

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

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20377**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20378**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20379**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20380**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20381**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20382**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20383**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20384**

**Examiner Docket: April 4, 2019**

**APACHE'S EXHIBITS**



Earl E. DeBrine, Jr.

Lance D. Hough

**MODRALL SPERLING**

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**APACHE'S EXHIBITS**

EXHIBIT A: Affidavit of Laci Stretcher

EXHIBIT B: Affidavit of Mike Muncy

EXHIBIT C: Affidavit of Earl E. DeBrine, Jr.  
With Exhibits

Earl E. DeBrine, Jr.  
Lance D. Hough



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**AFFIDAVIT OF LACI STRETCHER**

STATE OF TEXAS            )  
                                  ) ss.  
COUNTY OF MIDLAND    )

Laci Stretcher, being duly sworn, deposes and states:

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

The Apache logo is written in a stylized, orange, cursive font.

EXHIBIT A

1. I am a landman for Apache Corporation ("Apache"), over the age of 18 and have personal knowledge of the matters stated herein. I have previously been qualified to testify by the New Mexico Oil Conservation Division as an expert in petroleum land matters.

2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced compulsory pooling applications filed by Apache.

3. Each of these cases each involve a request for an order from the Division for compulsory pooling of interest owners who have refused to voluntarily pool their interests for the proposed Bone Spring horizontal spacing units described below, and in wells to be drilled in the horizontal spacing unit.

4. No opposition is expected. Prior to filing its applications Apache contacted the interest owners being pooled regarding the proposed wells; the pooled interest owners have failed or refused to voluntarily commit their interests in the wells. Apache provided all of the working interest owners and any unleased mineral owners and overriding royalty owners with notice of these applications and none have entered an appearance in opposition to Apache' applications.

5. A plat outlining all of 8 the horizontal units being pooled that is the subject of these applications is attached to my Affidavit as Exhibit "A."

6. Below is a description of the facts supporting each of the compulsory pooling applications in the above-referenced cases.

7. Case No. 20377

- a. In its application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated



to the **Palmillo 3 State Com #241 1H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.

- b. A plat outlining the unit being pooled in Case No. 20377 is attached to my affidavit as **Exhibit A.241H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns an 45.62% interest in the proposed unit and has a right to drill a well thereon.
- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as **Exhibit B.241H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.241H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.241H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$6,011,200 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

8. **Case No. 20378**

- a. In its application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 3 State #242H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation

- b. A plat outlining the unit being pooled in Case No. 20378 is attached to my affidavit as Exhibit **A.242H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns a 49.61% interest in the proposed unit and has a right to drill a well thereon.
- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.242H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.242H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.242H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,901,200 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

9. Case No. 20379

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 3 State Com #243H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.

- b. A plat outlining the unit being pooled in Case No. 20379 is attached to my affidavit as Exhibit **A.243H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns an 55.78% interest in the proposed unit and has a right to drill a well thereon.
- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.243H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.243H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.243H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,901,200 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

**10. Case No. 20380**

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 3 State Com #244 1H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.

- b. A plat outlining the unit being pooled in Case No. 20380 is attached to my affidavit as **Exhibit A.244H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns an 55.78% interest in the proposed unit and has a right to drill a well thereon.
- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as **Exhibit B.244H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.244H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.244H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,901,200 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

**11. Case No. 20381**

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 10 State Com #231H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.
- b. A plat outlining the unit being pooled in Case No. 20381 is attached to my affidavit as Exhibit **A.231H**, which shows the proposed well's location within the unit. The

parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns an 73.96% interest in the proposed unit and has a right to drill a well thereon.

- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.231H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.231H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.231H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,835,000 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

**12. Case No. 20382**

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 10 State #232H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.
- b. A plat outlining the unit being pooled in Case No. 20382 is attached to my affidavit as Exhibit **A.232H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working

interest owners, the overriding interest owners, and any unleased mineral owners in the subject lands. Apache owns a 73.96% interest in the proposed unit and has a right to drill a well thereon.

- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.232H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.232H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.232H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,673,000 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

13. Case No. 20383

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2N/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 10 State #233H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.
- b. A plat outlining the unit being pooled in Case No. 20383 is attached to my affidavit as Exhibit **A.233H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners



in the subject lands. Apache owns an 46.27% interest in the proposed unit and has a right to drill a well thereon.

- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.233H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.233H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.233H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,673,000 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

14. **Case No. 20384**

- a. In its Application, Apache seeks an order: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing unit will be dedicated to the **Palmillo 10 State Com #234H** well, to be horizontally drilled to a depth sufficient to test the Bone Spring formation.
- b. A plat outlining the unit being pooled in Case No. 20384 is attached to my affidavit as Exhibit **A.234H**, which shows the proposed well's location within the unit. The parties being pooled, and the nature and percent of their interests are also included as part of this Exhibit. This Exhibit also includes information for the working interest owners, the overriding interest owners, and any unleased mineral owners

in the subject lands. Apache owns an 46.27% interest in the proposed unit and has a right to drill a well thereon.

- c. There are no depth severances within the Bone Spring formation within the unit.
- d. I have conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure and for anyone who requested it, a form of Operating Agreement.
- e. Apache has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
- f. Attached to my affidavit as Exhibit **B.234H** is the C-102 for the well. The well will develop the Palmillo; Bone Spring; Southwest, Pool (Pool Code #96413), which is an oil pool.
- g. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.
- h. Exhibit **C.234H** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- i. Exhibit **D.234H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$5,673,000 is fair and reasonable and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

15. Apache requests overhead and administrative rates of \$7500/month during drilling and \$750/month while producing. 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 and consistent with the rates awarded by the Division in recent compulsory pooling orders. Apache requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

16. Apache requests the maximum cost plus 200% risk charge be assessed against non-consenting pooled working interest owners.

17. Apache requests that it be designated operator of the well.

18. The granting of Apache's applications in these cases is in the interests of conservation and the prevention of waste.

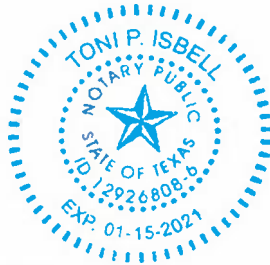
19. The attachments to my Affidavit were prepared by me or compiled from company business records.


20. I attest that the information provided herein is true, correct and complete to the best of my knowledge and belief.

  
Laci Stretcher

SUBSCRIBED AND SWORN to before me this 3rd day of April 2019 by Laci Stretcher.

SEAL



  
Notary Public  
My commission expires: 01-15-2021

Y:\dox\client\13454\0156\DRAFTS\W3390971.DOCX

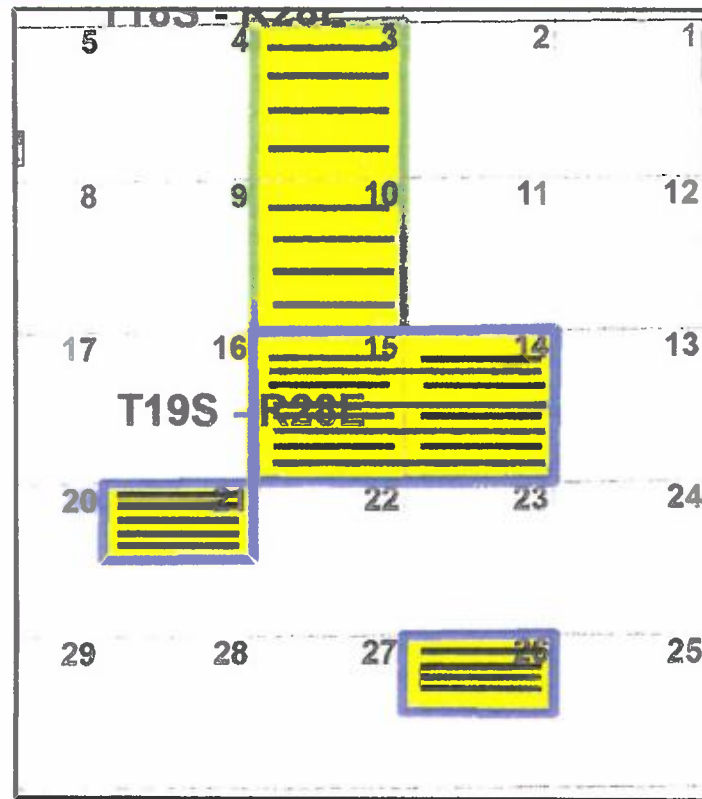
# PALMILLO 3 AND 10 AREA MAP



Apache Prospects  
Previously Drilled



Apache Prospects  
Being Pooled



Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 80384

*Apache*

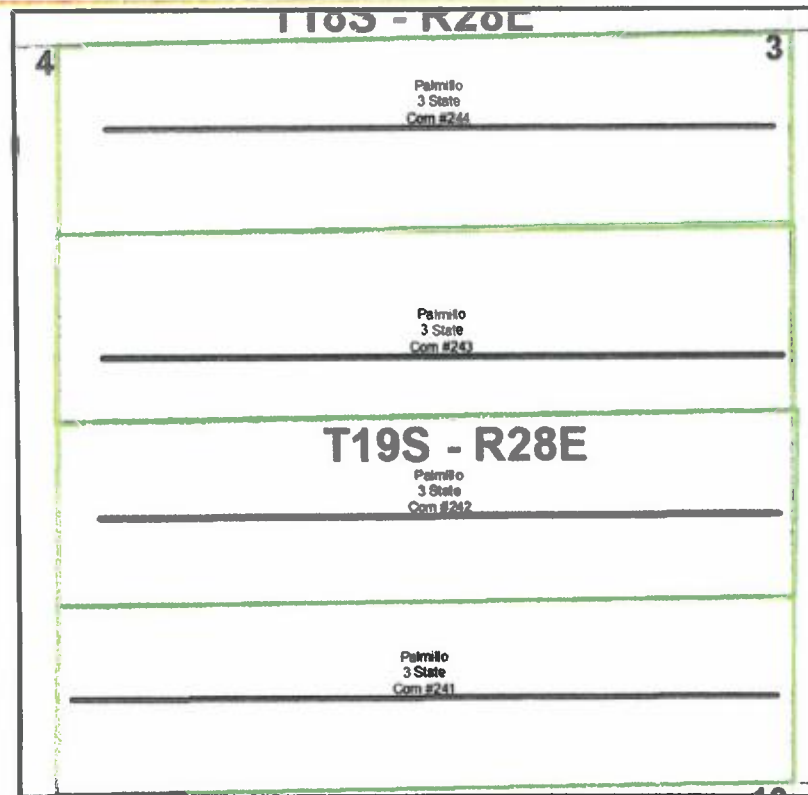
EXHIBIT A to Affidavit of Laci Strether

# PALMILLO 3 AND 10 SPACING UNITS

T16S - R28E	
4	3
Palmillo 3 Spacing Date: 8/24/01	
Palmillo 3 Spacing Date: 8/24/01	
T19S - R28E	
Palmillo 3 Spacing Date: 8/24/01	
Palmillo 3 Spacing Date: 8/24/01	

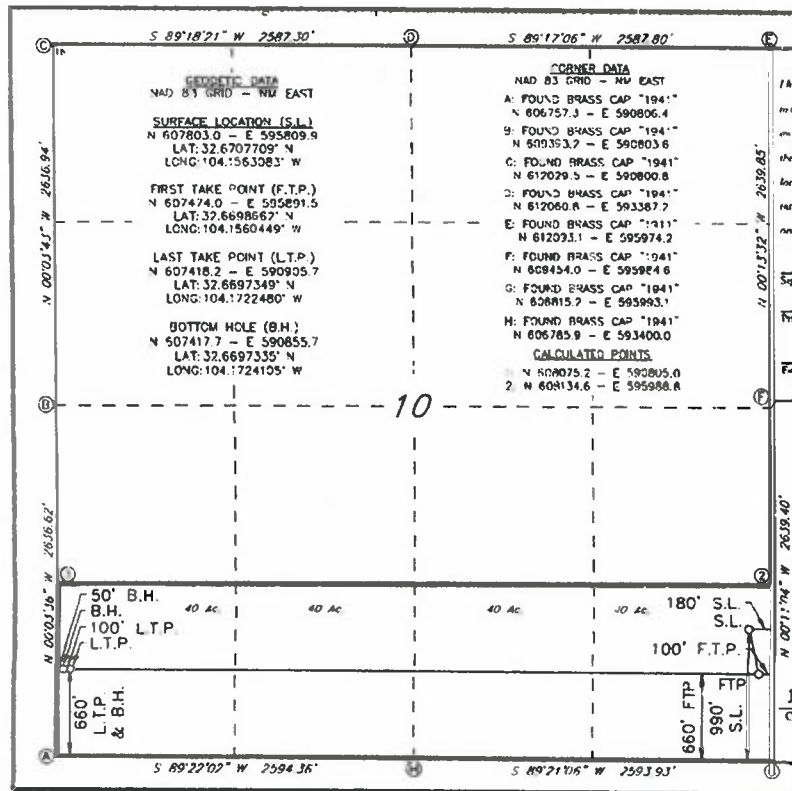
T19S - R28E	
9	10
Palmillo 10 Spacing Date: 8/22/01	
Palmillo 10 Spacing Date: 8/22/01	
T19S - R28E	
Palmillo 10 Spacing Date: 8/22/01	
Palmillo 10 Spacing Date: 8/22/01	

# PALMILLO 3 WELLS





# PALMILLO 10 STATE COM #231H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

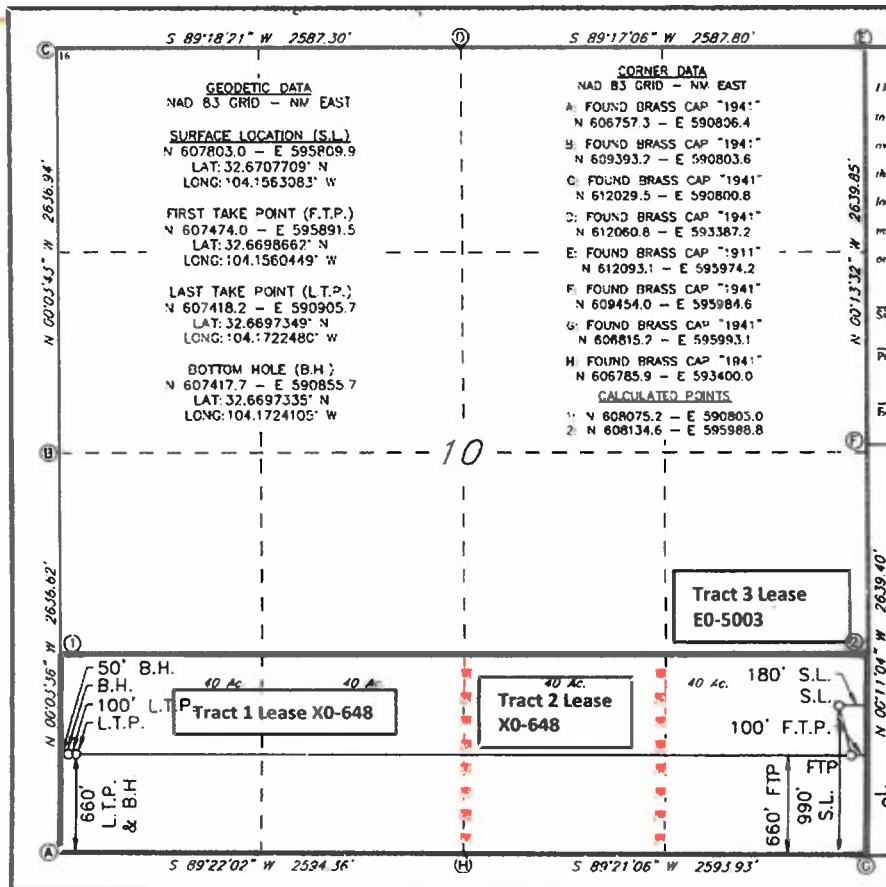
- 100' FEL  
 - 660' FSL

## LTP:

- 100' FWL  
 - 660' FSL

This wellbore is located approximately 330' from the proximity tracts

# PALMILLO 10 STATE COM #231H



For tract level ownership, see spreadsheet

**Palmillo 10 State Com #231H****Tract 1:****80 acres S/2SW/4 of Sec. 10-19S-28E**

Owner	Interest	Type	Response
ZPZ Delaware I LLC	25.000000%	WI	signed JOA
COG Operating LLC	23.750000%	WI	POOL
Apache Corporation	50.000000%	WI	signed JOA
Concho Oil & Gas LLC	1.250000%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.00250000	ORRI	POOL
Marathon	0.01197917	ORRI	POOL

**Tract 2:****40 acres SW/4SE/4 of Sec. 10-19S-28E**

Owner	Interest	Type	Response
Apache Corporation	47.916667%	WI	signed JOA
Devon SFS Operating, Inc.	24.305556%	WI	POOL
ZPZ Delaware I LLC	20.000000%	WI	signed JOA
COG Operating LLC	5.000000%	WI	POOL
Oxy Y-1 Company	2.777778%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL

**Tract 3:****40 acres SE/4SE/4 of Sec. 10-19S-28E**

Owner	Interest	Type	Response
Apache Corporation	47.916667%	WI	signed JOA
Devon SFS Operating, Inc.	24.305556%	WI	POOL
ZPZ Delaware I LLC	20.000000%	WI	signed JOA
COG Operating LLC	5.000000%	WI	POOL
Oxy Y-1 Company	2.777778%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL

Nestegg Energy Corporation	0.01250000	ORRI	POOL
----------------------------	------------	------	------

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		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>PALMILO 10 STATE COM</b>			<sup>6</sup> Well Number <b>231H</b>
<sup>7</sup> GRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			<sup>9</sup> Elevation <b>3489'</b>

<sup>10</sup> Surface Location

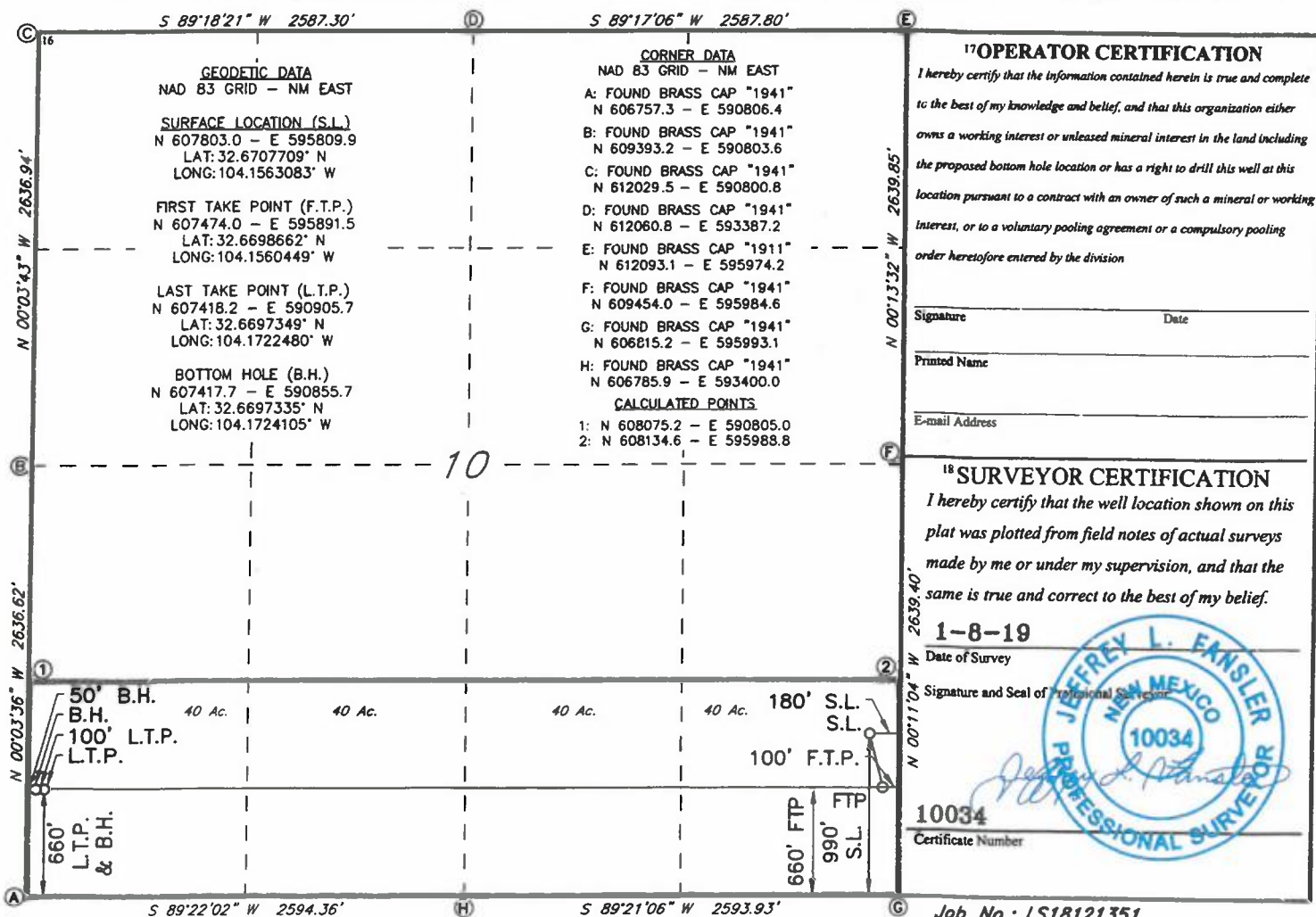
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>P</b>	<b>10</b>	<b>19S</b>	<b>28E</b>		<b>990</b>	<b>SOUTH</b>	<b>180</b>	<b>EAST</b>	<b>EDDY</b>

<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>M</b>	<b>10</b>	<b>19S</b>	<b>28E</b>		<b>660</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



