

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

**APPLICATION OF DEVON ENERGY PRODUCTION  
COMPANY LP FOR A STANDARD HORIZONTAL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**Case No. 16427**

**AFFIDAVIT OF MELISSA MILLER**

STATE OF OKLAHOMA    )  
  ) ss.  
COUNTY OF OKLAHOMA )

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

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. I am employed as a Senior Landman with Devon Energy Production Company, L.P. (“Devon”), and I am familiar with the subject application and the lands involved.
3. I seek to be qualified by the Oil Conservation Division (“Division”) as an expert petroleum landman.
4. I graduated from the University of Oklahoma with a Bachelor’s degree in Business in 2005.
5. I have worked at Devon for thirteen (13) years as a Landman and I have been working in New Mexico for the past three (3) years.
6. This affidavit is submitted in connection with the filing by Devon of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
7. The purpose of this application is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit.

8. No opposition is expected. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the well. They have, however, otherwise represented to me that they do not oppose this pooling application.

9. Devon seeks an order pooling all mineral interests in the Wolfcamp horizontal spacing unit underlying the E/2 E/2 of Sections 6 and 7 in Township 26 South, Range 34 East, NMPM, Lea County, New Mexico. The proposed spacing unit will be dedicated to the Jayhawk 6-7 Fed Fee Com 3H Well, to be horizontally drilled.

10. A plat outlining the unit being pooled is attached hereto as **Exhibit A**, which shows the location of proposed wells within the unit.

11. The parties being pooled, the nature of their interests, and their last known addresses are **Exhibit B** attached hereto. **Exhibit B** includes information regarding working interest owners and overriding royalty interest owners.

12. There are no depth severances in the Wolfcamp formation.

13. The locations and proposed depths of the wells to be drilled on the pooled units are as follows:

Well Name	SHL (6-T26S-R34E)	BHL (7-T26S-R34E)	TVD
Jayhawk 6-7 Fed Fee Com 1H	365' FNL and 230' FEL	330' FSL and 360' FEL	12,870'
Jayhawk 6-7 Fed Fee Com 2H	365' FNL and 260' FEL	330' FSL and 360' FEL	12,677'
Jayhawk 6-7 Fed Fee Com 3H	365' FNL and 290' FEL	330' FSL and 980' FEL	12,770'

14. I have conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and conducted phone directory and computer searches to located contact

information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure (“AFE”).

15. Devon has made a good faith effort to obtain voluntary joinder of the working interests owners in the proposed wells.

16. Proposed C-102s for the wells are attached as **Exhibit C**. The wells will develop the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]), which is an oil and gas pool.

17. **Exhibit D** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

18. Devon requests overhead and administrative rates of \$6,000/month for drilling a well and \$600/month for a producing well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Devon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

19. Devon requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

20. Devon requests that it be designated operator of the wells.

21. The Exhibits to this Affidavit were prepared by me, or compiled from Devon’s company business records.

22. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

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

FURTHER AFFIANT SAYETH NAUGHT

Melissa Miller  
Melissa Miller

Subscribed to and sworn before me this 1<sup>st</sup> day of October, 2018.



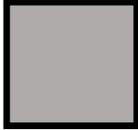
Rachel Gerlach  
Notary Public

PLAT

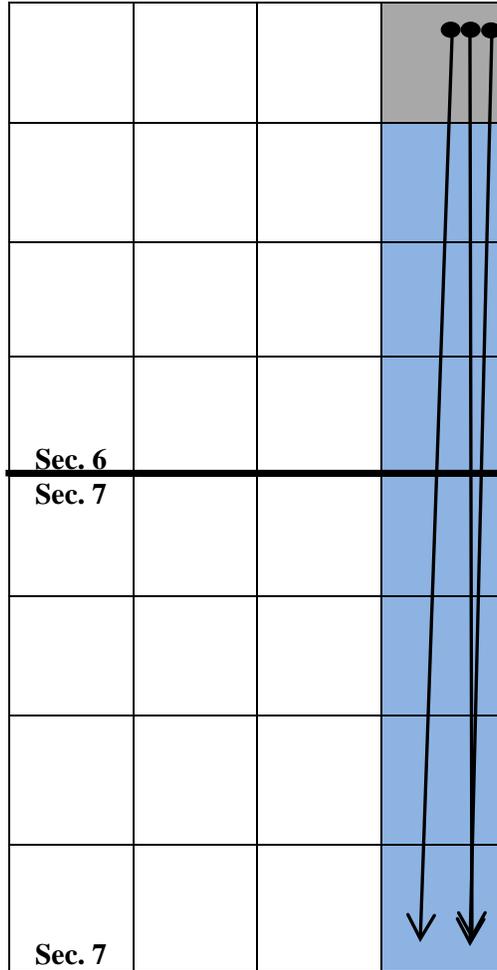
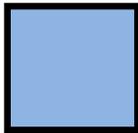
E/2 E/2 Sections 6 & 7, T-26-S, R-34-E, Lea County, New Mexico, Wolfcamp Formation

