# NEW MEXICO OIL CONSERVATION DIVISION MAY 17, 2017 DOCKET

CASE Nos. 16142 & 16143

#### **APACHE CORPORATION**

Requests for the creation of non-standard proration units, non-standard locations, and compulsory pooling, Eddy County New Mexico for the Palmillo 26 State Com 314H, 315H, and 316H Wells



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

APPLICATION OF APACHE CORPORATION FOR A NON-STANDARD SPACING AND PRORATION UNIT, NON-STANDARD LOCATIONS, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.



CASE NO. 16142

#### **APPLICATION**

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Apache states as follows:

- Apache is an interest owner in the subject lands and has a right to drill a well thereon.
- 2. Apache seeks to dedicate the S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to the below proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").



- 3. Apache plans to horizontally drill the **Palmillo 26 State Com #314H** well to a depth sufficient to test the Bone Spring formation.
- The well will be drilled from a surface location, located in the SE/4 NE/4 of Section 26.
- 5. The well is within the Palmillo, Bone Spring Southwest Pool (Pool Code 96413), which is subject to 330' setback requirements. The producing interval that Apache seeks to drill will not comply with the 330 foot setback requirements established under the Division's rules.
- 6. The first take point for the Palmillo 26 State Com #314H well will be located 1620 feet from the North line and 230 feet from the East line of Section 26; and the last take point will be located 2188 feet from the North line and 100 feet from the West line of Section 26.
- 7. Apache sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
- 8. The creation of a non-standard proration unit, approval of non-standard locations, and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, Apache requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 17, 2018, and after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of the S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;
  - B. Approving non-standard locations;

- C. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;
- D. Designating Apache as operator of this unit and the wells to be drilled thereon;
- E. Authorizing Apache to recover its costs of drilling, equipping and completing the well;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

Earl E. DeBrine, Jr.

Jennifer Bradfute

Post Office Box 2168
Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Marty for

Telephone: 505.848.1800 Attorneys for Applicant

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

APPLICATION OF APACHE CORPORATION FOR A NON-STANDARD SPACING AND PRORATION UNIT, NON-STANDARD LOCATIONS, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Julis

CASE NO. 1643

#### **APPLICATION**

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Apache states as follows:

- Apache is an interest owner in the subject lands and has a right to drill a well thereon.
- 2. Apache seeks to dedicate the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to the below proposed wells to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").



- Apache plans to horizontally drill the Palmillo 26 State Com #315H and
   Palmillo 26 State Com #316 wells to a depth sufficient to test the Bone Spring formation.
- These wells will be drilled from a surface location, located in the NE/4 NE/4 of Section 26.
- 5. The wells are within the Palmillo, Bone Spring Southwest Pool (Pool Code 96413), which is subject to 330' setback requirements. The producing interval that Apache seeks to drill will not comply with the 330 foot setback requirements established under the Division's rules.
- 6. The first take point for the Palmillo 26 State Com #315H well will be located 820 feet from the North line and 230 feet from the East line of Section 26; and the last take point will be located 1284 feet from the North line and 100 feet from the West line of Section 26.
- 7. The first take point for the Palmillo 26 State Com #316H well will be located 780 feet from the North line and 230 feet from the East line of Section 26; and the last take point will be located 380 feet from the North line and 100 feet from the West line of Section 26.
- 8. Apache sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the wells or to otherwise commit their interests to the wells.
- 9. The creation of a non-standard proration unit, approval of non-standard locations, and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, Apache requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 17, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Approving non-standard locations;

C. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

D. Designating Apache as operator of this unit and the wells to be drilled thereon;

E. Authorizing Apache to recover its costs of drilling, equipping and completing these wells;

F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

G. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

Earl E. DeBrine, Jr.

Jennifer Bradfute

Post Office Box 2168

Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

case No. \_\_\_\_\_\_\_: Application of Apache Corporation for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Palmillo 26 State Com #315H and Palmillo 26 State Com #316 wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 13.6 miles northeast of Carlsbad, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District III
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

12 Dedicated Acres

13 Joint or Infill

14 Consolidation Code

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

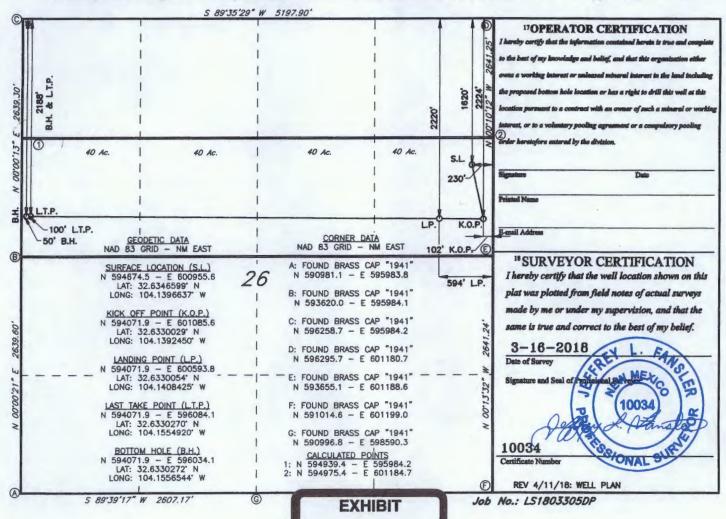
Form C-102
Revised August 1, 2011
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District Office

AMENDED REPORT

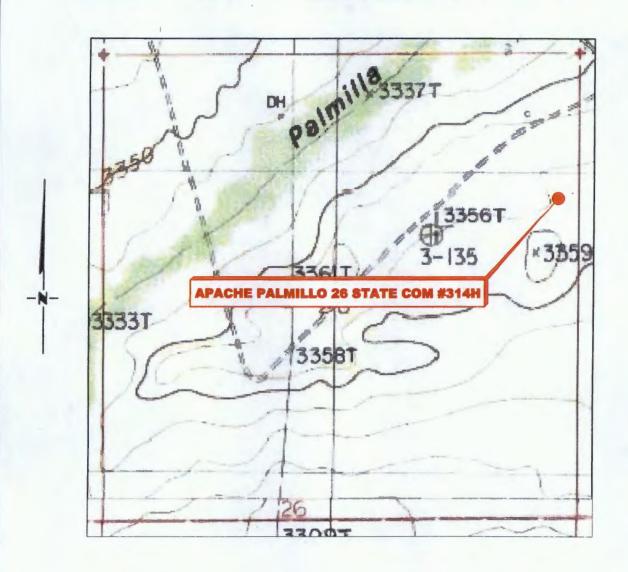
WELL LOCATION AND ACREAGE DEDICATION PLAT 1 API Numb 2Pool Code 9641 Bunc String 5 Property Nan Well Number <sup>4</sup>Property Code PALMILLO 26 STATE COM 314H 70GRID NO. 8 Operator Name 9 Elevation 3350 APACHE CORPORATION 10 Surface Location Feet From the East/West line UL or lot no. 26 195 28E 1620 NORTH 230 H EAST **EDDY** Bottom Hole Location If Different From Surface UL or lot no. Township Feet from the North/South line East/West line County Range 26 19S 28E 2188 NORTH 50 WEST **EDDY** 

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

15 Order No.



### LOCATION VERIFICATION MAP



SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Apache Corporation

LEASE: Palmillo 26 State COM

WELL NO.: 314H ELEVATION: 3350' LOCATION: 1620' FNL & 230' FEL

CONTOUR INTERVAL: 10'

USGS TOPO. SOURCE MAP:

Angel Draw, NM (P. E. 1985)

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	WELL NAME	4.18.18
NO.	REVISION	DATE
_		_

JOB NO.: LS1803305 DWG. NO.: 1803305LVM



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

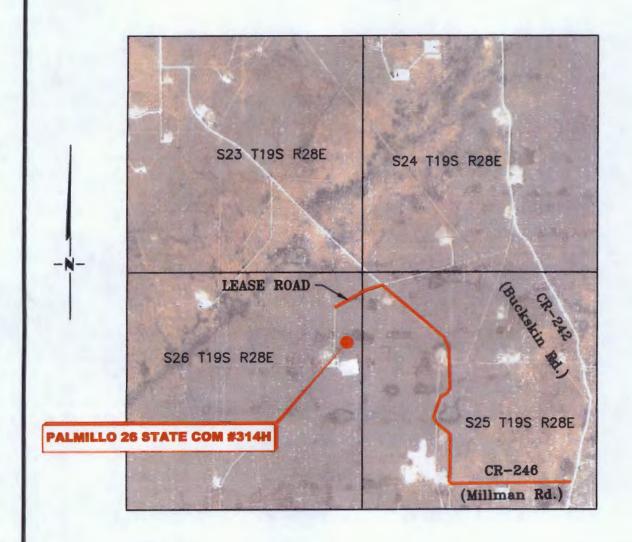
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DATE:	03-	28-	-2018
SURVE	YED	BY:	BC

DRAWN BY: CMB

APPROVED BY: JLF
SHEET: 1 OF 1

### VICINITY MAP

NOT TO SCALE



SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

LEASE: Palmillo 26 State COM

WELL NO .: 314H

OPERATOR: Apache Corporation LOCATION: 1620' FNL & 230' FEL

ELEVATION: 3350'

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	,	
	WELL NAME	4.18.18
NO.	REVISION	DATE

JOB NO.: LS1803305 DWG. NO.: 1803305VM



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

	SCALE: N / A
1	DATE: 03-28-2018
	SURVEYED BY: BC
1	DRAWN BY: CMB
ı	APPROVED BY: JLF
	SHEET: 1 OF 1

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Phone: (305) 334-6178 Fax: (505) 334-6170
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Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

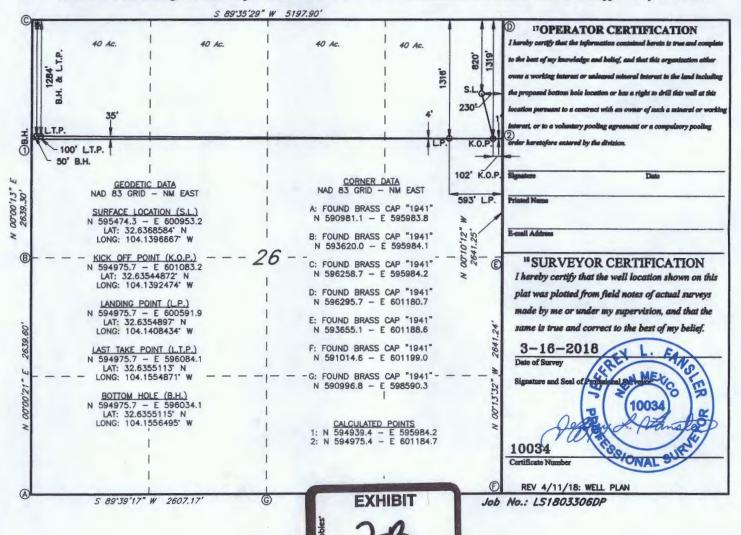
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API N	44907	2 Pool Code	<sup>3</sup> Pool Na	me
4Property Code			ty Name 6 STATE COM	Well Number 315H
7 OGRID NO.			tor Name DRPORATION	*Elevation 3360

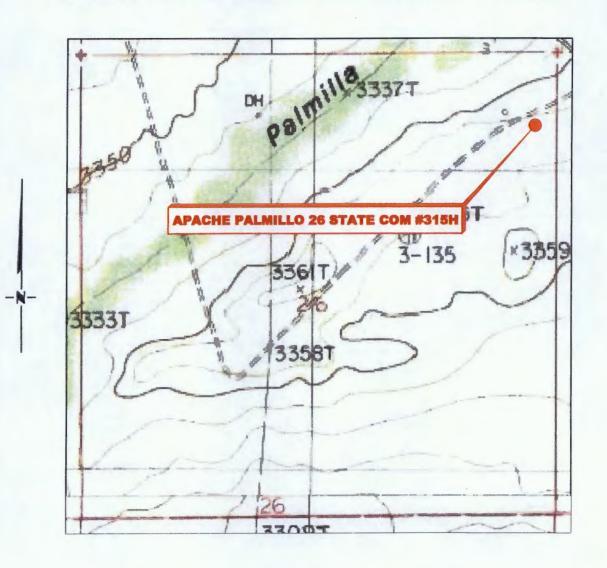
Surface Location UL or lot no. Township Range Lot Idn Feet from the North/South line Feet From the Bast/West line County 26 19S 28E 820 NORTH 230 EAST **EDDY** 11 Bottom Hole Location If Different From Surface Feet from the UL or lot no. Section Township Range Feet from the North/South line East/West line County 26 28E NORTH 50 198 1284 WEST **EDDY** 12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.

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



case No. \_\_\_\_\_\_\_: Application of Apache Corporation for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Palmillo 26 State Com #314H well, to be horizontally drilled. The producing area for the well will be unorthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 13.6 miles northeast of Carlsbad, New Mexico.

### LOCATION VERIFICATION MAP



## SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Apache Corporation

LEASE: Palmillo 26 State COM

WELL NO.: 315H ELEVATION: 3360' LOCATION: 820' FNL & 230' FEL

CONTOUR INTERVAL: 10'

USGS TOPO. SOURCE MAP:

Angel Draw, NM (P. E. 1985)

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	WELL NAME	4.18.18
NO.	REVISION	DATE

JOB NO.: LS1803306 DWG. NO.: 1803306LVM

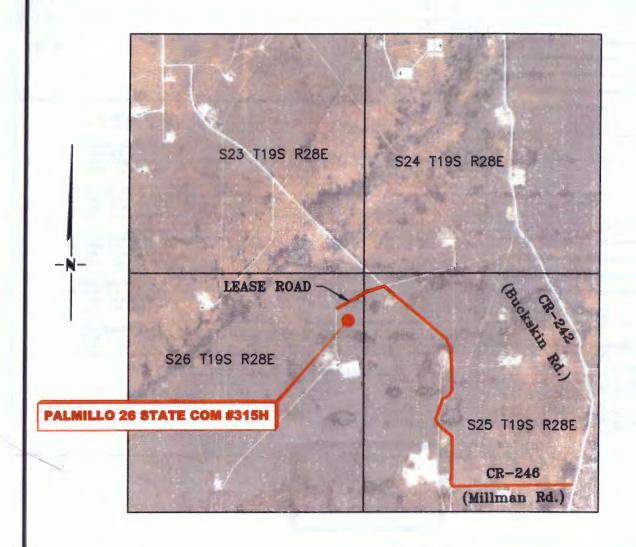


308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

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A	PPRO	<b>VED</b>	BY:	JLF
1	SHEET:	1	OF	1

### VICINITY MAP

NOT TO SCALE



SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Apache Corporation LOCATION: 820' FNL & 230' FEL

LEASE: Palmillo 26 State COM

WELL NO .: 315H

ELEVATION: 3360'

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WELL NAME 4.18.18 REVISION DATE JOB NO.: LS1803306

DWG. NO.: 1803306VM



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: N / A DATE: 03-28-2018 SURVEYED BY: BC DRAWN BY: CMB APPROVED BY: JLF SHEET: 1 OF 1

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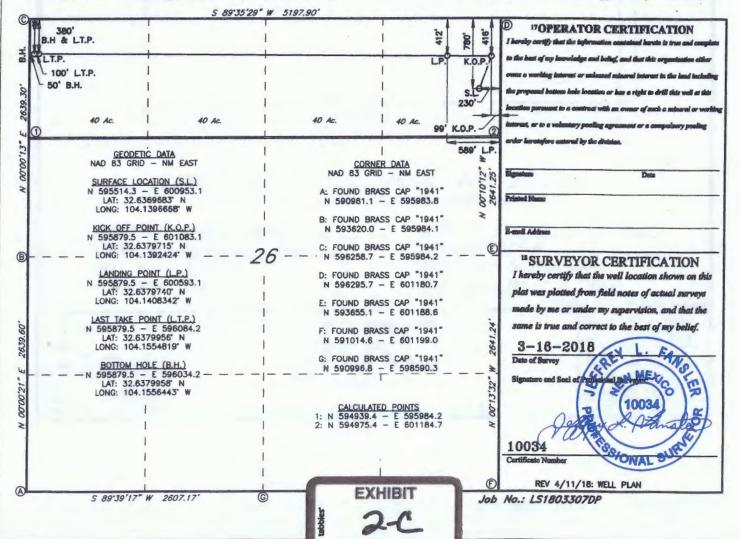
State of New Mexico
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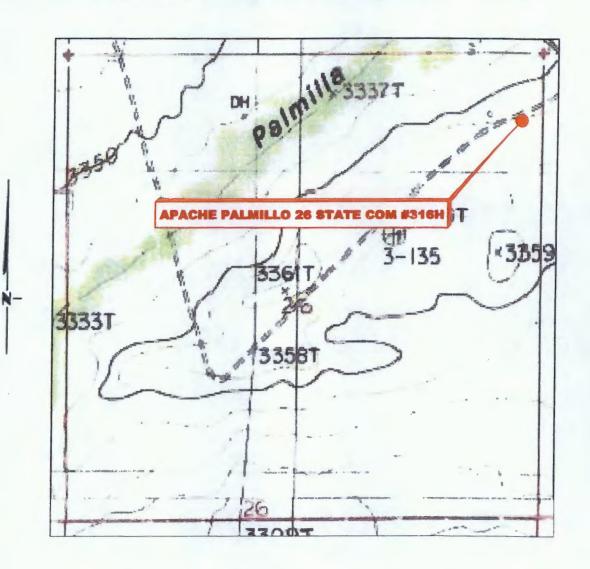
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT 1 API No 2Pool Code 4908 <sup>4</sup>Property Code 6 Well Number PALMILLO 26 STATE COM 316H 7 OGRID NO. 8 Operator Nume 9 Elevation APACHE CORPORATION 3359 16 Surface Location North/South line Feet From the East/West line UL or lot no. Township Range County 28E 780 NORTH 230 26 195 EAST EDDY 11 Bottom Hole Location If Different From Surface North/South line Feet from the Range Feet from the UL or lot no. Section Township **East/West line** County 26 195 28E 380 NORTH 50 WEST EDDY 12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No

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



### LOCATION VERIFICATION MAP



## SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Apache Corporation

LEASE: Palmillo 26 State COM

WELL NO.: 316H

ELEVATION: 3359'

LOCATION: 780' FNL & 230' FEL

CONTOUR INTERVAL: 10'

USGS TOPO. SOURCE MAP:

Angel Draw, NM (P. E. 1985)

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WELL NAME 4.18.18
NO. REVISION DATE