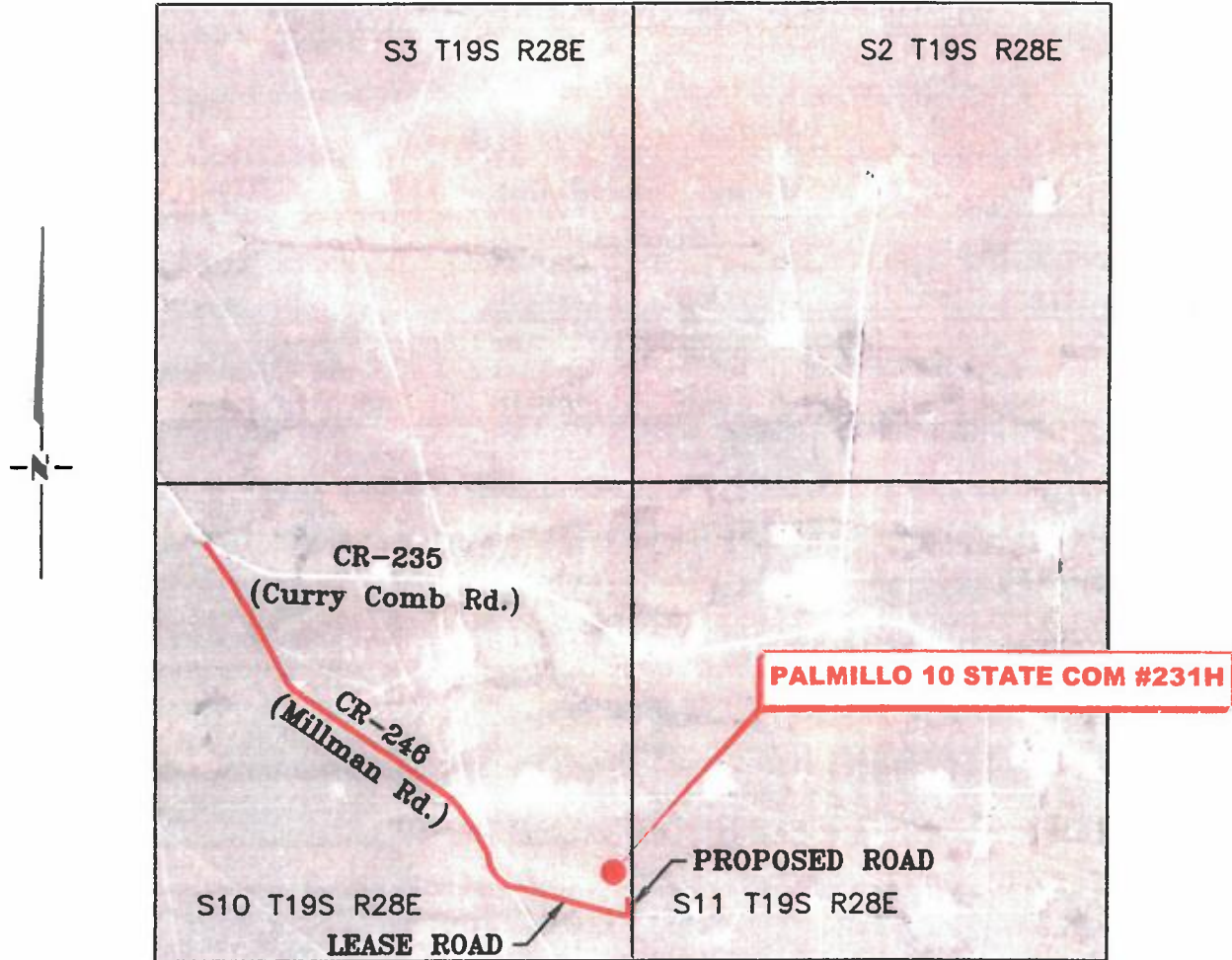
Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit B 231H

# VICINITY MAP

NOT TO SCALE



*SECTION 10, TWP. 19 SOUTH, RGE. 28 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO*

OPERATOR: Apache Corporation  
LEASE: Palmillo 10 State Com  
WELL NO.: 231H

LOCATION: 990' FSL & 180' FEL  
ELEVATION: 3489'

Copyright 2018 - All Rights Reserved

DATE: 01-08-2018		
NO.	REVISION	DATE
1		
2		
3		
4		

## RRC

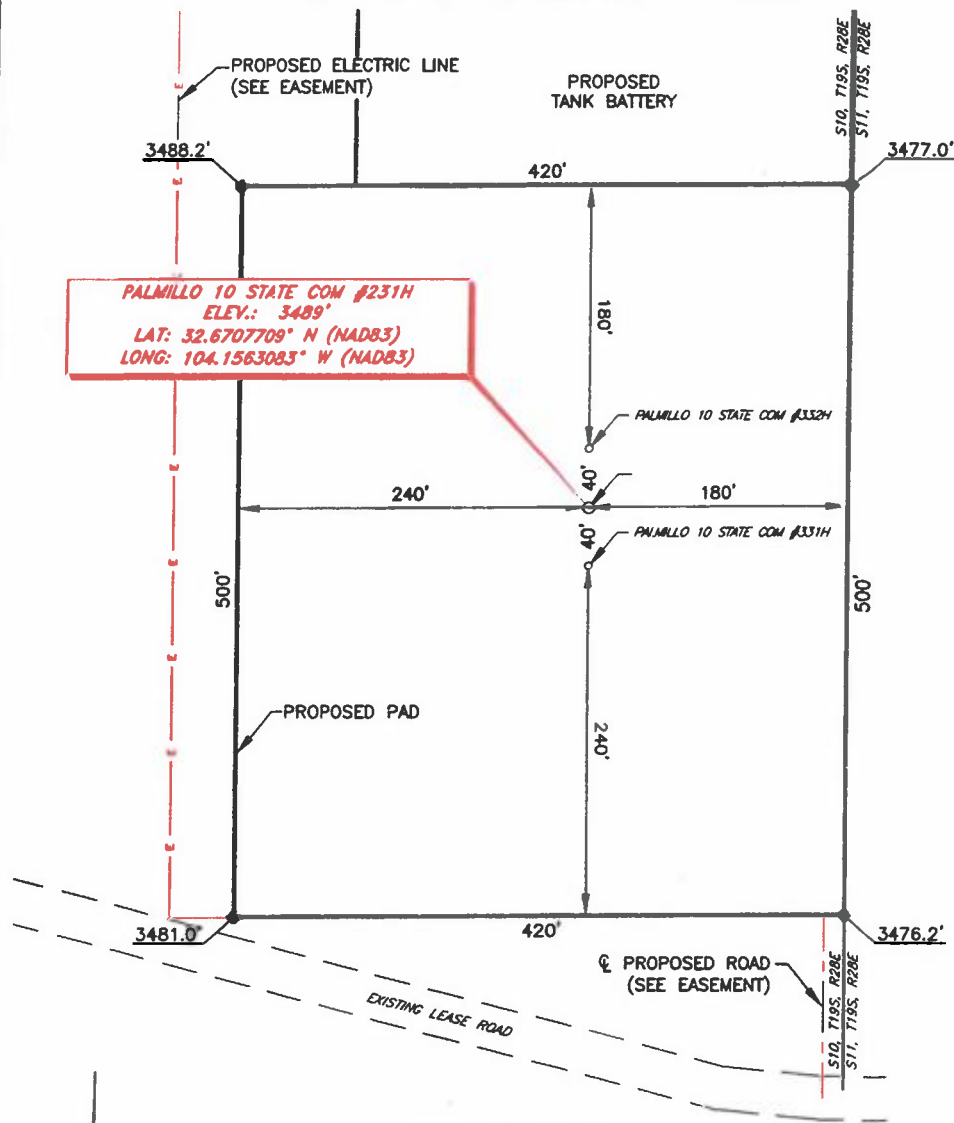
SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 2000'
SURVEYED BY: AB/RU
DRAWN BY: CAR
APPROVED BY: JLF
JOB NO.: LS18121351
SHEET: 231 VM



**APACHE CORPORATION**  
**PALMILLO 10 STATE COM #231H**  
**(990' FSL & 180' FEL)**  
**SECTION 10, T19S, R28E**  
**N. M. P. M., EDDY COUNTY, NEW MEXICO**



**PALMILLO 10 STATE COM #231H**  
**ELEV.: 3489'**  
**LAT: 32.6707709° N (NAD83)**  
**LONG: 104.1563083° W (NAD83)**

**DIRECTIONS TO LOCATION**

From the intersection between CR-246 (Millman Rd.) and CR-235 (Curry Comb Rd.),  
 Go Southeast on CR-246 approx. 1.0 mile to lease road on the left;  
 Go East on lease road approx. 0.3 miles to proposed road on the left;  
 Go North on proposed road approx. 125 feet to proposed location on the left.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND  
 PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY, BOUNDARY DATA IS  
 SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, Jeffrey L. Fansler, a N. M. Professional Surveyor, hereby certify  
 that I prepared this plat from an actual survey made on the  
 ground under my direct supervision, said survey and plat meet  
 the Min. Stds. for Land Surveying in the State of N. M. and are  
 true and correct to the best of my knowledge and belief.

*Jeffrey L. Fansler*  
 Jeffrey L. Fansler NM PS 10034



**SCALE: 1" = 100'**  
 0 50' 100'  
 BEARINGS ARE GRID NAD 83  
 NM EAST  
 DISTANCES ARE HORIZ. GROUND.

NO.	REVISION	DATE
1		
2		
3		
4		

**RRC**

SURVEYING, LLC

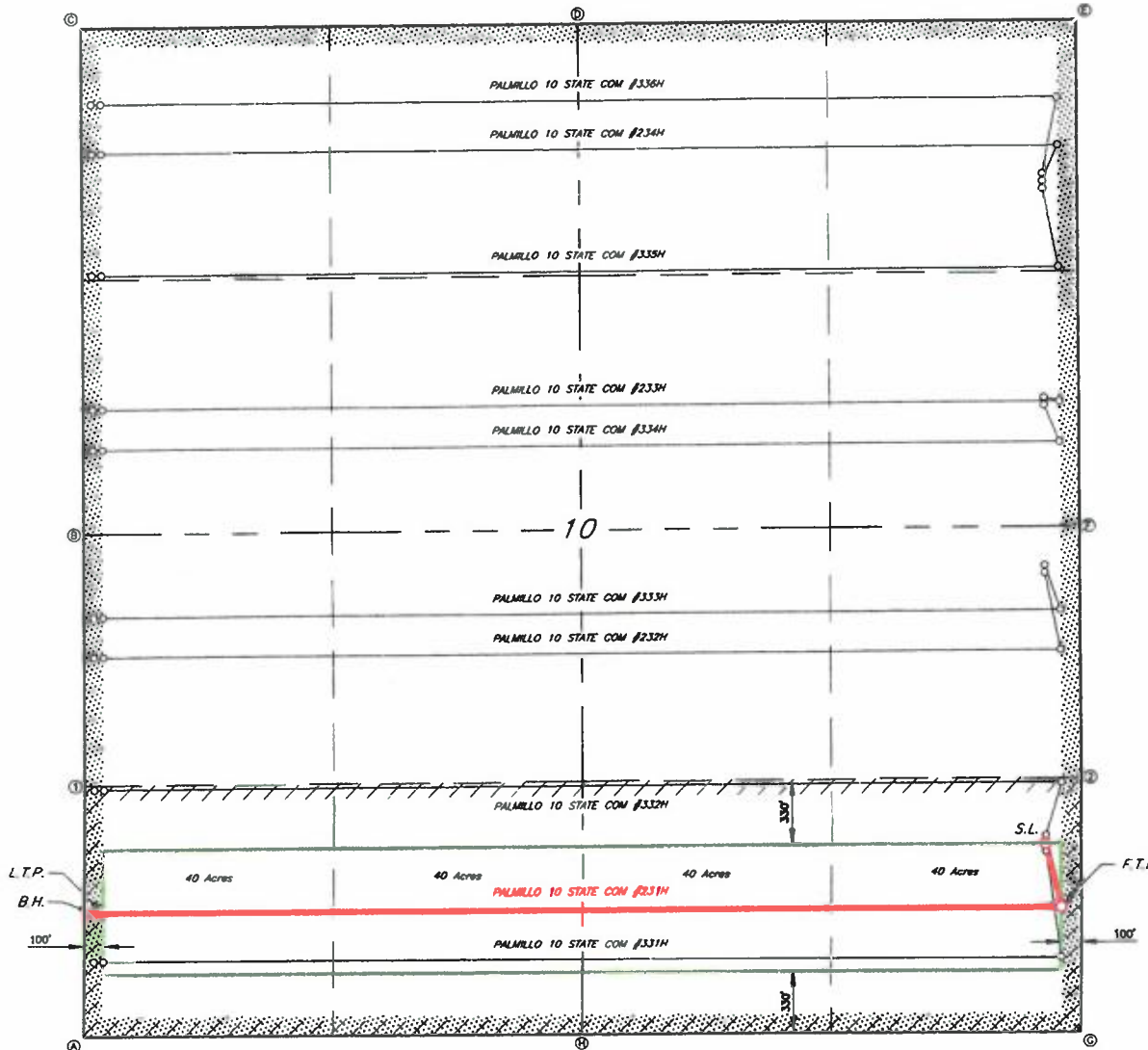
701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

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**SCALE: 1" = 100'**  
 SURVEYED BY: AB/RU  
 DRAWN BY: CAR  
 APPROVED BY: JLF  
 JOB NO.: LS18121351  
 SHEET: 231 PAD

# RRC

SURVEYING, LLC  
701 S. CEDAR STREET  
MORRIS, NM 87240 (505) 844-8200



**GEODETIC DATA**  
NAD 83 GRID - NM EAST  
**SURFACE LOCATION (S.L.)**  
N 607803.0 - E 595809.9  
LAT: 32.6707709° N  
LONG: 104.1583083° W  
**FIRST TAKE POINT (F.T.P.)**  
N 607474.0 - E 595891.5  
LAT: 32.6698652° N  
LONG: 104.1580449° W  
**LAST TAKE POINT (L.T.P.)**  
N 607418.2 - E 590905.7  
LAT: 32.6697349° N  
LONG: 104.1722480° W  
**BOTTOM HOLE (B.H.)**  
N 607417.7 - E 590855.7  
LAT: 32.6697335° N  
LONG: 104.1724105° W

**CORNER DATA**  
NAD 83 GRID - NM EAST  
**A: FOUND BRASS CAP "1941"**  
N 606757.3 - E 590808.4  
**B: FOUND BRASS CAP "1941"**  
N 606393.2 - E 590803.6  
**C: FOUND BRASS CAP "1941"**  
N 612029.5 - E 590800.8  
**D: FOUND BRASS CAP "1941"**  
N 612060.8 - E 593387.2  
**E: FOUND BRASS CAP "1911"**  
N 612093.1 - E 595974.2  
**F: FOUND BRASS CAP "1941"**  
N 609454.0 - E 595984.6  
**G: FOUND BRASS CAP "1941"**  
N 606815.2 - E 595993.1  
**H: FOUND BRASS CAP "1941"**  
N 606785.9 - E 593400.0

**CALCULATED POINTS**  
1: N 608075.2 - E 590805.0  
2: N 608134.6 - E 595988.8

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## APACHE CORPORATION

LEASE AREA FOR THE  
PALMILLO 10 STATE COM #231H  
SECTION 10, T19S, R28E  
EDDY COUNTY, NEW MEXICO

SCALE: 1"=600'	SURVEYED BY: AB/RU	JOB No.: LS18121351
DATE: 01-08-2018	DRAWN BY: CAR	DWG: 231 LEASE
REV:	APPROVED BY: JLF	SHEET: 1 OF 1

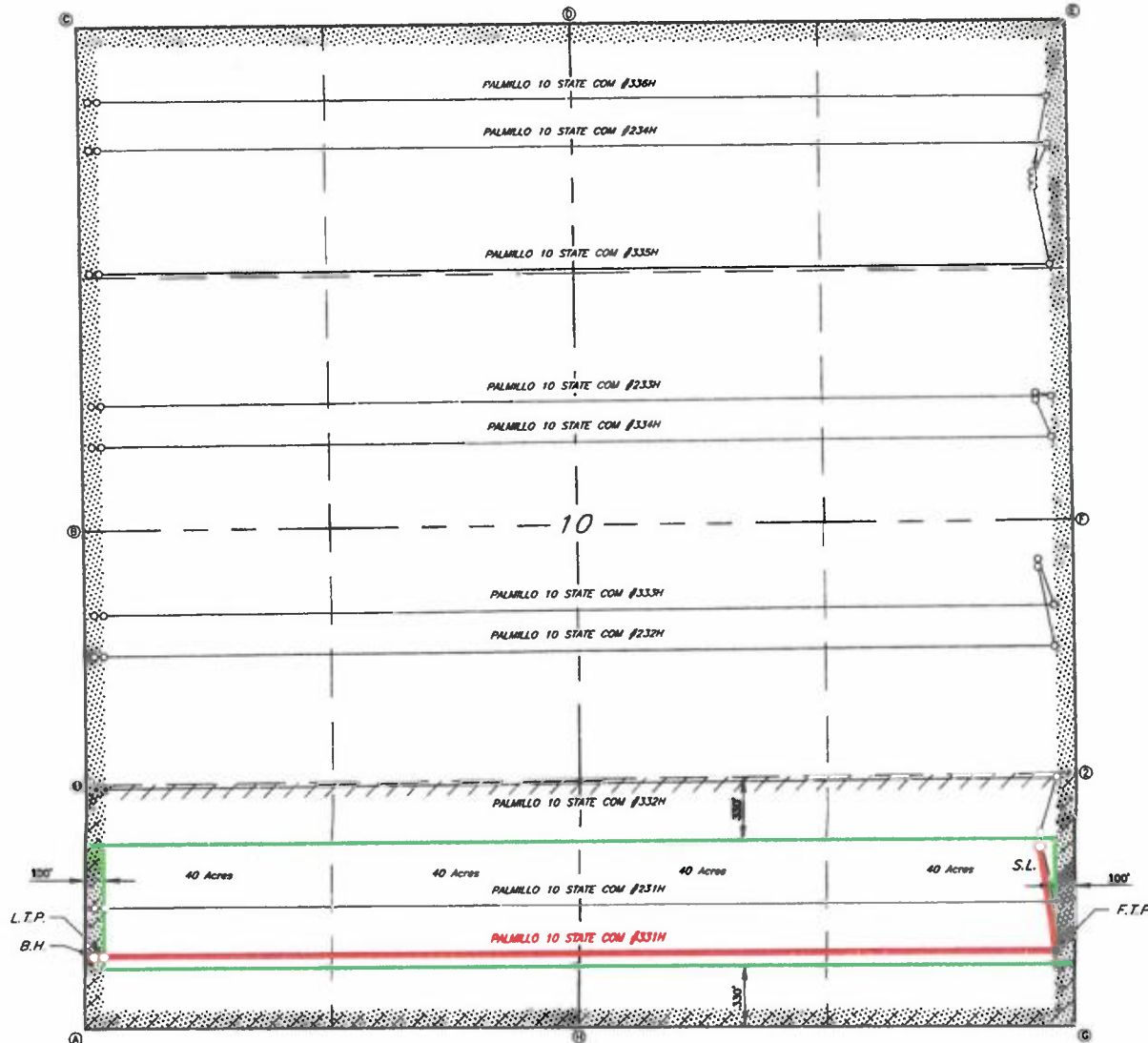
SCALE: 1" = 600'  
0 300' 600'  
BEARINGS ARE GRID NAD 83  
NM EAST  
DISTANCES ARE HORIZ. GROUND.

### LEGEND

////// LEASE AREA  
///// ALLOCATED AREA

# RRC

SURVEYING, LLC  
701 S. CECIL STREET  
HOBBS, NM 88240 (575) 864-8200



**GEOGRAPHIC DATA**  
NAD 83 GRID - NM EAST  
**SURFACE LOCATION (S.L.)**  
N 607763.0 - E 595810.0  
LAT:32.670861° N  
LONG:104.1563081° W  
**FIRST TAKE POINT (F.T.P.)**  
N 607214.0 - E 595891.8  
LAT:32.6691517° N  
LONG:104.1580454° W  
**LAST TAKE POINT (L.T.P.)**  
N 607158.3 - E 590906.0  
LAT:32.6690203° N  
LONG:104.1722484° W  
**BOTTOM HOLE (B.H.)**  
N 607157.7 - E 590856.0  
LAT:32.6690190° N  
LONG:104.1724108° W

**CORNER DATA**  
NAD 83 GRID - NM EAST  
A: FOUND BRASS CAP "1941"  
N 606757.3 - E 590806.4  
B: FOUND BRASS CAP "1941"  
N 606393.2 - E 590603.6  
C: FOUND BRASS CAP "1941"  
N 612029.5 - E 590800.8  
D: FOUND BRASS CAP "1941"  
N 612060.8 - E 593387.2  
E: FOUND BRASS CAP "1911"  
N 612093.1 - E 595974.2  
F: FOUND BRASS CAP "1941"  
N 609454.0 - E 595984.6  
G: FOUND BRASS CAP "1941"  
N 606815.2 - E 595993.1  
H: FOUND BRASS CAP "1941"  
N 606785.9 - E 593400.0  
**CALCULATED POINTS**  
1: N 608075.2 - E 590805.0  
2: N 608134.6 - E 595988.8

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## APACHE CORPORATION

LEASE AREA FOR THE  
PALMILLO 10 STATE COM #331H  
SECTION 10, T19S, R26E  
EDDY COUNTY, NEW MEXICO

SCALE: 1"=600'	SURVEYED BY: AB/RU	JOB No.: LS16121351
DATE: 01-06-2018	DRAWN BY: CAR	DWG: 331 LEASE
REV:	APPROVED BY: JLF	SHEET: 1 OF 1

SCALE: 1" = 600'  
0 300' 600'  
BEARINGS ARE GRID NAD 83  
NM EAST  
DISTANCES ARE HORIZ. GROUND.

**LEGEND**  
[Shaded Area] LEASE AREA  
[Dashed Line] ALLOCATED AREA



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 10 State #231H Com Well Proposal & Palmillo 10 Facility Proposal  
Section 10, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2S/2 of Section 10, 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".

- 1) Palmillo 10 State #231H Com ("231H") with a proposed surface location to be located in the SW/4SW/4 (Unit M) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 231H will be located in the SE/4SE/4 (Unit P) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The 231H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,335'. The estimated cost of drilling, completing, and equipping the 231H is \$5,835,000.00 as found on the enclosed AFE #11-18-0940.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 10 facility is \$3,251,000. The Palmillo 10 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 10 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the S/2S/2 of Section 10 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.231H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink that reads "Laci Stretcher". The signature is fluid and cursive, with the first name "Laci" and last name "Stretcher" clearly distinguishable.

Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Palmillo 10 State #231 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Palmillo 10 State #231  
Com

\_\_\_\_\_ Elects to participate in the facility for the Palmillo 10 State wells

OR

\_\_\_\_\_ Does **NOT** elect to participate in the facility for the Palmillo 10 State wells

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

Printed Name: \_\_\_\_\_

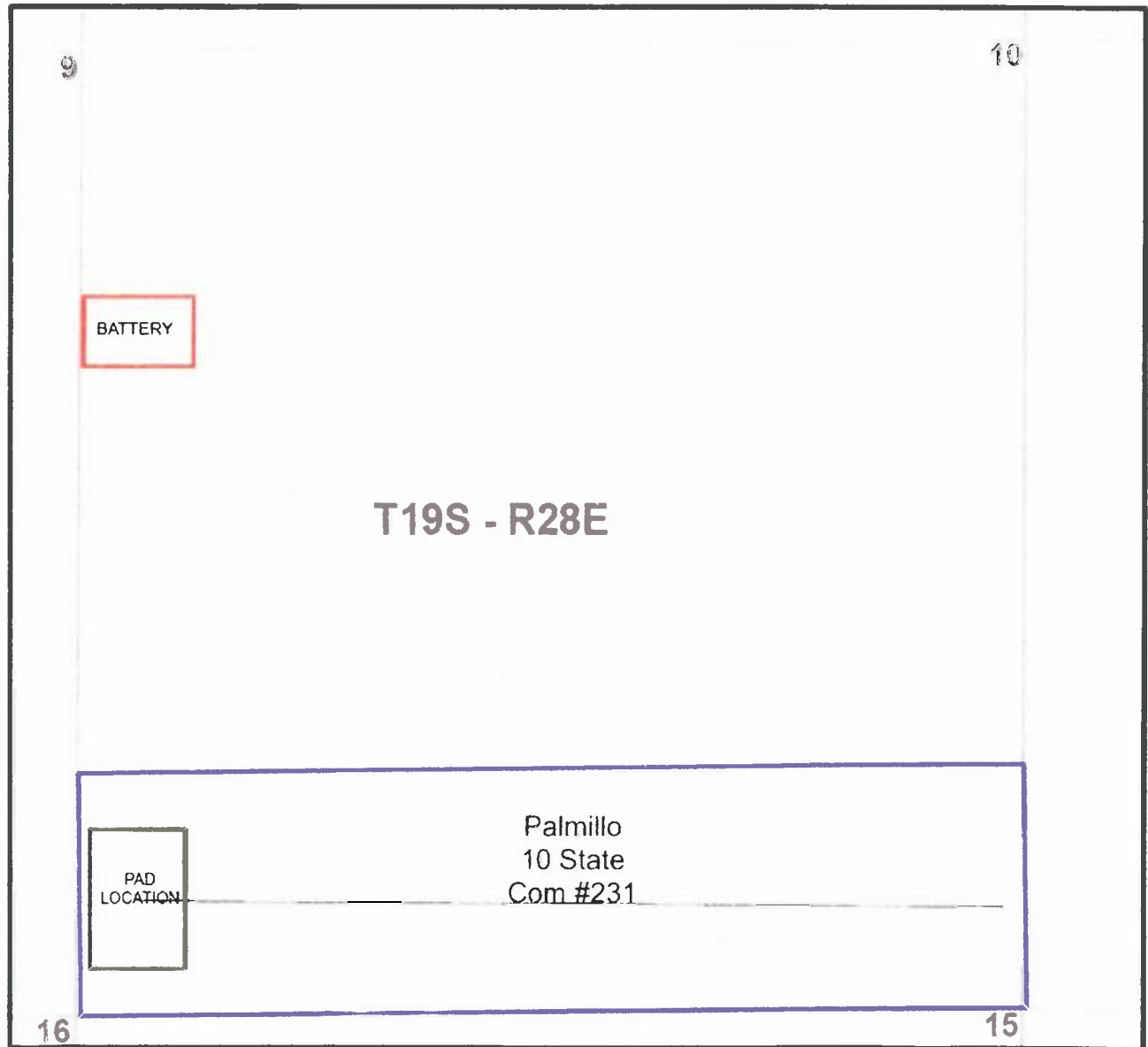
Company Name (if applicable): \_\_\_\_\_

Date: \_\_\_\_\_

Email Address: \_\_\_\_\_



## EXHIBIT "A"



## Exhibit B

<b>Palmillo 10 State Com #231 Ownership S/2S/2 of Sec. 10-19S-28E</b>
---

	Tract WI	Type
Apache Corporation	20.138889%	WI
ZPZ Delaware I, LLC	18.750000%	WI
EOG Y Resources, Inc.	18.055556%	WI
Devon SFS Operating, Inc.	12.152778%	WI
COG Operating LLC	11.875000%	WI
Marathon Oil Company	7.986111%	WI
Marbob Energy Corporation	3.125000%	WI
Pitch Energy Corporation	3.125000%	WI
EOG A Resources, Inc.	1.388889%	WI
EOG M Resources, Inc.	1.388889%	WI
Oxy Y-1 Company	1.388889%	WI
Concho Oil & Gas LLC	0.625000%	WI

**Total**

**100.000000%**



## AFE Summary

**AFE #** 11-18-0940 **PROJECT NAME** Palmillo 10 State 231H

**PROPERTY #** **OPERATOR** Apache Corp

**PROSPECT NAME** **LEASE NUMBERS**

**PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

S/2 S/2 SEC 10-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0940-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0940-CP	100.000000	Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 160 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0940-EQ	100.000000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree.

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,500	\$0	\$0	\$0	\$7,500
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$4,000	\$0	\$0	\$0	\$4,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$80,000	\$0	\$120,000
70019	Contract Rigs - Daywork	\$496,000	\$100	\$30,000	\$0	\$526,100
70021	Contract Supervision	\$59,000	\$75,700	\$15,000	\$0	\$149,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$128,000	\$0	\$0	\$0	\$128,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$105,000	\$31,600	\$15,000	\$0	\$151,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$79,000	\$215,000	\$0	\$0	\$294,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$17,500	\$0	\$0	\$0	\$17,500
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0940 | Project Name: Palmillo 10 State 231H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380, 20381, 20382, 20383, 20384



Exhibit D.231H

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$250,000	\$0	\$0	\$0	\$250,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$37,000	\$0	\$50,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$2,016,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$5,122,700</b>

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$0	\$200,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
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	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>

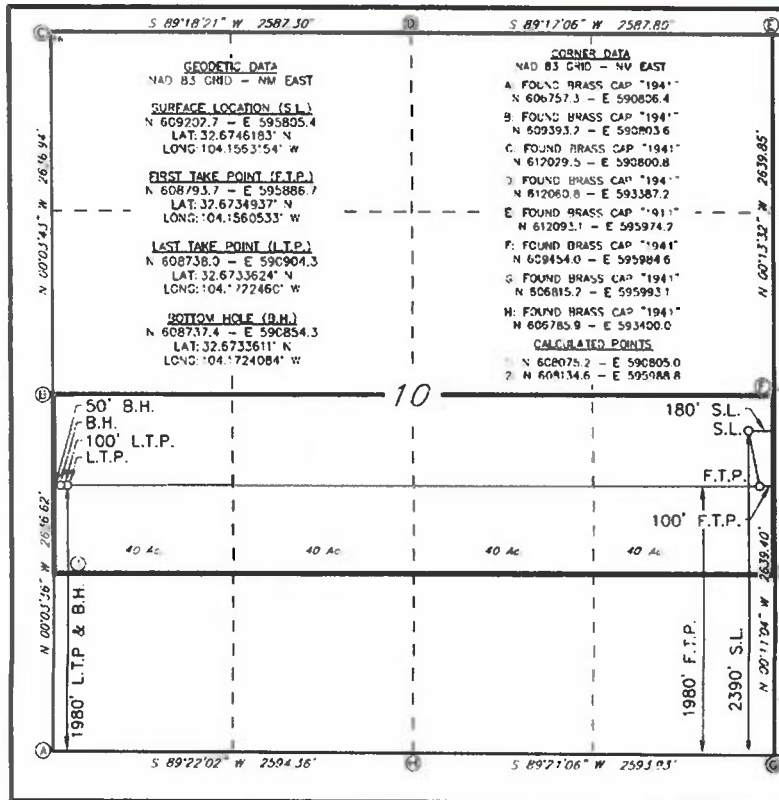
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$2,016,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$5,122,700</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>
<b>Grand Total</b>	<b>\$2,357,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,835,000</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,357,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,835,000</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 10 STATE #232H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL  
 - 1,980' FSL

## LTP:

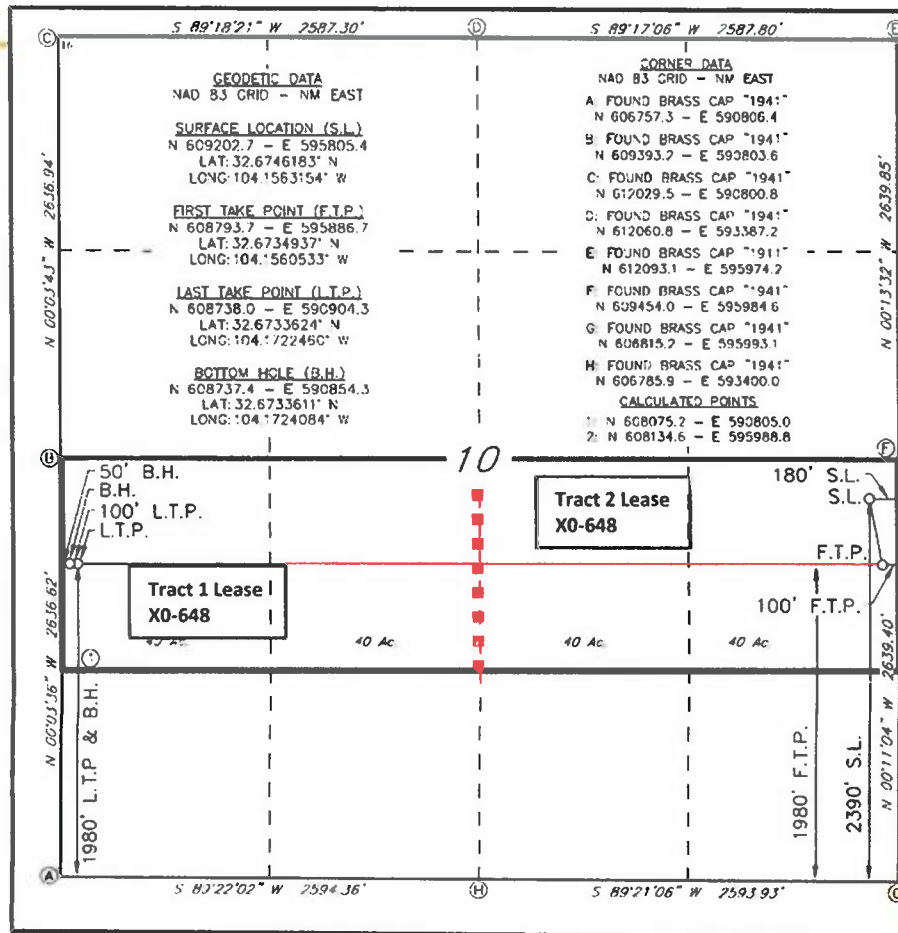
- 100' FWL  
 - 1,980' FSL

This wellbore is located approximately 330' from the proximity tracts

\*All on one lease, so not a communitized area

Apache Inc.

# PALMILLO 10 STATE #232H



For tract level ownership, see spreadsheet

**Palmillo 10 State #232H****Tract 1:****80 acres N/2SW/4 of Sec. 10-19S-28E**

Owner	Interest	Type	Response
ZPZ Delaware I LLC	25.000000%	WI	signed JOA
COG Operating LLC	23.750000%	WI	POOL
Apache Corporation	50.000000%	WI	signed JOA
Concho Oil & Gas LLC	1.250000%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.00250000	ORRI	POOL
Marathon	0.01197917	ORRI	POOL

**Tract 2:****80 acres N/2SE of Sec. 10-19S-28E**

Owner	Interest	Type	Response
Apache Corporation	47.916667%	WI	signed JOA
Devon SFS Operating, Inc.	24.305556%	WI	POOL
ZPZ Delaware I LLC	20.000000%	WI	signed JOA
COG Operating LLC	5.000000%	WI	POOL
Oxy Y-1 Company	2.777778%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL



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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>PALMILLO 10 STATE COM</b>				6 Well Number <b>232H</b>			
7 GRID NO.		8 Operator Name <b>APACHE CORPORATION</b>				9 Elevation <b>3490'</b>			
10 Surface Location									
UL or lot no. <b>I</b>	Section <b>10</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>2390</b>	North/South line <b>SOUTH</b>	Feet From the <b>180</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>L</b>	Section <b>10</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>1980</b>	North/South line <b>SOUTH</b>	Feet from the <b>50</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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.

<p>S 89°18'21" W 2587.30'</p> <p><b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (S.L.)</b> N 609202.7 - E 595805.4 LAT: 32.6746183° N LONG: 104.1563154° W</p> <p><b>FIRST TAKE POINT (F.T.P.)</b> N 608793.7 - E 595886.7 LAT: 32.6734937° N LONG: 104.1560533° W</p> <p><b>LAST TAKE POINT (L.T.P.)</b> N 608738.0 - E 590904.3 LAT: 32.6733624° N LONG: 104.1722460° W</p> <p><b>BOTTOM HOLE (B.H.)</b> N 608737.4 - E 590854.3 LAT: 32.6733611° N LONG: 104.1724084° W</p>		<p>S 89°17'06" W 2587.80'</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N 606757.3 - E 590806.4</p> <p>B: FOUND BRASS CAP "1941" N 609393.2 - E 590803.6</p> <p>C: FOUND BRASS CAP "1941" N 612029.5 - E 590800.8</p> <p>D: FOUND BRASS CAP "1941" N 612060.8 - E 593387.2</p> <p>E: FOUND BRASS CAP "1911" N 612093.1 - E 595974.2</p> <p>F: FOUND BRASS CAP "1941" N 609454.0 - E 595984.6</p> <p>G: FOUND BRASS CAP "1941" N 606815.2 - E 595993.1</p> <p>H: FOUND BRASS CAP "1941" N 606785.9 - E 593400.0</p> <p><b>CALCULATED POINTS</b> 1: N 608075.2 - E 590805.0 2: N 608134.6 - E 595988.8</p>		<p>N 00°13'32" W 2639.85'</p> <p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>N 00°03'43" W 2636.94'</p> <p>50' B.H. B.H. 100' L.T.P. L.T.P.</p> <p>40 Ac.</p>		<p>10</p> <p>180' S.L. S.L.</p> <p>F.T.P.</p> <p>100' F.T.P.</p> <p>40 Ac.</p>		<p>N 00°11'04" W 2639.40'</p> <p>1980' F.T.P. F.T.P.</p> <p>2390' S.L. S.L.</p> <p>40 Ac.</p>	
<p>N 00°03'36" W 2636.62'</p> <p>1980' L.T.P. &amp; B.H. B.H.</p> <p>40 Ac.</p>		<p>S 89°22'02" W 2594.36'</p> <p>40 Ac.</p>		<p>S 89°21'06" W 2593.93'</p> <p>40 Ac.</p>	
<p>Job No.: LS18121352</p>					

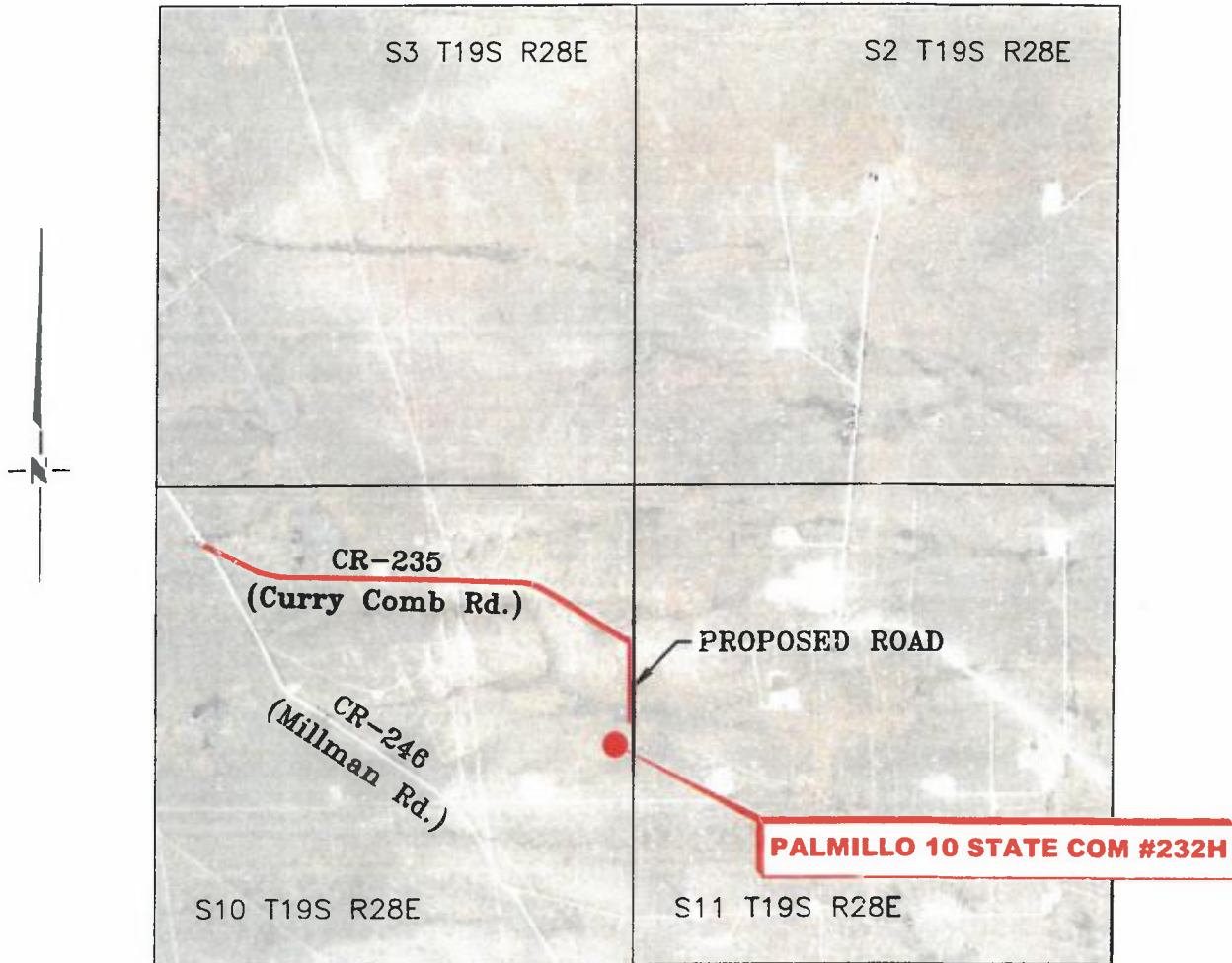
Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

**Apache**

Exhibit B 222H

# VICINITY MAP

NOT TO SCALE



*SECTION 10, TWP. 19 SOUTH, RGE. 28 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO*

OPERATOR: Apache Corporation  
LEASE: Palmillo 10 State Com  
WELL NO.: 232H

LOCATION: 2390' FSL & 180' FEL  
ELEVATION: 3490'

*Copyright 2018 - All Rights Reserved*

DATE: 01-08-2018		
NO.	REVISION	DATE
1		
2		
3		
4		

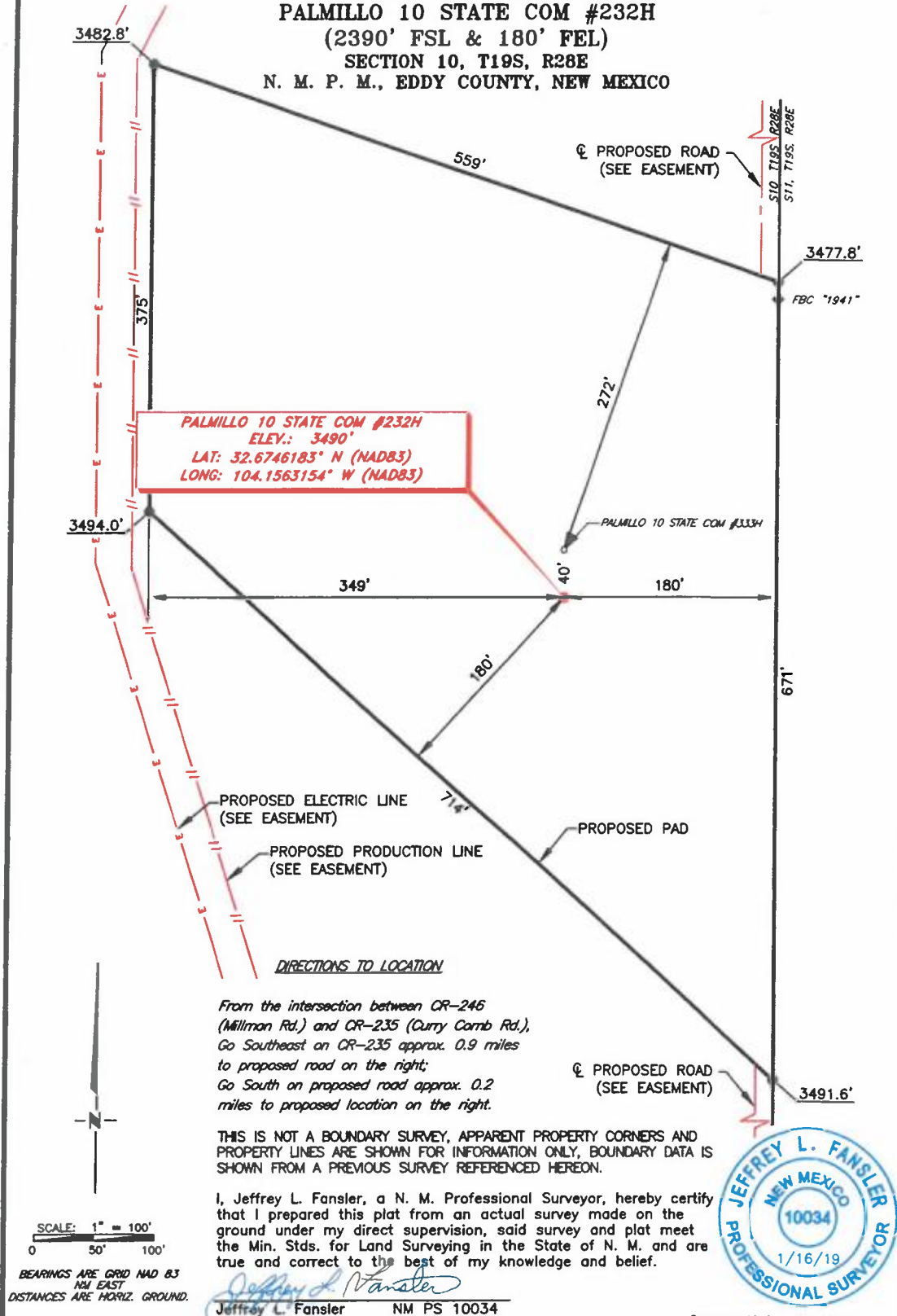
## RRC

SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 2000'
SURVEYED BY: AB/RU
DRAWN BY: CAR
APPROVED BY: JLF
JOB NO.: LS18121352
SHEET: 232 VM

**APACHE CORPORATION**  
**PALMILLO 10 STATE COM #232H**  
**(2390' FSL & 180' FEL)**  
**SECTION 10, T19S, R28E**  
**N. M. P. M., EDDY COUNTY, NEW MEXICO**



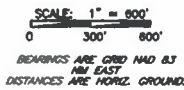
NO.	REVISION	DATE
1		
2		
3		
4		

**RRC**  
 SURVEYING, LLC  
 701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

<b>SCALE: 1" = 100'</b>
<b>SURVEYED BY: AB/RU</b>
<b>DRAWN BY: CAR</b>
<b>APPROVED BY: JLF</b>
<b>JOB NO.: LS18121352</b>
<b>SHEET: 232 PAD</b>

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SURVEYING, LLC  
701 S. CECIL STREET  
MOORE, NM 88240 (505) 984-8200



 LEASE AREA  
 ALLOCATED AREA

**CORNER DATA**

NAD 83 GRID - NW EAST

A: FOUND BRASS CAP "1941"  
N 606757.3 - E 590806.8

B: FOUND BRASS CAP "1941"  
N 605939.2 - E 590803.6

C: FOUND BRASS CAP "1941"  
N 612029.5 - E 590800.8

D: FOUND BRASS CAP "1941"  
N 612060.8 - E 593387.2

E: FOUND BRASS CAP "1911"  
N 612093.1 - E 595974.2

F: FOUND BRASS CAP "1941"  
N 609454.0 - E 595984.8

G: FOUND BRASS CAP "1941"  
N 606815.2 - E 595993.3

H: FOUND BRASS CAP "1941"  
N 606785.9 - E 593400.0

**CALCULATED POINTS**

1: N 606075.2 - E 590805.0  
2: N 608134.6 - E 595988.8

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LEASE AREA FOR THE  
PALMILO 10 STATE COM #232H  
SECTION 10, T19S, R26E  
EDDY COUNTY, NEW MEXICO

SCALE: 1"=600'	SURVEYED BY: AB/RU	JOB No.: LS18121352
DATE: 01-08-2018	DRAWN BY: CAR	DWG: 232 LEASE
REV:	APPROVED BY: JLF	SHEET: 1 OF 1





VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 10 State #232H Com Well Proposal & Palmillo 10 Facility Proposal  
Section 10, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the N/2S/2 of Section 10, 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".