**3H 2H 1H**

**Tract 1:**  
Fee Acreage  
(40 acres)



**Tract 2:**  
USA NM 114990  
(280 acres)



**Jayhawk 6-7 Fed Fee Com 3H**  
SHL: 365' FNL & 290' FEL  
BHL: 330' FSL & 980' FEL

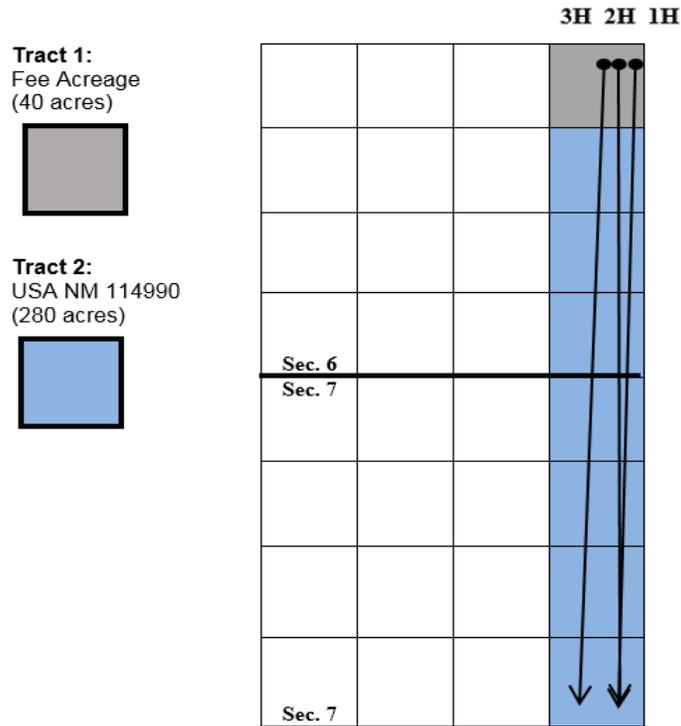
**Jayhawk 6-7 Fed Fee Com 2H**  
SHL: 365' FNL & 260' FEL  
BHL: 330' FSL & 360' FEL

**Jayhawk 6-7 Fed Fee Com 1H**  
SHL: 365' FNL & 230' FEL  
BHL: 330' FSL & 360' FEL

## OWNERSHIP BREAKDOWN

E/2 E/2 of Sections 6 and 7, Township 26 South, Range 34 East of Lea County, NM

Jayhawk 6-7 Fed Fee Com 1H, 2H and 3H



**TRACT 1 OWNERSHIP (NENE of Section 6-T26S-R34E, being 40.00 acres):**

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P.	7.9167	.02473959	Committed
Chevron U.S.A. Inc.	.27778	.00086806	Committed
Oxy USA WTP, Limited Partnership 5 Greenway Plaza, Suite 110 Houston, TX 77046	4.9167	.01536458	Uncommitted
EOG Resources, Inc. 5509 Champions Drive Midland, Texas 79706	1.25	.00390625	Uncommitted
Energex, LLC	2.81481	.00879630	Uncommitted

4873 Raintree Circle  
Parker, CO 80134

Marathon Oil Permian, LLC 5555 San Felipe St. Houston, TX 77056	11.01852	.03443287	Uncommitted
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Novo Oil & Gas Northern Delaware, LLC 1001 W. Wilshire Blvd. Suite 206 OKC, OK 73116	.833334	.00260417	Uncommitted
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Yates Brothers, a Partnership P.O. Box 1394 Artesia, NM 88211	4.3056	.01345486	Unleased
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Sugarberry Oil & Gas Corporation 5950 Cedar Springs Rd., Suite 230 Dallas, TX 75235	6.33333	.01979166	Unleased
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Katy Pipeline & Production Corporation 5950 Cedar Springs Rd., Suite 230 Dallas, TX 75235	0.33333	.00104167	Unleased
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TRACT 1 TOTAL	40.00	.125	
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**TRACT 2 OWNERSHIP (SENE, E2SE of Section 6-T26S-R34E and E2E2 of Section 7-T26S-R34E, being 280.00 acres)**

<b>Owner</b>	<b>Net Acres</b>	<b>GW</b>	<b>Status</b>
Devon Energy Production Company, L.P.	140.00	.4375	Committed
Chevron U.S.A. Inc.	140.00	.4375	Committed
TRACT 2 TOTAL	280.00	.875	
<b>UNIT TOTALS</b>	<b>320.00</b>	<b>1.00</b>	

**ORRI and NPRI Owners**

The Fredericka H. Crain Trust, Advent Trust Company Trustee, under trust Indenture dated 5/26/1995  
6363 Woodway, Ste 800  
Houston, Harris County, TX 77057-1714

Southwest Petroleum Land Services, LLC.  
1901 W. 4th St.  
Roswell, NM 88202

Blackbird Royalties, LLC.  
P.O. Box 2670  
Roswell, NM 88202

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code <b>98094</b>		<sup>3</sup> Pool Name <b>BOBCAT DRAW; UPPER WOLFCAMP</b>	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>JAYHAWK 6-7 FED FEE COM</b>			<sup>6</sup> Well Number <b>1H</b>
<sup>7</sup> OGRID No. <b>6137</b>		<sup>8</sup> Operator Name <b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>			<sup>9</sup> Elevation <b>3332.7</b>

