedicated to the horizontal spacing unit are the Outland 18-7 State Com 114H Well and the Outland 18-7 State Com 214H Well, both oil wells, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 7. The proposed unit is a straddle unit that includes lands in the E/2 E/2 of Section 7 that are within the North Wilson Deep Unit, a state exploratory unit. Applicant will seek approval for this overlap. 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. #00278248 #00278248

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00278248

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

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> Beginning with the issue dated May 03, 2023 and ending with the issue dated May 03, 2023.

Publisher

Sworn and subscribed to before me this 3rd day of May 2023.

Business Manager

My commission expires

January 29, 2027

Seal)

STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK **COMMISSION # 1087526** COMMISSION EXPIRES 01/29/2027

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** May 3, 2023

CASE No. 23477: 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 ZORDO PARTNERS; ALPHA ENERGY PARTNERS, LC, CHEYRON U.S.A., INC. COIG OPERATING LLC CONCOPHILIPS COMPANY; JAVELINA PARTNERS; KAISER-FRANCIS OIL COMPANY; MEWBOURNE OIL COMPANY; MAGNUM HUNTER PRODUCTION, INC.; COIG OPERATING LLC CONCOPHILIPS COMPANY; JAVELINA PARTNERS; KAISER-FRANCIS OIL COMPANY; MEWBOURNE OIL COMPANY; MRC PERMIAN COMPANY; NORTHERN OIL AND GAS, INC.; PENNOC OIL CORPORATION; SBI WEST TEXAS ILLC; OXY USA WTP: DEVON ENERGY PRODUCTION CO. LP; MAVERICK OIL & GAS CORP.; TIMOTHY R. MACDONALD; BELINDA GARBAR, INDIVIDUALLY AND AS PERSONAL REPRESENTATIVE OF THE ESTATE OF JAMES H. GARNER, JR., DECEASED; SCHUYLER MARKS PAULSON; MONICA MARKS GERSH; CYNTHIA MAE WILSON, TRUSTEE OF THE BYPASS TRUST CREATED BY WILL OF SCOTT EVANS WILSON DATED 7/17/2012; EVERALY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF SCOTT EVANS WILSON DATED 7/17/2012; EVERALY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF SCOTT EVANS WILSON DATE D7/17/2012; EVERALY JEAN RENFRO BARR, TRUSTEE OF THE FAMILY TRUST CREATED BY WILL OF COTT EVANS WILSON DATE ON THE SENDERGY LLC; FORTY ACRES ENERGY LLC; LV INVESTMENTS INC; HALE EXPLORATION & PRODUCING COMPANY EMPLOYEE FUND, CURTIS W. MEWBOURNE, TRUSTEE; APACHE CORPORATION; ASCENT ENERGY, LLC; FORTY ACRES ENERGY LLC; LV INVESTMENTS INC; HALE EXPLORATION & PRODUCING COMPANY ENDOUGH COMPANY; LEACO NEW MEXICO, HARDEL LINVESTMENT COMPANY, CAMPAGNA PRODUCING COMPANY; LEACO NEW MEXICO, HARDEL LINVESTMENT COMPANY; CAMPAGNA PRODUCING COMPANY; LEACO NEW MEXICO, HOWN THE PROPERTIES CO; JOHN R. BRYANT; RANGE RESOURCES; PETRO-QUEST EXPLORATION; SAMSON

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