- 1) Palmillo 10 State #232H Com ("232H") with a proposed surface location to be located in the NW/4SW/4 (Unit L) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 232H will be located in the NE/4SE/4 (Unit I) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The 232H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 232H is \$5,673,000.00 as found on the enclosed AFE #11-18-0942.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 10 facility is \$3,251,000. The Palmillo 10 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 10 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the N/2S/2 of Section 10 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.232H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,



Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Palmillo 10 State #232 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Palmillo 10 State #232  
Com

\_\_\_\_\_ Elects to participate in the facility for the Palmillo 10 State wells

OR

\_\_\_\_\_ Does **NOT** elect to participate in the facility for the Palmillo 10 State wells

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

**Printed Name:** \_\_\_\_\_

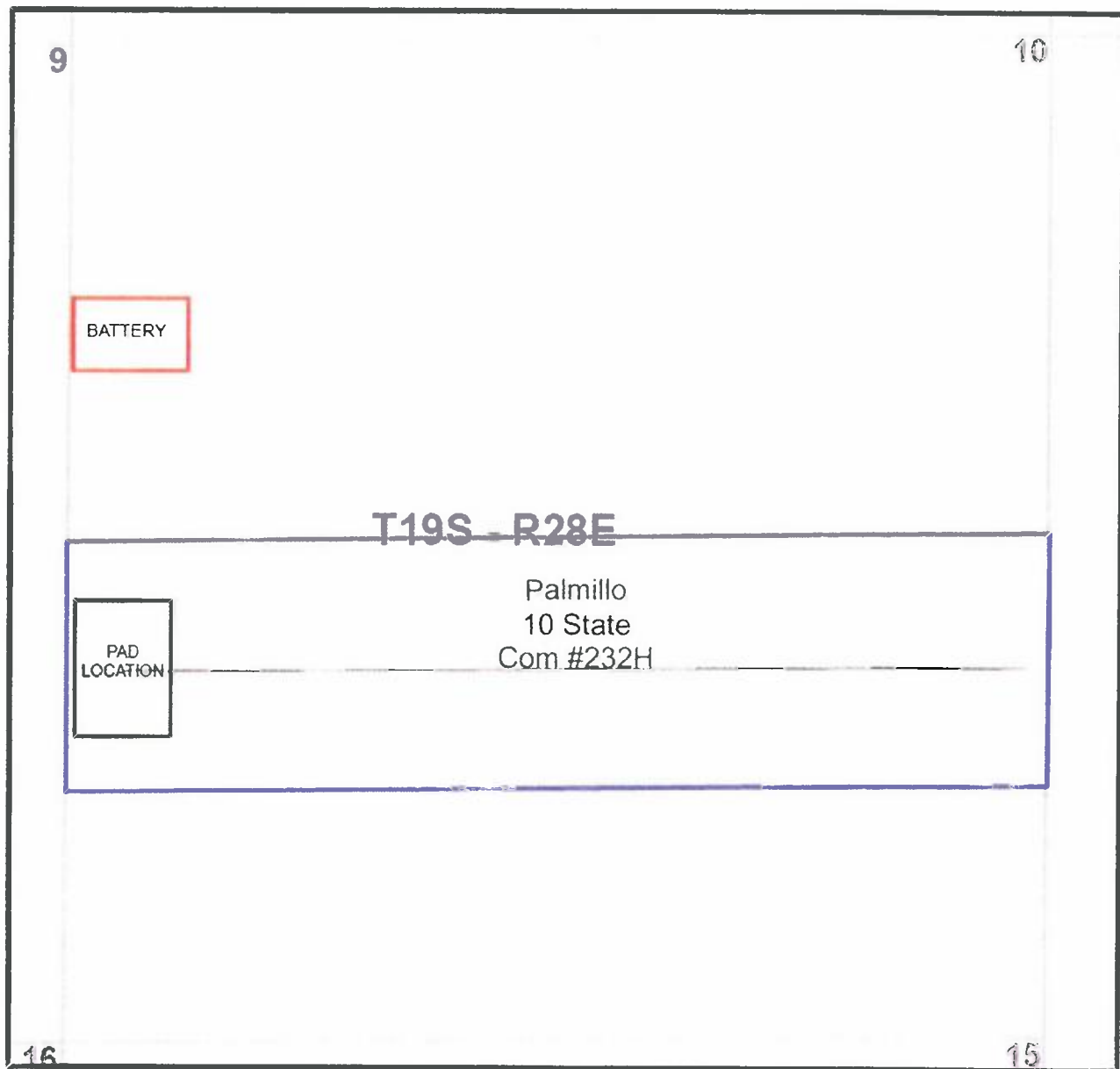
**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_



## EXHIBIT "A"



## EXHIBIT B

**Palmillo 10 State Com #232**  
**Ownership**  
**N/2S/2 of Sec. 10-19S-28E**

	Tract WI	Type
Apache Corporation	20.138889%	WI
ZPZ Delaware I, LLC	18.750000%	WI
EOG Y Resources, Inc.	18.055556%	WI
Devon SFS Operating, Inc.	12.152778%	WI
COG Operating LLC	11.875000%	WI
Marathon Oil Company	7.986111%	WI
Pitch Energy Corporation	3.125000%	WI
Marbob Energy Corporation	3.125000%	WI
EOG A Resources, Inc.	1.388889%	WI
EOG M Resources, Inc.	1.388889%	WI
Oxy Y-1 Company	1.388889%	WI
Concho Oil & Gas LLC	0.625000%	WI
<b>Totals</b>	<b>100.000000%</b>	



## AFE Summary

<b>AFE #</b>	<b>11-18-0942</b>	<b>PROJECT NAME</b>	<b>Palmillo 10 State 232H</b>	
<b>PROPERTY #</b>		<b>OPERATOR</b>	Apache Corp	
		<b>LEASE NUMBERS</b>		
<b>PROSPECT NAME</b>		<b>PROSPECT #</b>		
<b>COUNTY/STATE</b>	EDDY / NEW MEXICO	<b>DISTRICT</b>	WEST DISTRICT	<b>API #</b>
		<b>APACHE FIELD NAME</b>		<b>JOA #</b>
		<b>FOCUS AREA</b>		

### LEGAL DESCRIPTION

N/2 S/2 SEC 10-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0942-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0942-CP	100.000000	Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0942-EQ	100.000000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree.

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,000	\$0	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,500	\$0	\$0	\$0	\$3,500
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$80,000	\$0	\$120,000
70019	Contract Rigs - Daywork	\$472,000	\$100	\$30,000	\$0	\$502,100
70021	Contract Supervision	\$56,000	\$75,700	\$15,000	\$0	\$146,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$103,000	\$31,600	\$15,000	\$0	\$149,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$75,000	\$215,000	\$0	\$0	\$290,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$17,500	\$0	\$0	\$0	\$17,500
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0942 | Project Name: Palmillo 10 State 232H

Date Printed: 4/3/2019 | Page 1 of 2



Exhibit D.232H

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$37,000	\$0	\$50,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$1,854,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$4,960,700</b>

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$0	\$200,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
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	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>

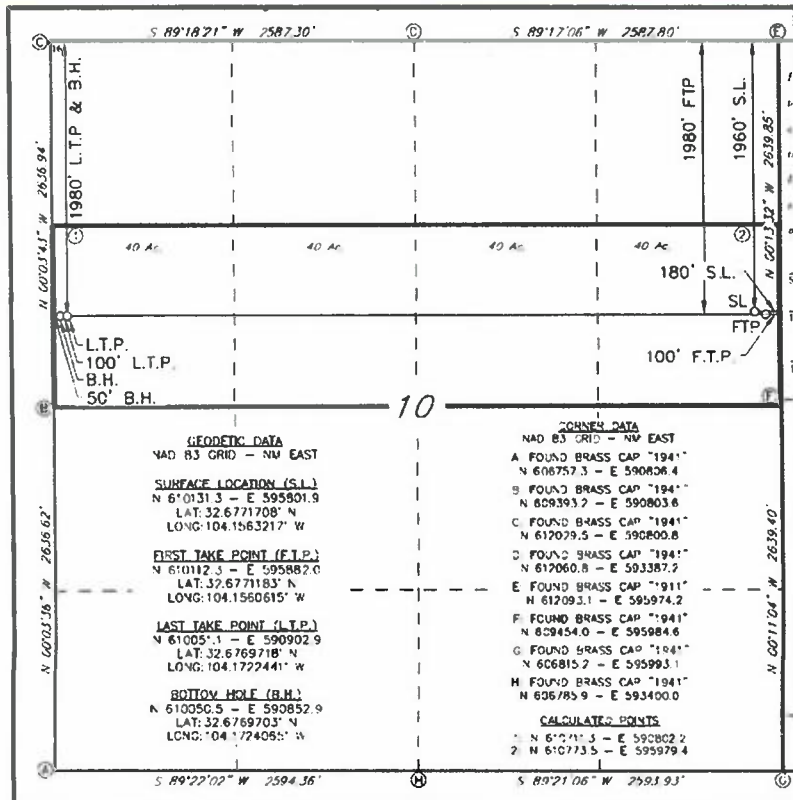
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$1,854,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$4,960,700</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>
<b>Grand Total</b>	<b>\$2,195,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,673,000</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,195,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,673,000</b>

No Approvers for this Project

#### Partner Response:

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 10 STATE #233H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL  
- 1,980' FNL

## LTP:

- 100' FWL  
- 1,980' FSL

This wellbore is located approximately 330' from the proximity tracts

Apache

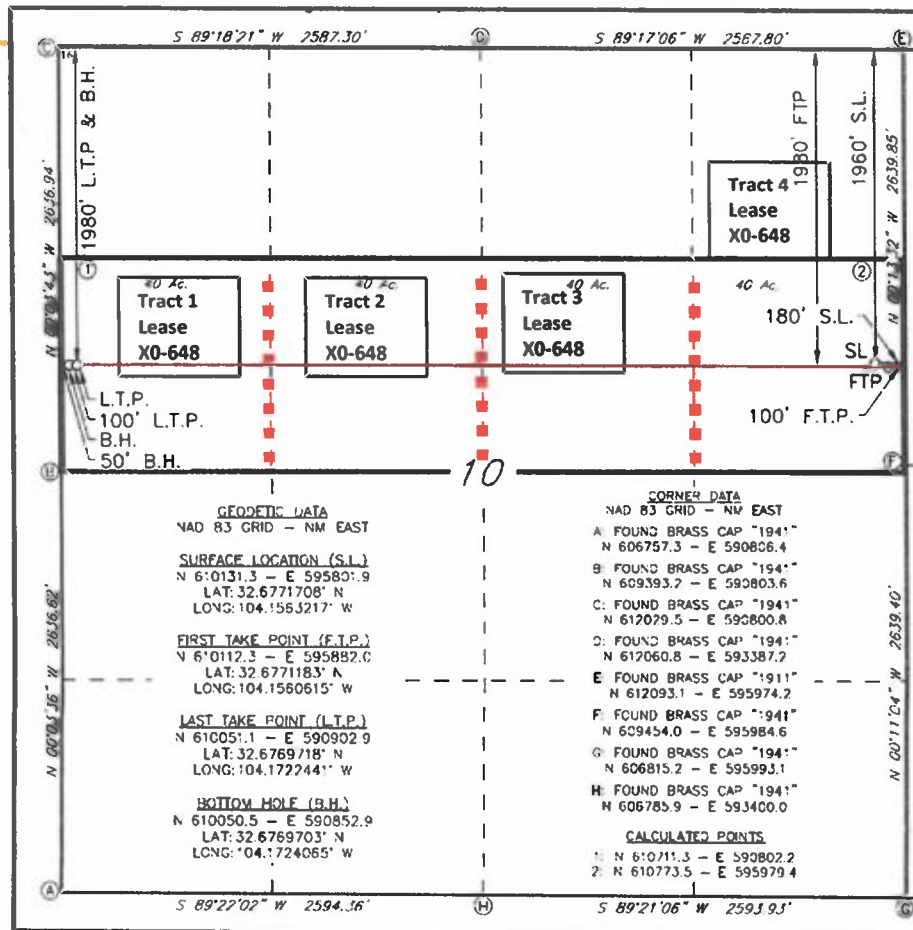
8

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

Apache

Exhibit A.233H

# PALMILLO 10 STATE #233H



For tract level ownership, see spreadsheet

<b>Palmillo 10 State #233H</b>
--------------------------------

**Tract 1:**

**40 acres SW/4NW/4 of Sec. 10-19S-28E**

Owner	Interest	Type	Response
ZPZ Delaware I, LLC	12.500000%	WI	signed JOA
COG Operating LLC	11.875000%	WI	POOL
Apache Corporation	24.565972%	WI	signed JOA
Marathon Oil Corporation	7.986111%	WI	POOL
Hanagan Investments LLC	7.421875%	WI	POOL
Hanaco LLC	7.421875%	WI	POOL
V-F Petroleum, Inc.	4.687500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Harvard Petroleum, Ltd. - Series 1980-A	3.125000%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
New Mexico Western Minerals	3.125000%	WI	signed JOA
Zia Royalty LLC	1.593750%	WI	POOL
Bean Family Limited Company	1.562500%	WI	signed JOA
Slash Exploration	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
John M. Kelly Estate Joseph J. Kelly Michael Kelly/NonDarcy Oil & Gas Inc. Coille LP Mary Ann Twitty	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Theodore P. White, ssp and msu	1.562500%	WI	POOL
Cheryl W. Derrick, ssp and msu	1.302084%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
DML Revocable Tst, Dan Leonard, Tee	1.041667%	WI	POOL
LRW Corporation	1.000000%	WI	POOL
Roy Barton Jr., Trustee	0.781250%	WI	signed JOA
Read & Stevens, Inc.	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Concho Oil & Gas LLC	0.625000%	WI	POOL
The Beveridge Company	0.531250%	WI	POOL
Elizabeth Eaton, ssp	0.520833%	WI	POOL
Gilbert J. Eaton, ssp	0.520833%	WI	POOL
Anderson-Malone, LLC	0.520833%	WI	POOL



William J. Derrick, Trustee of the G. White Testamentary Trust	0.260417%	WI	POOL
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.260417%	WI	POOL
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
James R. Gebel Revocable Living Trust	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp	0.065104%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL
Constance White Loyd, ssp	0.00133373	ORRI	POOL
Elizabeth White Nelson, ssp	0.00133373	ORRI	POOL
J. Phelps White, IV, ssp	0.00133373	ORRI	POOL
J. Phelps White, III, ssp	0.00080024	ORRI	POOL

## Tract 2:

40 acres SE/4NW/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I LLC	37.500000%	WI	signed JOA
Hanagan Investments LLC	7.421875%	WI	POOL
Hanaco LLC	7.421875%	WI	POOL
V-F Petroleum, Inc.	4.687500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Apache Corporation	13.975694%	WI	signed JOA
Marathon Oil Company	3.993056%	WI	POOL

Harvard Petroleum, Ltd. - Series 1980-A	3.125000%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
New Mexico Western Minerals	3.125000%	WI	signed JOA
Apache Corporation	2.083333%	WI	signed JOA
Zia Royalty LLC	1.593750%	WI	POOL
Bean Family Limited Company	1.562500%	WI	signed JOA
Elk Oil Company	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
John M. Kelly Estate Joseph J. Kelly Michael Kelly/NonDarcy Oil & Gas Inc. Coille LP Mary Ann Twitty	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Theodore P White, ssp and msu	1.562500%	WI	POOL
Cheryl W Derrick, ssp and msu	1.302084%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
DML Revocable Tst, Dan Leonard, Tee	1.041667%	WI	POOL
LRW Corporation	1.000000%	WI	POOL
Roy Barton Jr., Trustee	0.781250%	WI	signed JOA
Read & Stevens, Inc.	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
The Beveridge Company	0.531250%	WI	POOL
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Anderson-Malone, LLC	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
William J. Derrick, Trustee of G. White Testamentary Trust	0.260417%	WI	POOL
Anne S Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.260417%	WI	POOL
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE

Jane M. Stockton, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
James R. Gebel Revocable Living Tst	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp	0.065104%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Constance White Loyd, ssp	0.00148067	ORRI	POOL
Elizabeth White Nelson, ssp	0.00148067	ORRI	POOL
J Phelps White IV, ssp	0.00148067	ORRI	POOL
J Phelps White III, ssp	0.00088840	ORRI	POOL
Yates Brothers	0.01128472	ORRI	POOL

### Tract 3:

40 acres SW/4NE/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I LLC	62.500000%	WI	signed JOA
Apache Corporation	23.958333%	WI	signed JOA
Marathon Oil Company	12.152778%	WI	POOL
Oxy Y-1 Company	1.388889%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.01128472	ORRI	POOL

### Tract 4:

40 acres SE/4NE/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
Apache Corporation	47.916667%	WI	signed JOA
Devon SFS Operating, Inc.	24.305556%	WI	POOL
ZPZ Delaware I LLC	20.000000%	WI	signed JOA
COG Operating LLC	5.000000%	WI	POOL
Oxy Y-1 Company	2.777778%	WI	POOL
State of New Mexico	0.12500000	Royalty	

Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL

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		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>PALMILLO 10 STATE COM</b>			<sup>6</sup> Well Number <b>233H</b>
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			<sup>9</sup> Elevation <b>3493'</b>

<sup>10</sup> Surface Location

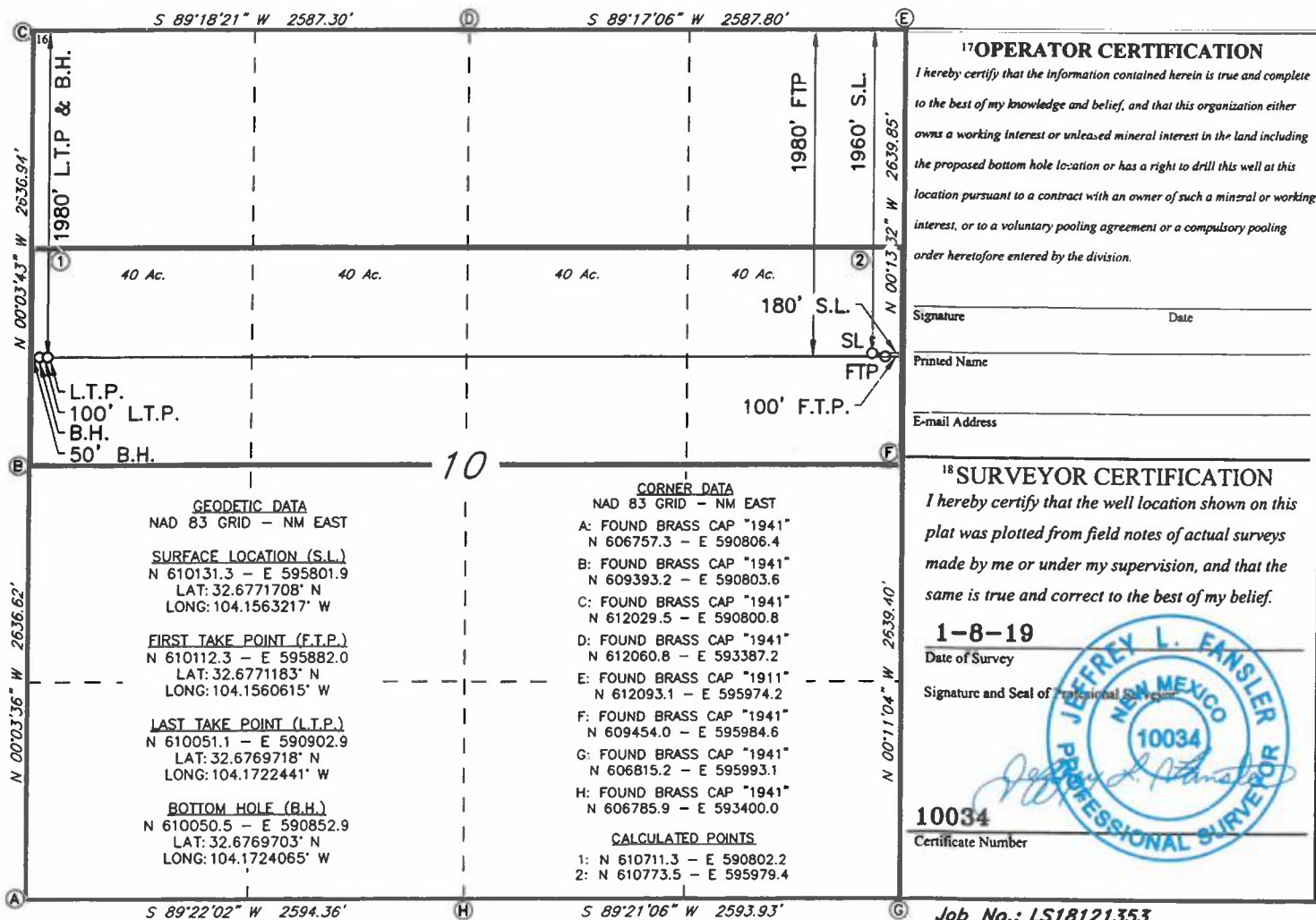
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>H</b>	<b>10</b>	<b>19S</b>	<b>28E</b>		<b>1960</b>	<b>NORTH</b>	<b>180</b>	<b>EAST</b>	<b>EDDY</b>