<sup>10</sup> Surface Location

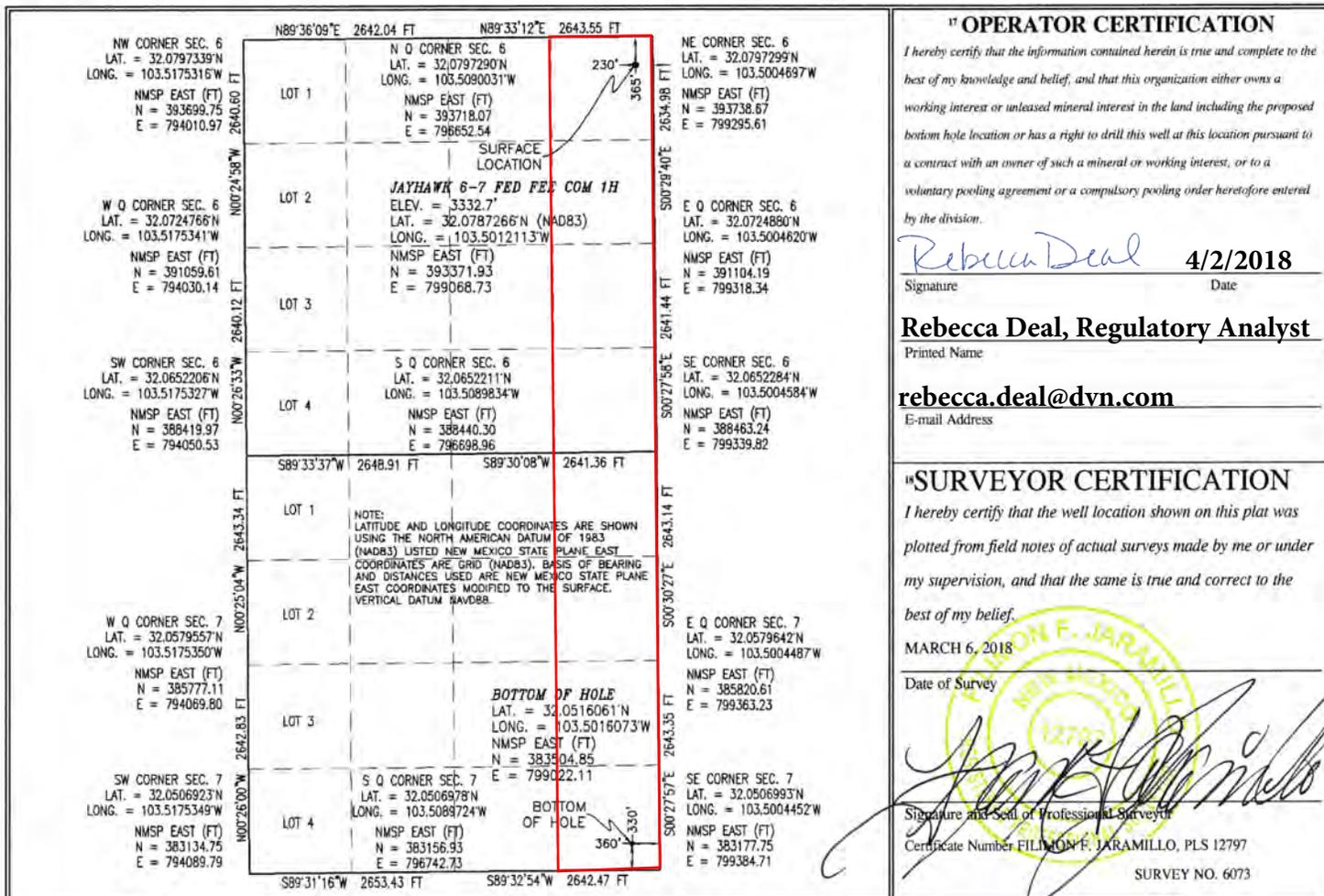
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>6</b>	<b>26 S</b>	<b>34 E</b>		<b>365</b>	<b>NORTH</b>	<b>230</b>	<b>EAST</b>	<b>LEA</b>

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>7</b>	<b>26 S</b>	<b>34 E</b>		<b>330</b>	<b>SOUTH</b>	<b>360</b>	<b>EAST</b>	<b>LEA</b>