JOB NO.: LS1803307 DWG. NO.: 1803307LVM



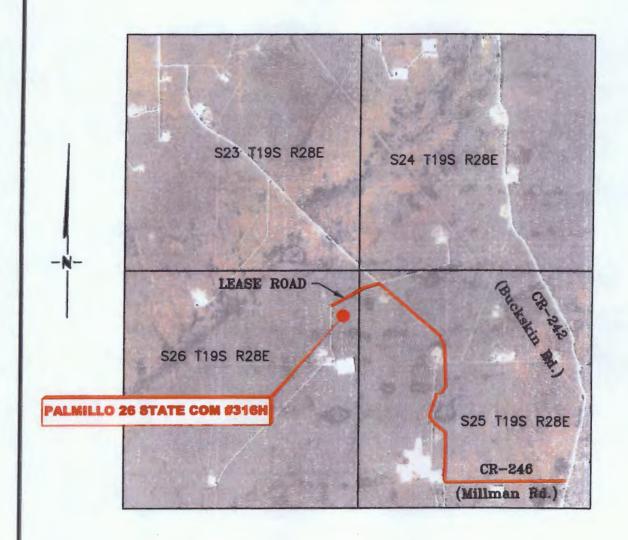
308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 1000'
DATE: 03-28-2018
SURVEYED BY: BC
DRAWN BY: CMB
APPROVED BY: JLF

SHEET: 1 OF 1

### VICINITY MAP

NOT TO SCALE



SECTION 26, TWP. 19 SOUTH, RGE. 28 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Apache Corporation LOCATION: 780' FNL & 230' FEL LEASE: Palmillo 26 State COM

WELL NO .: 316H

ELEVATION: 3359'

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WELL NAME NO. REVISION DATE

JOB NO.: LS1803307 DWG. NO.: 1803307VM



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: N / A

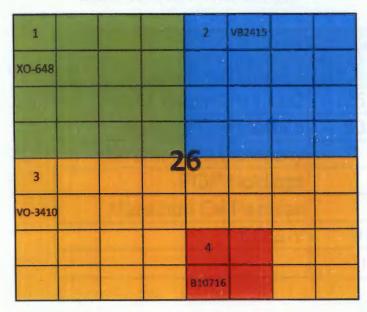
DATE: 03-28-2018 SURVEYED BY: BC

DRAWN BY: CMB APPROVED BY: JLF

SHEET: 1 OF 1

## STATE OF NEW MEXICO LEASES SECTION 26 T19S-28E EDDY CO

#### **SURFACE LEASES**



#### **BONE SPRING RIGHTS**

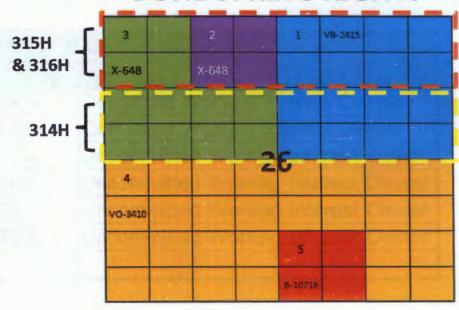


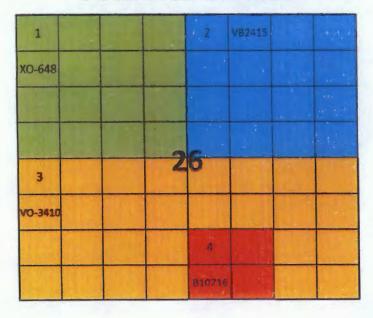
EXHIBIT 3

# SUMMARY OF INTERESTS PALMILLO 26 STATE COM #314H

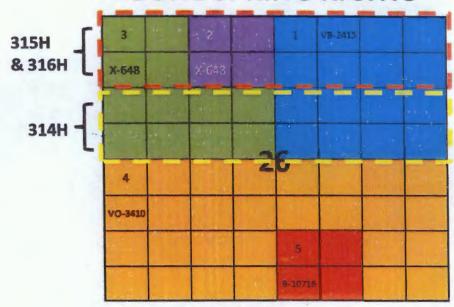
PALMILLO 26 STATE COM #314H				
Owner Name	WI	Description		
ZPZ Delaware I LLC	25.000000%	Committed Working Interest Owner		
Apache Corporation	53.993056%	Committed Working Interest Owner		
Marathon Oil Company	7.986111%	Uncommitted Working Interest Owner		
PGP Holdings	1.996528%	Uncommitted Working Interest Owner		
Marathon Oil Permian	1.996528%	Uncommitted Working Interest Owner		
EOG Y	9.027778%	Uncommitted Working Interest Owner		
	100.0000%			

# STATE OF NEW MEXICO LEASES SECTION 26 T19S-28E EDDY CO

#### **SURFACE LEASES**



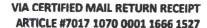
#### **BONE SPRING RIGHTS**





# SUMMARY OF INTERESTS PALMILLO 26 STATE COM #315H AND #316H

PALMILLO 26 STATE COM #315H and #316H				
Owner Name	WI	Description		
ZPZ Delaware I LLC	25.000000%	Committed Working Interest Owner		
Apache Corporation	53.993056%	Committed Working Interest Owner		
Marathon Oil Company	3.993056%	Uncommitted Working Interest owner		
PGP Holdings I LLC	3.993056%	Uncommitted Working Interest owner		
Marathon Oil Permian LLC	3.993056%	Uncommitted Working Interest owner		
EOG Y Resources, Inc.	9.027778%	Uncommitted Working Interest owner		
	100.0000%			





March 12, 2018

PGP Holdings I, LLC 104 Townpark Drive Kennesaw, Georgia 30144

RE:

Palmillo 26 State #314H Well Proposal & Palmillo 26 Facility Proposal

Section 26, T19S-R28E Eddy County, New Mexico

To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico to be drilled from the surface pad location ("Operations") as shown on the attached Exhibit "A". Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmillo 26 State #314H ("314H") with a proposed surface location to be located in the SE/4NE/4 (Unit H) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 314H will be located in the SW/4NW/4 (Unit E) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 314H will have a targeted interval located in the 3<sup>rd</sup> Bone Spring formation ("8,600' TVD) to a Total Measured Depth of approximately 13,950'. The estimated cost of drilling and completing the 314H is \$6,401,700.00 as found on the enclosed AFE #11-18-0180.
- 2) Also enclosed is AFE #11-18-0183 for the facility. The estimated cost of the Palmillo 26 facility is \$2,666,000. We ask that you sign this AFE election at the same time as you sign the drilling and completion AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes. A separate facility agreement will be sent at a later date.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. A JOA will be sent separately to you for review and execution at a later date.

Apache's records indicate you own a 1.99653% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.



PGP Holdings I, LLC Palmillo 26 State 314H March 12, 1018 Page 2 of 4

Apache desires to develop Section 26 on a 640 acre basis as indicated in the previous plan of development letter dated February 8, 2018. As of the date of this letter, Apache has not received 100% commitment from the owners in Section 26 to move forward with a single section development and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 640 acre single section development, please contact me as indicated below.

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

Sincerely,

Ashley St. Pierre, CPL

Landman - Permian Region

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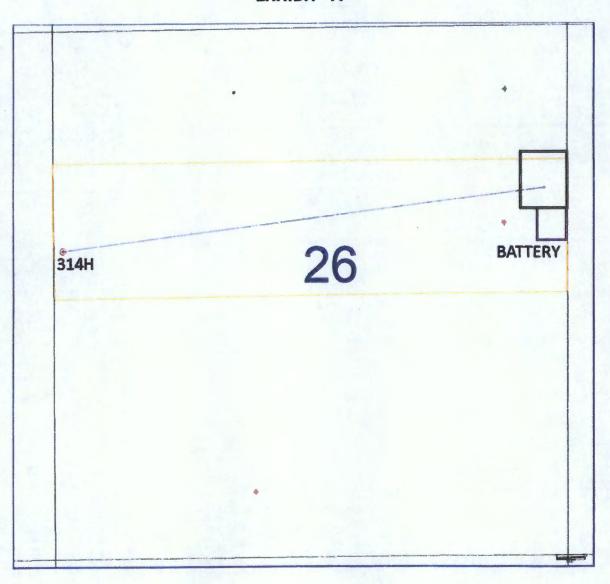
**Enclosure** 

PGP Holdings I, LLC Palmillo 26 State 314H March 12, 2018 Page 3 of 4

	Elects to participate in the drilling and completion of the Palmillo 26 State #314H
	Liects to participate in the drining and completion of the Paininio 20 State #314/1
OR	
	Does <u>NOT</u> elect to participate in the drilling and completion of the Palmillo 26 State #314H
	Elects to participate in the facility for the Palmillo 26 State wells
OR	
	_Does <u>NOT</u> elect to participate in the facility for the Palmillo 26 State wells
PGP H	loldings I, LLC
Ву:	
Printe	d Name:
Date:	

PGP Holdings I, LLC Paimillo 26 State 314H March 12, 2018 Page 4 of 4

**EXHIBIT "A"** 





#### **AFE Summary**

AFE #	11-18-0180	PROJECT NAME	PALMILLO 2	6 STATE COM 314H
PROPERTY #	pending1	OPERATOR	Apache Corp	
	a transference deserve and ship (	LEASE NUMBERS	-	gang gang en en in state i teperaturbite i de to did i alle santour identification (i.e. i discussion grade report) i l'imperiment
PROSPECT NAME	ARTESIA	PROSPECT #	NM3001	a social and the second and the seco
COUNTY/STATE	EDDY / NEW MEXICO	DISTRICT	NW DISTRICT	APZ #
		APACHE FIELD NAME		30A #
A 19 THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TO PERSON NAMED IN	A would determine a contract of the contract o	FOCUS AREA		The state of the s

#### LEGAL DESCRIPTION

26-T19S-R2BE

Туре	APE #	WI %	Objective	Description
Drilling	11-18-0180-DH	50.746530	3rd Bone Spring Sand	Drill a Horizontal hole in the 3rd Bone Spring Sand. Preset a 17-127- hole to 400' with spudder rig. Run 13-3/8" 48# H-40 STC casing and cement to surface. Move in big 48# H-40 STC casing and cement to surface Move in big 5 intermediate casing and cement to surface with 2 stage cement job. Drill 8-3/4" curve from KOP ~8300' to landing ~9000' MD. Orll 8-1/2" lateral to ~13450. Run and cement 5-1/2" 17# CYP-110 GB-CD x 5-1/2" 17# CYP-110 BTC casing. Estimated Spud to Rig Release 22 days plus 3 day MRIU. \$232Kday rig rats.
Completion	11-18-0180-CP	50.746530	Bone Spring	24 Stage P&P complete 4300 ft. lateral @ 180 ft/stg 2000 e/ft. 0% RC 48 bbl/ft Water @ 1.5 \$/bbl.
Equipping	11-18-0180-EQ	50.746530	Install artificial lift	This AFE will provide funds to equip and produce a horizontal well in the Paintilio development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weaks, wellhead automation, and production tree.

Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	<b>Total Well Cost</b>
5506	Drilling/Percentage Development Overhead	\$10,000	\$0	\$0	\$0	\$10,000
20003	Bits Coreheads and Reamers	\$80,000	\$3,800	\$0	\$0	\$83,800
0004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$247,000	\$0	\$0	\$0	\$247,000
0007	Chemicals	\$0	\$155,300	\$0	\$0	\$155,300
80000	Communications	\$6,000	\$0;	\$0	\$0	\$6,000
70011	Company Supervision	\$4,000	\$13,900	\$15,000	\$0	\$32,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
0017	Contract Labor	\$60,000	\$0	\$42,500	\$0	\$102,500
70019	Contract Rigs - Daywork	\$618,000	\$100	\$20,000	\$0	\$638,100
0021	Contract Supervision	\$78,000	\$79,600	\$15,000	\$0	\$172,600
70022	Directional Drilling	\$215,000	\$0	\$0	\$0	\$215,000
70025	Orilling Fluids	\$252,000	\$0	\$0	\$0	\$252,000
70026	Electrical Contract	\$0	\$0	\$5,000	\$0	\$5,000
0031	Equipment Rental	\$140,000	\$32,300	\$15,000	\$0	\$187,300
70034	Formation and Well Stimulation	40	\$723,100	\$0	\$0	\$723,100
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$54,100
70037	Fuel	\$90,000	\$194,800	\$0	\$0	\$284,800
70046	Land and Site Reclamation	\$10,000	\$0	\$0	\$0	\$10,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$199,500	\$0	\$0	\$249,500
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0180 | Project Name: PALMILLO 26 STATE COM 314H

Date Printed: 3/12/2018 | Page 1 of 2

		Intangible De	velopment Costs			
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Wall Cost
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$100,000	\$5,600	\$0	\$0	\$105,600
70067	Salt Water Disposal	\$0	\$22,500	\$0	\$0	\$22,500
70069	Coiled Tubing	\$0	\$192,400	\$0	\$0	\$192,400
70074	Trucking and Hauling	\$40,000	\$0	\$25,000	\$0	\$65,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$50,000	\$381,300	\$0	\$0	\$431,300
70078	Wellsite Damages, Loss, Right- of-Way	\$7,500	\$0	\$0	\$0	\$7,500
70116	Containment Disposal Expense	\$212,000	\$0	\$0	\$0	\$212,000
70169	Camp Rentals	\$50,000	\$0	\$0	\$0	\$50,000
70186	Flowback Tester	\$0	\$18,400	\$37,500	\$0	\$55,900
70198	Sand/Proppant	\$0	\$550,700	\$0	\$0	\$550,700
70243	Mud Logging	\$12,000	\$0	\$0	\$0	\$12,000
70255	Drilling Operations Center	\$7,500	\$0	\$0	\$0	\$7,500
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$22,400	\$0	\$0	\$22,400
70289	Frac Plugs	\$0	\$25,700	\$0	\$0	\$25,700
70291	Frac Valve / Frac Tree	\$0	\$45,100	\$0	\$0	\$46,100
70529	Safety Case	\$5,000	\$0	\$0	\$0	\$5,000
Subtotal Inta	ngible Development Costs	\$2,580,000	\$2,750,400	\$175,000	10	\$5,515,400
		Tangible Dave	lopment Costs			- 11-1
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	<b>Total Well Cost</b>
71001	Artificial Lift Environment	40	¢0	\$30,000	¢D.	\$30,000

		Tangible Dev	elopment Costs			
Acct	Description	Dry Hole	Completion	Equipping	<b>Additional Cost</b>	<b>Total Well Cost</b>
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$165,000	\$0	\$165,000
71019	Intermediate Casing	\$255,000	\$0	\$0	\$0	\$255,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$190,000	\$0	\$0	\$0	\$190,000
71050	Surface Casing	\$15,000	\$0	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$90,000	\$0	\$90,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	#0	\$70,000
ubtotal Tang	ible Materials Cost	\$530,000	\$3,300	\$353,000	\$0	\$886,300

Description	Dry Hole	Completion	Equipping	Additional Cost	TotalWellCost
Sub-Total Intangible Material Costs	\$2,580,000	\$2,760,400	\$175,000	\$0	\$5,515,400
Sub-Total Tangible Material Costs	\$530,000	\$3,300	\$353,000	\$0	\$886,300
Grand Total	\$3,110,000	\$2,763,700	\$528,000	\$0	\$6,401,700
Less Outside Interests	\$1,531,783	\$1,361,218	\$260,058	\$0	\$3,153,059
Total Net Costs	\$1,578,217	\$1,402,482	\$267,942	\$0	\$3,248,641

No Approvers for this Project

	Company	Working Interest %	Costs	Approve By	Data
	Gross				
same and dyposis	No other and a special and	as to delicate the same compression of the last	with the part of t		
mments					

AFE#: 11-18-0180 | Project Name: PALMILLO 26 STATE COM 314H

Date Printed: 3/12/2018 | Page 2 of 2



#### **AFE Project Summary**

AFE#	11-18-01	6.5	ROJECT AME	PALMILLO 2	6 BATTERY	- Anthrophologic & B. St. Lange & Ass.	o with the state state of the s
PROPERTY #	pending1	OI	PERATOR	Apache Corp	naparamentalis and plant and analyses are	At a rivel surrespondent metallicities i labor proprodustano, or plantama	make the party of the
the specialist it will con-			ASE NUMBERS		NAV STREET, C. SETTINGS OF SIX STREET, CA.		A debree in the second
PROSPECT NA	ME ARTESIA	core was contracted	ROSPECT #	NM3001	a management of production of the common com		- SAANA Africa - HERMANN AND AND THE
	THE RESIDENCE AND VALUE OF THE PARTY OF THE			An of again, administration of the state of a point	The second secon	The second secon	produces and some
COUNTY/STAT	TE EDOY / NEW M		STRICT	NW DISTRICT	API #		orthony open form. A se-
	<u> </u>		ME LIELD		30A #		
	manufact to the reducer of the total of the	PC	CUS ARBA				
OBJECTIVE	Build Production	Facility	e accept on language	datus to then in 4 Misseurch in Advances	the second district sample in region		enteres to Associate the works.
LEGAL DESCRI	the spinor of the same of the		remarked assistance of the	in electricable recoverements during the	error and the property is the make the continuous of	Linearin Profesionalis and States	a. Servattan a waken
PROJECTS Type Production Facility.	APE # 11-18-0183	WI % 50.74653	Description  Install a pro	duction facility for the l	Paimillo 26. Facility w	Ill consist of 6-1000 I	oblitanks, 1-1000
	-	,		g portion of the drilling		•	
ACCT			Description		Budget	Additional Cost	Total Well Cos
70011	Company Supervi	sion			\$25,000	\$0	\$25,00
70012	Company Vehicle	and/or Box	nt		\$5,000	\$0	\$5,00
70016	Construction	-	to the second se		\$645,000	\$0	\$646,00
70026	Electrical Contract	t		440 111	\$20,000	\$0	\$20,00
70027	Engineering Desig	n and Drai	iting		\$10,000	\$0	\$10,00
70030	Environmental/Sa	fety Reme	diation		\$5,000	\$0	\$5,00
70031	Equipment Rental	w - 4 h 11	14 w		\$30,000	\$0	\$30,00
70065	Road and Site Pre	Planter of the last			\$35,000	\$0	\$35,00
70067	Salt Water Dispos	***			\$30,000	\$0	\$30,00
70078	Wellsite Damages	AND IN A COLUMN TWO			\$10,000	\$0	\$10,00
70091 70121	Compressor Renta Automation	B-Labor &	Materials	as to recover or to assist a substitute of	\$110,000 \$25,000	\$0	\$110,00
/0121	Automation	- h Appearry		VI 100000 NO 81 NO 101	\$23,000	***	\$25,00
	Sub-Total Intan	gible Cost	18	byrope & 4a Blac	\$951,000	\$0	\$951,00
se deserbe se			tales and it will not	le Development Cost	The state of the s	of translations. Basic Improvipes on a	and the state of t
ACCT		- I	Description	900,0	Budget	Additional Cost	Total Well Cost
71018	Instrumentation	menuli respertant			\$180,000	\$0	\$180,00
71026	Electrical Materials	- much remark	neen en		\$45,000	\$0	\$45,00
1027	Measurement or N	A Lan. 11 P.	ulpment		\$170,000	\$0	\$170,00
1033	Other Surface Equ		n any		\$75,000	\$0	\$75,00
1036	Pipe, Valves, Fittin	igs and An	odes		\$495,000	\$0	\$495,00
71043	Pumps	-			\$50,000	\$0	\$50,00
71046	Separators		to come for		\$360,000	\$0	\$360,00
71051 71052	Tanks	man a Page.		-	\$280,000 \$60,000	\$0 \$0	\$280,00
12032	Treaters	100 M			\$00,000		\$60,00
	Sub-Total Tangil	ole Materi	al Coste		\$1,715,000	*0	\$1,715,00

Total Well Cost	Additional Cost	Budget	Description
\$951,000	\$0	\$951,000	Intangible Costs
\$1,715,000	\$0	\$1,715,000	Tangible Costs
\$2,666,000	\$0	\$2,666,000	Grand Total

AFE#: 11-18-0183 | Project Name: PALMILLO 26 BATTERY

Date Printed: 3/12/2018 | Page 1 of 2

Less Outside 2 Total N	sterests let Costs	\$1,313,098 \$1,382,902	\$0 \$0	\$1,313,098 \$1,352,002
No Approvers for this Proje	ect			
Partner Response:		-	n.	
Company	Working Interest	Coots	Approva By	Date
Gross		AND STATE OF THE S	After a service of the service of th	Propagation for a series of the second





March 12, 2018

PGP Holdings I, LLC 104 Townpark Drive Kennesaw, Georgia 30144

RE: Palmillo 26 State #315H and #316H Well Proposals & Palmillo 26 Facility Proposal

Section 26, T19S-R28E Eddy County, New Mexico

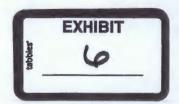
To Whom It May Concern,

Apache Corporation ("Apache"), proposes the drilling of the following wells located in the N/2N/2 of Section 26, Township 19 South, Range 28 East, Eddy County, New Mexico all to be drilled from the same surface pad location ("Operations") as shown on the attached Exhibit "A". Apache anticipates that it will begin the Operations in August 2018.