<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>E</b>	<b>10</b>	<b>19S</b>	<b>28E</b>		<b>1980</b>	<b>NORTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

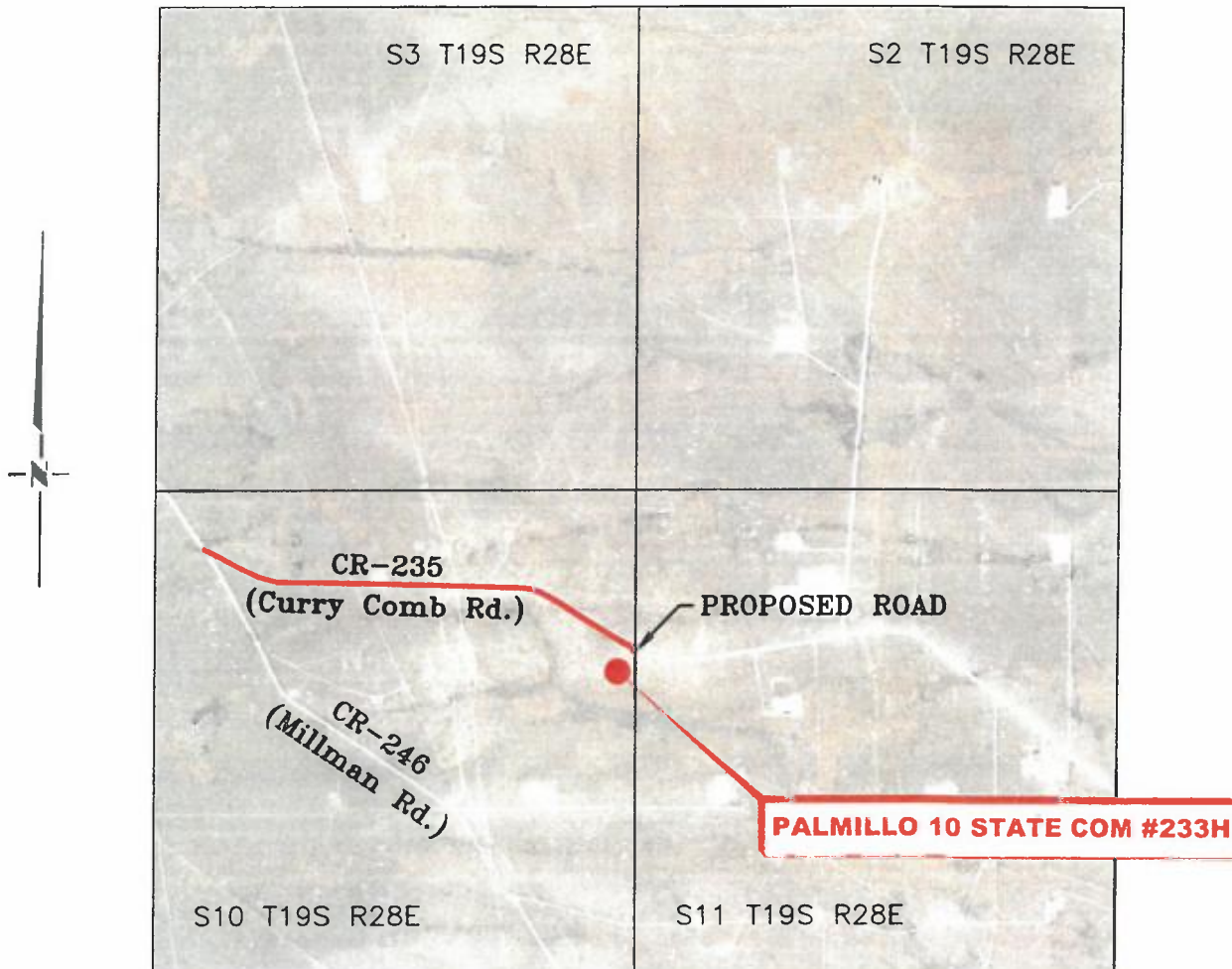
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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.



# VICINITY MAP

NOT TO SCALE



*SECTION 10, TWP. 19 SOUTH, RGE. 28 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO*

OPERATOR: Apache Corporation  
 LEASE: Palmillo 10 State Com  
 WELL NO.: 233H

LOCATION: 1960' FNL & 180' FEL  
 ELEVATION: 3493'

*Copyright 2018 - All Rights Reserved*

DATE: 01-08-2018

NO.	REVISION	DATE
1		
2		
3		
4		

## RRC

SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 2000'

SURVEYED BY: AB/RU

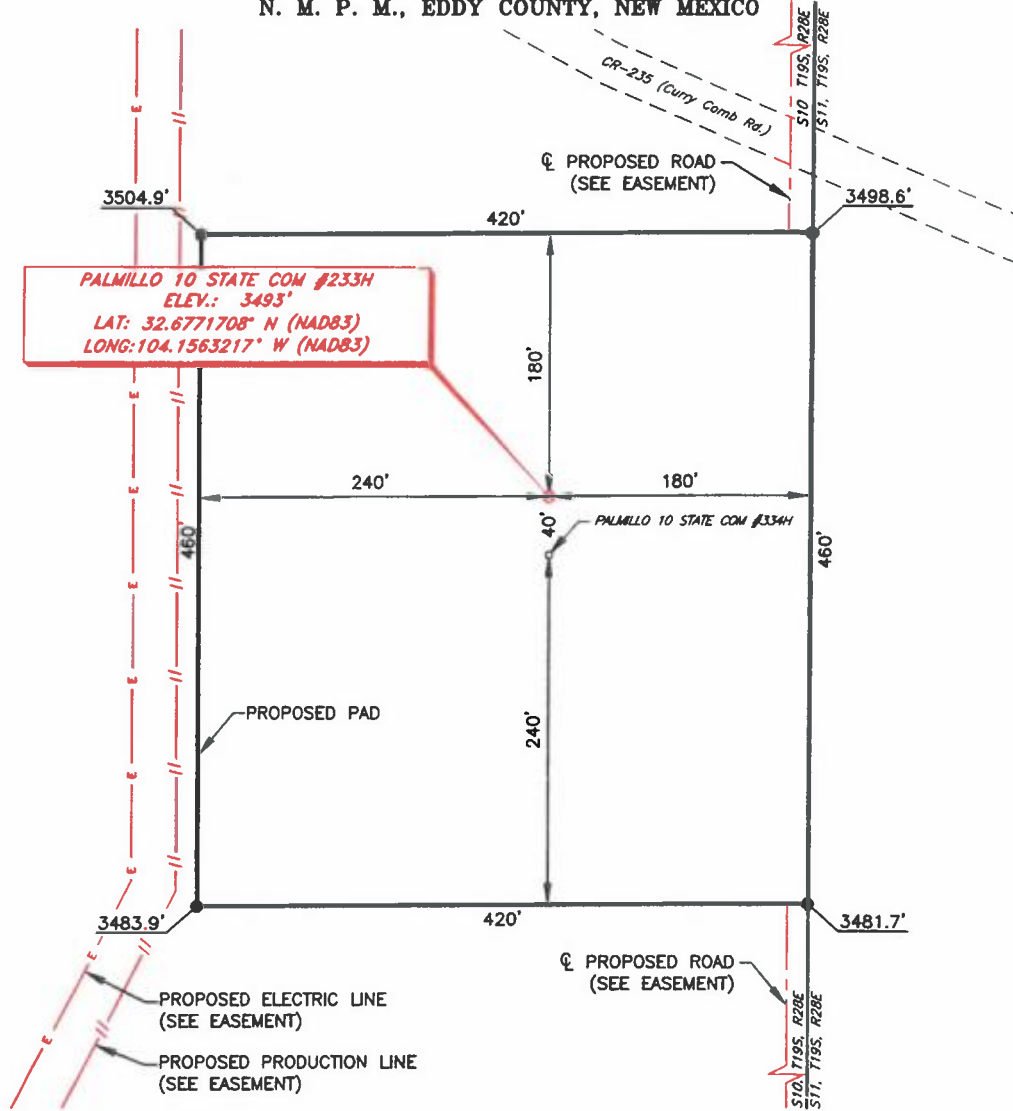
DRAWN BY: CAR

APPROVED BY: JLF

JOB NO.: LS18121353

SHEET: 233 VM

**APACHE CORPORATION**  
**PALMILLO 10 STATE COM #233H**  
**(1960' FNL & 180' FEL)**  
**SECTION 10, T19S, R28E**  
**N. M. P. M., EDDY COUNTY, NEW MEXICO**



**DIRECTIONS TO LOCATION**

From the intersection between CR-246 (Millman Rd.) and CR-235 (Curry Comb Rd.),  
 Go Southeast on CR-235 approx. 0.9 miles to proposed road on the right;  
 Go South on proposed road approx. 60 feet to proposed location on the right.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND  
 PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY, BOUNDARY DATA IS  
 SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, Jeffrey L. Fansler, a N. M. Professional Surveyor, hereby certify  
 that I prepared this plat from an actual survey made on the  
 ground under my direct supervision, said survey and plat meet  
 the Min. Stds. for Land Surveying in the State of N. M. and are  
 true and correct to the best of my knowledge and belief.

*Jeffrey L. Fansler*  
 Jeffrey L. Fansler NM PS 10034



SCALE: 1" = 100'  
 0 50' 100'  
 BEARINGS ARE GRID NAD 83  
 NM EAST  
 DISTANCES ARE HORIZ. GROUND.

NO.	REVISION	DATE
1		
2		
3		
4		

**RRC**

SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

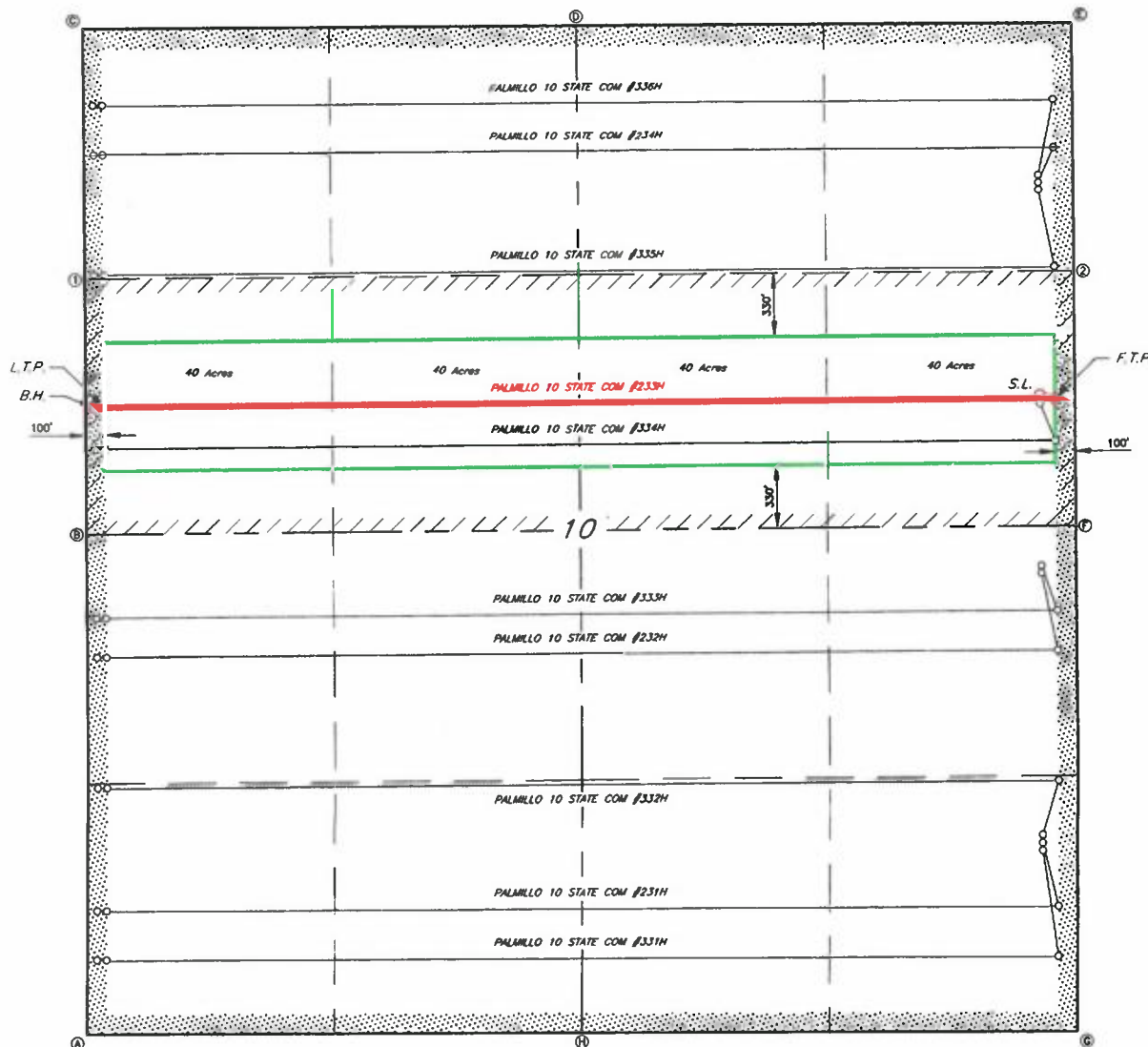
Copyright 2018 - All Rights Reserved

SCALE: 1" = 100'
SURVEYED BY: AB/RU
DRAWN BY: CAR
APPROVED BY: JLF
JOB NO.: LS18121353
SHEET: 233 PAD



# RRC

SURVEYING, LLC  
701 S. CEDAR STREET  
HOBBS, NM 88240 (505) 864-8200



**GEODEIC DATA**  
NAD 83 GRID - NM EAST  
**SURFACE LOCATION (S.L.)**  
N 610131.3 - E 595801.9  
LAT: 32.6771708° N  
LONG: 104.1563217° W  
**FIRST TAKE POINT (F.T.P.)**  
N 610112.3 - E 595882.0  
LAT: 32.6771183° N  
LONG: 104.1580815° W  
**LAST TAKE POINT (L.T.P.)**  
N 610051.1 - E 590902.9  
LAT: 32.6769718° N  
LONG: 104.1722441° W  
**BOTTOM HOLE (B.H.)**  
N 610050.5 - E 590852.9  
LAT: 32.6769703° N  
LONG: 104.1724065° W

**CORNER DATA**  
NAD 83 GRID - NM EAST  
A: FOUND BRASS CAP "1941"  
N 606757.3 - E 590806.4  
B: FOUND BRASS CAP "1941"  
N 609393.2 - E 590803.6  
C: FOUND BRASS CAP "1941"  
N 612029.5 - E 590800.8  
D: FOUND BRASS CAP "1941"  
N 612060.8 - E 593387.2  
E: FOUND BRASS CAP "1911"  
N 612093.1 - E 595974.2  
F: FOUND BRASS CAP "1941"  
N 609454.0 - E 595984.6  
G: FOUND BRASS CAP "1941"  
N 606815.2 - E 595993.1  
H: FOUND BRASS CAP "1941"  
N 606785.9 - E 593400.0

**CALCULATED POINTS**  
1: N 610711.3 - E 590802.2  
2: N 610773.5 - E 595979.4

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**APACHE CORPORATION**

LEASE AREA FOR THE  
PALMILLO 10 STATE COM #233H  
SECTION 10, T19S, R28E  
EDDY COUNTY, NEW MEXICO

SCALE: 1"=600'	SURVEYED BY: AB/RU	JOB No.: LS18121353
DATE: 01-08-2018	DRAWN BY: CAR	DWG: 233 LEASE
REV:	APPROVED BY: JLF	SHEET 1 OF 1

SCALE: 1" = 600'  
0 300' 600'  
BEARINGS ARE GRID AND NAD 83  
NM EAST  
DISTANCES ARE HORIZ. GROUND.

**LEGEND**

LEASE AREA  
ALLOCATED AREA



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 10 State #233H Com Well Proposal & Palmillo 10 Facility Proposal  
Section 10, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 10, 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".

- 1) Palmillo 10 State #233H Com ("233H") with a proposed surface location to be located in the SW/4NW/4 (Unit E) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 233H will be located in the SE/4NE/4 (Unit H) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The 233H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 233H is \$5,673,000.00 as found on the enclosed AFE #11-18-0943.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 10 facility is \$3,251,000. The Palmillo 10 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 10 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the S/2N/2 of Section 10 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.233H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Laci Stretcher".

Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Palmillo 10 State #233 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Palmillo 10 State #233  
Com

\_\_\_\_\_ Elects to participate in the facility for the Palmillo 10 State wells

OR

\_\_\_\_\_ Does **NOT** elect to participate in the facility for the Palmillo 10 State wells

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

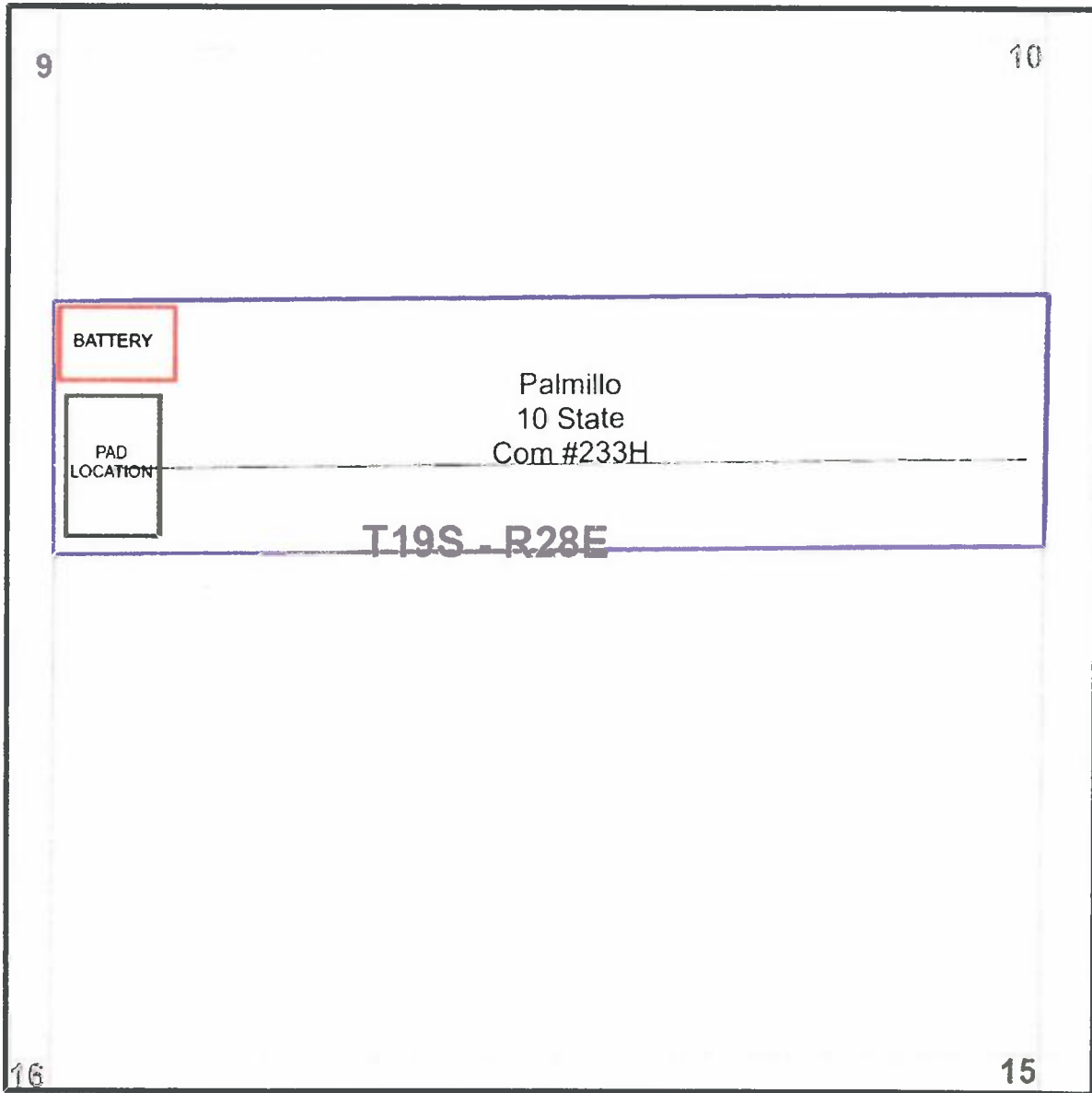
**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

## EXHIBIT "A"



## EXHIBIT B

<b>Palmillo 10 State Com #233 Ownership</b> <b>S/2N/2 of Sec. 10-19S-28E</b>
---

	Tract WI	Type
ZPZ Delaware I, LLC	31.250000%	WI
Apache Corporation	12.109375%	WI
EOG Y Resources, Inc.	10.156250%	WI
Devon SFS Operating, Inc.	6.076389%	WI
Marathon Oil Corporation	6.032986%	WI
Hugh E. Hanagan and Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust	3.710938%	WI
Hanagan Properties	3.710938%	WI
COG Operating LLC	2.968750%	WI
EOG Resources, Inc.	2.734375%	WI
Harvard Petroleum, Ltd. - Series 1980-A	1.562500%	WI
Marbob Energy Corporation	1.562500%	WI
Pitch Energy Corporation	1.562500%	WI
EOG A Resources, Inc.	1.041667%	WI
EOG M Resources, Inc.	1.041667%	WI
Oxy Y-1 Company	1.041667%	WI
Zia Royalty LLC	0.796875%	WI
Bean Family Limited Company	0.781250%	WI
Dora L McKnight	0.781250%	WI
Elk Oil Company	0.781250%	WI

## EXHIBIT B

Estate of John Kelly: Joseph J. Kelly John Michael Kelly Patricia Kelly Kyle Mary Ann Kelly Twitty	0.781250%	WI
New Mexico Western Minerals	0.781250%	WI
Theodore P White	0.781250%	WI
Cheryl W Derrick	0.651042%	WI
Constance White Loyd	0.651042%	WI
Elizabeth White Nelson	0.651042%	WI
J Phelps White IV	0.651042%	WI
DML Revocable Trust Dan Leonard, Trustee	0.520833%	WI
Lisa L Durban	0.520833%	WI
Robert K Leonard	0.520833%	WI
LRW Corporation	0.500000%	WI
Roy Barton Jr, Trustee	0.390625%	WI
J Phelps White III	0.390625%	WI
Read & Stevens, Inc.	0.390625%	WI
The Beveridge Company	0.265625%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anderson-Malone, LLC	0.260417%	WI
Concho Oil & Gas LLC	0.156250%	WI
William J Derrick, Trustee of G White Test Tst	0.130208%	WI
Anne S Johnson, ssp	0.130208%	WI

## EXHIBIT B

Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Pamela Anne Evans	0.065104%	WI
Edward Schwarz	0.032552%	WI
Linda E Schwarz	0.032552%	WI
Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

Total	100.000000%
-------	-------------





## AFE Summary

**AFE #** 11-18-0943 **PROJECT NAME** Palmillo 10 State 233H

**PROPERTY #** **OPERATOR** Apache Corp

**PROSPECT NAME** **LEASE NUMBERS**

**PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

S/2 N/2 SEC 10-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0943-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0943-CP	100.000000	Bone spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0943-EQ	100.000000	Install artificial lift and necessary Infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree.