<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



First Take Point: 330' FNL & 343' FEL, 26S-34E-6

EXHIBIT C

Last Take Point: 330' FSL & 360' FEL, 26S-34E-7

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

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

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

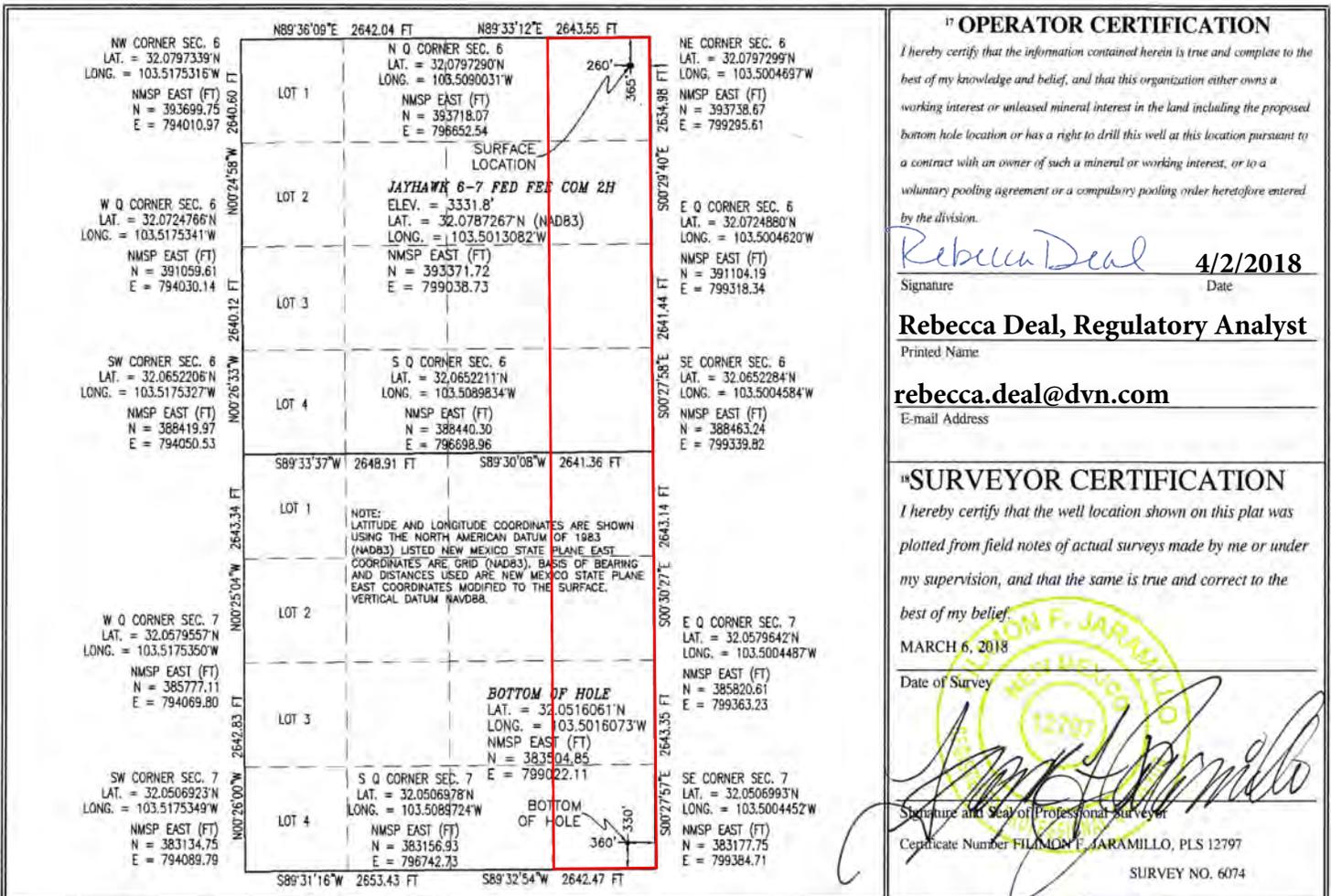
<sup>1</sup> API Number		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
		<b>98094</b>	<b>BOBCAT DRAW; UPPER WOLFCAMP</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name		<sup>6</sup> Well Number
	<b>JAYHAWK 6-7 FED FEE COM</b>		<b>2H</b>
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name		<sup>9</sup> Elevation
<b>6137</b>	<b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>		<b>3331.8</b>

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>6</b>	<b>26 S</b>	<b>34 E</b>		<b>365</b>	<b>NORTH</b>	<b>260</b>	<b>EAST</b>	<b>LEA</b>

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>7</b>	<b>26 S</b>	<b>34 E</b>		<b>330</b>	<b>SOUTH</b>	<b>360</b>	<b>EAST</b>	<b>LEA</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
<b>320</b>			

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



First Take Point: 330' FNL & 408' FEL, 6-26S-34E

Last Take Point: 330' FSL & 360' FEL, 7-26S-34E

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 98094	<sup>3</sup> Pool Name BOBCAT DRAW; UPPER WOLFCAMP
<sup>4</sup> Property Code	<sup>5</sup> Property Name JAYHAWK 6-7 FED FEE COM	
<sup>7</sup> OGRID No. 6137	<sup>8</sup> Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.	<sup>6</sup> Well Number 3H
		<sup>9</sup> Elevation 3330.9