- 1) Palmillo 26 State #315H ("315H") with a proposed surface location to be located in the NE/4NE/4 (Unit A) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 315H will be located in the NW/4NW/4 (Unit D) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 315H will have a targeted interval located in the 3<sup>rd</sup> Bone Spring formation ("8,600' TVD) to a Total Measured Depth of approximately 13,950'. The estimated cost of drilling and completing the 315H is \$6,217,700.00 as found on the enclosed AFE #11-18-0181. The 315H is the inItial well in the proration unit.
- 2) Palmillo 26 State #316H ("316H") with a proposed surface location to be located in the NE/4NE/4 (Unit A) of Section 26, Township 19S, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 315H will be located in the NW/4NW/4 (Unit D) of Section 26, Township 19 South, Range 28 East, Eddy County New Mexico. The 316H will have a targeted interval located in the 3<sup>rd</sup> Bone Spring formation ("8,600" TVD) to a Total Measured Depth of approximately 13,950". The estimated cost of drilling and completing the 316H is \$6,284,700.00 as found on the enclosed AFE #11-18-0182. The 316H is the infill well in the proration unit.
- 3) Also enclosed is AFE #11-18-0183 for the facility. The estimated cost of the Palmillo 26 facility is \$2,666,000. We ask that you sign this AFE election at the same time as you sign the drilling and completion AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes. A separate facility agreement will be sent at a later date.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator



PGP Holdings I, LLC Paimilio 26 State 315H and 316H March 12, 2018 Page 2 of 4

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. A JOA will be sent separately to you for review and execution at a later date.

Apache's records indicate you own a 3.993056% working interest in the 160 acre proration unit. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest, contingent on reaching mutually satisfactory terms.

Apache desires to develop Section 26 on a 640 acre basis as indicated in the previous plan of development letter dated February 8, 2018. As of the date of this letter, Apache has not received 100% commitment from the owners in Section 26 to move forward with a single section development and it is necessary to propose wells on a 160 acre basis. Should you desire to participate in the 640 acre single section development, please contact me as indicated below.

If we do not reach an agreement within thirty (30) days from the date of this letter, Apache will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well(s).

Should you have any further questions, please contact me at 432.818.1096 or ashley.stpierre@apachecorp.com.

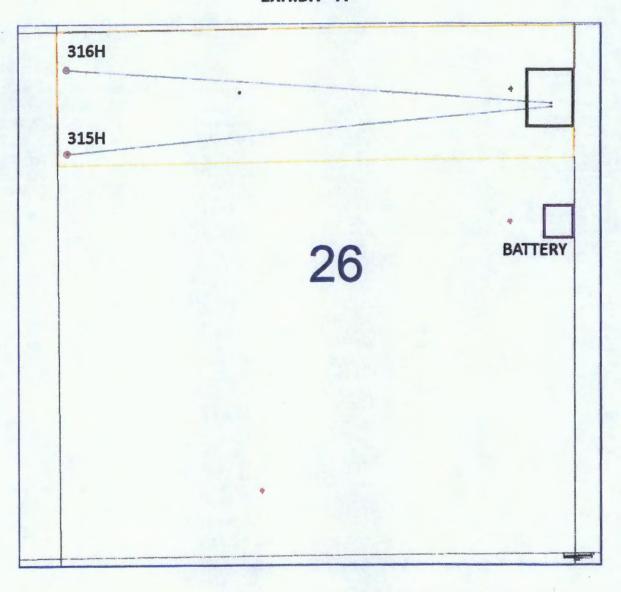
Sincerely,

Ashley St. Pierre, CPL Landman – Permian Region Enclosure PGP Holdings I, LLC Palmillo 26 State 315H and 316H March 12, 2018 Page 3 of 4

	Elects to participate in the drilling and completion of the Palmillo 26 State #315H
OR	
	Does NOT elect to participate in the drilling and completion of the Palmillo 26 State #315H
	Elects to participate in the drilling and completion of the Palmillo 26 State #316H
OR	
	Does <u>NOT</u> elect to participate in the drilling and completion of the Palmillo 26 State #316H
	Elects to participate in the facility for the Palmillo 26 State wells
OR	
	Does NOT elect to participate in the facility for the Palmillo 26 State wells
PGP	Holdings I, LLC
Ву: _	
Print	ed Name:
Date	

PGP Holdings I, LLC Palmillo 26 State 315H and 316H March 12, 2018 Page 4 of 4

**EXHIBIT "A"** 





#### **AFE Summary**

AFE #	11-18-0181	PROJ		PALMILLO	26 STATE	COM 315H	Source again, south shallow, stagety (may right, 15% fb.)	
PROPERTY #	pending1	OPERA	TOR	Apache Corp		Agency between the managery constitutions and the second	tally an except year	
	tally manufactures represent the second	LPASE	NUMBERS				ences on white the street department of the street of the	
PROSPECT NAME	ARTESIA	PROSPI	Artin sid suit 191	NM3001	16 64/8/200 garder in her remarken den group of a grant		printer total and a straight and a s	
DUNTY/STATE	EDDY / NEW MEXICO	DISTRI	CT	NW DISTRICT	API e		dignification of the state of t	
the state of the s	The second secon	arres - way to be a state of the state of th	e Peeld Nami Area	W MAN AL AN ANALY VALUE	30A #	Married to delight residence of the control of the	ufalletekkennentelleligen generagung september belande General entstelletekennen voor derkangrelle upper belande vooranteennen gen gen omgeverlikelt sek he skop	
RGAL DESCRIPT R6-T195-R28E PROJECTS	AUT all parties file a cere of recorder		oppe gir - wider briefel	ulus demandrat for the form conflipment and modification	nes in militarium aus le celle le cel i	department on special states state. Special states (special states)	- name agent to a sold a sea accordance of proper day.	
Type	AFE #	WI %	Objective	e me es estampopular	Descripti	Description		
Drilling	11-18-0181-DH	50.746530	3rd Bone Sp	oring Sand	a 17-1/2" H-40 STC Drill a 12- intermedi cement jo landing and ceme	hole to 400' with single casing and cement of the control of the control of the casing and cement of the casing and casing	3rd Bone Spring Sand. Pre- pudder rig. Run 13-3/8" 48 t to surface. Move in big rig Run 9-5/8" 40# HCL-80 B ent to surface with 2 stage e from KOP ~8300" to /2" lateral to ~13450. Run -110 GB-CD x 5-1/2" 17# ted Spud to Rig Release 22 day rig rate.	
Completion	11-18-0181-CP	50.746530	Bone Spring			P&P complete 430 . 0% RC 48 bbl/ft 1	Oft. lateral @ 180 ft/stg Water @ 1.5 \$/bbl.	
Equipping	11-18-0181-EQ	50.746530	Install ertifi	cial lift	horizontal requested flowlines battery as wellhead, injection i	I well in the Palmilio I will be used to put and gas injection lin and from the compre headers for projuction flowline for the pad for two weeks, wel	o equip and produce a development. The funds chase and install production in from wellhead to the ssor discharge to the tion flowlines and gas installation of artificial lift, life automation, and	
		In	tangible Dev	elopment Costs			*	
Acct	Description	D	ry Hole	Completion	Equipping	Additional Cost	Total Well Cost	
65506	Drilling/Percentage Development Overhead		\$9,500	\$0	\$0	40	\$9,500	
70003	Bits Coreheads and Ream	ers	\$80,000	\$3,800	\$0	\$0	\$83,800	
70004	Casing Crews	1	\$40,000	\$0	\$0	40	\$40,000	

Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$9,500	\$0	\$0	40	\$9,500
70003	Bits Coreheads and Reamers	\$80,000	\$3,800	\$0	\$0	\$83,800
70004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$247,000	\$0	\$0	\$0	\$247,000
70007	Chemicals	\$0	\$155,300	\$0	\$0	\$155,300
70008	Communications	\$6,000	\$0	\$0	\$0	\$6,000
70011	Company Supervision	\$4,000	\$13,900	\$15,000	\$0	\$32,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	10	\$2,000
70017	Contract Labor	\$60,000	\$0	\$42,500	\$0	\$102,500
70019	Contract Rigs - Daywork	\$572,000	\$100	\$20,000	\$0	\$592,100
70021	Contract Supervision	\$72,000	\$79,600	\$15,000	\$0	\$166,600
70022	Directional Drilling	\$215,000	\$0	\$0	#0	\$215,000
70025	Drilling Fluids	\$245,000	\$0	\$0	#0	\$245,000
70026	Electrical Contract	\$0	\$0	\$5,000	\$0	\$5,000
70031	Equipment Rental	\$138,000	\$32,300	\$15,000	\$0	\$185,300
70034	Formation and Well Stimulation	\$0	\$723,100	\$0	\$0	\$723,100
70035	Formation Testing	#0	\$64,100	\$0	#0	\$64,100
70037	Fuel	\$83,000	\$194,800	\$0	\$0	\$277,800
70046	Land and Site Reclamation	\$10,000	\$0	\$0	\$0	\$10,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$15,000
70049	Logging	\$50,000	\$199,500	\$0	\$0	\$249,300
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0181 | Project Name: PALMILLO 26 STATE COM 315H

Date Printed: 3/12/2018 | Page 1 of 2

Acct	Description	Dry Hole	Completion	Equipping	<b>Additional Cost</b>	<b>Total Well Cost</b>
70064	Rig Mobilization	\$62,500	\$0	\$0	\$D	\$62,500
70065	Road and Site Preparation	\$50,000	\$5,600	\$0	\$0	\$55,600
70067	Salt Water Disposal	\$0	\$22,500	\$0	\$0	\$22,500
70069	Coiled Tubing	\$0	\$192,400	\$0	\$0	\$192,400
70074	Trucking and Hauling	\$40,000	\$0	\$25,000	\$0	\$65,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$50,000	\$381,300	\$0	\$0	\$431,300
70078	Wellsite Damages, Loss, Right- of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$212,000	\$0	\$0	\$0	\$212,000
70169	Camp Rentals	\$50,000	\$0	\$0	\$0	\$50,000
70186	Flowback Tester	\$0	\$18,400	\$37,500	\$0	\$55,900
70198	Sand/Proppant	\$0	\$550,700	\$0	\$0	\$550,700
70243	Mud Logging	\$12,000	\$0	\$0	\$0	\$12,000
70255	Drilling Operations Center	\$7,000	\$0	\$0	\$0	\$7,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$22,400	\$0	\$0	\$22,400
70289	Frac Plugs	\$0	\$25,700	\$0	\$0	\$25,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$5,000	\$0	\$0	\$0	\$5,000
otal Inter	ngible Development Costs	\$2,396,000	\$2,760,400	\$175,000	\$0	\$5,331,400

	The second secon	Tangible Dev	elopment Costs	to the additional date of some state of the		The same and the same of the s
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	<b>Total Wall Cost</b>
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	<b>\$0</b>	\$0	\$165,000	\$0	\$165,000
71019	Intermediate Casing	\$255,000	\$0	\$0	\$0	\$255,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$190,000	\$0	\$0	#0	\$190,000
71050	Surface Casing	\$15,000	\$D	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$90,000	\$0	\$90,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
total Tang	ible Materials Cost	\$530,000	\$3,300	\$353,000	80	\$886,300

Description	Dry Hole	Completion	Equipping	Additional Cost	TotalWellCost
Sub-Total Intangible Material Costs	\$2,396,000	\$2,760,400	\$175,000	\$0	\$5,331,400
Sub-Total Tangible Material Costs	\$530,000	\$3,300	\$353,000	\$0	\$886,300
Grand Total	\$2,926,000	\$2,763,700	\$528,000	\$0	\$6,217,70
Less Outside Interests	\$1,441,157	\$1,361,218	\$260,058	\$0	\$3,062,43
Total Net Costs	\$1,484,843	\$1,402,482	\$267,942	\$0	\$3,155,26

No Approvers for this Project

(	Company	Working Interest %	Costs	Approve By	Date
California Company	Gross		1		
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#### **AFE Summary**