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,000	\$0	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,500	\$0	\$0	\$0	\$3,500
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$80,000	\$0	\$120,000
70019	Contract Rigs - Daywork	\$472,000	\$100	\$30,000	\$0	\$502,100
70021	Contract Supervision	\$56,000	\$75,700	\$15,000	\$0	\$146,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$103,000	\$31,600	\$15,000	\$0	\$149,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$75,000	\$215,000	\$0	\$0	\$290,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$17,500	\$0	\$0	\$0	\$17,500
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0943 | Project Name: Palmillo 10 State 233H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit D.233H

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,300	\$37,000	\$0	\$50,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
Subtotal Intangible Development Costs		\$1,854,000	\$2,869,700	\$237,000	\$0	\$4,960,700

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$0	\$200,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
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	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
Subtotal Tangible Materials Cost		\$341,000	\$3,300	\$368,000	\$0	\$712,300

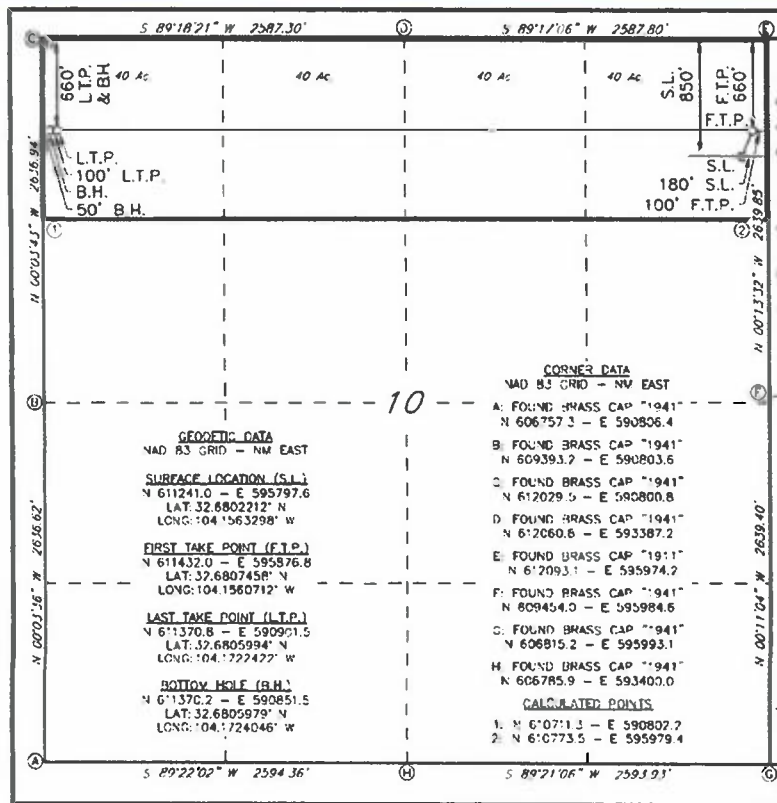
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
Sub-Total Intangible Material Costs	\$1,854,000	\$2,869,700	\$237,000	\$0	\$4,960,700
Sub-Total Tangible Material Costs	\$341,000	\$3,300	\$368,000	\$0	\$712,300
Grand Total	\$2,195,000	\$2,873,000	\$605,000	\$0	\$5,673,000
Less Outside Interests	\$0	\$0	\$0		\$0
Total Net Costs	\$2,195,000	\$2,873,000	\$605,000	\$0	\$5,673,000

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 10 STATE COM #234H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL  
 - 660' FNL

## LTP:

- 100' FWL  
 - 660' FSL

This wellbore is located approximately 330' from the proximity tracts

Apache

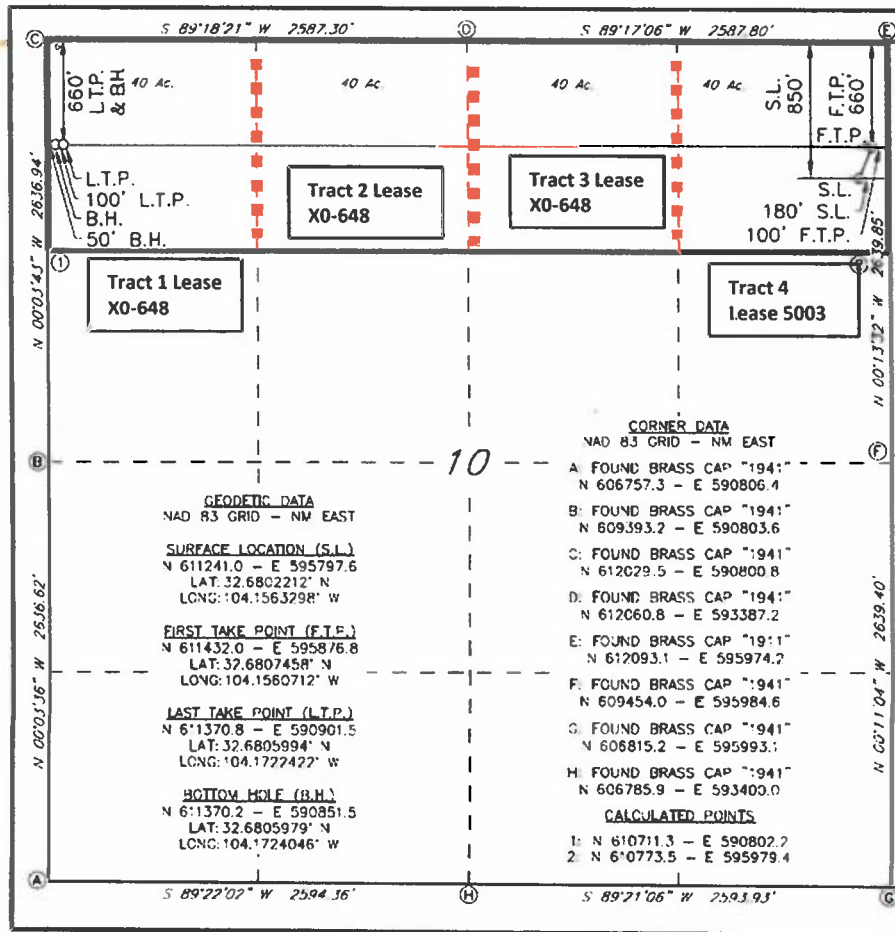
10

Case Nos. 20377, 20378, 20379, 20380,  
 20381, 20382, 20383, 20384

Apache

Exhibit A.234H

# PALMILLO 10 STATE COM #234H



For tract level ownership, see spreadsheet

# Palmillo 10 State Com #234H

## Tract 1:

40 acres NW/4NW/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I, LLC	12.500000%	WI	signed JOA
COG Operating LLC	11.875000%	WI	POOL
Apache Corporation	24.565972%	WI	signed JOA
Marathon Oil Corporation	7.986111%	WI	POOL
Hanagan Investements LLC	7.421875%	WI	POOL
Hanaco LLC	7.421875%	WI	POOL
V-F Petroleum, Inc.	4.687500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Harvard Petroleum, Ltd. - Series 1980-A	3.125000%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
New Mexico Western Minerals	3.125000%	WI	signed JOA
Zia Royalty LLC	1.593750%	WI	POOL
Bean Family Limited Company	1.562500%	WI	signed JOA
Slash Exploration	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
John M. Kelly Estate Joseph J. Kelly Michael Kelly/NonDarcy Oil & Gas Inc. Coille LP Mary Ann Twitty	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Theodore P. White, ssp and msu	1.562500%	WI	POOL
Cheryl W. Derrick, ssp and msu	1.302084%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
DML Revocable Tst, Dan Leonard, Tee	1.041667%	WI	POOL
LRW Corporation	1.000000%	WI	POOL
Roy Barton Jr., Trustee	0.781250%	WI	signed JOA
Read & Stevens, Inc.	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Concho Oil & Gas LLC	0.625000%	WI	POOL
The Beveridge Company	0.531250%	WI	POOL
Elizabeth Eaton, ssp	0.520833%	WI	POOL
Gilbert J. Eaton, ssp	0.520833%	WI	POOL
Anderson-Malone, LLC	0.520833%	WI	POOL

William J. Derrick, Trustee of the G. White Testamentary Trust	0.260417%	WI	POOL
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.260417%	WI	POOL
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
James R. Gebel Revocable Living Trust	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp	0.065104%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL
Constance White Loyd, ssp	0.00133373	ORRI	POOL
Elizabeth White Nelson, ssp	0.00133373	ORRI	POOL
J. Phelps White, IV, ssp	0.00133373	ORRI	POOL
J. Phelps White, III, ssp	0.00080024	ORRI	POOL

## Tract 2:

40 acres NE/4NW/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I LLC	37.500000%	WI	signed JOA
Hanagan Investments LLC	7.421875%	WI	POOL
Hanaco LLC	7.421875%	WI	POOL
V-F Petroleum, Inc.	4.687500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Apache Corporation	13.975694%	WI	signed JOA
Marathon Oil Company	3.993056%	WI	POOL

Harvard Petroleum, Ltd. - Series 1980-A	3.125000%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
New Mexico Western Minerals	3.125000%	WI	signed JOA
Apache Corporation	2.083333%	WI	signed JOA
Zia Royalty LLC	1.593750%	WI	POOL
Bean Family Limited Company	1.562500%	WI	signed JOA
Elk Oil Company	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
John M. Kelly Estate Joseph J. Kelly Michael Kelly/NonDarcy Oil & Gas Inc. Coille LP Mary Ann Twitty	1.562500%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Theodore P White, ssp and msu	1.562500%	WI	POOL
Cheryl W Derrick, ssp and msu	1.302084%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
DML Revocable Tst, Dan Leonard, Tee	1.041667%	WI	POOL
LRW Corporation	1.000000%	WI	POOL
Roy Barton Jr., Trustee	0.781250%	WI	signed JOA
Read & Stevens, Inc.	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
The Beveridge Company	0.531250%	WI	POOL
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Anderson-Malone, LLC	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
William J. Derrick, Trustee of G. White Testamentary Trust	0.260417%	WI	POOL
Anne S Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.260417%	WI	POOL
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE

Jane M. Stockton, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
James R. Gebel Revocable Living Tst	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp	0.065104%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Constance White Loyd, ssp	0.00148067	ORRI	POOL
Elizabeth White Nelson, ssp	0.00148067	ORRI	POOL
J Phelps White IV, ssp	0.00148067	ORRI	POOL
J Phelps White III, ssp	0.00088840	ORRI	POOL
Yates Brothers	0.01128472	ORRI	POOL

### Tract 3:

40 acres NW/4NE/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I LLC	62.500000%	WI	signed JOA
Apache Corporation	23.958333%	WI	signed JOA
Marathon Oil Company	12.152778%	WI	POOL
Oxy Y-1 Company	1.388889%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.01128472	ORRI	POOL

### Tract 4:

40 acres NE/4NE/4 of Sec. 10-19S-28E

Owner	Interest	Type	Response
Apache Corporation	47.916667%	WI	signed JOA
Devon SFS Operating, Inc.	24.305556%	WI	POOL
ZPZ Delaware I LLC	20.000000%	WI	signed JOA
COG Operating LLC	5.000000%	WI	POOL
Oxy Y-1 Company	2.777778%	WI	POOL
State of New Mexico	0.12500000	Royalty	



Yates Brothers	0.02256944	ORRI	POOL
Nestegg Energy Corporation	0.01250000	ORRI	POOL

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	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>PALMILLO 10 STATE COM</b>	<sup>6</sup> Well Number <b>234H</b>
<sup>7</sup> GRID NO.	<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>	<sup>9</sup> Elevation <b>3492'</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>10</b>	<b>19S</b>	<b>28E</b>		<b>850</b>	<b>NORTH</b>	<b>180</b>	<b>EAST</b>	<b>EDDY</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>D</b>	<b>10</b>	<b>19S</b>	<b>28E</b>		<b>660</b>	<b>NORTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

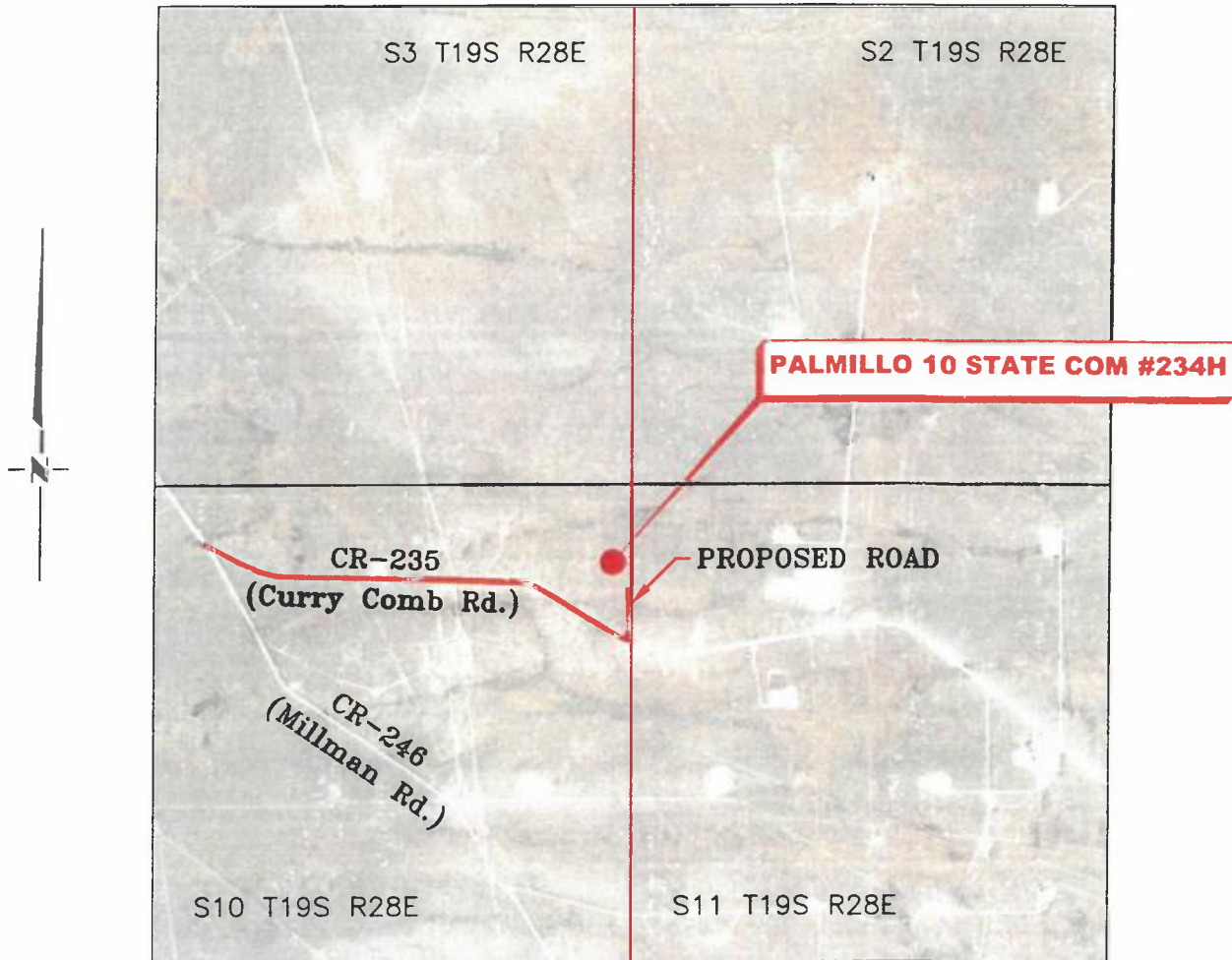
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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.

<p>S 89°18'21" W 2587.30'</p>		<p>S 89°17'06" W 2587.80'</p>	
<p>660' L.T.P. &amp; B.H.</p>		<p>850' S.L.</p>	
<p>40 Ac.</p>		<p>40 Ac.</p>	
<p>40 Ac.</p>		<p>40 Ac.</p>	
<p>40 Ac.</p>		<p>40 Ac.</p>	
<p>100' L.T.P.</p>		<p>180' S.L.</p>	
<p>50' B.H.</p>		<p>100' F.T.P.</p>	
<p>N 00°03'43" W 2636.94'</p>		<p>N 00°13'32" W 2639.85'</p>	
<p>N 00°03'36" W 2636.62'</p>		<p>N 00°11'04" W 2639.40'</p>	
<p>S 89°22'02" W 2594.36'</p>		<p>S 89°21'06" W 2593.93'</p>	
<p>10</p>		<p>10</p>	
<p><b>GEODEIC DATA</b> NAD 83 GRID - NM EAST <b>SURFACE LOCATION (S.L.)</b> N 611241.0 - E 595797.6 LAT: 32.6802212° N LONG: 104.1563298° W <b>FIRST TAKE POINT (F.T.P.)</b> N 611432.0 - E 595876.8 LAT: 32.6807458° N LONG: 104.1560712° W <b>LAST TAKE POINT (L.T.P.)</b> N 611370.8 - E 590901.5 LAT: 32.6805994° N LONG: 104.1722422° W <b>BOTTOM HOLE (B.H.)</b> N 611370.2 - E 590851.5 LAT: 32.6805979° N LONG: 104.1724046° W</p>		<p><b>CORNER DATA</b> NAD 83 GRID - NM EAST A: FOUND BRASS CAP "1941" N 606757.3 - E 590806.4 B: FOUND BRASS CAP "1941" N 609393.2 - E 590803.6 C: FOUND BRASS CAP "1941" N 612029.5 - E 590800.8 D: FOUND BRASS CAP "1941" N 612060.8 - E 593387.2 E: FOUND BRASS CAP "1911" N 612093.1 - E 595974.2 F: FOUND BRASS CAP "1941" N 609454.0 - E 595984.6 G: FOUND BRASS CAP "1941" N 606815.2 - E 595993.1 H: FOUND BRASS CAP "1941" N 606785.9 - E 593400.0 <b>CALCULATED POINTS</b> 1: N 610711.3 - E 590802.2 2: N 610773.5 - E 595979.4</p>	
<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p>		<p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>	
<p>Signature _____ Date _____</p>		<p>Signature and Seal of Professional Surveyor _____</p>	
<p>Printed Name _____</p>		<p>10034 Certificate Number</p>	
<p>E-mail Address _____</p>		<p>1-8-19 Date of Survey</p>	
<p>Job No.: LS18121354</p>		<p>Case Nos. 20377, 20378, 20379, 20380, 20381, 20382, 20383, 20384</p>	

# VICINITY MAP

NOT TO SCALE



*SECTION 10, TWP. 19 SOUTH, RGE. 28 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO*

OPERATOR: Apache Corporation  
LEASE: Palmillo 10 State Com  
WELL NO.: 234H

LOCATION: 850' FNL & 180' FEL  
ELEVATION: 3492'

*Copyright 2018 - All Rights Reserved*

DATE: 01-08-2018

NO.	REVISION	DATE
1		
2		
3		
4		

## RRC

SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 2000'

SURVEYED BY: AB/RU

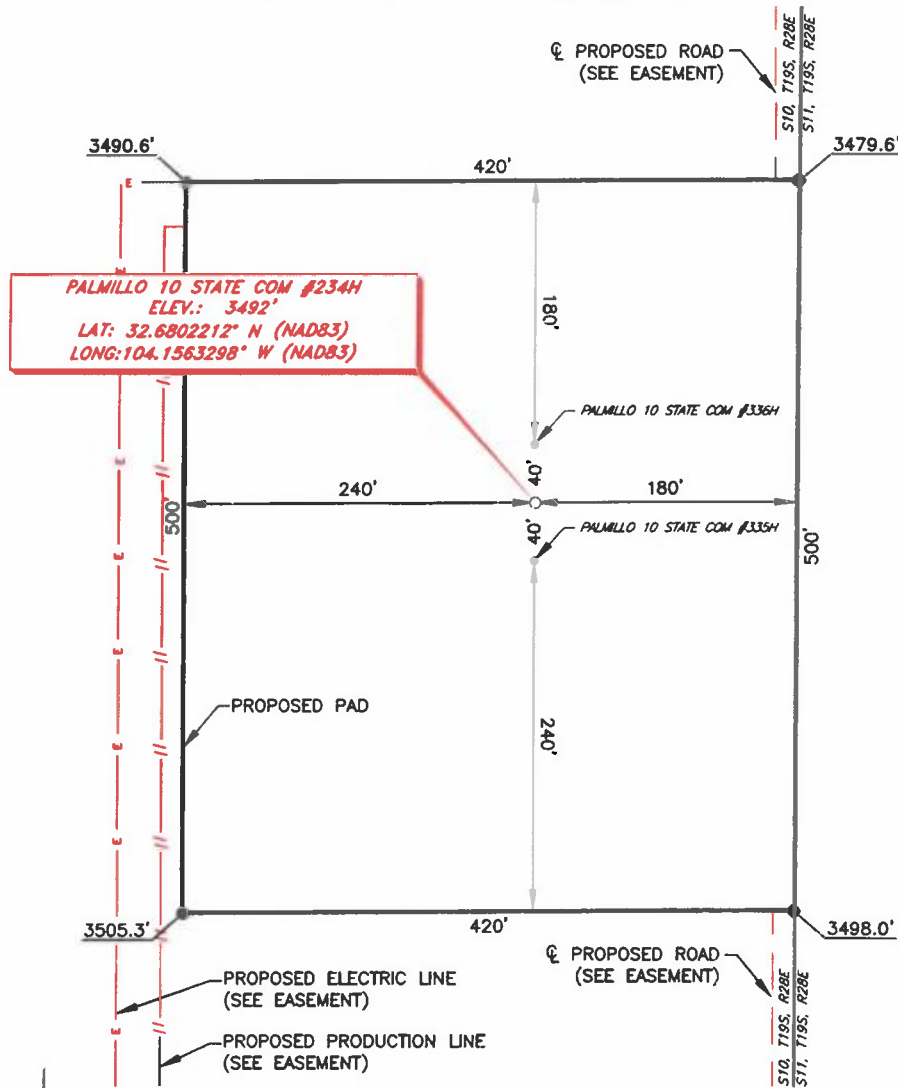
DRAWN BY: CAR

APPROVED BY: JLF

JOB NO.: LS18121354

SHEET: 234 VM

**APACHE CORPORATION**  
**PALMILLO 10 STATE COM #234H**  
**(850' FNL & 180' FEL)**  
**SECTION 10, T19S, R28E**  
**N. M. P. M., EDDY COUNTY, NEW MEXICO**



DIRECTIONS TO LOCATION

From the intersection between CR-246 (Millman Rd.) and CR-235 (Curry Comb Rd.),  
 Go Southeast on CR-235 approx. 0.9 miles to proposed road on the left;  
 Go North on proposed road approx. 0.1 miles to proposed location on the left.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND  
 PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY, BOUNDARY DATA IS  
 SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, Jeffrey L. Fansler, a N. M. Professional Surveyor, hereby certify  
 that I prepared this plat from an actual survey made on the  
 ground under my direct supervision, said survey and plat meet  
 the Min. Stds. for Land Surveying in the State of N. M. and are  
 true and correct to the best of my knowledge and belief.