<sup>10</sup> Surface Location

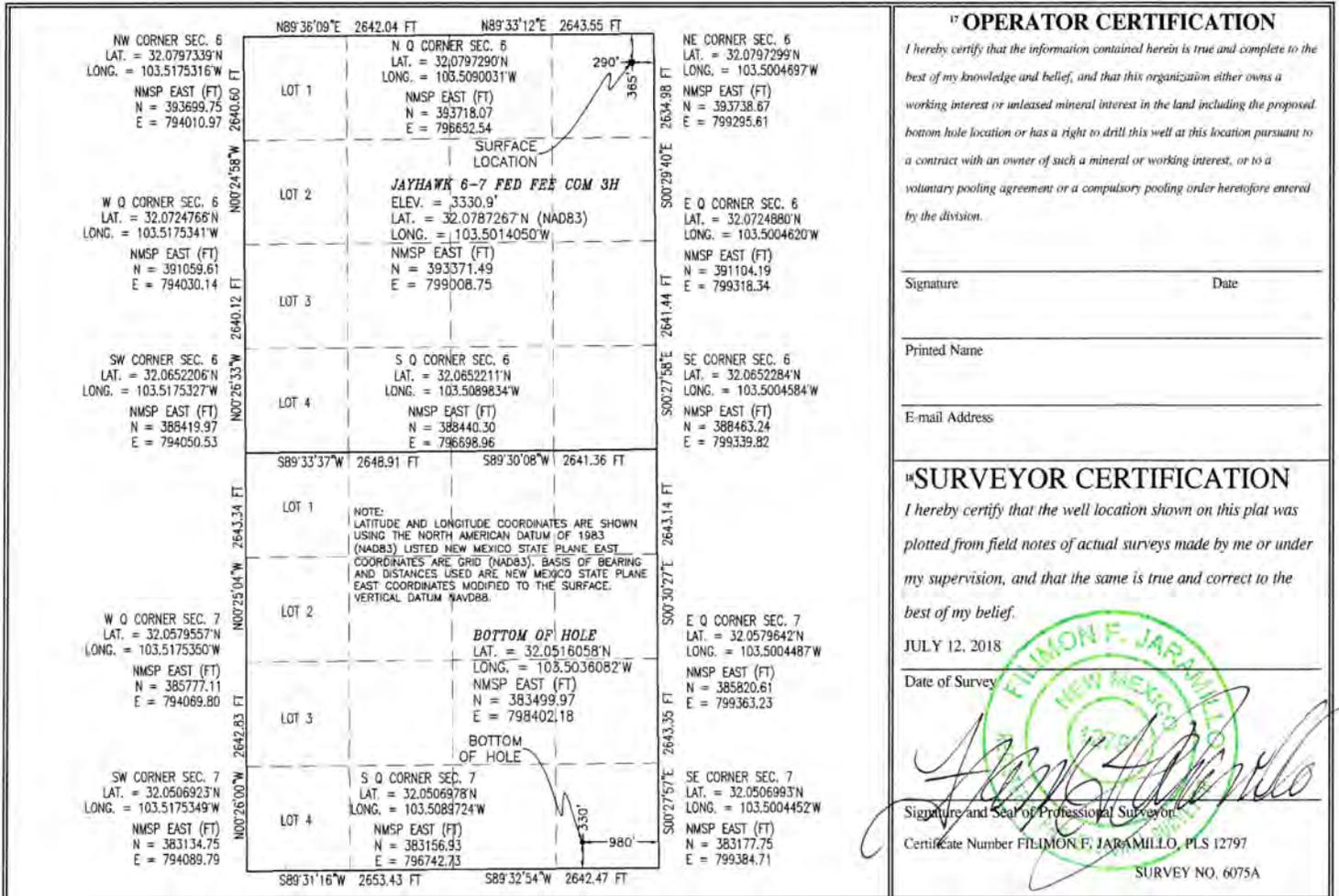
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	6	26 S	34 E		365	NORTH	290	EAST	LEA

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	26 S	34 E		330	SOUTH	980	EAST	LEA

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





July 23, 2018

Yates Brothers, a Partnership  
P.O. Box 1394  
Artesia, NM 88211

RE: Well Proposal – Jayhawk 6-7 Fed Fee Com 3H  
SHL: 365’ FNL and 290’ FEL – Section 6-T26S-R34E  
BHL: 330’ FSL and 980’ FEL – Section 7-T26S-R34E  
Lea County, New Mexico

Dear Yates Brothers:

Devon Energy Production Company, L.P. (“Devon”), as Operator, proposes to drill and complete the Jayhawk 6-7 Fed Fee Com 3H as a horizontal well to an approximate TVD of 12,770’ and approximate TMD of 22,770’ into the Wolfcamp formation at a SHL 365’ FNL and 290’ FEL of Section 6-T26S-R34E and a BHL 330’ FSL and 980’ FEL of Section 7-26S-34E, Lea County, New Mexico (the “Well”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$3,678,652.28 and total completed well costs of \$10,872,377.50 (includes CTB and flowline costs).

Devon reserves the right to modify the location and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Devon is proposing to drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement (“JOA”). The JOA will be supplied to those parties interested in participating. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract area of E2 of Sections 6 and 7-T26S-R34E, being 640 acres
- 100/400% Non-Consenting Penalty
- \$6000/\$600 Drilling and Production Rate

As an alternative to participating in the Well, Devon is interested in leasing your mineral interest (8.6111 nmas) for \$5000.00/acre, 1/4<sup>th</sup> royalty and a 2 year term on the lease form enclosed (the “Lease”). Should you choose to lease your minerals, please signed the enclosed Lease, in the presence of a notary public, and return it to my attention at the address listed above.

Please indicate your election to participate in the drilling and completion of the Well in the space provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communization Agreement for said well will be supplied for your review and execution at a later date.

If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

If an agreement cannot be reached within 30 days of receipt of this letter, Devon will apply to the New Mexico Oil Conversation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.

**EXHIBIT D**

Well Proposal – Jayhawk 6-7 Fed Fee Com 3H  
July 23, 2018  
Page Two

Please do not hesitate to contact me at (405) 228-8756 or via email at [Melissa.Miller@dvn.com](mailto:Melissa.Miller@dvn.com) if you have any questions concerning this proposal.