	11-18-018	9	PROJE NAME	CT	PALMILLO	26 STATE	COM 316H	119 140 × 160		
PROPERTY #	pending1	-	PERATO	R	Apache Corp			SQUARE BARANCOOK, Who by Silly Miller I is a direct set		
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SUNTY/STATE	E EDDY / NEW MEX	TART IBPART A ANDRE	DISTRICT	****	NW DISTRICT	API #				
in special my system.	The second secon	-		TELD NAM	E ]	30A #		more species an group year delign to and		
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EGAL DESCRIP	TTON		-		and were the state		Editorial and the state of the	15- may year day 550 M		
6-T19S-R28E	Milesaka di di silan salam salam salam salam	and married analysis.	personal de l'apprés de l'appr	AND THE RESERVE OF THE PERSON NAMED IN COLUMN	nesero pero ter i	e traine ris un tribunistic	and the second second second	Empelie Ayroma desett sp		
		***	,					and the late		
PROJECTS	r, by sales langue the stee.	e y a te brokets				-				
Гуре	AFE #	WI 9	%	Objective	and the same of th	Descrip				
Drilling	11-18-0182-DH	50.74	46530	3rd Bone S	oring Sand	8 17-1/2 H-40 STO Orill a 12 Intermed cement j landing and ceme CYP-110	" hole to 400' with 1 C casing and cemen -1/4" hole to 8200' liate casing and cem ob. Driff 8-3/4" cun -9000' MD. Driff 8-1 ent 5-1/2" 17# CYP	3rd Bone Spring Send, Pr spudder rig. Run 13-3/8"; t to suface. Move in big r Run 1-5/8" 40# HiCL-80 jent to surface with 2 stag- re from KOP ~6300" to /2" lateral to ~13450. Ru ~110 GB-CD x 5-1/2" 17# ted Spud to Rig Release 2 /day rig rate.		
Completion	11-18-0182-CP	50.74	46530	Bone Spring	A COMPTRA STREET, STANSON OF		24 Stage P&P complete 4300 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.5 \$/bbl.			
Equipping	11-18-0182-EQ	50.74	46530	Instell artifi	cial lift	horizonta requeste flowlines battery a wellhead	al well in the Palmille d will be used to pur and gas injection li- and from the compre	o equip and produce a o development. The funds rchase and install produce ne from wellhead to the essor discharge to the ction flowlines and gas		
		-	100 PM				for two weeks, we	lihead automation, and		
		Average a second				flow back	for two weeks, we			
	Manual States St	Annual Services	greye warmen		alopment Costs	flow back production	k for two weeks, we on tree.	lihead automation, and		
Acct 65506	Description Drilling/Percentage	Augustaine Secretaristical and Augustaine de Leannis de	greye warmen	ngible Dev	alopment Costs Completion	flow back	on tree.  Additional Cost	Total Well Cost		
65506	Drilling/Percentage Development Overhead	Augustine State of St	greye warmen	#10,000	Completion \$0	flow back producted Equipping	Additional Cost	Total Well Cost		
65506 70003	Drilling/Percentage Development Overhead Bits Coreheads and Rea	Appropriate of the second of t	greye warmen	#10,000 \$80,000	Completion \$0 \$3,800	flow back production Equipping \$0	Additional Cost	Total Well Cost \$10,000		
65506	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing	mer	Dry	#10,000	Completion \$0	flow back producted Equipping	Additional Cost	Total Well Cost \$10,000 \$40,000		
65506 70003 70004 70006	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services	Account application of the second account of	Dry	\$10,000 \$80,000 \$40,000 \$247,000	\$0 \$3,800 \$0 \$0 \$0 \$0	Figure 1 Fig	Additional Cost \$0 \$0 \$0	Total Well Cost \$10,000 \$53,800 \$40,000 \$247,000		
65506 70003 70004 70006	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Craws Cement and Cementing Services Chamicals	Accorded Service Confedence on the Confedence on	Dry	\$10,000 \$10,000 \$80,000 \$40,000 \$247,000	\$0 \$3,800 \$0 \$0 \$0 \$155,300	now back producted Equipping \$0 \$0 \$0	Additional Cost  \$0  \$0  \$0  \$0	Tetal Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300		
70003 70004 70006 70007 70008	Drilling/Percentage Development Overhead Bits Coreheads and Rea. Casing Craws Cement and Cementing Services Chamicals Communications	Accorded Services and Accorded Print	Dry	#80,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000	\$0 \$3,800 \$0 \$0 \$0 \$0 \$155,300 \$0	Figure 1 for the second	Additional Cost  \$0 \$0 \$0 \$0 \$0 \$0	Total Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$6,000		
70003 70004 70006 70007 70008 70011	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision	According to the control of the cont	Dry	\$80,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000	\$3,800 \$3,800 \$0 \$0 \$0 \$155,300 \$0 \$13,900	Figure production from the second production fro	Additional Cost  \$0 \$0 \$0 \$0 \$0 \$0 \$0	Total Well Cost \$10,000 \$33,800 \$40,000 \$247,000 \$55,300 \$6,000 \$32,900		
70003 70004 70006 70007 70008 70011 70012	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or	According to the control of the cont	Dry	\$10,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000	\$0 \$3,800 \$0 \$0 \$0 \$0 \$155,300 \$0 \$113,900 \$1,000	Figure 1 for the state of the s	Additional Cost  SO	Total Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$40,000 \$2,000 \$2,000 \$32,900		
70003 70004 70006 70007 70008 70011 70012 70017	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor	parapra parapra be run bibliotribil or mat skalendari parapra	Dry	\$10,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000 \$1,000 \$60,000	\$0 \$3,800 \$0 \$0 \$0 \$155,300 \$12,900 \$1,000 \$0	Now back   Production   Produ	Additional Cost  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$	Tetal Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$6,000 \$32,900 \$2,000 \$102,500		
70003 70004 70006 70007 70008 70011 70012 70017 70019	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Craws Cement and Cementing Services Chamicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork	parapra parapra be run bibliotribil or mat skalendari parapra	Dry	#80,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000 \$1,000 \$60,000 \$61,8,000	\$0 \$3,800 \$0 \$0 \$155,300 \$13,900 \$13,900 \$1,000 \$0 \$1,000	### ##################################	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Tetal Well Cost \$10,000 \$83,800 \$40,000 \$155,300 \$6,000 \$32,900 \$2,000 \$102,500 \$638,100		
70003 70004 70006 70007 70008 70001 70012 70017 70019 70021	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chamicals Communications Company Supervision Company Vehicle end/or Contract Labor Contract Rigs - Daywork Contract Supervision	parapra parapra be run bibliotribil or mat skalendari parapra	Dry Park	#80,000 \$40,000 \$40,000 \$40,000 \$247,000 \$6,000 \$4,000 \$1,000 \$618,000 \$78,000	\$0 \$3,800 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	### ##################################	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Total Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$6,000 \$32,900 \$102,500 \$638,100 \$172,600		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chamicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling	parapra parapra be run bibliotribil or mat skalendari parapra	Dry	#80,000 \$40,000 \$40,000 \$247,000 \$6,000 \$4,000 \$4,000 \$618,000 \$78,000 \$215,000	\$0 \$3,800 \$0 \$0 \$155,300 \$0 \$1155,300 \$0 \$11,000 \$0 \$11,000 \$0 \$11,000 \$0 \$11,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	### ##################################	Additional Cost  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$	Tetal Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$6,000 \$32,900 \$102,500 \$638,100 \$172,500 \$215,000		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70022 70025	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chamicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids	parapra parapra be run bibliotribil or mat skalendari parapra	Dry	#80,000 \$40,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000 \$618,000 \$78,000 \$215,000 \$215,000	\$0 \$3,800 \$0 \$0 \$155,300 \$0 \$13,000 \$1,000 \$1,000 \$79,600 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	### Review   Figure	Additional Cost  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$	Total Well Cost \$10,000 \$83,800 \$40,000 \$247,000 \$32,900 \$2,000 \$102,500 \$638,100 \$172,600 \$225,000 \$225,000		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70022 70025 70026	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids Electrical Contract	parapra parapra be run bibliotribil or mat skalendari parapra	Dry	#86,000 \$40,000 \$40,000 \$247,000 \$6,000 \$4,000 \$1,000 \$1,000 \$618,000 \$215,000 \$2250,000	Completion \$0 \$3,800 \$0 \$155,300 \$115,300 \$11,900 \$1,000 \$0 \$1,000 \$0 \$1,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	### Revision   ### Re	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Tetal Well Cost \$1.0,000 \$83,800 \$40,000 \$155,300 \$6,000 \$32,900 \$102,500 \$638,100 \$172,600 \$250,000 \$250,000 \$250,000 \$250,000 \$250,000		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70025 70026 70031	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental	r Book	Dry	#80,000 \$40,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000 \$618,000 \$78,000 \$215,000 \$215,000	\$0 \$3,800 \$0 \$0 \$155,300 \$115,900 \$1,000 \$1,000 \$2,000 \$2,000 \$0 \$1,000	### Representation	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Tetal Well Cost \$1.0,000 \$83,800 \$40,000 \$155,300 \$4,000 \$32,900 \$2,000 \$102,500 \$638,100 \$172,600 \$250,000 \$250,000 \$250,000 \$250,000 \$187,300		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70022 70025 70026	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids Electrical Contract	r Book	Dry	#86,000 \$40,000 \$40,000 \$247,000 \$6,000 \$4,000 \$1,000 \$60,000 \$1,000 \$215,000 \$215,000 \$2250,000	Completion \$0 \$3,800 \$0 \$155,300 \$115,300 \$11,900 \$1,000 \$0 \$1,000 \$0 \$1,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	### Repuise   Figure   Figure	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Tetal Well Cost \$1.0,000 \$83,800 \$40,000 \$155,300 \$4,000 \$32,900 \$2,000 \$102,500 \$638,100 \$172,600 \$250,000 \$250,000 \$250,000 \$250,000 \$187,300		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70025 70026 70031	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental	r Book	Dry	Holm \$10,000 \$80,000 \$40,000 \$247,000 \$0,000 \$1,000 \$60,000 \$1,000 \$215,000 \$215,000 \$215,000 \$215,000	\$0 \$3,800 \$0 \$0 \$155,300 \$115,900 \$1,000 \$1,000 \$2,000 \$2,000 \$0 \$1,000	### Representation	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Tetal Well Cost \$10,000 \$83,800 \$40,000 \$155,300 \$5,000 \$102,500 \$638,100 \$172,600 \$215,000 \$217,600 \$215,000 \$225,000 \$217,000 \$		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70022 70025 70026 70031	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chamicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Labor Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental Formation and Well Stin	r Book	Dry	Holm \$10,000 \$80,000 \$40,000 \$247,000 \$0 \$6,000 \$1,000 \$1,000 \$1,000 \$215,000 \$250,000 \$250,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$3,800 \$0 \$0 \$155,300 \$155,300 \$1,000 \$1,000 \$1,000 \$79,600 \$0 \$1,000 \$79,600 \$0 \$1,000 \$0 \$1,000	### Repuise   Figure   Figure	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Total Well Cost \$10,000 \$83,800 \$40,000 \$155,300 \$6,000 \$22,000 \$172,500 \$638,100 \$172,600 \$250,000 \$250,000 \$250,000 \$250,000 \$187,300 \$723,100 \$64,100		
70003 70004 70006 70007 70008 70011 70012 70017 70021 70021 70025 70026 70031 70034 70035	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Craws Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental Formation and Well Stin Formation Testing	F Bodili	Dry	#80,000 \$40,000 \$40,000 \$247,000 \$6,000 \$4,000 \$4,000 \$1,000 \$78,000 \$215,000 \$250,000 \$140,000 \$0 \$0	\$0 \$3,800 \$0 \$0 \$155,300 \$13,900 \$1,000 \$1,000 \$70,600 \$0 \$1,000 \$70,600 \$0 \$1,000 \$1,	### ##################################	Additional Cost \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Total Well Cost \$10,000 \$10,000 \$40,000 \$447,000 \$155,300 \$6,000 \$32,900 \$32,900 \$102,500 \$250,000 \$25		
70003 70004 70006 70007 70008 70017 70019 70017 70022 70025 70026 70031 70034 70035 70037	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle and/or Contract Labor Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental Formation and Well Stin Formation Testing Fuel Land and Site Reciemati	F Bodili	Dry	#80,000 \$40,000 \$40,000 \$247,000 \$0 \$6,000 \$4,000 \$1,000 \$618,000 \$78,000 \$215,000 \$2250,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Completion \$0  \$3,800  \$0  \$0  \$1,55,300  \$13,900  \$1,000  \$1,000  \$70,600  \$0  \$1,000  \$70,500  \$1,00	### ##################################	Additional Cost  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$	Total Well Cost \$10,000 \$40,000 \$447,000 \$155,300 \$6,000 \$102,500 \$215,000 \$215,000 \$250,000 \$107,300 \$723,100 \$64,100 \$284,800 \$10,000		
70003 70004 70006 70007 70008 70011 70012 70017 70019 70021 70025 70025 70031 70034 70035 70037	Drilling/Percentage Development Overhead Bits Coreheads and Rea Casing Crews Cement and Cementing Services Chemicals Communications Company Supervision Company Vehicle end/or Contract Labor Contract Rigs - Daywork Contract Supervision Directional Drilling Drilling Fluids Electrical Contract Equipment Rental Formation and Well Stin Formation Testing Fuel	F Bodili	Dry	#Bolin	Completion \$0  \$3,800  \$0  \$1,800  \$0  \$155,300  \$0  \$13,900  \$1,000  \$0  \$1,000  \$0  \$0  \$0  \$79,600  \$0  \$0  \$1,000  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0	#15,000 \$15,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Additional Cost  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$0  \$	Total Wall Cost \$10,000 \$83,800 \$40,000 \$247,000 \$155,300 \$2,000 \$102,500 \$538,100 \$215,000 \$225,000		

AFE#: 11-18-0182 | Project Name: PALMILLO 26 STATE COM 316H

Date Printed: 3/12/2018 | Page 1 of 2

NAME:	w many branch and collection	to It william applies of months for the last	velopment Costs		a deltala and discol	m.a. 1 147-11 m 1
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Tetai Wali Cost
70064	Rig Mobilization	\$62,500	\$0	\$0	\$0	\$62,500
70065	Road and Site Preparation	\$50,000	\$5,600	\$0	\$0	\$55,600
70067	Salt Water Disposal	\$D;	\$22,500	\$0	\$0	\$22,500
70069	Coiled Tubing	\$0	\$192,400	\$0	\$0	\$192,400
70074	Trucking and Hauling	\$40,000	\$0	\$25,000	\$0	\$65,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$50,000	\$381,300	\$0	\$0	\$431,300
70078	Wellsite Dameges, Loss, Right- of-Way	\$5,000	\$0	\$0	\$0	\$5,000
70116	Containment Disposal Expense	\$212,000	\$0	\$0	#0	\$212,000
70169	Camp Rentals	\$50,000	\$0	<b>\$</b> D	\$0	\$50,000
70186	Flowback Tester	\$0	\$18,400	\$37,500	40	\$55,900
70198	Sand/Proppant	\$0	\$550,700	\$0	\$0	\$550,700
70243	Mud Logging	\$12,000	\$0,	\$0.	\$0	\$12,000
70255	Drilling Operations Center	\$7,500	\$0	\$0	\$0	\$7,500
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$22,400	\$0	\$0	\$22,400
70289	Frac Plugs	\$0	\$25,700	\$0	\$0	\$25,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	#0	\$46,100
70529	Safety Case	\$5,000	\$0	\$0	\$0	\$5,000
ubtotal Inter	agible Development Costs	\$2,463,000	\$2,760,400	\$175,000	20	\$5,398,400

Anak	Donald Comment	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Acct	Description			AND THE REAL PROPERTY AND ADDRESS OF THE		
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Unes	\$0	\$0	\$165,000	\$0	\$165,000
71019	Intermediate Casing	\$255,000	\$0	\$0	\$0	\$255,000
71032	Other Subsurface Equipment	\$35,000	\$0	\$18,000	\$0	\$53,000
71034	Personnel Safety Systems	\$0	\$3,300	\$0	\$0	\$3,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$0	\$15,000
71040	Production Casing	\$190,000	40	\$0	\$0	\$190,000
71050	Surface Casing	\$15,000	\$0	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$90,000	\$0	\$90,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
otal Tang	ible Materials Cost	\$530,000	\$3,300	\$353,000	\$0	\$886,300

Description	Dry Hole	Completion	Equipping	<b>Additional Cost</b>	TotalWellCost
Sub-Total Intangible Material Costs	\$3,463,000	\$2,760,400	\$175,000	\$0	\$5,398,400
Sub-Total Tangible Material Costs	\$530,000	\$3,300	\$353,000	\$0	\$886,300
Grand Total	\$2,993,000	\$2,763,700	\$528,000	\$0	\$6,284,700
Less Outside Interests	\$1,474,156	\$1,361,218	\$260,058	\$0	\$3,095,433
Total Net Costs	\$1,518,844	\$1,402,482	\$267,942	. \$0	\$3,189,267

No Approvers for this Project

	Company	Working Interest %	Costs	Approve By	Date
-	Gross			total w	
mments					



#### **AFE Project Summary**

AFE #	11-18-01	83 PRO	DJECT ME	PALMILLO	26 BATTERY		tading as trenden data. Autom
PROPERTY #	pending1	OPE	ATOR	Apache Corp	Secretarian and American		andpring organic representation and
shipping approximation and	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -				PRODUCT OF PRODUCT OF A		
		service and residence	E NUMBERS		state reliables and adjustment. The amountainment is	The second secon	o metalos festi
PROSPECT NA	ME ARTESIA	PROS	SPECT #	NH3001			getween pattern angress
COUNTY/STAT	TE EDOY / NEW M	EXICO DIST	DICT	NW DISTRICT	APIO		courts their influence areas and
	The state of the s		HE FIELD		TOWN THE PROPERTY OF THE PERSON OF		officery officers / American
	t iii	NAMI			30A #	4	
		FOCU	IS AREA				
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OBJECTIVE	Build Production	n Facility	AND AND SOUTH SOUTH 7 IN THE	contractor and tracement reports	and the section in the section of		a Grande code que
LEGAL DESCRI	EPTION	water receipted	distribution and in the case	eng com combinate probleman madely	num retre symptom rates a selectival about	salara mere lamananan	and the same of th
PROJECTS				-			
Туре	AFE	WI %	Description	to be seen to the same	reportant value and star shoul star	A. — — Alphoratomical — spherotopis	the desired of the same of the
Production Facility.	11-10-0183	50.746530	bbl skim tani pumps, wate	k, 1 heater treater, (	e Paimilio 26. Facility w 5-6'x16' testers, gas scr as lift compression. Flov ing AFE's.	ubber, flere, VRU, LA	CT unit, transfer
The sales of the sales and the	66-80 T 7-77 2 Re	or	Intangil	ole Development C	leets	Service of the second distance and the facilities and the second of the	
ACCT		remarks of the second	cription		Budget	Additional Cost	Total Well Cos
70011	Company Supervi	Arrest A		- Annight designs the first an expense to the design where there	\$25,000	\$0	\$25,00
70012	Company Vehicle	and/or Boat	-	674.0950	\$5,000	\$0	\$5,00
70016	Construction	deset		070 c 90-00	\$645,000	\$0	\$646,00
70026	Electrical Contract	mark or a unity) reporting		and chante	\$20,000	\$0	
70027	Engineering Desig				\$10,000	\$0	\$10,00
70030	Environmental/Sa	THE RESERVE AND ADDRESS.	non	other register. The opening	\$5,000	\$0	\$5,00
70031	Equipment Rental	- / N . 4 NW	per description de	ann assertion in the special	\$30,000 \$35,000	\$0	\$30,00
70067	Road and Site Pre	Marine States 110 Aug			\$30,000	\$0 \$0	\$35,00
70078	Wellsite Damages	NAME OF STREET PARTY PROPERTY AND	-d-Way	~ 4 *	\$10,000	\$0	\$10,00
70091	Compressor Renta	- Angle of the state of the sta	The same of the sa	- *** *	\$110,000	\$0	\$110,00
70121	Automation			Note that a excitate your state	\$25,000	\$0	\$25,00
	. Start	to the fundamental of		ore philosophic rick for the same.			-
	Sub-Total Inten	gible Costs		- Mrs. A +PRI	\$951,000	. 40	\$951,00
dele se despeso see			7 week 1987au 17 mar	e Development Co	- Anthonorman - Anthonorman	- Appropriate to the special of	TO THE VENE P AND
ACCT		Des	cription		Budget	Additional Cost	Total Well Cost
71018	Instrumentation	serve) specific			\$180,000	\$0	\$180,00
71026	Electrical Materials		wa -	** ** **	\$45,000	\$0	\$45,00
71027	Measurement or M	THE PERSON NAMED IN	ment	system shi angen	\$170,000	\$0	\$170,00
71033	Other Surface Equ	CARLES INTO THE PARTY OF THE PA			\$75,000	\$0	\$75,00
71036	Pipe, Valves, Fittin	igs and Anode	5	- tot 100 - 4 -	\$495,000	\$0	\$495,00
71043	Pumps	******	ole 40 times		\$50,000	\$0	\$50,00
71046	Separators	w territories contrate and	300		\$360,000	\$0	\$360,00
71051	Tanks	and a district	ragio		\$280,000	*0	\$280,00
71052	Treaters				\$60,000	\$0	\$60,000
	Sub-Total Tangil	ble Material (	Costs		\$1,715,000	#0	\$1,715,000

Description	Budget	Additional Cost	Total Well Cost
Intangible Costs	\$951,000	\$0	\$951,000
Tangible Costs	\$1,715,000	\$0	\$1,715,000
Grand Total	\$2,666,000	\$0	\$2,666,000

AFE#: 11-18-0183 | Project Name: PALMILLO 26 BATTERY

Date Printed: 3/12/2018 | Page 1 of 2

Less Outside Interests	\$1,313,098	\$0	\$1,313,098
Total Net Costs	\$1,352,902	\$0	\$1,352,902

No Approvers for this Project

	Company	Working Interest	Costs	Approve By	Date
	Gross		90	think fallige to dead we didness. He seems we	Manager and the district of the substantial character of the property of
omments	but the disease of the part of			the state of the s	A to the second

AFE#: 11-18-0183 | Project Name: PALMILLO 26 BATTERY

Date Printed: 3/12/2018 | Page 2 of 2

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

APPLICATION OF APACHE CORPORATION FOR A NON-STANDARD SPACING AND PRORATION UNIT, NON-STANDARD LOCATIONS, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

STATE OF NEW MEXICO

CASE NO. 16142

AFFID	AVIT
-------	------

COUNTY OF BE	ERN	NALILLO	) ss. )							
Jennifer	L.	Bradfute,	attorney	in	fact	and	authorized	representative	of	

Apache Corporation, the Applicant herein, being first duly sworn, upon oath, states that the abovereferenced Application was provided under the notice letter and proof of receipt attached hereto.

SUBSCRIBED AND SWORN to before me this 8th day of May, 2018 by Jennifer L. Bradfute.