*Jeffrey L. Fansler*  
 Jeffrey L. Fansler NM PS 10034



SCALE: 1" = 100'  
 0 50' 100'  
 BEARINGS ARE GRID NAD 83  
 NM EAST  
 DISTANCES ARE HORIZ. GROUND.

DATE: 01-08-2018

NO.	REVISION	DATE
1		
2		
3		
4		

**RRC**

SURVEYING, LLC

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

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SCALE: 1" = 100'

SURVEYED BY: AB/RU

DRAWN BY: CAR

APPROVED BY: JLF

JOB NO.: LS18121354

SHEET: 234 PAD

SURVEYING, LLC  
701 S. CEDAR STREET  
HOMER, MI 49240 (875) 984-8200



**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1941"  
N 606757.3 - E 590806.4

B: FOUND BRASS CAP "1941"  
N 609393.2 - E 590803.6

C: FOUND BRASS CAP "1941"  
N 612029.5 - E 590800.8

D: FOUND BRASS CAP "1941"  
N 612060.8 - E 593387.2

E: FOUND BRASS CAP "1911"  
N 612093.1 - E 595974.2

F: FOUND BRASS CAP "1941"  
N 609454.0 - E 595984.6

G: FOUND BRASS CAP "1941"  
N 606815.2 - E 595993.1

H: FOUND BRASS CAP "1941"  
N 606785.9 - E 593400.4

CALCULATED POINTS

1: N 610711.3 - E 590802.2  
2: N 610773.5 - E 595979.4

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LEASE AREA FOR THE  
PALMILO 10 STATE COM #234H  
SECTION 10, T19S, R28E  
EDDY COUNTY, NEW MEXICO

SCALE: 1"=600'	SURVEYED BY: AB/RU	JOB No.: LS18121354
DATE: 01-08-2018	DRAWN BY: CAR	DWG: 234 LEASE
REV:	APPROVED BY: JLF	SHEET: 1 OF 1

SCALE: 1" = 800'

0 300 600'

BEARINGS ARE GRID NAD 83  
NM EAST  
DISTANCES ARE HORIZ. GROUND.

LEGEND

LEASE AREA

ALLOCATED AREA





VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 10 State #234H Com Well Proposal & Palmillo 10 Facility Proposal  
Section 10, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the N/2N/2 of Section 10, 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".

- 1) Palmillo 10 State #234H Com ("234H") with a proposed surface location to be located in the NW/4NW/4 (Unit D) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 234H will be located in the NE/4NE/4 (Unit A) of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico. The 234H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 234H is \$5,673,000.00 as found on the enclosed AFE #11-18-0944.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 10 facility is \$3,251,000. The Palmillo 10 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 10 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the N/2N/2 of Section 10 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.234H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink that reads "Laci Stretcher". The signature is written in a cursive, flowing style.

Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Palmillo 10 State #234 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Palmillo 10 State #234  
Com

\_\_\_\_\_ Elects to participate in the facility for the Palmillo 10 State wells

OR

\_\_\_\_\_ Does **NOT** elect to participate in the facility for the Palmillo 10 State wells

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

Printed Name: \_\_\_\_\_

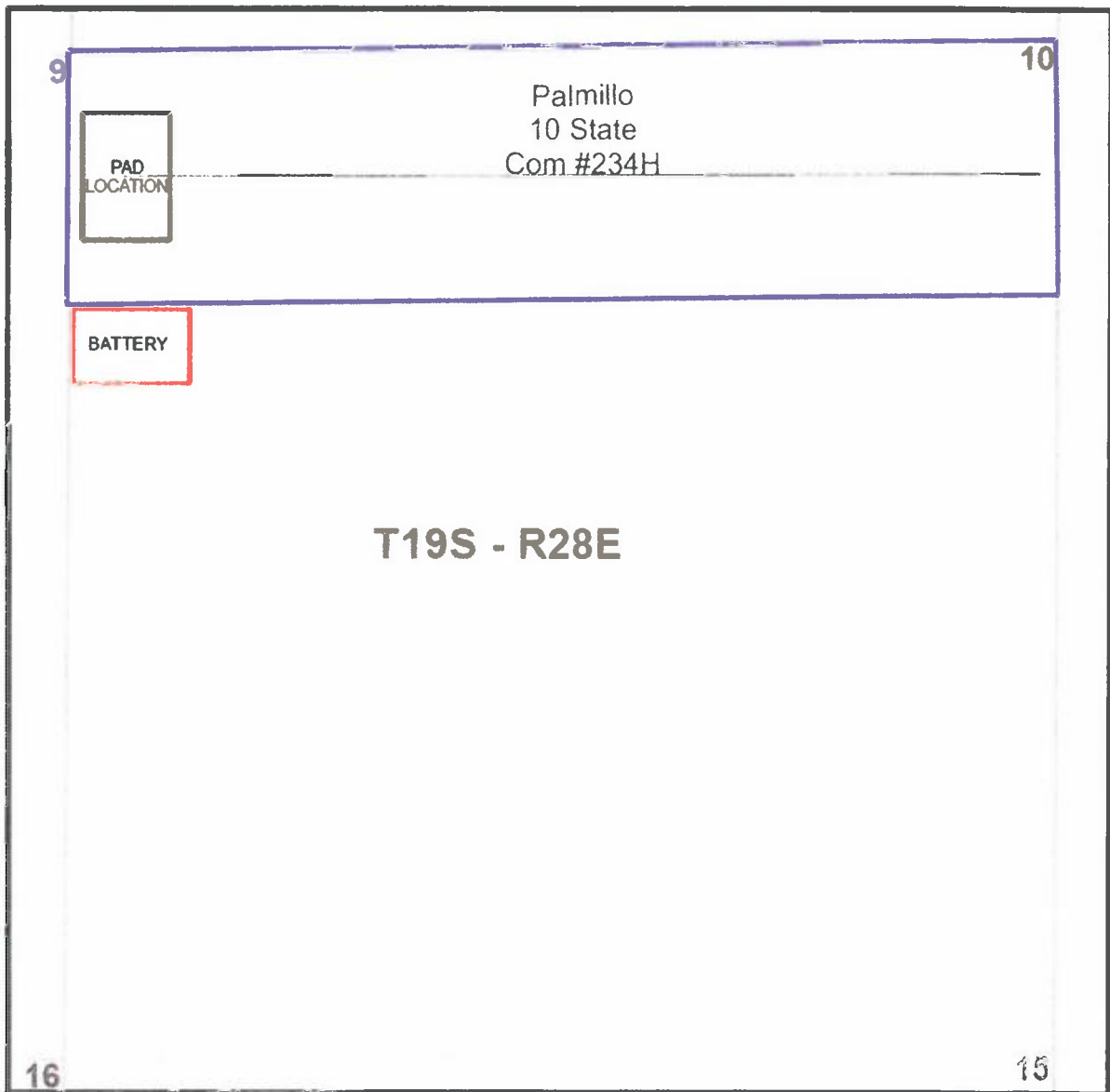
Company Name (if applicable): \_\_\_\_\_

Date: \_\_\_\_\_

Email Address: \_\_\_\_\_



## EXHIBIT "A"



## EXHIBIT B

<b>Palmillo 10 State Com #234 Ownership</b> <b>N/2N/2 of Sec. 10-19S-28E</b>
---

	Tract WI	Type
ZPZ Delaware I, LLC	31.250000%	WI
Apache Corporation	12.109375%	WI
EOG Y Resources, Inc.	10.156250%	WI
Devon SFS Operating, Inc.	6.076389%	WI
Marathon Oil Corporation	6.032986%	WI
Hugh E. Hanagan and Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust	3.710938%	WI
Hanagan Properties	3.710938%	WI
COG Operating LLC	2.968750%	WI
EOG Resources, Inc.	2.734375%	WI
Pitch Energy Corporation	1.562500%	WI
Harvard Petroleum, Ltd. - Series 1980-A	1.562500%	WI
Marbob Energy Corporation	1.562500%	WI
EOG A Resources, Inc.	1.041667%	WI
EOG M Resources, Inc.	1.041667%	WI
Oxy Y-1 Company	1.041667%	WI
Zia Royalty LLC	0.796875%	WI
Bean Family Limited Company	0.781250%	WI
Dora L McKnight	0.781250%	WI
Elk Oil Company	0.781250%	WI

## EXHIBIT B

Estate of John Kelly: Joseph J. Kelly John Michael Kelly Patricia Kelly Kyle Mary Ann Kelly Twitty	0.781250%	WI
New Mexico Western Minerals	0.781250%	WI
Theodore P White	0.781250%	WI
Cheryl W Derrick	0.651042%	WI
Constance White Loyd	0.651042%	WI
Elizabeth White Nelson	0.651042%	WI
J Phelps White IV	0.651042%	WI
DML Revocable Trust Dan Leonard, Trustee	0.520833%	WI
Lisa L Durban	0.520833%	WI
Robert K Leonard	0.520833%	WI
LRW Corporation	0.500000%	WI
Roy Barton Jr, Trustee	0.390625%	WI
J Phelps White III	0.390625%	WI
Read & Stevens, Inc.	0.390625%	WI
The Beveridge Company	0.265625%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anderson-Malone, LLC	0.260417%	WI
Concho Oil & Gas LLC	0.156250%	WI
William J Derrick, Trustee of G White Test Tst	0.130208%	WI
Anne S Johnson	0.130208%	WI

## EXHIBIT B

Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Pamela Anne Evans	0.065104%	WI
Edward Schwarz	0.032552%	WI
Linda E Schwarz	0.032552%	WI
Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

Total	100.000000%
-------	-------------



## AFE Summary

**AFE #** 11-18-0944 **PROJECT NAME** Palmillo 10 State 234H

**PROPERTY #** **OPERATOR** Apache Corp

**LEASE NUMBERS**

**PROSPECT NAME** **PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

N/2 N/2 SEC 10-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-0944-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-0944-CP	100.000000	Bone spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-0944-EQ	100.000000	Install artificial lift and necessary infrastructure	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree.

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,000	\$0	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$70,000	\$3,800	\$0	\$0	\$73,800
70004	Casing Crews	\$46,000	\$0	\$0	\$0	\$46,000
70006	Cement and Cementing Services	\$187,000	\$0	\$0	\$0	\$187,000
70007	Chemicals	\$0	\$165,800	\$0	\$0	\$165,800
70008	Communications	\$3,500	\$0	\$0	\$0	\$3,500
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$80,000	\$0	\$120,000
70019	Contract Rigs - Daywork	\$472,000	\$100	\$30,000	\$0	\$502,100
70021	Contract Supervision	\$56,000	\$75,700	\$15,000	\$0	\$146,700
70022	Directional Drilling	\$139,000	\$0	\$0	\$0	\$139,000
70025	Drilling Fluids	\$125,000	\$0	\$0	\$0	\$125,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$103,000	\$31,600	\$15,000	\$0	\$149,600
70034	Formation and Well Stimulation	\$0	\$809,600	\$0	\$0	\$809,600
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$75,000	\$215,000	\$0	\$0	\$290,000
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$17,500	\$0	\$0	\$0	\$17,500
70049	Logging	\$50,000	\$239,400	\$0	\$0	\$289,400
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000

AFE#: 11-18-0944 | Project Name: Palmillo 10 State 234H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit D.234H

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$18,000	\$0	\$0	\$18,000
70069	Coiled Tubing	\$0	\$128,300	\$0	\$0	\$128,300
70074	Trucking and Hauling	\$28,000	\$0	\$25,000	\$0	\$53,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$30,000	\$336,000	\$0	\$0	\$366,000
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$90,000	\$0	\$0	\$0	\$90,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$19,300	\$37,000	\$0	\$50,300
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$14,000	\$0	\$0	\$0	\$14,000
70255	Drilling Operations Center	\$5,000	\$0	\$0	\$0	\$5,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$28,900	\$0	\$0	\$28,900
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$1,854,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$4,960,700</b>

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$0	\$200,000
71019	Intermediate Casing	\$85,000	\$0	\$0	\$0	\$85,000
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	\$170,000	\$0	\$0	\$0	\$170,000
71050	Surface Casing	\$16,000	\$0	\$0	\$0	\$16,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$1,854,000</b>	<b>\$2,869,700</b>	<b>\$237,000</b>	<b>\$0</b>	<b>\$4,960,700</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$341,000</b>	<b>\$3,300</b>	<b>\$368,000</b>	<b>\$0</b>	<b>\$712,300</b>
<b>Grand Total</b>	<b>\$2,195,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,673,000</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,195,000</b>	<b>\$2,873,000</b>	<b>\$605,000</b>	<b>\$0</b>	<b>\$5,673,000</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

*Apache*

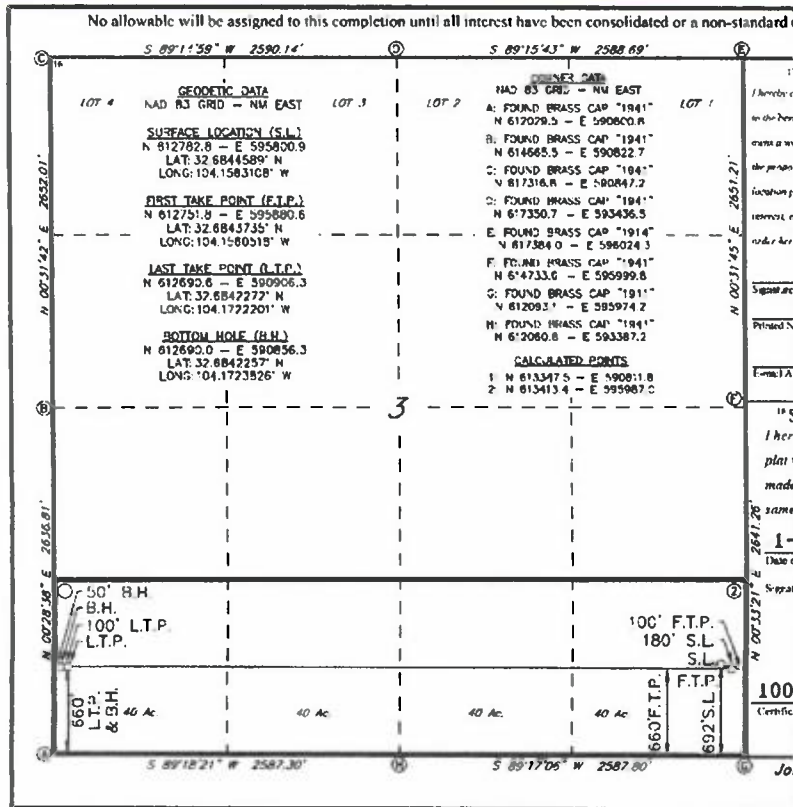


### Supra

**Apache**

Exhibit A.241H

# PALMILLO 3 STATE COM #241H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL

- 660' FSL

## LTP:

- 100' FWL

- 660' FSL

This wellbore is located approximately 330' from the proximity tracts



# Palmillo 3 State Com #241H

## Tract 1:

80 acres S/2SW/4 of Sec. 3-19S-28E

Owner	Interest	Type	Response
COG Oil & Gas LP	45.312500%	WI	POOL
ZPZ Delaware I LLC	25.000000%	WI	signed JOA
EOG Y Resources, Inc	9.027778%	WI	POOL
Apache Corporation	7.986111%	WI	signed JOA
Marathon Oil Company	7.986111%	WI	POOL
Roy Barton Jr., Trustee	0.781250%	WI	signed JOA
Read & Stevens, Inc.	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Andersen-Malone, LLC	0.520833%	WI	POOL
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.260417%	WI	POOL
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
James R. Gebel Revocable Living Trust	0.130208%	WI	POOL
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp	0.065104%	WI	POOL
State of New Mexico	0.12500000	RI	

Yates Brothers	0.02256944	ORRI	POOL
Hanagan Investments, LLC	0.00695543	ORRI	POOL
Hanaco LLC	0.00695543	ORRI	POOL
EOG Resources, Inc.	0.00512505	ORRI	POOL
Harvard Petroleum Corporation	0.00292860	ORRI	POOL
Zia Royalty, LLC	0.00174750	ORRI	POOL
Bean Family Limited Company	0.00146430	ORRI	POOL
Slash Exploration	0.00146430	ORRI	POOL
New Mexico Western Minerals	0.00146430	ORRI	POOL
Theodore P. White ssp and et ux	0.00146430	ORRI	POOL
Cheryl W. Derrick, ssp	0.00122025	ORRI	POOL
Constance White Loyd, ssp	0.00122025	ORRI	POOL
Elizabeth White Nelson, ssp	0.00122025	ORRI	POOL
J. Phelps White IV, ssp	0.00122025	ORRI	POOL
LRW Corporation	0.00109647	ORRI	POOL
DMV Revocable Trust	0.00097620	ORRI	POOL
Lisa L. Durban, ssp	0.00097620	ORRI	POOL
Robert K. Leonard, ssp	0.00097620	ORRI	POOL
Estate of Esther L. Kelly	0.00073215	ORRI	POOL
Phelps White aka J.P. White III	0.00073215	ORRI	POOL
William J. Derrick, Trustee of G. White Testame	0.00024405	ORRI	POOL
J. Michael Kelly/NonDarcy Oil & Gas Inc.	0.00018304	ORRI	POOL
Joseph J. Kelly	0.00018304	ORRI	POOL
Mary Ann Twitty	0.00018304	ORRI	POOL
Coille Limited Partnership LP	0.00018304	ORRI	POOL
Natural Gas Services	0.00002734	ORRI	POOL
George M. O'Brien, msu	0.00002734	ORRI	POOL
The Beveridge Company	0.00008464	ORRI	POOL

## Tract 2:

40 acres SW/4SE/4 of Sec. 3-19S-28E

Owner	Interest	Type	Response
ZPZ Delaware I LLC	50.000000%	WI	signed JOA
EOG Y Resources, Inc.	18.055556%	WI	POOL
Apache Corporation	15.972222%	WI	signed JOA
Marathon Oil Company	15.972222%	WI	POOL
State of New Mexico	0.12500000	Royalty	
Yates Brothers	0.02256944	ORRI	POOL

## Tract 3:

40 acres SE/4SE/4 of Sec. 3-19S-28E

Owner	Interest	Type	Response
COG Oil & Gas LP	50.000000%	WI	POOL
Apache Corporation	50.000000%	WI	signed JOA
State of New Mexico	0.12500000	Royalty	
Cornerstone Family Trust	0.00656250	ORRI	POOL
LRF JR, LLC	0.05921875	ORRI	POOL

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>PALMILLO 3 STATE COM</b>				6 Well Number <b>241H</b>			
7 GRID NO.		8 Operator Name <b>APACHE CORPORATION</b>				9 Elevation <b>3481'</b>			
10 Surface Location									
UL or lot no. <b>P</b>	Section <b>3</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>692</b>	North/South line <b>SOUTH</b>	Feet From the <b>180</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>M</b>	Section <b>3</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>660</b>	North/South line <b>SOUTH</b>	Feet from the <b>50</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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.

<p>16</p> <p>S 89°14'59" W 2590.14'</p> <p>LOT 4</p> <p><b>GEODETIC DATA</b></p> <p>NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (S.L.)</b></p> <p>N 612782.8 - E 595800.9</p> <p>LAT: 32.6844589° N</p> <p>LONG: 104.1563108° W</p> <p><b>FIRST TAKE POINT (F.T.P.)</b></p> <p>N 612751.8 - E 595880.6</p> <p>LAT: 32.6843735° N</p> <p>LONG: 104.1560518° W</p> <p><b>LAST TAKE POINT (L.T.P.)</b></p> <p>N 612690.6 - E 590906.3</p> <p>LAT: 32.6842272° N</p> <p>LONG: 104.1722201° W</p> <p><b>BOTTOM HOLE (B.H.)</b></p> <p>N 612690.0 - E 590856.3</p> <p>LAT: 32.6842257° N</p> <p>LONG: 104.1723826° W</p>		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>17</p> <p>S 89°15'43" W 2588.69'</p> <p>LOT 3</p> <p><b>CORNER DATA</b></p> <p>NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941"</p> <p>N 612029.5 - E 590800.8</p> <p>B: FOUND BRASS CAP "1941"</p> <p>N 614665.5 - E 590822.7</p> <p>C: FOUND BRASS CAP "1941"</p> <p>N 617316.8 - E 590847.2</p> <p>D: FOUND BRASS CAP "1941"</p> <p>N 617350.7 - E 593436.5</p> <p>E: FOUND BRASS CAP "1914"</p> <p>N 617384.0 - E 596024.3</p> <p>F: FOUND BRASS CAP "1941"</p> <p>N 614733.6 - E 595999.8</p> <p>G: FOUND BRASS CAP "1911"</p> <p>N 612093.1 - E 595974.2</p> <p>H: FOUND BRASS CAP "1941"</p> <p>N 612060.8 - E 593387.2</p> <p><b>CALCULATED POINTS</b></p> <p>1: N 613347.5 - E 590811.8</p> <p>2: N 613413.4 - E 595987.0</p>		<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>1-8-19</b></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><b>10034</b></p> <p>Certificate Number</p>	
<p>18</p> <p>S 89°18'21" W 2587.30'</p> <p>LOT 2</p> <p>50' B.H.</p> <p>B.H.</p> <p>100' L.T.P.</p> <p>L.T.P.</p> <p>660' L.T.P. &amp; B.H.</p> <p>40 Ac.</p>		<p>19</p> <p>S 89°17'06" W 2587.80'</p> <p>LOT 1</p> <p>100' F.T.P.</p> <p>180' S.L.</p> <p>S.L.</p> <p>660' F.T.P.</p> <p>692' S.L.</p> <p>40 Ac.</p>	

Job No.: LS18121357

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

Apache

Exhibit R 241H



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 3 State #241H Com Well Proposal & Palmillo 3 Facility Proposal  
Section 3, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2S/2 of Section 3, 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".