Very truly yours,

**Devon Energy Production Company, L.P.**

*Melissa Miller*

Melissa Miller  
Senior Landman

Yates Brothers, a Partnership hereby elects:

\_\_\_\_\_ **To Participate** in the proposal of the referenced Well

\_\_\_\_\_ **Not To Participate** in the proposal of the referenced Well

\_\_\_\_\_ **Lease our minerals for \$5000.00/acre, 1/4<sup>th</sup> royalty and a 2 year term**

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

Yates Brothers, a Partnership

By: \_\_\_\_\_



## Authorization for Expenditure

AFE # XX-128968.01

Well Name: Jayhawk 6-7 Fed Fee Com 3H

AFE Date:

7/23/2018

Cost Center Number: 1093906801

State:

NM

Legal Description: Section 6-26S-34E

County/Parish:

Lea

Revision:

**Explanation and Justification:**

**Drill and complete the Jayhawk 6-7 Fed Fee Com 3H.**

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	76,479.06	0.00	0.00	76,479.06
6080100	DISPOSAL - SOLIDS	96,702.54	1,500.00	0.00	98,202.54
6080110	DISP-SALTWATER & OTH	0.00	7,500.00	0.00	7,500.00
6080115	DISP VIA PIPELINE SW	0.00	200,000.00	0.00	200,000.00
6090100	FLUIDS - WATER	32,550.00	150,000.00	0.00	182,550.00
6090120	RECYC TREAT&PROC-H2O	0.00	525,000.00	0.00	525,000.00
6100100	PERMIT SURVEY&TITLE	30,000.00	5,666.67	0.00	35,666.67
6100110	RIGHT OF WAY	15,000.00	0.00	0.00	15,000.00
6110100	ROAD & LOCN RECOVERY	49,449.00	0.00	0.00	49,449.00
6110130	ROAD&SITE PREP SVC	0.00	24,691.33	0.00	24,691.33
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	7,567.19	0.00	0.00	7,567.19
6130360	RTOC - ENGINEERING	0.00	10,000.00	0.00	10,000.00
6130370	RTOC - GEOSTEERING	27,154.75	0.00	0.00	27,154.75
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	385,000.00	0.00	385,000.00
6160100	MATERIALS & SUPPLIES	7,361.75	0.00	0.00	7,361.75
6170100	PULLING&SWABBING SVC	0.00	15,000.00	0.00	15,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	375,000.00	0.00	375,000.00
6190100	TRCKG&HL-SOLID&FLUID	102,722.08	0.00	0.00	102,722.08
6190110	TRUCKING&HAUL OF EQP	38,400.00	10,000.00	0.00	48,400.00
6200110	INSPECTION SERVICES	0.00	11,666.67	0.00	11,666.67
6200130	CONSLT & PROJECT SVC	126,918.36	95,000.00	0.00	221,918.36
6230120	SAFETY SERVICES	54,853.59	4,000.00	0.00	58,853.59
6300270	SOLIDS CONTROL SRVCS	71,905.46	0.00	0.00	71,905.46
6310120	STIMULATION SERVICES	0.00	3,650,000.00	0.00	3,650,000.00
6310200	CASING & TUBULAR SVC	91,100.00	0.00	0.00	91,100.00
6310250	CEMENTING SERVICES	160,000.00	0.00	0.00	160,000.00
6310280	DAYWORK COSTS	734,295.23	0.00	0.00	734,295.23
6310300	DIRECTIONAL SERVICES	395,910.00	0.00	0.00	395,910.00
6310310	DRILL BITS	77,600.00	0.00	0.00	77,600.00
6310330	DRILL&COMP FLUID&SVC	202,276.09	8,000.00	0.00	210,276.09
6310370	MOB & DEMOBILIZATION	50,250.00	0.00	0.00	50,250.00
6310380	OPEN HOLE EVALUATION	17,242.75	0.00	0.00	17,242.75
6310480	TSTNG-WELL, PL & OTH	0.00	195,000.00	0.00	195,000.00
6310600	MISC PUMPING SERVICE	0.00	45,000.00	0.00	45,000.00
6320100	EQPMNT SVC-SRF RNTL	98,583.11	185,000.00	0.00	283,583.11
6320110	EQUIP SVC - DOWNHOLE	94,892.65	0.00	0.00	94,892.65
6320160	WELDING SERVICES	6,700.00	11,555.56	0.00	18,255.56
6520100	LEGAL FEES	5,000.00	0.00	0.00	5,000.00
6550100	MISCS COSTS & SERVS	0.00	35,425.44	0.00	35,425.44
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6550120	OTHER ROUSTABOUT SER	0.00	116,896.67	0.00	116,896.67
6630110	CAPITAL OVERHEAD	10,272.21	21,790.33	0.00	32,062.54

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



## Authorization for Expenditure

AFE # XX-128968.01

Well Name: Jayhawk 6-7 Fed Fee Com 3H

AFE Date:

7/23/2018

Cost Center Number: 1093906801

State:

NM

Legal Description: Section 6-26S-34E

County/Parish:

Lea

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6740340	TAXES OTHER	0.00	225,000.00	0.00	225,000.00
	<b>Total Intangibles</b>	<b>2,706,635.82</b>	<b>6,313,692.67</b>	<b>0.00</b>	<b>9,020,328.49</b>