My commission expires: 207-209



Notary Public

### Palmillo Application Mailed on 04/27/18

ZPZ Delaware I LLC Attn: West Land Manager 303 Veterans Airpark Lane	7017-2400-0001-1389-3673 5/2/18
Midland, TX 79705 PGP Holdings I LLC Attn: Tina Smith 104 Townpark Drive Kennesaw, GA 30144	7017-2400-0001-1389-4465 5/3/18
Marathon Oil Company/Marathon Oil Permian LLC Attn: Jessica Gorman 5555 San Felipe Street Houston, TX 7756	7017-2400-0001-1389-4472 5/3/18
EOG Resources, Inc. Attn: Wendy Dalton 5509 Champions Drive Midland, TX 79706	7017-2400-0001-1389-4489 05/08/18
Yates Brothers 105 South 4th Street Artesia, NM 88210	7017-2400-0001-1389-4496 5/2/18
Mewbourne Oil Company Attn: Lee Scarborough 500 West Texas, Suite 1020 Midland, Texas 79701	7017-2400-0001-1389-4502 5/2/18
Cimarex Energy Co Attn: Bari Sadler 600 N. Marienfeld St Midland, TX 79701	7017-2400-0001-1389-4519 5/2/18
Colgate Operating, LLC Attn: Taylor Craighead 306 W. Wall Street, Suite 500 Midland, TX 79701	7017-2400-0001-1389-4526 52/18
Chi Energy, Inc. Attn: John Qualls PO Box 1799 Midland, TX 79702	7017-2400-0001-1389-4533 05/10/18
Choctaw Oil Corp Attn: Don Buckalew PO Box 3 Olney, TX 76374	7017-2400-0000-5766-9891 5/3/18
Keating-Martin, LLC Attn: Chip Keating 5815 :N Western Ave Oklahoma City, OK 73116	7017-2400-0000-5766-9907 5/3/18

# Palmillo Application Mailed on 04/27/18

Kennedy Minerals, Ltd	7017-2400-0000-5766-9914	
Attn: Lisa Epperson	5/2/18	
550 W. Texas Ave, Suite 655		
Midland, TX 79701		
LBCA Investments, Inc.	7017-2400-0000-5766-9921	
Attn: Catherine Metcalf	5/8/18	
1827 North Hart Drive		
Orange, CA 92867		
Hayes Revocable Trust	7017-2400-0000-5766-9945	
Attn: Michael Hayes	05/02/18	
3608 Meadowridge Lane	the second of the second second second	
Midland, TX 79707		
Oxy USA WTP, Inc.	7017-2400-0000-5766-9952	
Attn: Lauren Guest	5/7/18	
5 Greenway Plaza, Ste 110	·	
Houston, TX 77046		
The Charles W. Seltzer Trust	7017-2400-0000-5766-9969	
214 W. Texas, Ste 509	05/09/18	
Midland, TX 79701	The second secon	
The Shawna Seltzer Redwine Trust	7017-2400-0000-5766-9976	
4416 San Carlos	5/3/18	
Dallas, TX 75205		
Stephens & Johnson Op Co	7017-2400-0000-5766-9983	
PO Box 2249	5/7/18	
Wichita Falls, TX 76307		
Fasken Oil & Ranch LTD	7017-2400-0000-5766-9204	
Attn: Land Manager	5/7/18	
303 West Wall, Suite 1800	A Property of	
Midland, Texas 79701		
V-F Petroleum	7017-2400-0000-5766-9198	
Attn: Land Manager	05/10/18	
P.O. Box 1889		
Midland, Texas 79702	- EMB	

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### Track Another Package +

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Your item was picked up at the post office at 11:35 am on May 10, 2018 in MIDLAND, TX 79701.

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May 10, 2018 at 11:35 am Delivered, Individual Picked Up at Post Office MIDLAND, TX 79701

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FAQs > (http://faq.usps.com/?articleId=220900)

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Tracking Number: 70172400000057669969

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## **Oblivered**

May 9, 2018 at 3:50 pm Delivered, Individual Picked Up at Post Office MIDLAND, TX 79701

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

FAQs (http://faq.usps.com/?articleId=220900)

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FAQs > (http://faq.usps.com/?articleId=220900)

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## **Oblivered**

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**Expected Delivery on** 

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10 MAY 2018 (

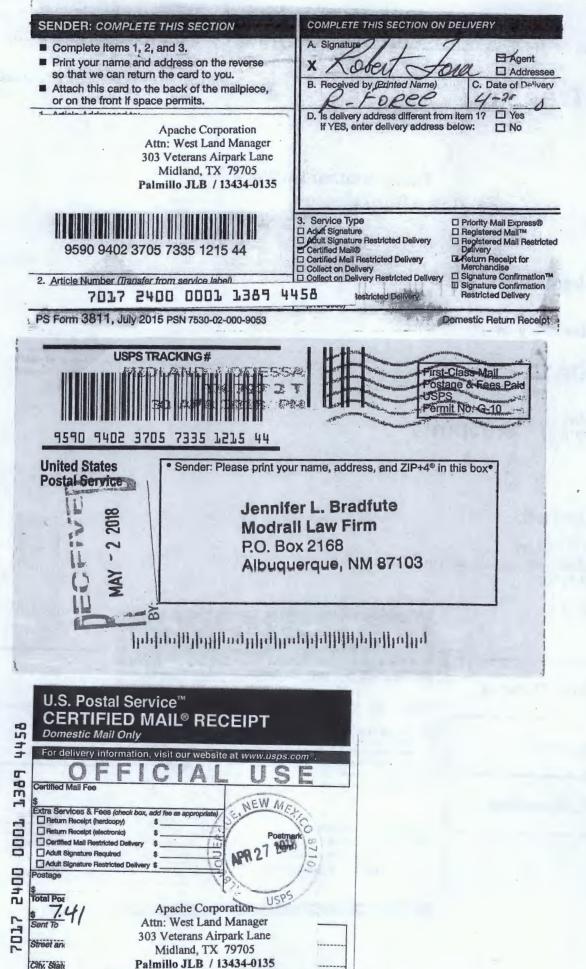
8:00pm ①

## **⊘** Delivered

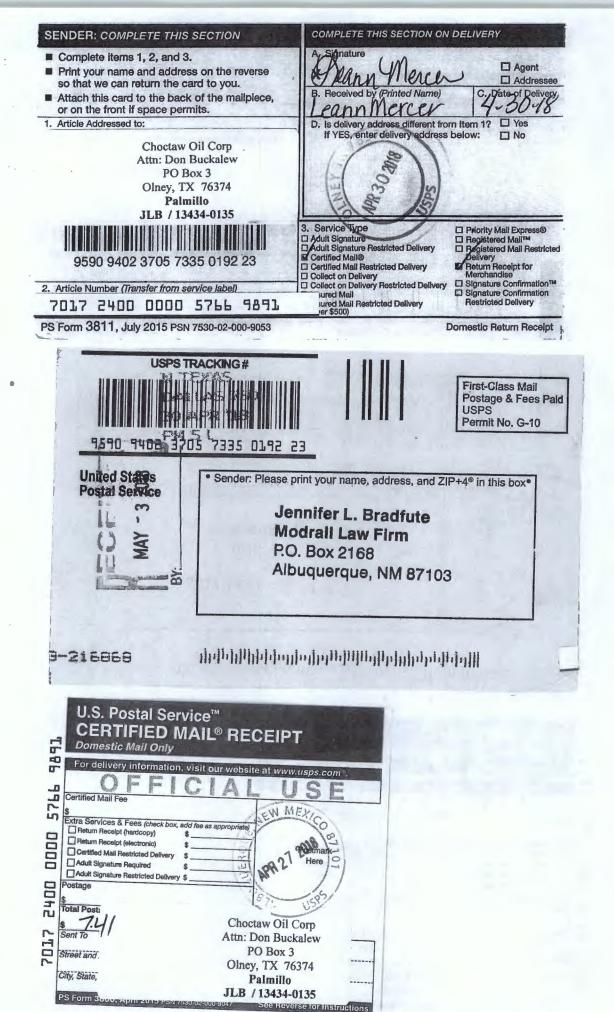
May 10, 2018 at 2:04 pm Delivered, Individual Picked Up at Post Office MIDLAND, TX 79701



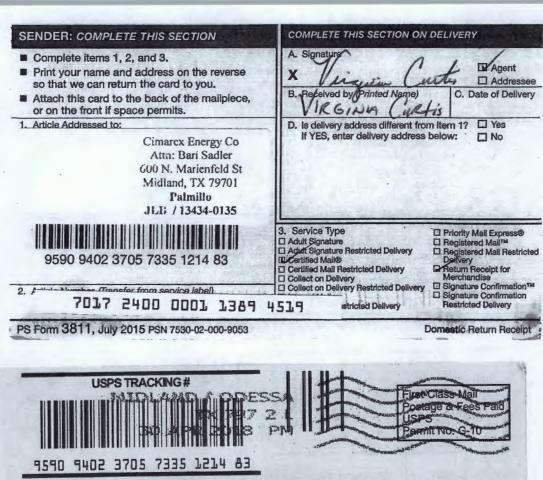
## Can't find what you're looking for?



only, State

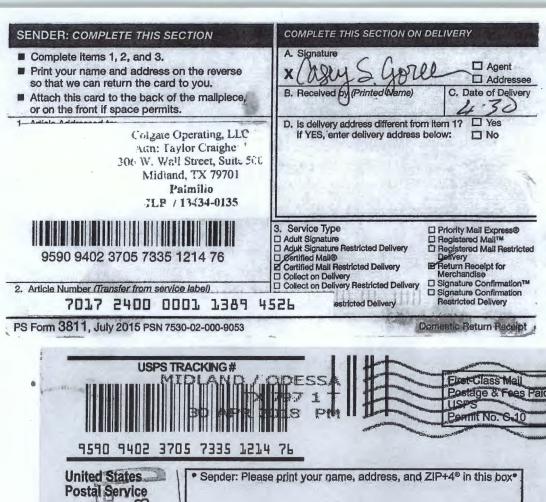


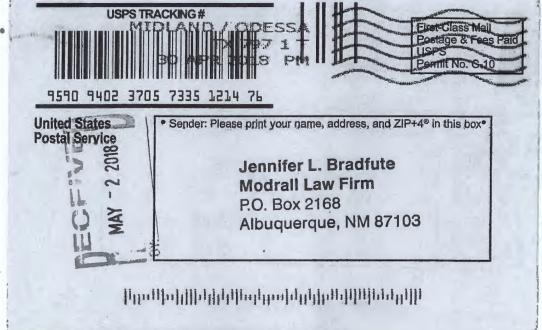
See Reverse for Instructions



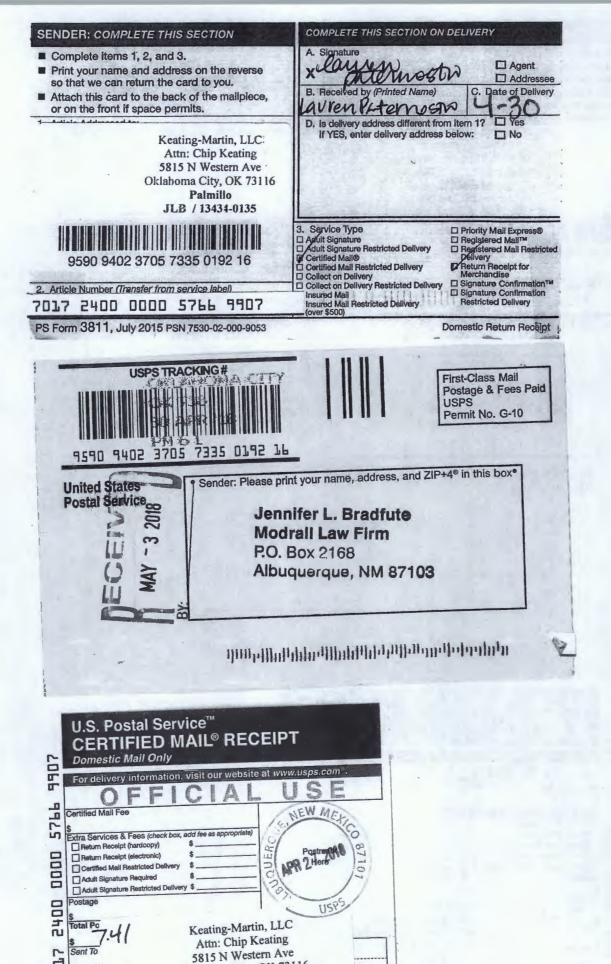












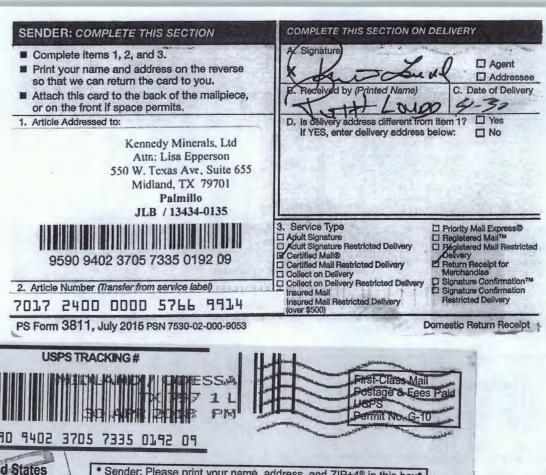
JLB / 13434-0135 See Reverse for Instructions PS Forn

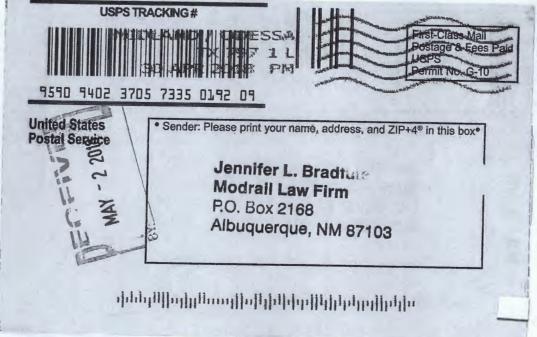
Street ar

City, Sta

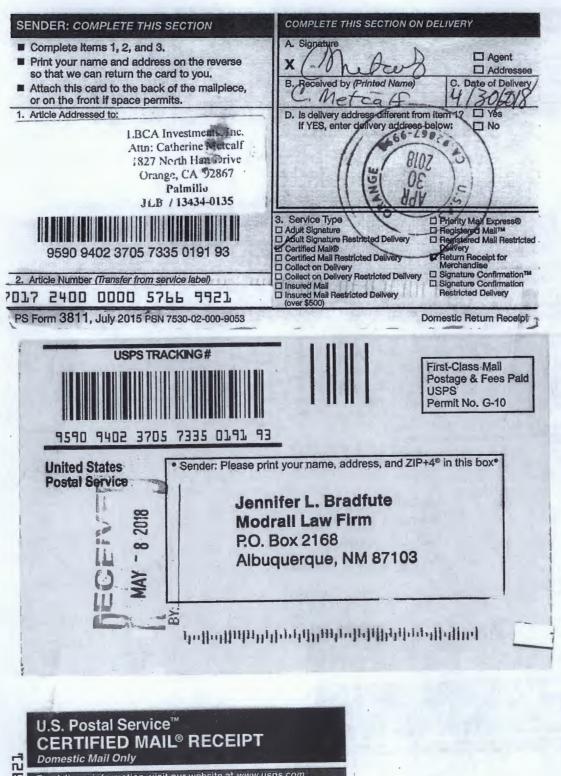
Oklahoma City, OK 73116

Palmillo













Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy)

Return Receipt (electronic)

Certified Mall Restricted Delivery \$

Adult Signature Restricted Delivery \$

Postage

Total

Marathon Oil Company/

Marathon Oil Permian LLC

Attn: Jessica Gorman

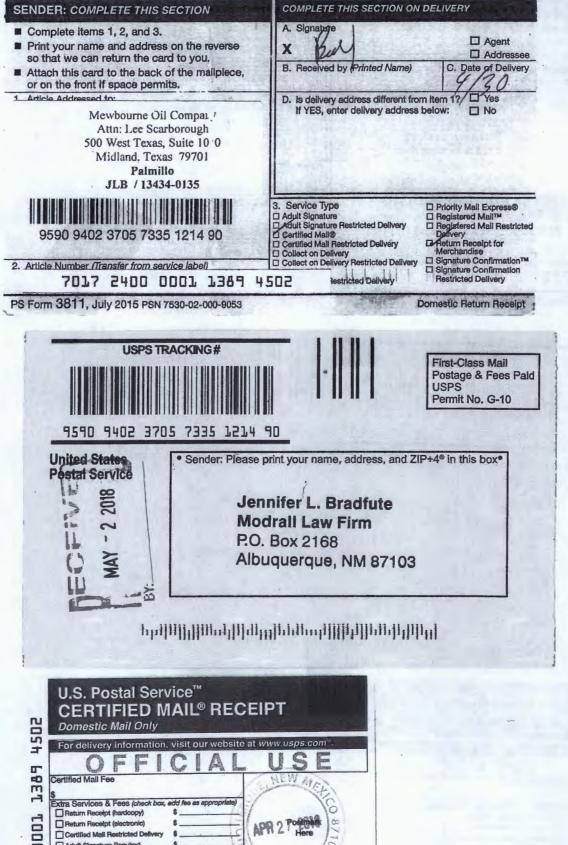
5555 San Felipe Street

Houston, TX 7756

Palmillo JLB / 13434-0135

PS Form 3800, April 2015 PSN 7530-02-000-9047

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| Return Receipt (felectronic)
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Sont To Street and Milland, Texas, Suite 1020

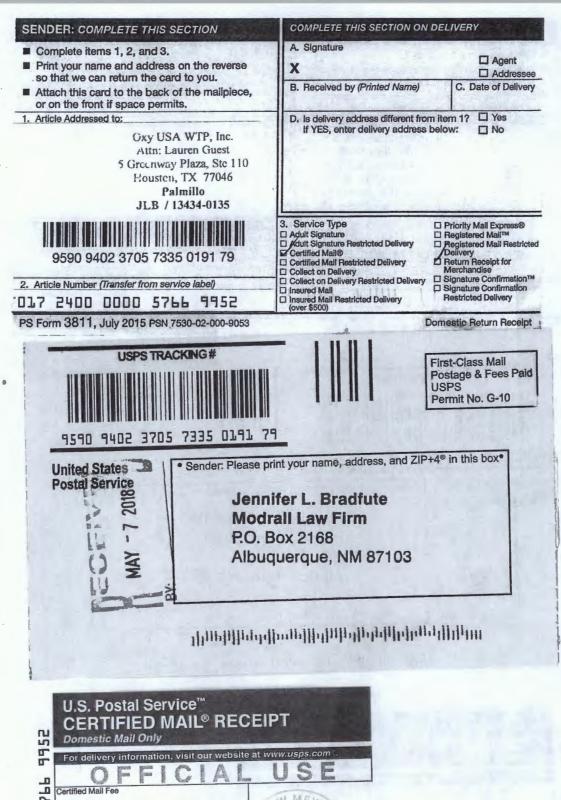
Midland, Texas 79701

Palmillo

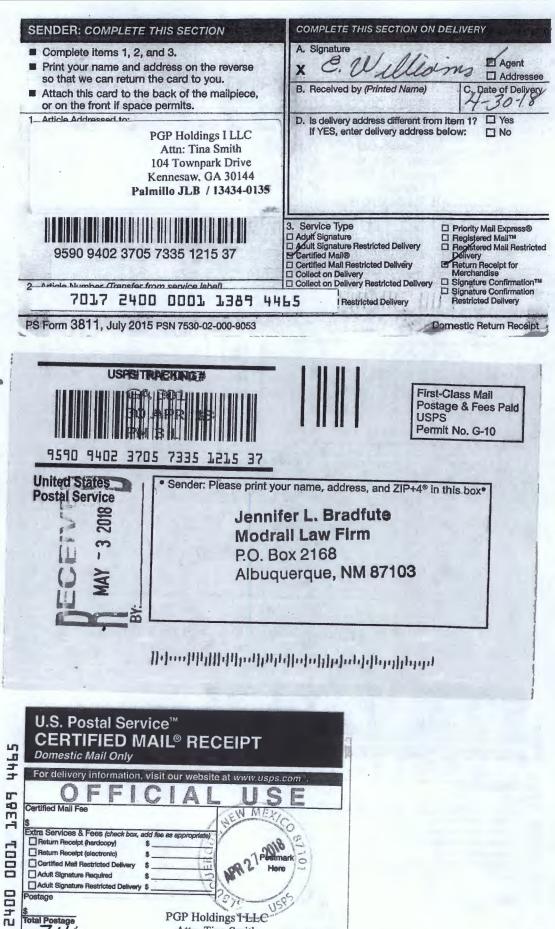
JLB / 13434-0135

PS Form

City, State

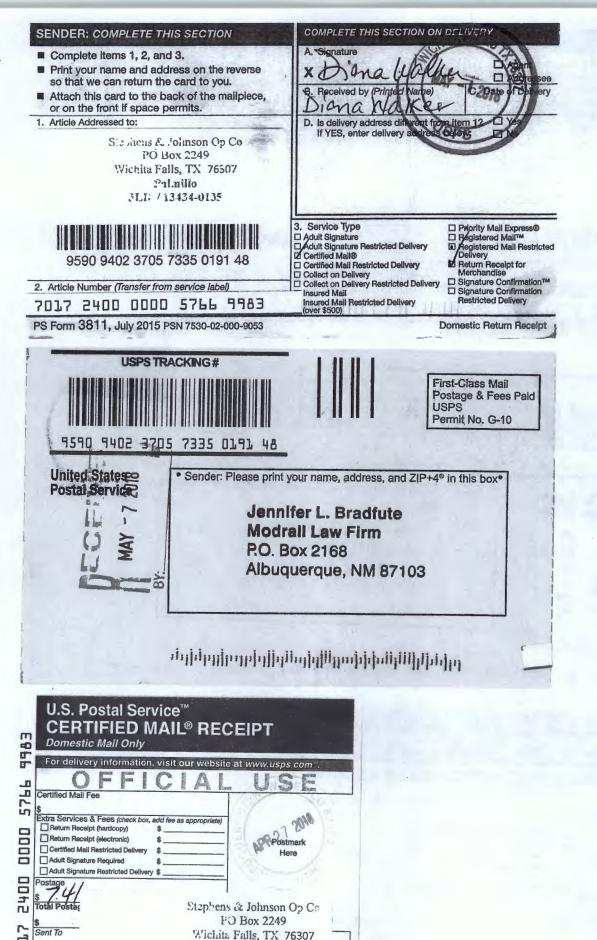






PGP Holdings T-LLC Attn: Tina Smith 104 Townpark Drive Kennesaw, GA 30144 Street and Apt. Palmillo JLB / 13434-0135 City, State, ZIF PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruction

7017



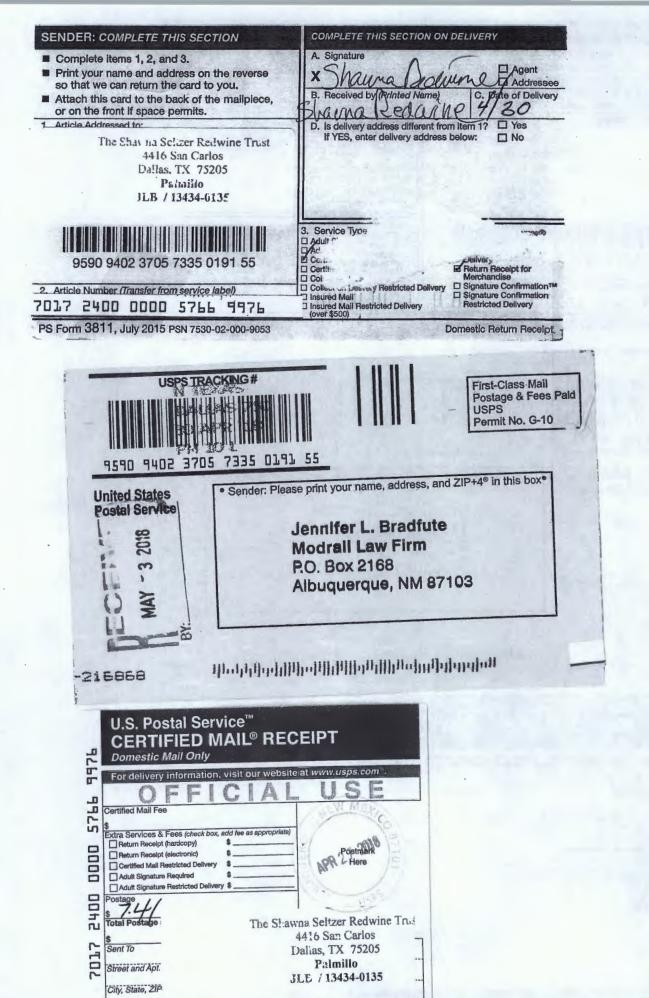
JL73 / 13434-0135
City, State, 2

PS Form 3800, April 2015 PSN 7530-02-000-9047

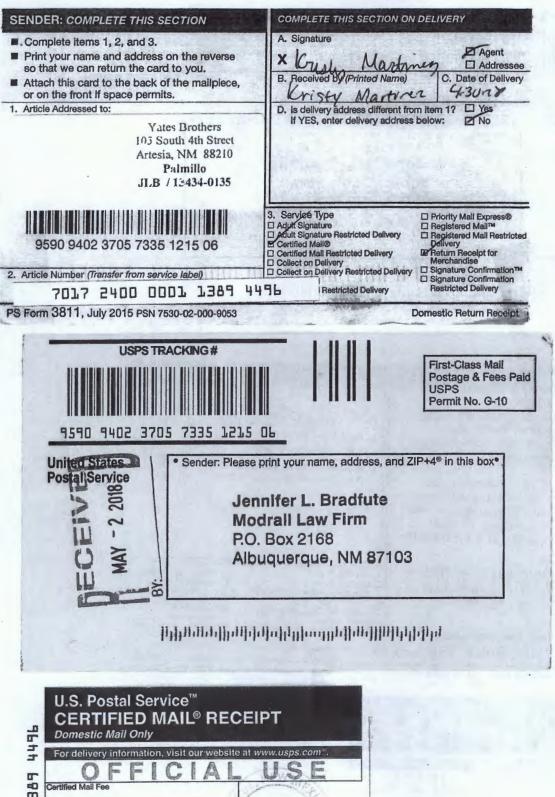
See Reverse for Instruction

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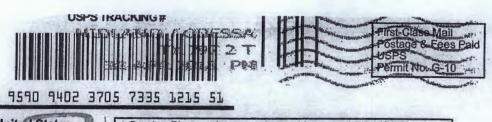
Falmillo



PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions







United States
Postal Service

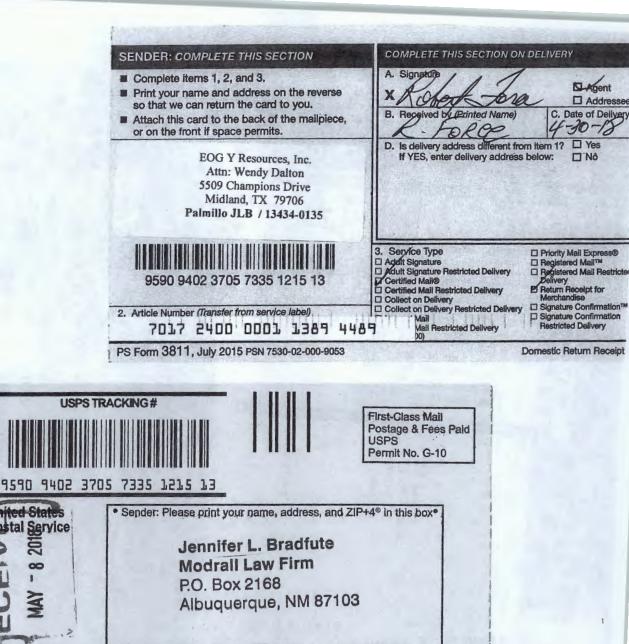
Sender: Please print your name, address, and ZIP+4° in this box°

Jennifer L. Bradfute Modrall Law Firm P.O. Box 2168 Albuquerque, NM 87103

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELI	VERY
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature  X. Overt Total  B. Received by (Printed Name)  L. FORCE	☐ Agent ☐ Addressee C. Date of Delivery ☐ 30 - 18
ZPZ Delaware I LLC Attn: West Land Manager 303 Veterans Airpark Lane Midland, TX 79705	D. Is delivery address different from iten If YES, enter delivery address below	n 1? □ Yes v: □ No
Palmillo JLB / 13434-0135		







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☐ Signature Confirmation

#### Jennifer L. Bradfute

From: Linda Hicks lindah@forl.com>
Sent: Friday, May 11, 2018 10:51 AM

To: Jennifer L. Bradfute

Subject: RE: NMOCD Applications for Apache

\*\*\*

Thank you Jennifer. We will take a look and get with Ashley if we have questions. We have been in our "new" location for five years but sometimes a company will pick up our old address. It happens occasionally. I appreciate your diligence in tracking us down.

Thanks,

Linda Hicks



Linda H. Hicks Fasken Oil and Ranch, Ltd. 6101 Holiday Hill Road Midland, Texas 79707-1631 432-687-1777 432-818-0967 Direct Line 432-687-0669 Fax

From: Jennifer L. Bradfute [mailto:jlb@modrall.com]

Sent: Friday, May 11, 2018 11:45 AM
To: Linda Hicks < lindah@forl.com >
Subject: NMOCD Applications for Apache

Linda,

The attached applications were mailed to Fasken in April and were returned to us as undeliverable. I am the attorney representing Apache in the matters, and obtained your e-mail address from Apache. We wanted to send you an electronic copy of the applications in order to ensure that notification was provided. Fasken is an offset owner in an adjoining spacing unit, and is being notified solely due to its offset ownership. These applications are set for hearing on May 17, 2018 at 8:15 a.m. at the New Mexico Oil Conservation Division in Santa Fe, New Mexico. If you have factual questions related to these applications, the landman at Apache responsible for this area is Ashely St. Pierre. Ashley can be contacted directly at 432-818-1096.

Thank you, Jennifer



Jennifer L. Bradfute Modrall Sperling | <u>www.modrall.com</u> P.O. Box 2168 | Albuquerque, NM 87103-2168 500 4<sup>th</sup> St. NW, Ste. 1000 | Albuquerque, NM 87102 D: 505.848.1845 | O: 505.848.1800 | F: 505.848.1891

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# CURRENT-ARGUS

#### AFFIDAVIT OF PUBLICATION

Ad No. 0001245340

Leslie Morse MODRALL SPERLING BANK OF AMERICA CENTRE 500 4TH ST NW #1000 ALBUQUERQUE NM 87102

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

05/03/18

Subscribed and sworn before me this 3rd of May 2018.

> State of WI, County of Brown NOTARY PUBLIC

My Commission Expires

17 142021

BERGEN GORNOWICH Notary Public State of Wisconsin

Ad#:0001245340 P O: 0001245340 # of Affidavits:0.00 CASENo. 16142: Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I LLC, PGP Holdings I LLC, Marathon Oil Company/Marathon Oil Permian LLC, EOG Resources, Inc., Yates Brothers, Mewbourne Oil Company, Clmarex Energy Co, Colgate Operating, LLC, Chi Energy, Inc., Choctaw Oil Corp, Keating-Martin, LLC, Kennedy Minerals, Ltd, LBCAInvestments, Inc., Hayes Revocable Trust, Oxy USA WTP, Inc., The Charles W. Seltzer Trust, The Shawna Seltzer Redwine Trust, Stephens & Johnson Op Co, Fasken Oil & Ranch LTD, and V-F Petroleum of Apache Corporation's application for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on May 17, 2018, to consider this application. Applicant seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Palmillo 26 State Corn #314H well, to be horizontally drilled. The producing area for the well will be unorthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 13.6 miles

northeast of Carlsbad, New Mexico.

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

APPLICATION OF APACHE CORPORATION FOR A NON-STANDARD SPACING AND PRORATION UNIT, NON-STANDARD LOCATIONS, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16143

#### AFFIDAVIT

STATE OF NEW MEXICO	)	
	) ss.	
COUNTY OF BERNALILLO	)	

Jennifer L. Bradfute, attorney in fact and authorized representative of Apache Corporation, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

SUBSCRIBED AND SWORN to before me this 8th day of May, 2018 by Jennifer L.

Bradfute.

Notary Public

My commission expires: 12-07-2019

OFFICIAL SEAL

Zina Crum

NOTARY PUBLIC

STATE OF NEW MEXICO

My Commission Expires: D-0 120

#### Palmillo Application Mailed on 04/27/18

	1,000
ZPZ Delaware I LLC Attn: West Land Manager 303 Veterans Airpark Lane Midland, TX 79705	7017-2400-0001-1389-3673 5/2/18
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Colgate Operating, LLC Attn: Taylor Craighead 306 W. Wall Street, Suite 500 Midland, TX 79701	7017-2400-0001-1389-4526 52/18
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Keating-Martin, LLC Attn: Chip Keating 5815 :N Western Ave Oklahoma City, OK 73116	7017-2400-0000-5766-9907 5/3/18

# Palmillo Application Mailed on 04/27/18

Mailed on 04	4/27/18
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Midland, TX 79701	
LBCA Investments, Inc.	7017-2400-0000-5766-9921
Attn: Catherine Metcalf	5/8/18
1827 North Hart Drive	
Orange, CA 92867	
Hayes Revocable Trust	7017-2400-0000-5766-9945
Attn: Michael Hayes	05/02/18
3608 Meadowridge Lane	STATE OF STA
Midland, TX 79707	
Oxy USA WTP, Inc.	7017-2400-0000-5766-9952
Attn: Lauren Guest	5/7/18
5 Greenway Plaza, Ste 110	
Houston, TX 77046	
The Charles W. Seltzer Trust	7017-2400-0000-5766-9969
214 W. Texas, Ste 509	05/09/18
Midland, TX 79701	19 - 19 - 19 - 19 - 19 - 19 - 19 - 19 -
The Shawna Seltzer Redwine Trust	7017-2400-0000-5766-9976
4416 San Carlos	5/3/18
Dallas, TX 75205	
Stephens & Johnson Op Co	7017-2400-0000-5766-9983
PO Box 2249	5/7/18
Wichita Falls, TX 76307	
Fasken Oil & Ranch LTD	7017-2400-0000-5766-9204
Attn: Land Manager	5/7/18
303 West Wall, Suite 1800	
Midland, Texas 79701	To the
V-F Petroleum	7017-2400-0000-5766-9198
Attn: Land Manager	05/10/18
P.O. Box 1889	100 6
Midland, Texas 79702	no le la contraction de la con

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## **⊘** Delivered

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## Can't find what you're looking for?

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

FAQs (http://faq.usps.com/?articleId=220900)

ALERT: AS OF APRIL 30, USPS.COM NO LONGER SUPPORTS OUTDATED BROWSERS. TO CO...

# **USPS Tracking®**

FAQs > (http://faq.usps.com/?articleId=220900)

#### Track Another Package +

Tracking Number: 70172400000057669945

Remove X

Your item was delivered to an individual at the address at 2:42 pm on May 2, 2018 in MIDLAND, TX 79707.

#### **O** Delivered

May 2, 2018 at 2:42 pm Delivered, Left with Individual MIDLAND, TX 79707

Get Updates ✓



# Can't find what you're looking for?

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

ALERT: AS OF APRIL 30, USPS.COM NO LONGER SUPPORTS OUTDATED BROWSERS. TO CO...

# **USPS Tracking®**

FAQs > (http://faq.usps.com/?articleId=220900)

#### Track Another Package +

Tracking Number: 70172400000057669198

Remove X

**Expected Delivery on** 

#### **THURSDAY**

10 MAY 2018 (1)

8:00pm ①

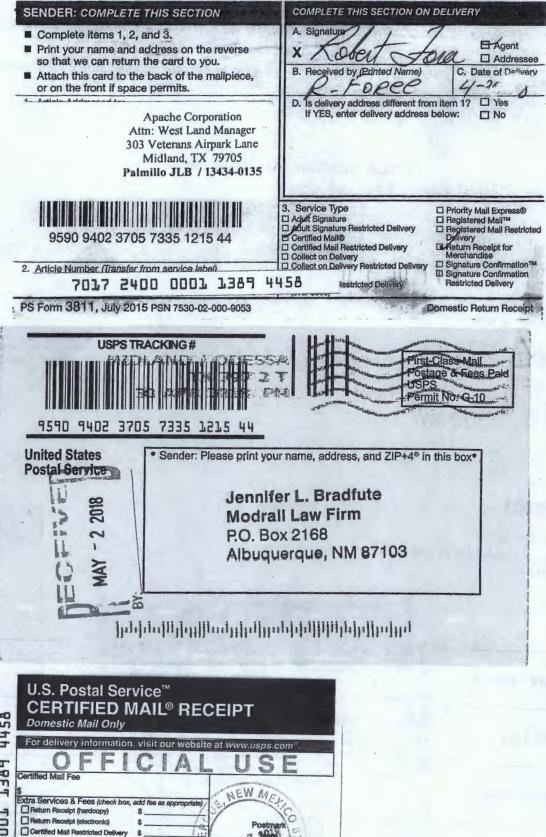
### **⊘** Delivered

May 10, 2018 at 2:04 pm Delivered, Individual Picked Up at Post Office MIDLAND, TX 79701