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120120	MEASUREMENT EQUIP	0.00	30,813.11	0.00	30,813.11
6130120	COMM DEVICES - SCADA	0.00	78,765.00	0.00	78,765.00
6300150	SEPARATOR EQUIPMENT	0.00	248,582.67	0.00	248,582.67
6300210	TREATER FWKO EQUIP	0.00	22,222.22	0.00	22,222.22
6300220	STORAGE VESSEL&TANKS	0.00	78,469.56	0.00	78,469.56
6300230	PUMPS - SURFACE	0.00	47,497.33	0.00	47,497.33
6310130	ARTIFICIAL LIFT EQP	0.00	35,000.00	0.00	35,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	100,000.00	0.00	100,000.00
6310460	WELLHEAD EQUIPMENT	49,600.00	65,000.00	0.00	114,600.00
6310530	SURFACE CASING	28,350.00	0.00	0.00	28,350.00
6310540	INTERMEDIATE CASING	340,512.00	0.00	0.00	340,512.00
6310550	PRODUCTION CASING	478,604.46	0.00	0.00	478,604.46
6310580	CASING COMPONENTS	54,950.00	0.00	0.00	54,950.00
6320130	PAINT & COATING SERV	0.00	2,222.22	0.00	2,222.22
6320180	EQUIPMENT OTHER	0.00	7,000.00	0.00	7,000.00
6330100	PIPE,FIT,FLANG,CPLNG	0.00	164,460.44	0.00	164,460.44
	<b>Total Tangibles</b>	<b>972,016.46</b>	<b>880,032.55</b>	<b>0.00</b>	<b>1,852,049.01</b>

<b>TOTAL ESTIMATED COST</b>	<b>3,678,652.28</b>	<b>7,193,725.22</b>	<b>0.00</b>	<b>10,872,377.50</b>
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**WORKING INTEREST OWNER APPROVAL**

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Company Name:

Signature:

Print Name:

Title:

Date:

Email:

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

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



July 23, 2018

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702

RE: Well Proposal – Jayhawk 6-7 Fed Fee Com 3H  
SHL: 365’ FNL and 290’ FEL – Section 6-T26S-R34E  
BHL: 330’ FSL and 980’ FEL – Section 7-T26S-R34E  
Lea County, New Mexico

Dear Mr. Bassett:

Devon Energy Production Company, L.P. (“Devon”), as Operator, proposes to drill and complete the Jayhawk 6-7 Fed Fee Com 3H as a horizontal well to an approximate TVD of 12,770’ and approximate TMD of 22,770’ into the Wolfcamp formation at a SHL 365’ FNL and 290’ FEL of Section 6-T26S-R34E and a BHL 330’ FSL and 980’ FEL of Section 7-26S-34E, Lea County, New Mexico (the “Well”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$3,678,652.28 and total completed well costs of \$10,872,377.50 (includes CTB and flowline costs).

Devon reserves the right to modify the location and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Devon is proposing to drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement (“JOA”). The JOA will be supplied to those parties interested in participating. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract area of E2 of Sections 6 and 7-T26S-R34E, being 640 acres
- 100/400% Non-Consenting Penalty
- \$6000/\$600 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communization Agreement for said well will be supplied for your review and execution at a later date.

If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

If an agreement cannot be reached within 30 days of receipt of this letter, Devon will apply to the New Mexico Oil Conversation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.

Well Proposal – Jayhawk 6-7 Fed Fee Com 3H  
July 23, 2018  
Page Two

Please do not hesitate to contact me at (405) 228-8756 or via email at [Melissa.Miller@dvn.com](mailto:Melissa.Miller@dvn.com) if you have any questions concerning this proposal.

Very truly yours,

**Devon Energy Production Company, L.P.**



Melissa Miller  
Senior Landman

EOG Resources, Inc.:

\_\_\_\_\_ **To Participate** in the proposal of the referenced Well

\_\_\_\_\_ **Not To Participate** in the proposal of the referenced Well

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

EOG Resources, Inc.

By: \_\_\_\_\_



## Authorization for Expenditure

AFE # XX-128968.01

Well Name: Jayhawk 6-7 Fed Fee Com 3H

AFE Date: 7/23/2018

Cost Center Number: 1093906801

State: NM

Legal Description: Section 6-26S-34E

County/Parish: Lea

Revision:

**Explanation and Justification:**

**Drill and complete the Jayhawk 6-7 Fed Fee Com 3H.**

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	76,479.06	0.00	0.00	76,479.06
6080100	DISPOSAL - SOLIDS	96,702.54	1,500.00	0.00	98,202.54
6080110	DISP-SALTWATER & OTH	0.00	7,500.00	0.00	7,500.00
6080115	DISP VIA PIPELINE SW	0.00	200,000.00	0.00	200,000.00
6090100	FLUIDS - WATER	32,550.00	150,000.00	0.00	182,550.00
6090120	RECYC TREAT&PROC-H2O	0.00	525,000.00	0.00	525,000.00
6100100	PERMIT SURVEY&TITLE	30,000.00	5,666.67	0.00	35,666.67
6100110	RIGHT OF WAY	15,000.00	0.00	0.00	15,000.00
6110100	ROAD & LOCN RECOVERY	49,449.00	0.00	0.00	49,449.00
6110130	ROAD&SITE PREP SVC	0.00	24,691.33	0.00	24,691.33
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	7,567.19	0.00	0.00	7,567.19
6130360	ROTC - ENGINEERING	0.00	10,000.00	0.00	10,000.00
6130370	ROTC - GEOSTEERING	27,154.75	0.00	0.00	27,154.75
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	385,000.00	0.00	385,000.00
6160100	MATERIALS & SUPPLIES	7,361.75	0.00	0.00	7,361.75
6170100	PULLING&SWABBING SVC	0.00	15,000.00	0.00	15,000.00
6170110	SNUBBG&COIL TUBG SVC	0.00	375,000.00	0.00	375,000.00
6190100	TRCKG&HL-SOLID&FLUID	102,722.08	0.00	0.00	102,722.08
6190110	TRUCKING&HAUL OF EQP	38,400.00	10,000.00	0.00	48,400.00
6200110	INSPECTION SERVICES	0.00	11,666.67	0.00	11,666.67
6200130	CONSLT & PROJECT SVC	126,918.36	95,000.00	0.00	221,918.36
6230120	SAFETY SERVICES	54,853.59	4,000.00	0.00	58,853.59
6300270	SOLIDS CONTROL SRVCS	71,905.46	0.00	0.00	71,905.46
6310120	STIMULATION SERVICES	0.00	3,650,000.00	0.00	3,650,000.00
6310200	CASING & TUBULAR SVC	91,100.00	0.00	0.00	91,100.00
6310250	CEMENTING SERVICES	160,000.00	0.00	0.00	160,000.00
6310280	DAYWORK COSTS	734,295.23	0.00	0.00	734,295.23
6310300	DIRECTIONAL SERVICES	395,910.00	0.00	0.00	395,910.00
6310310	DRILL BITS	77,600.00	0.00	0.00	77,600.00
6310330	DRILL&COMP FLUID&SVC	202,276.09	8,000.00	0.00	210,276.09
6310370	MOB & DEMOBILIZATION	50,250.00	0.00	0.00	50,250.00
6310380	OPEN HOLE EVALUATION	17,242.75	0.00	0.00	17,242.75
6310480	TSTNG-WELL, PL & OTH	0.00	195,000.00	0.00	195,000.00
6310600	MISC PUMPING SERVICE	0.00	45,000.00	0.00	45,000.00
6320100	EQPMNT SVC-SRF RNTL	98,583.11	185,000.00	0.00	283,583.11
6320110	EQUIP SVC - DOWNHOLE	94,892.65	0.00	0.00	94,892.65
6320160	WELDING SERVICES	6,700.00	11,555.56	0.00	18,255.56
6520100	LEGAL FEES	5,000.00	0.00	0.00	5,000.00
6550100	MISCS COSTS & SERVS	0.00	35,425.44	0.00	35,425.44
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6550120	OTHER ROUSTABOUT SER	0.00	116,896.67	0.00	116,896.67
6630110	CAPITAL OVERHEAD	10,272.21	21,790.33	0.00	32,062.54

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## Authorization for Expenditure

AFE # XX-128968.01

Well Name: Jayhawk 6-7 Fed Fee Com 3H

AFE Date:

7/23/2018

Cost Center Number: 1093906801

State:

NM

Legal Description: Section 6-26S-34E

County/Parish:

Lea

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6740340	TAXES OTHER	0.00	225,000.00	0.00	225,000.00
	<b>Total Intangibles</b>	<b>2,706,635.82</b>	<b>6,313,692.67</b>	<b>0.00</b>	<b>9,020,328.49</b>

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	<b>Total Tangibles</b>	<b>972,016.46</b>	<b>880,032.55</b>	<b>0.00</b>	<b>1,852,049.01</b>

<b>TOTAL ESTIMATED COST</b>	<b>3,678,652.28</b>	<b>7,193,725.22</b>	<b>0.00</b>	<b>10,872,377.50</b>
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**WORKING INTEREST OWNER APPROVAL**

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Company Name:

Signature:

Print Name:

Title:

Date:

Email:

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

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<b>Line</b>	<b>Mail Class</b>	<b>Tracking No</b>	<b>To Name</b>	<b>Delivery Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Mail Date</b>	<b>Signature Date</b>
1	Federal Express	7728 0579 5711	Energex LLC	4873 Raintree Cir	Parker	CO	80134	7/24/2018	Delivered 8/01/2018
2	Federal Express	7728 0576 4116	EOG Resources Inc	5509 Champions Dr	Midland	TX	79706	7/24/2018	Delivered 7/26/2018
3	Federal Express	7728 0775 7768	Katy Pipeline & Production Corp	5950 Cedar Springs Rd Suite 230	Dallas	TX	75235	7/24/2018	Delivered 7/26/2018
4	Federal Express	7728 0567 6676	Marathon Oil Permian LLC	5555 San Felipe St.	Houston	TX	77056	7/24/2018	Delivered 7/26/2018
5	Federal Express	7728 0572 5976	Novo Oil & Gas N. Delaware LLC	1001 W Wilshire Blvd Suite 206	Oklahoma City	OK	73102	7/24/2018	Delivered 7/28/2018
6	Federal Express	7728 0583 0382	Oxy USA WTP, LP	5 Greenway Plaza Suite 110	Houston	TX	77046	7/24/2018	Delivered 7/26/2018
7	Federal Express	7728 0778 9590	Sugarberry Oil & Gas Corp	5950 Cedar Springs Rd Suite 230	Dallas	TX	75235	7/24/2018	Delivered 7/26/2018
8	USPS Certified	9414 8149 0152 7181 4987 92	Yates Brothers, A Partnership	P.O. Box 1394	Artesia	NM	88211	7/24/2018	Delivered 7/30/2018