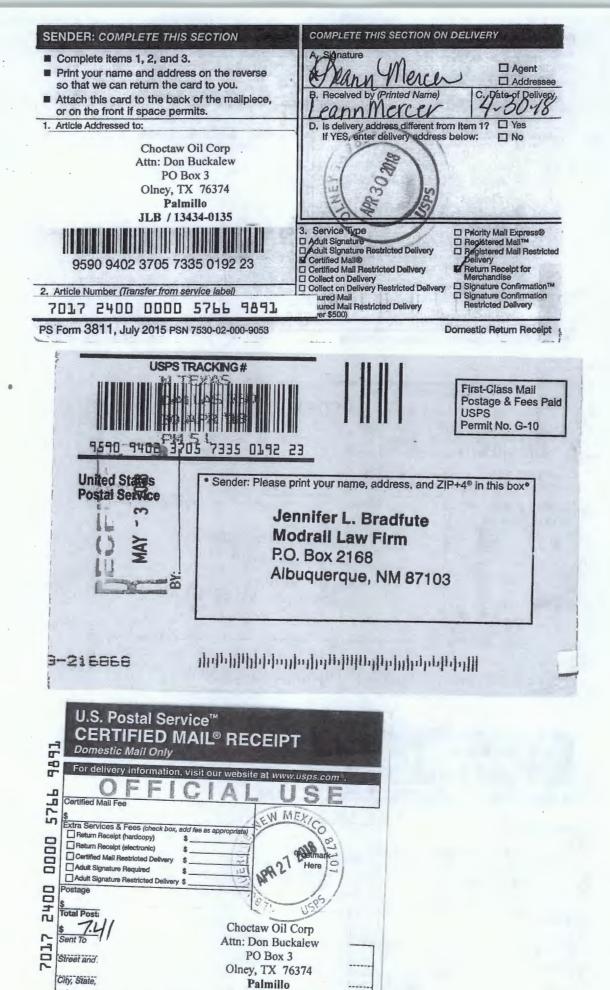
Get Updates V

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only **Text & Email Updates** 576 **Tracking History** Return Receipt (electronic) Certified Mail Restricted D Adult Signature Restricted Delive **Product Information** V-F Petroleum 7.4/ Attn: Land Manager 7.1.07 P.O. Box 1889 Midland, Texas 79702 Palmillo / JLB/13454-0135 PS Form 3800, April 2015 PSN 7530-02-000-9047

# Can't find what you're looking for?

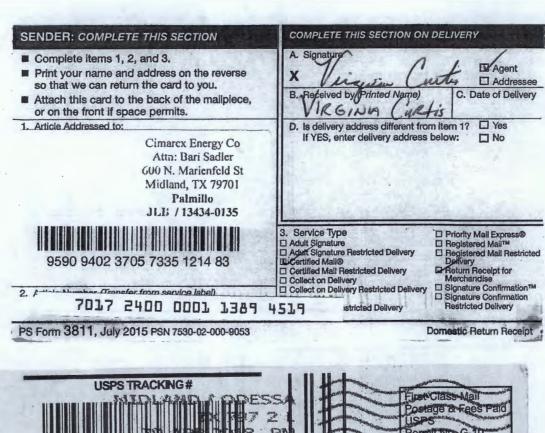






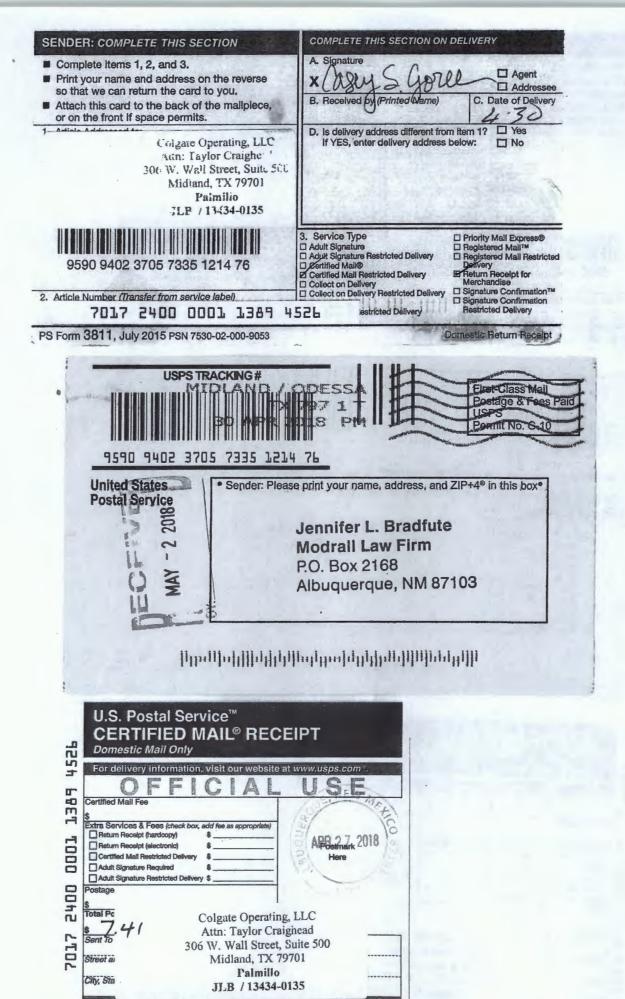
JLB / 13434-0135

See Reverse for Instructions







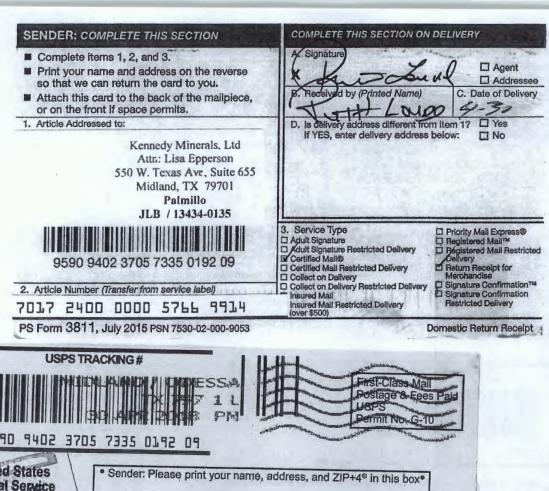


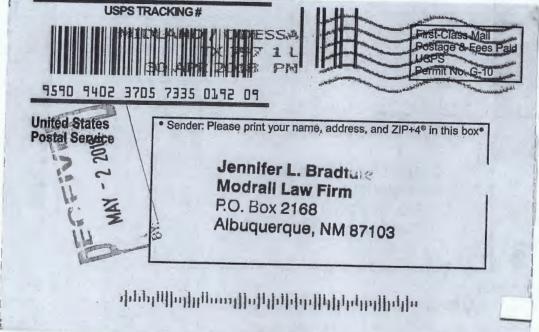


City, Sta

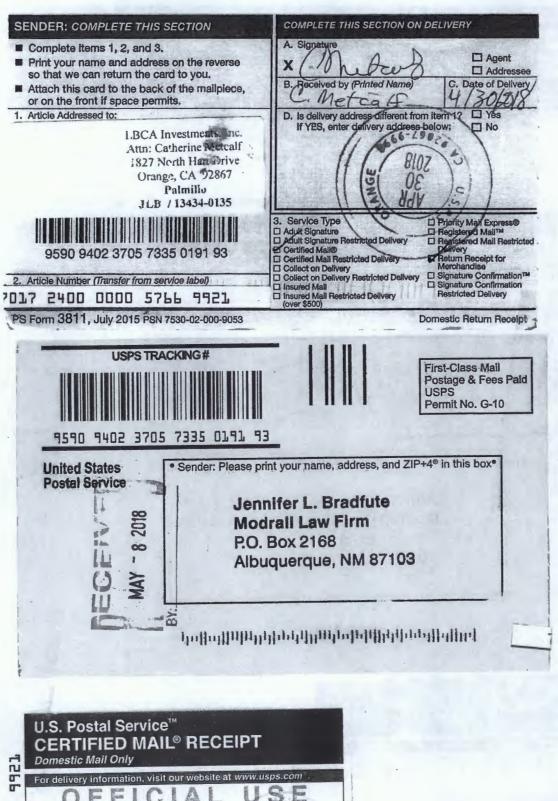
PS Form

JLB / 13434-0135

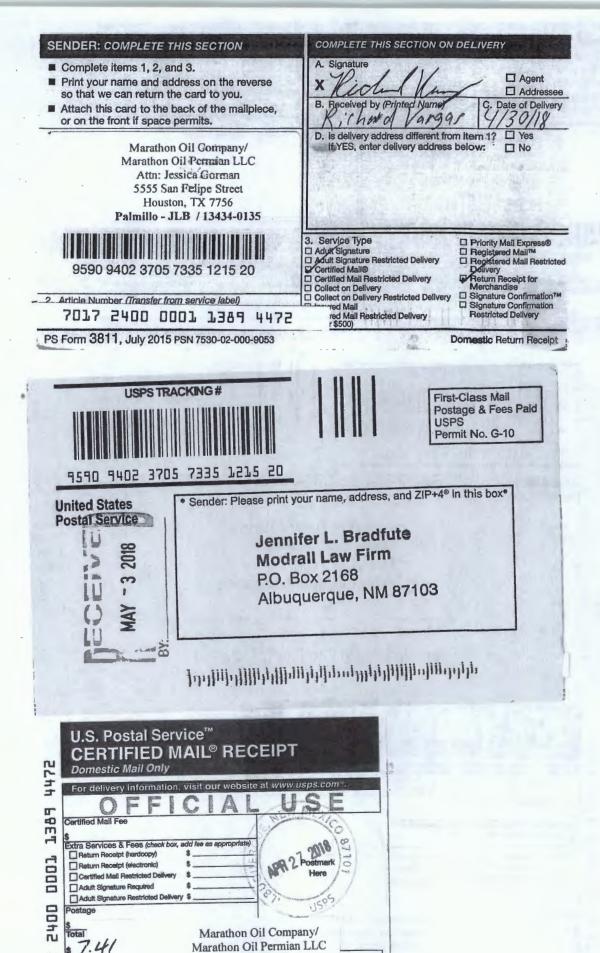












Attn: Jessica Gorman 5555 San Felipe Street

Houston, TX 7756

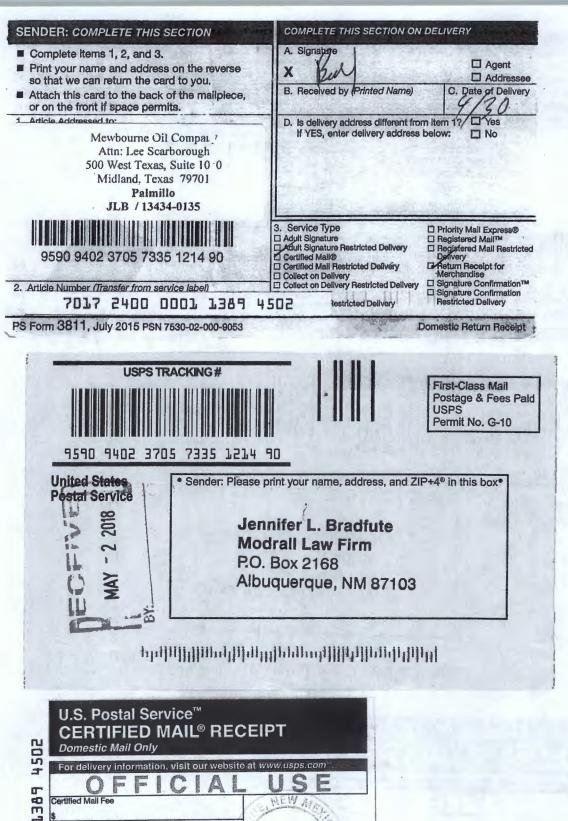
Palmillo JLB / 13434-0135

7017

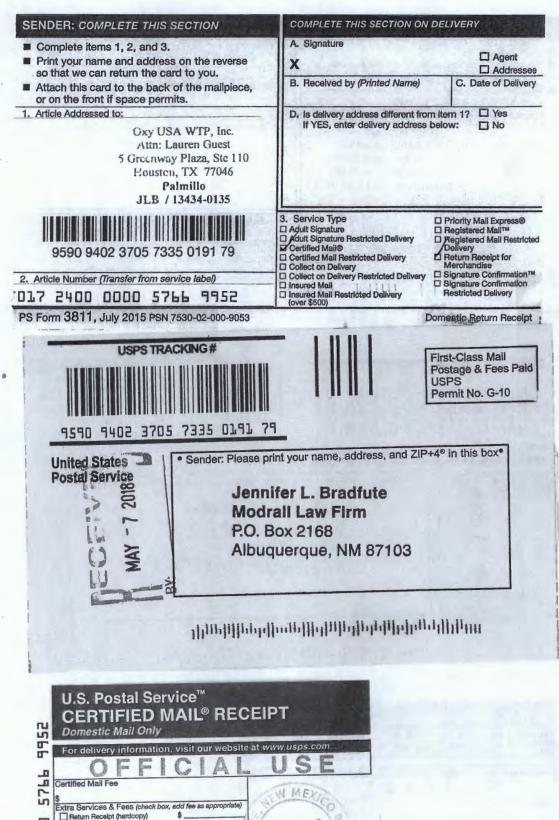
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City, &

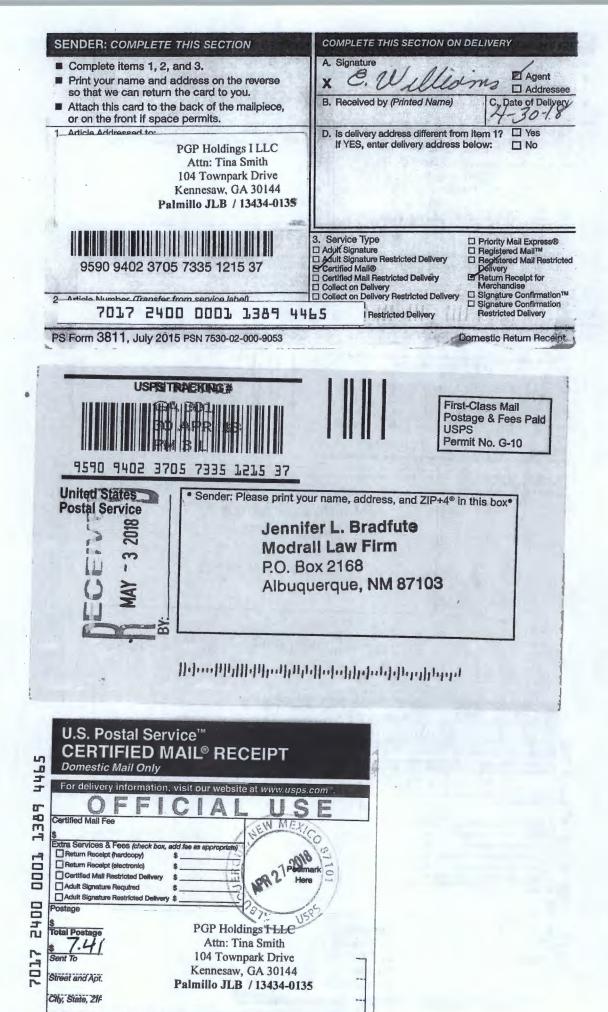
PS Form 3800, April 2015 PSN 75



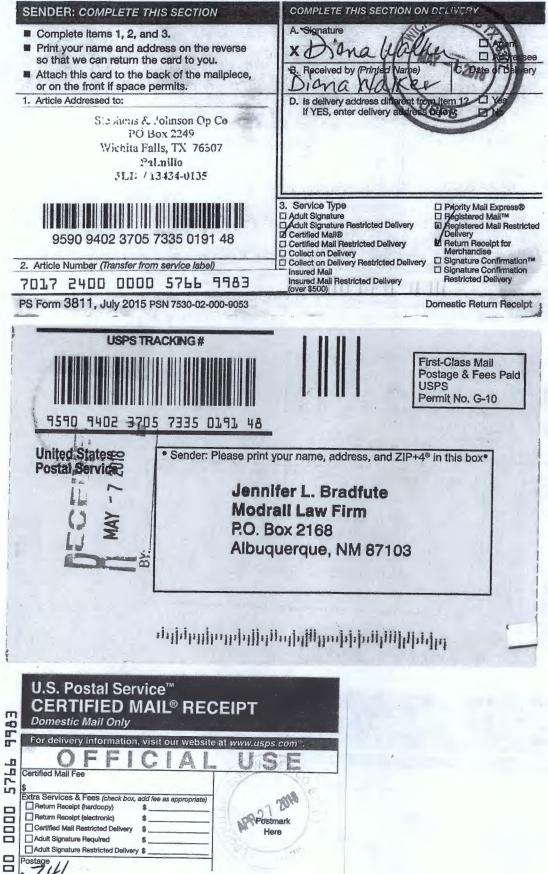








PS Form 3800, April 2015 PSN 7530-02-000-9047



Stephens & Johnson Op Co

FO Box 2249

Wichita Falls, TX 76307

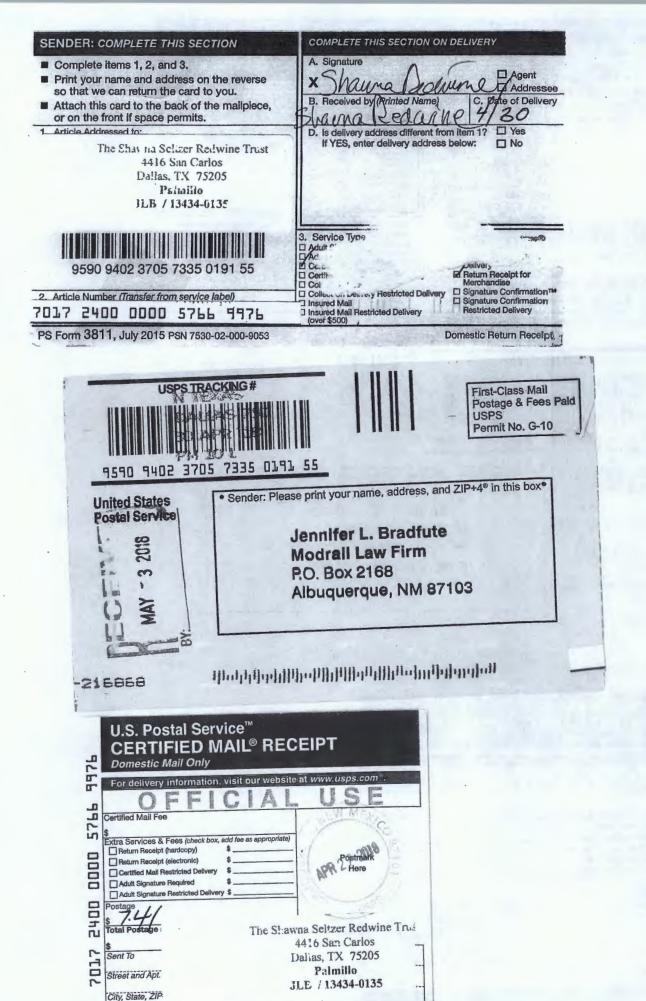
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Jiji / 13434-0135

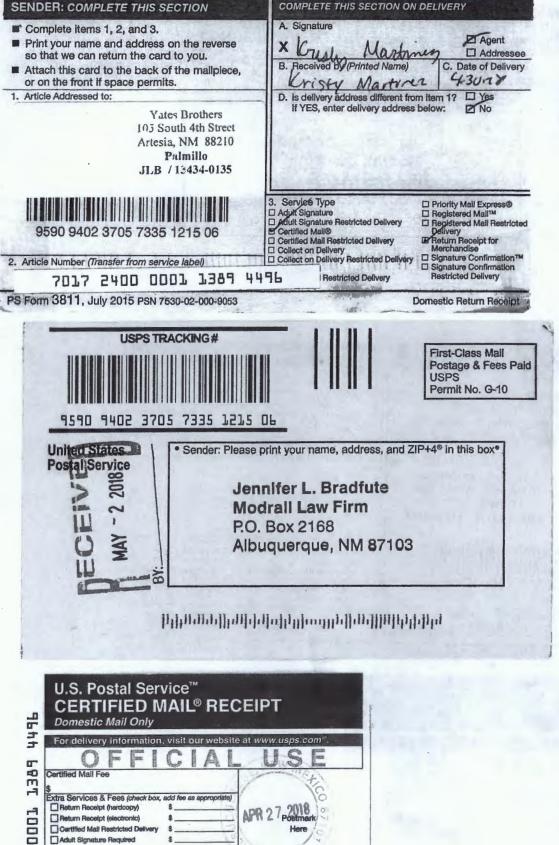
City, State, 2

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions



PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



Yates Brothers 105 South 4th Street

Artesia, NM 88210 Palmillo

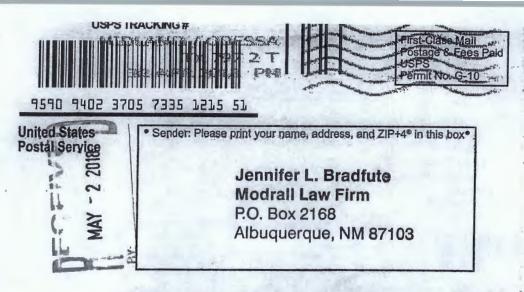
JLB / 13434-0135

Adult Signature Restricted Del

PS Form 3800, April 2015 PSN 7530-02-000-9047

Street and A

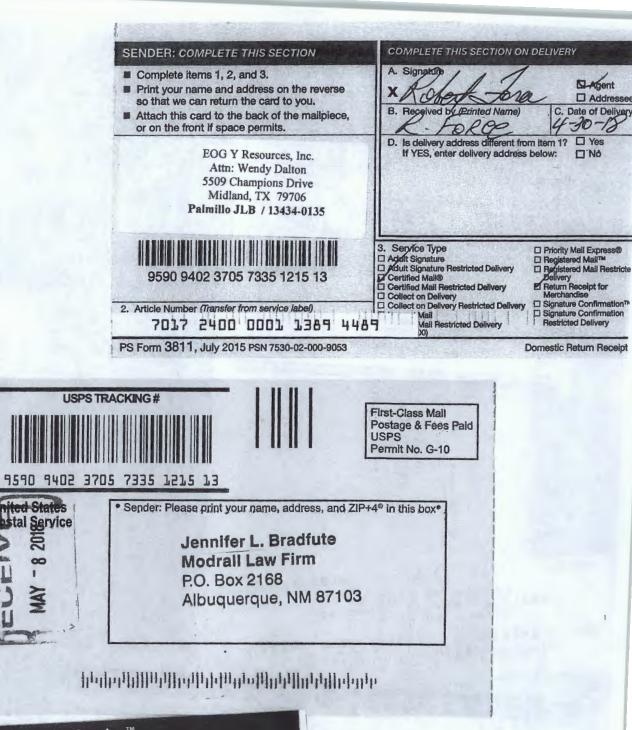
City, State, .



իրիներներիր իրականակարհակարների հայանական











Attn: Land Manager 303 West Wall, Suite 1800 Midland, Texas 79701 Palmillo / JLB/13454-0135

2 Article Number (Transfer from consists John!)

9590 9402 3705 7335 0208 16

7017 2400 0000 5766 9204

1000	

- Service Type
- ☐ Adult Signature
  ☐ Adult Signature Restricted Delivery
  ☐ Certified Mail®
  ☐ Certified Mail Restricted Delivery
- Collect on Delivery
  Collect on Delivery Restricted Delivery
  - ail Restricted Delivery
- ☐ Priority Mail Express®
  ☐ Registered Mail™
- Registered Mail Restricted
  Delivery
  Return Receipt for
  Merchandise
- ☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

ZIP 87102

PS Form 3811, July 2015 PSN 7530-02-000-9053

#### Jennifer L. Bradfute

From:

Linda Hicks < lindah@forl.com> Friday, May 11, 2018 10:51 AM

Sent: To:

Jennifer L. Bradfute

Subject:

RE: NMOCD Applications for Apache

\*\*\*

Thank you Jennifer. We will take a look and get with Ashley if we have questions. We have been in our "new" location for five years but sometimes a company will pick up our old address. It happens occasionally. I appreciate your diligence in tracking us down.

Thanks,

Linda Hicks



Linda H. Hicks Fasken Oil and Ranch, Ltd. 6101 Holiday Hill Road Midland, Texas 79707-1631 432-687-1777 432-818-0967 Direct Line 432-687-0669 Fax

From: Jennifer L. Bradfute [mailto:jlb@modrall.com]

Sent: Friday, May 11, 2018 11:45 AM
To: Linda Hicks < lindah@forl.com >

Subject: NMOCD Applications for Apache

Linda,

The attached applications were mailed to Fasken in April and were returned to us as undeliverable. I am the attorney representing Apache in the matters, and obtained your e-mail address from Apache. We wanted to send you an electronic copy of the applications in order to ensure that notification was provided. Fasken is an offset owner in an adjoining spacing unit, and is being notified solely due to its offset ownership. These applications are set for hearing on May 17, 2018 at 8:15 a.m. at the New Mexico Oil Conservation Division in Santa Fe, New Mexico. If you have factual questions related to these applications, the landman at Apache responsible for this area is Ashely St. Pierre. Ashley can be contacted directly at 432-818-1096.

Thank you, Jennifer



Jennifer L. Bradfute Modrall Sperling | <u>www.modrall.com</u> P.O. Box 2168 | Albuquerque, NM 87103-2168 500 4<sup>th</sup> St. NW, Ste. 1000 | Albuquerque, NM 87102 D: 505.848.1845 | O: 505.848.1800 | F: 505.848.1891

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# CURRENT-ARGUS

#### AFFIDAVIT OF PUBLICATION

Ad No. 0001245342

Leslie Morse MODRALL SPERLING BANK OF AMERICA CENTRE 500 4TH ST NW #1000 ALBUQUERQUE NM 87102

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

05/03/18

Subscribed and sworn before me this 3rd of May 2018.

State of WI, County of Brown NOTARY PUBLIC

My Commission Expires

BERGEN GORNOWICH Notary Public State of Wisconsin

Ad#:0001245342 P O: 0001245342 # of Affidavits:0.00 CASENo. 16143: Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I LLC, PGP Holdings! LLC, Marathon Oil Company/Marathon Oil Permian LLC, EOG Resources, Inc., Yates Brothers, Mewbourne Oil Company, Clmarex Energy Co, Colgate Operating, LLC, Chi Energy, Inc., Choctaw Oil Corp, Keating-Martin, LLC, Kennedy Minerals, Ltd, LBCAInvestments, Inc., Hayes Revocable Trust, Oxy USA WTP, Inc., The Charles W. Seltzer Trust, The Shawna Seltzer Redwine Trust, Stephens & Johnson Op Co, FaskenOil & Ranch LTD, and V-F Petroleum of Apache Corporation's application for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on May 17, 2018, to consider this application. Applicant seeks an order: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Palmillo 26 State Corn #315H and Palmillo 26 State Corn #316 wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 13.6 miles northeast

of Carlsbad, New Mexico.

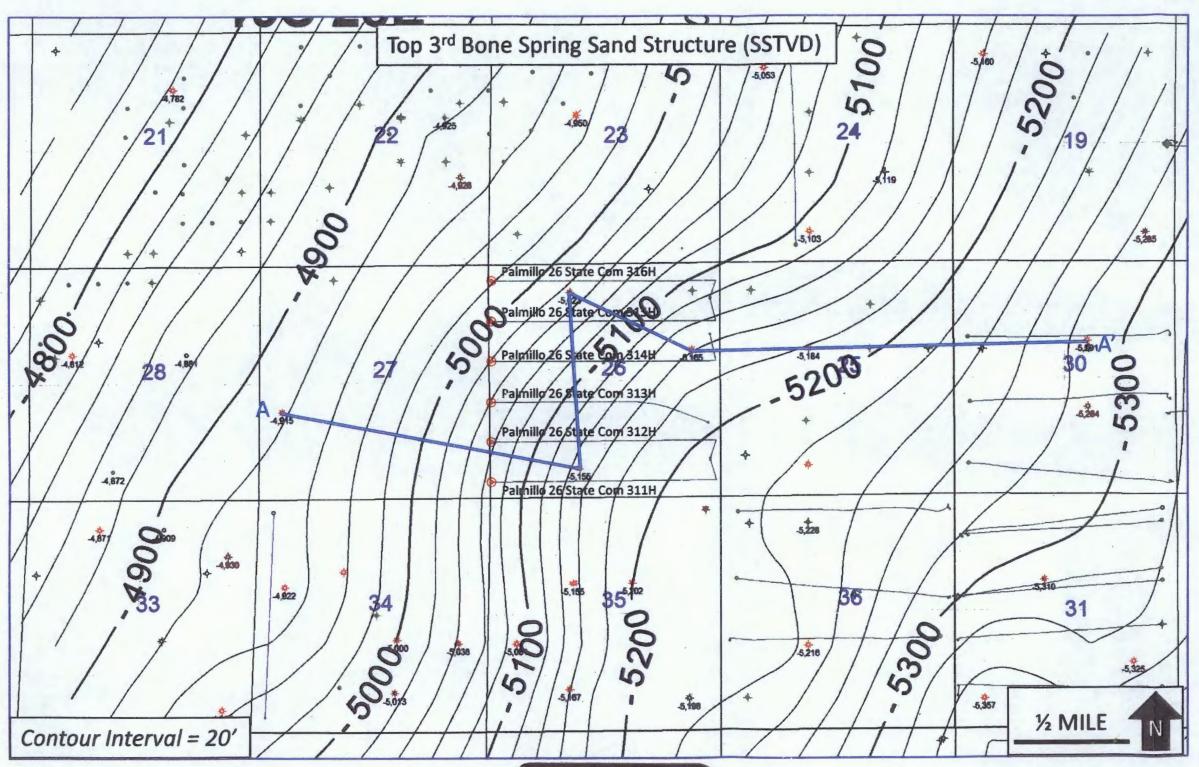
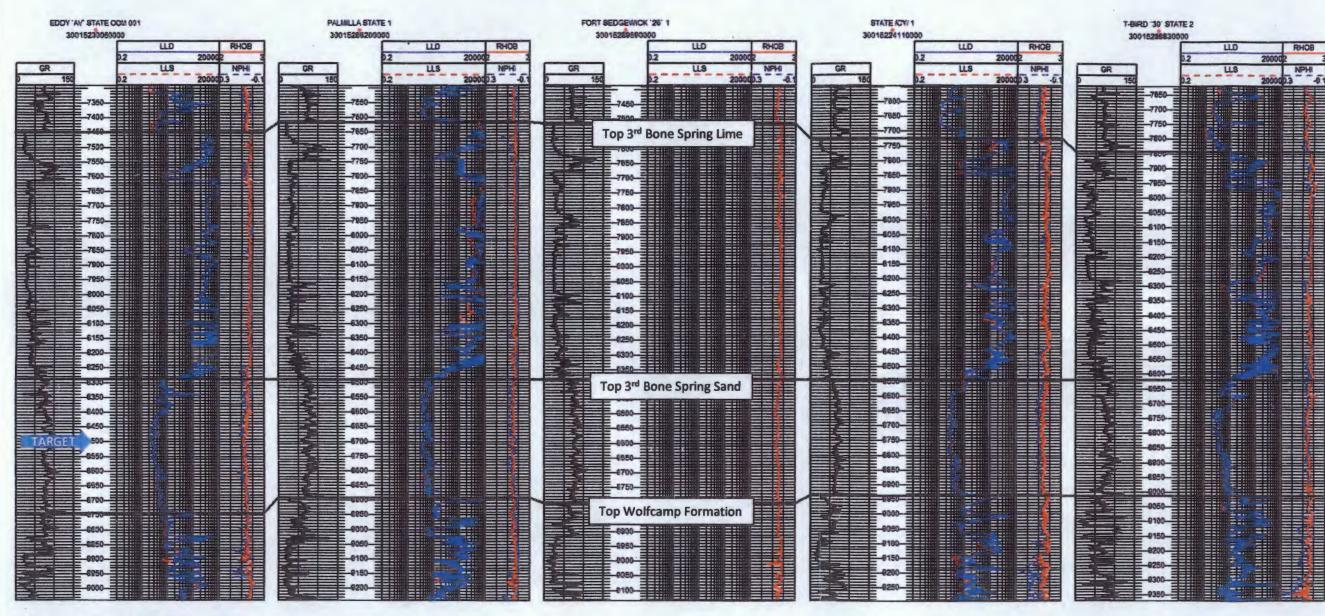


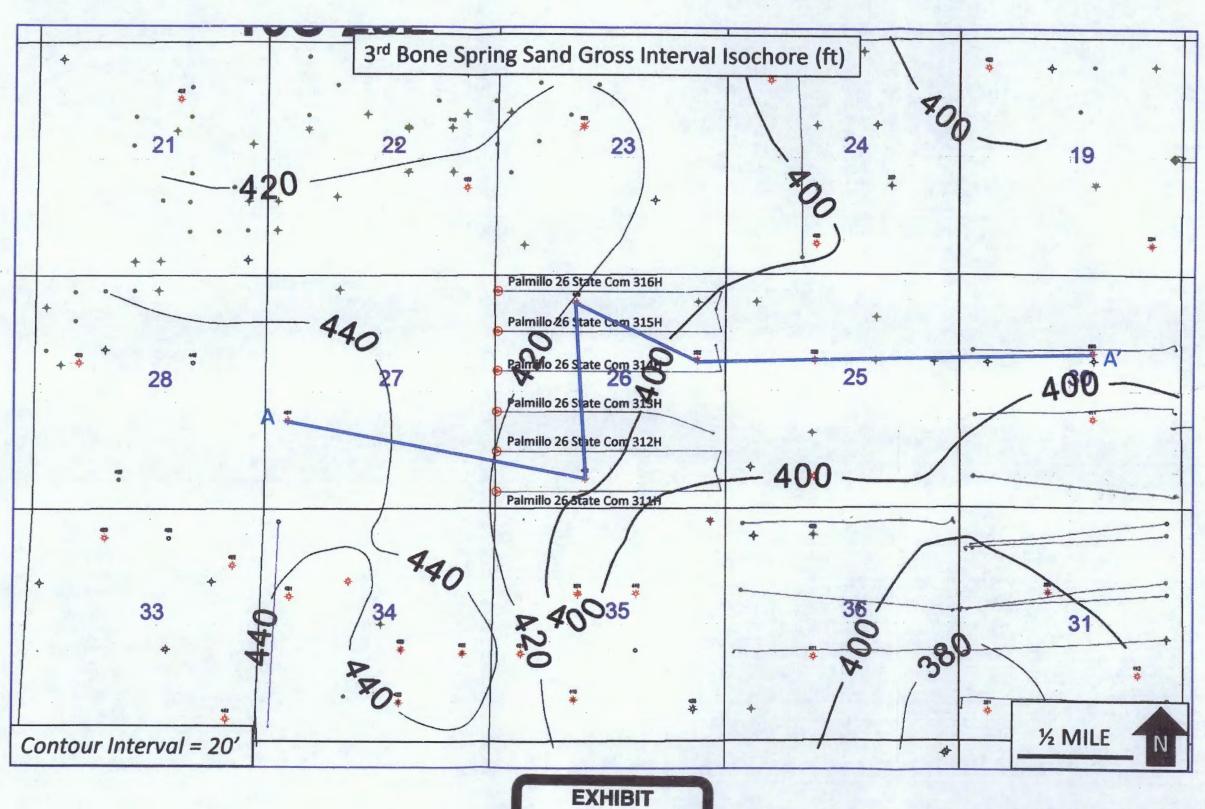
EXHIBIT 8

#### STRATIGRAPHIC CROSS-SECTION: A - A'

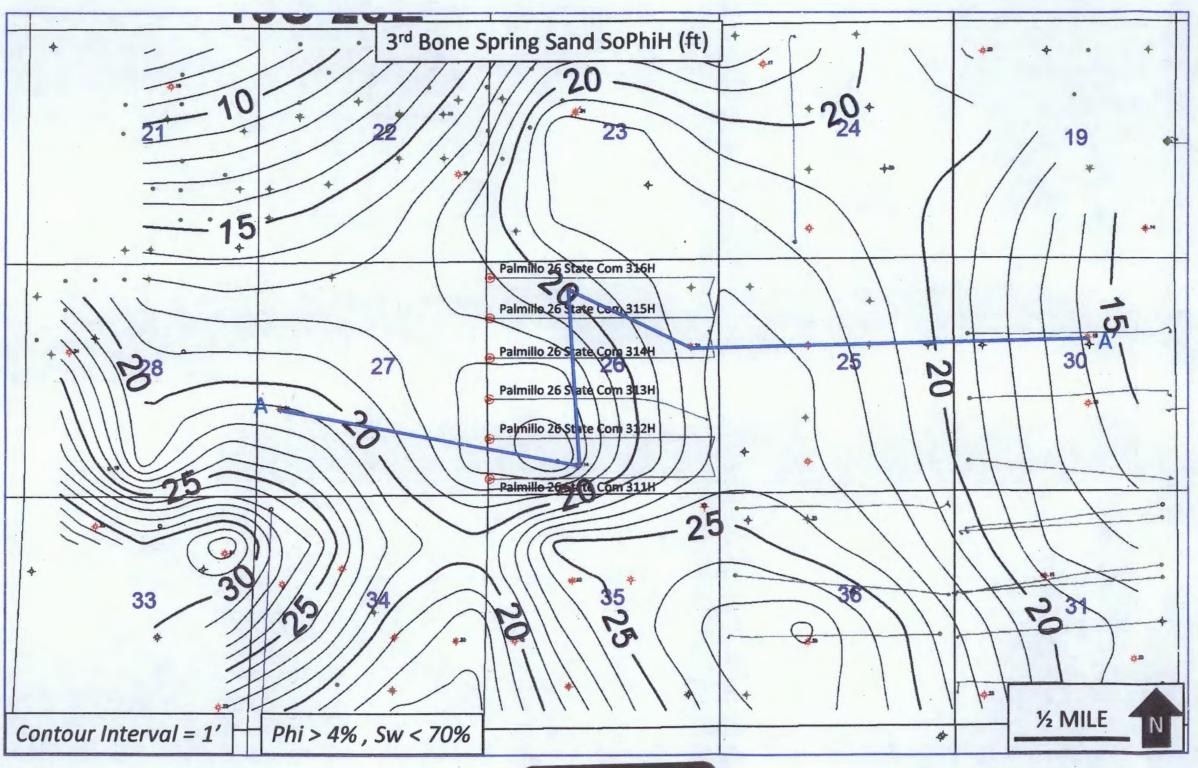


DATUM = TOP 3RD BONE SPRING SAND





EXHIBIT





# Palmillo 26 State COM 3rd Bone Spring Sand Wellbore Diagram