- 1) Palmillo 3 State #241H Com ("241H") with a proposed surface location to be located in the SW/4SW/4 (Unit M) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 241H will be located in the SE/4SE/4 (Unit P) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The 241H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,335'. The estimated cost of drilling, completing, and equipping the 241H is \$6,011,200.00 as found on the enclosed AFE #11-18-1084.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 3 facility is \$3,251,000. The Palmillo 3 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 3 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the S/2S/2 of Section 3 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.241H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,



Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling, equipping, completion, and facility for the Palmillo 3 State #241 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling, equipping, completion, and facility for the Palmillo 3 State #241 Com

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

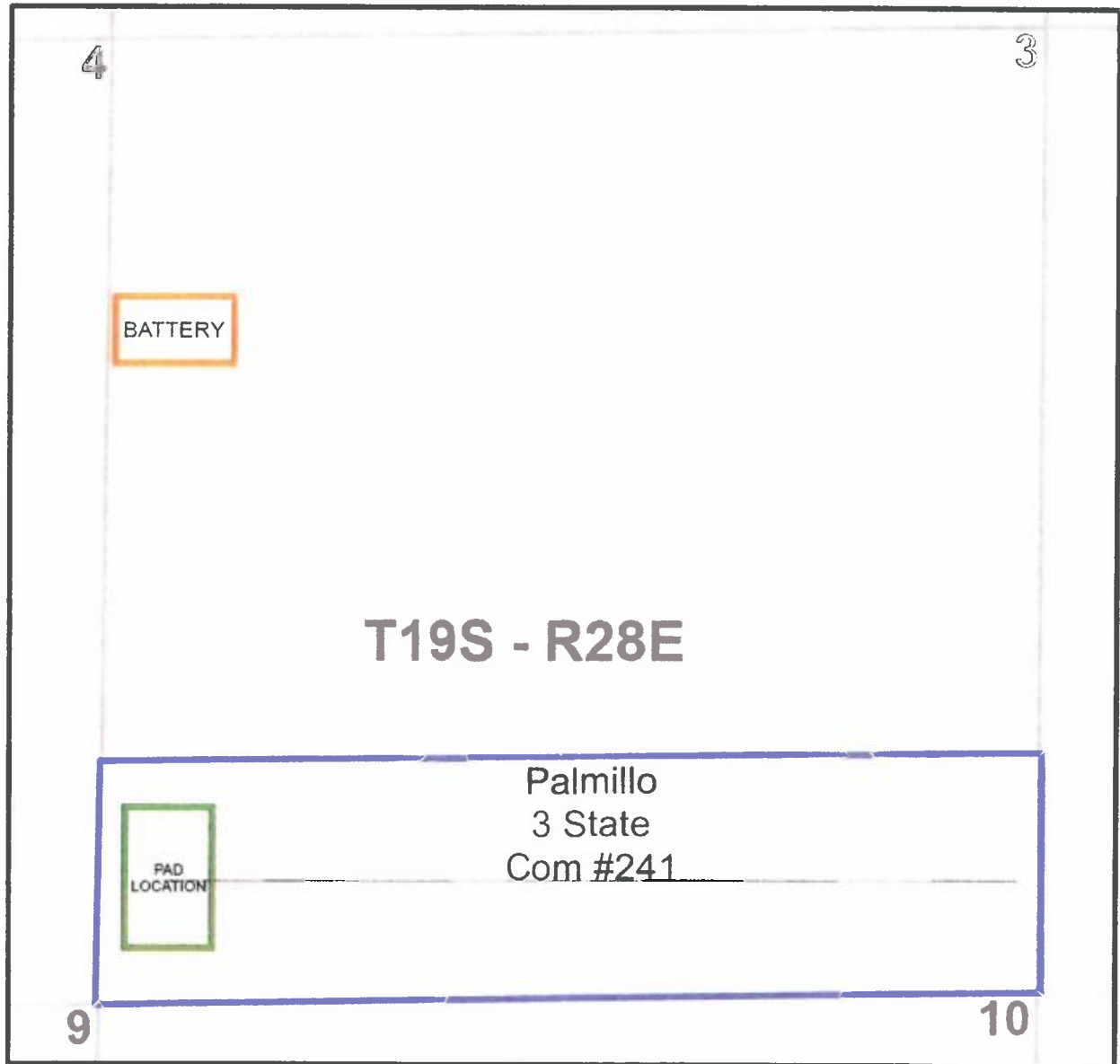
Printed Name: \_\_\_\_\_

Company Name (if applicable): \_\_\_\_\_

Date: \_\_\_\_\_

Email Address: \_\_\_\_\_

## EXHIBIT "A"





**Palmillo 3 State Com 241H****S2S2 of Sec. 3-19S-32E**

Owner	Unit WI	Type
COG Oil & Gas LP	40.625000%	WI
ZPZ Delaware I, LLC	25.000000%	WI
EOG Y Resources, Inc.	9.027778%	WI
Apache Corporation	7.986111%	WI
Marathon Oil Company	7.986111%	WI
MRL Partners, LP	3.125000%	WI
LRF JR, LLC	3.125000%	WI
Dora L McKnight/New Mexico Western Minerals, Inc.	0.781250%	WI
Read & Stevens, Inc.	0.390625%	WI
Roy Barton Jr, Trustee	0.390625%	WI
Anderson-Malone, LLC	0.260417%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anne S Johnson	0.130208%	WI
Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Pamela Anne Evans	0.065104%	WI
Edward A. Schwarz	0.032552%	WI

Linda E Schwarz	0.032552%	WI
Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

100.000000%



## AFE Summary

**AFE #** 11-18-1084 **PROJECT NAME** Palmillo 3 State 241H

**PROPERTY #** **OPERATOR** Apache Corp

**PROSPECT NAME** **LEASE NUMBERS**

**PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

S/2 S/2 3-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-1084-DH	100.000000	2nd Bone Spring San	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/G8-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-1084-CP	100.000000	Bone spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-1084-EQ	100.000000	Install artificial lift	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$8,000	\$0	\$0	\$0	\$8,000
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$0	\$75,800
70004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$188,000	\$0	\$0	\$0	\$188,000
70007	Chemicals	\$0	\$166,900	\$0	\$0	\$166,900
70008	Communications	\$4,000	\$0	\$0	\$0	\$4,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$100,000	\$0	\$140,000
70019	Contract Rigs - Daywork	\$501,000	\$100	\$30,000	\$0	\$531,100
70021	Contract Supervision	\$72,000	\$77,100	\$15,000	\$0	\$164,100
70022	Directional Drilling	\$130,000	\$0	\$0	\$0	\$130,000
70025	Drilling Fluids	\$160,000	\$0	\$0	\$0	\$160,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$105,000	\$39,800	\$15,000	\$0	\$159,800
70034	Formation and Well Stimulation	\$0	\$846,500	\$0	\$0	\$846,500
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$80,000	\$238,500	\$0	\$0	\$318,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$252,400	\$0	\$0	\$302,400

AFE#: 11-18-1084 | Project Name: Palmillo 3 State 241H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit D.241H

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000
70064	Rig Mobilization	\$200,000	\$0	\$0	\$0	\$200,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$25,700	\$0	\$0	\$25,700
70069	Coiled Tubing	\$0	\$141,100	\$0	\$0	\$141,100
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$0	\$55,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$40,000	\$334,400	\$0	\$0	\$374,400
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,700	\$38,000	\$0	\$51,700
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$15,000	\$0	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$6,000	\$0	\$0	\$0	\$6,000
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70269	Frac Plugs	\$0	\$34,700	\$0	\$0	\$34,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$2,052,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,288,900</b>

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$164,000	\$0	\$164,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$90,000	\$0	\$0	\$0	\$90,000
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	\$200,000	\$0	\$0	\$0	\$200,000
71050	Surface Casing	\$17,000	\$0	\$0	\$0	\$17,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>

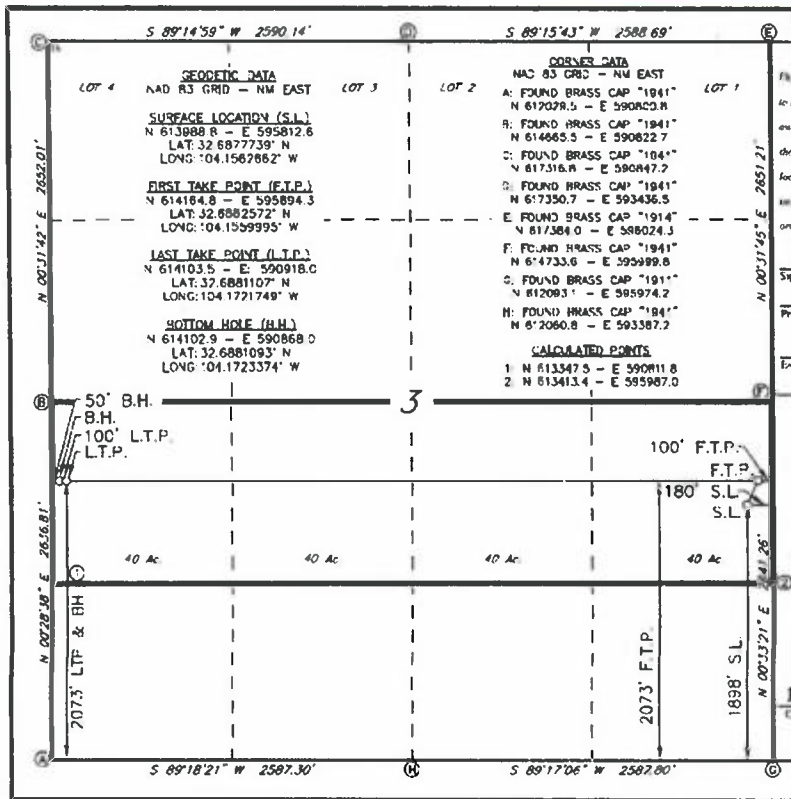
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$2,052,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,288,900</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>
<b>Grand Total</b>	<b>\$2,429,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$6,011,200</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,429,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$6,011,200</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 3 STATE #242H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL  
 - 2,073' FSL

## LTP:

- 100' FWL  
 - 2,073' FSL

This wellbore is located approximately 330' from the proximity tracts

\*All on one lease, so not a communitized area

Apache

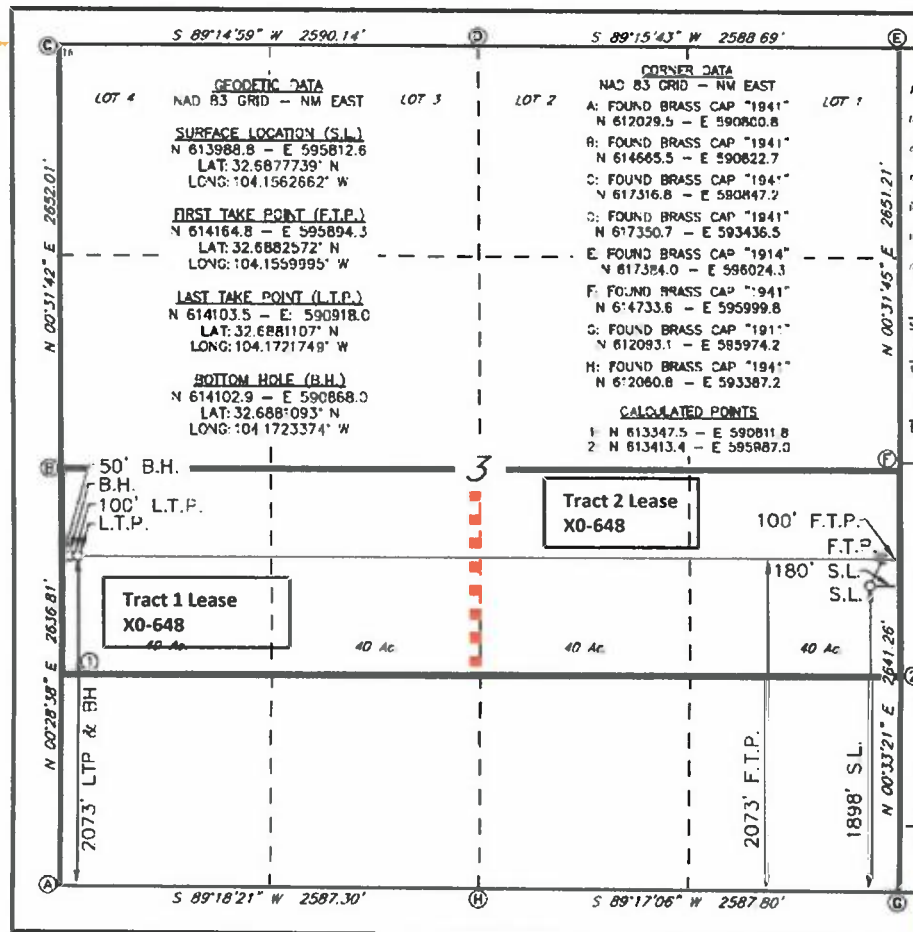
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Case Nos. 20377, 20378, 20379, 20380,  
 20381, 20382, 20383, 20384

Apache

Exhibit A.242H

# PALMILLO 3 STATE #242H



For tract level  
ownership, see  
spreadsheet

**Palmillo 3 State Com #242H**
**Tract 1**
**80 acres N/2SW/4 of Sec. 3-19S-28E**

	Interest	Type	Response
<b>Owner</b>	45.312500%	WI	POOL
COG Oil & Gas LP	25.000000%	WI	signed JOA
ZPZ Delaware I LLC	9.027778%	WI	POOL
EOG Y Resources, Inc	7.986111%	WI	signed JOA
Apache Corporation	7.986111%	WI	POOL
Marathon Oil Company	0.781250%	WI	signed JOA
Roy Barton Jr., Trustee	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Read & Stevens, Inc.	0.520833%	WI	POOL
Andersen-Malone, LLC	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.260417%	WI	POOL
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	POOL
James R. Gebel Revocable Living Trust	0.065104%	WI	POOL
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E. Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp			
	0.12500000	RI	
State of New Mexico			
	0.02256944	ORRI	POOL

Yates Brothers	0.00695543	ORRI	POOL
Hanagan Investments, LLC	0.00695543	ORRI	POOL
Hanaco LLC	0.00512505	ORRI	POOL
EOG Resources, Inc.	0.00292860	ORRI	POOL
Harvard Petroleum Corporation	0.00174750	ORRI	POOL
Zia Royalty, LLC	0.00146430	ORRI	POOL
Bean Family Limited Company	0.00146430	ORRI	POOL
Slash Exploration	0.00146430	ORRI	POOL
New Mexico Western Minerals	0.00146430	ORRI	POOL
Theodore P. White ssp and et ux	0.00122025	ORRI	POOL
Cheryl W. Derrick, ssp	0.00122025	ORRI	POOL
Constance White Loyd, ssp	0.00122025	ORRI	POOL
Elizabeth White Nelson, ssp	0.00122025	ORRI	POOL
J. Phelps White IV, ssp	0.00109647	ORRI	POOL
LRW Corporation	0.00097620	ORRI	POOL
DMV Revocable Trust	0.00097620	ORRI	POOL
Lisa L. Durban, ssp	0.00097620	ORRI	POOL
Robert K. Leonard, ssp	0.00073215	ORRI	POOL
Estate of Esther L. Kelly	0.00073215	ORRI	POOL
Phelps White aka J.P. White III	0.00024405	ORRI	POOL
William J. Derrick, Trustee of G. White Testame	0.00018304	ORRI	POOL
J. Michael Kelly/NonDarcy Oil & Gas Inc.	0.00018304	ORRI	POOL
Joseph J. Kelly	0.00018304	ORRI	POOL
Mary Ann Twitty	0.00018304	ORRI	POOL
Coille Limited Partnership LP	0.00002734	ORRI	POOL
Natural Gas Services	0.00002734	ORRI	POOL
George M. O'Brien, msu	0.00008464	ORRI	POOL
The Beveridge Company			

## Tract 2

80 acres N2SE of Sec. 3-19S-28E

	Interest	Type	Response
<b>Owner</b>	50.000000%	WI	signed JOA
ZPZ Delaware I LLC	18.055556%	WI	POOL
EOG Y Resources, Inc.	15.972222%	WI	signed JOA
Apache Corporation	15.972222%	WI	POOL
Marathon Oil Company			
	0.12500000	Royalty	
State of New Mexico			
	0.02256944	ORRI	POOL
Yates Brothers			



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		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>PALMILLO 3 STATE COM</b>			<sup>6</sup> Well Number <b>242H</b>
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			<sup>9</sup> Elevation <b>3479'</b>

<sup>10</sup> Surface Location

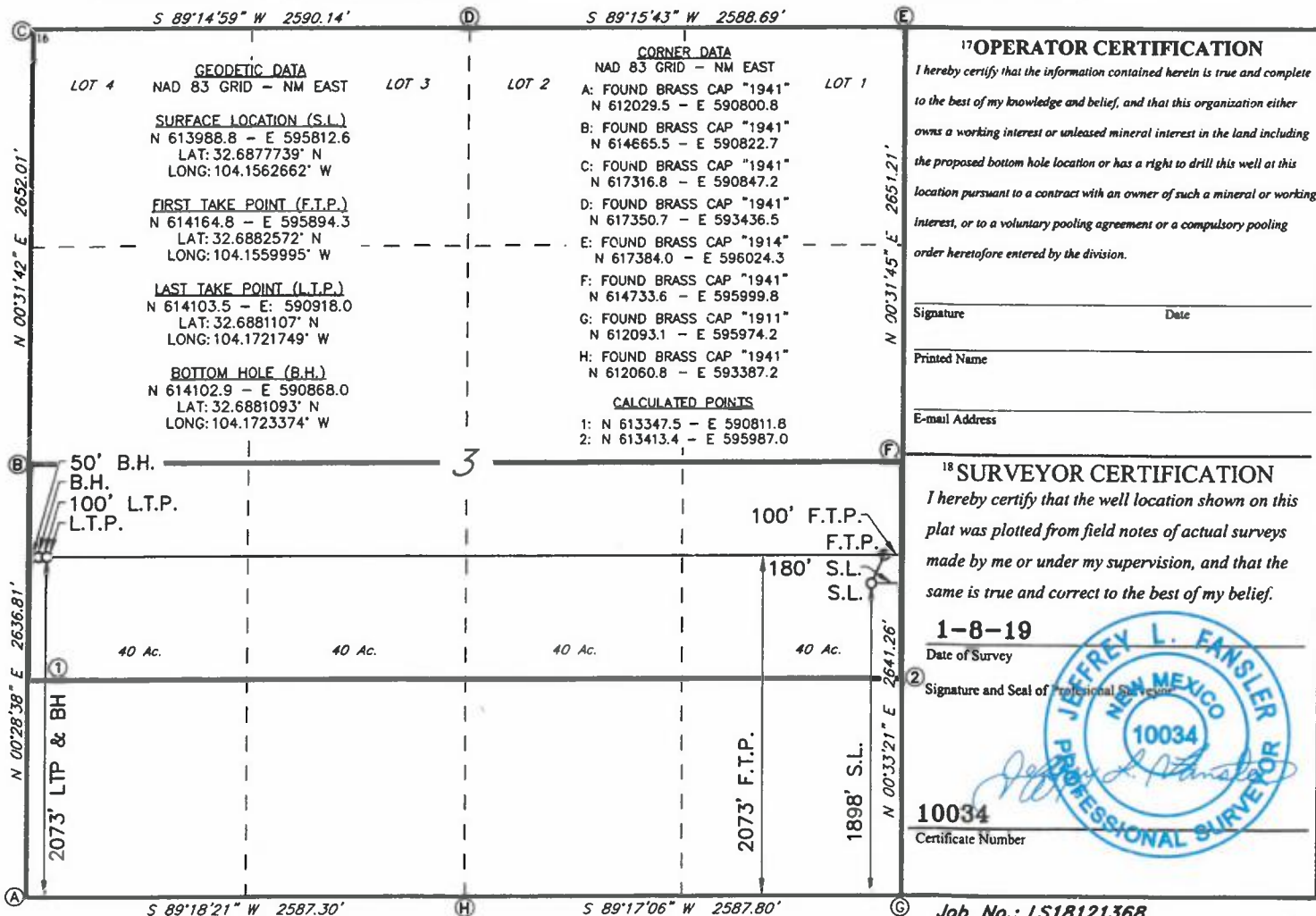
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>I</b>	<b>3</b>	<b>19S</b>	<b>28E</b>		<b>1898</b>	<b>SOUTH</b>	<b>180</b>	<b>EAST</b>	<b>EDDY</b>

<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>L</b>	<b>3</b>	<b>19S</b>	<b>28E</b>		<b>2073</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.





VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 3 State #242H Com Well Proposal & Palmillo 3 Facility Proposal  
Section 3, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the N/2S/2 of Section 3, 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".

- 1) Palmillo 3 State #242H Com ("242H") with a proposed surface location to be located in the NW/4SW/4 (Unit L) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 242H will be located in the NE/4SE/4 (Unit I) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The 242H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 242H is \$5,901,200.00 as found on the enclosed AFE #11-18-1085.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 3 facility is \$3,251,000. The Palmillo 3 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 3 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the N/2S/2 of Section 3 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.242H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink that reads "Laci Stretcher". The signature is fluid and cursive, with the first name "Laci" and last name "Stretcher" clearly distinguishable.

Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling, equipping, completion, and facility for the Palmillo 3  
State #242 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling, equipping, completion, and facility for the  
Palmillo 3 State #242 Com

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

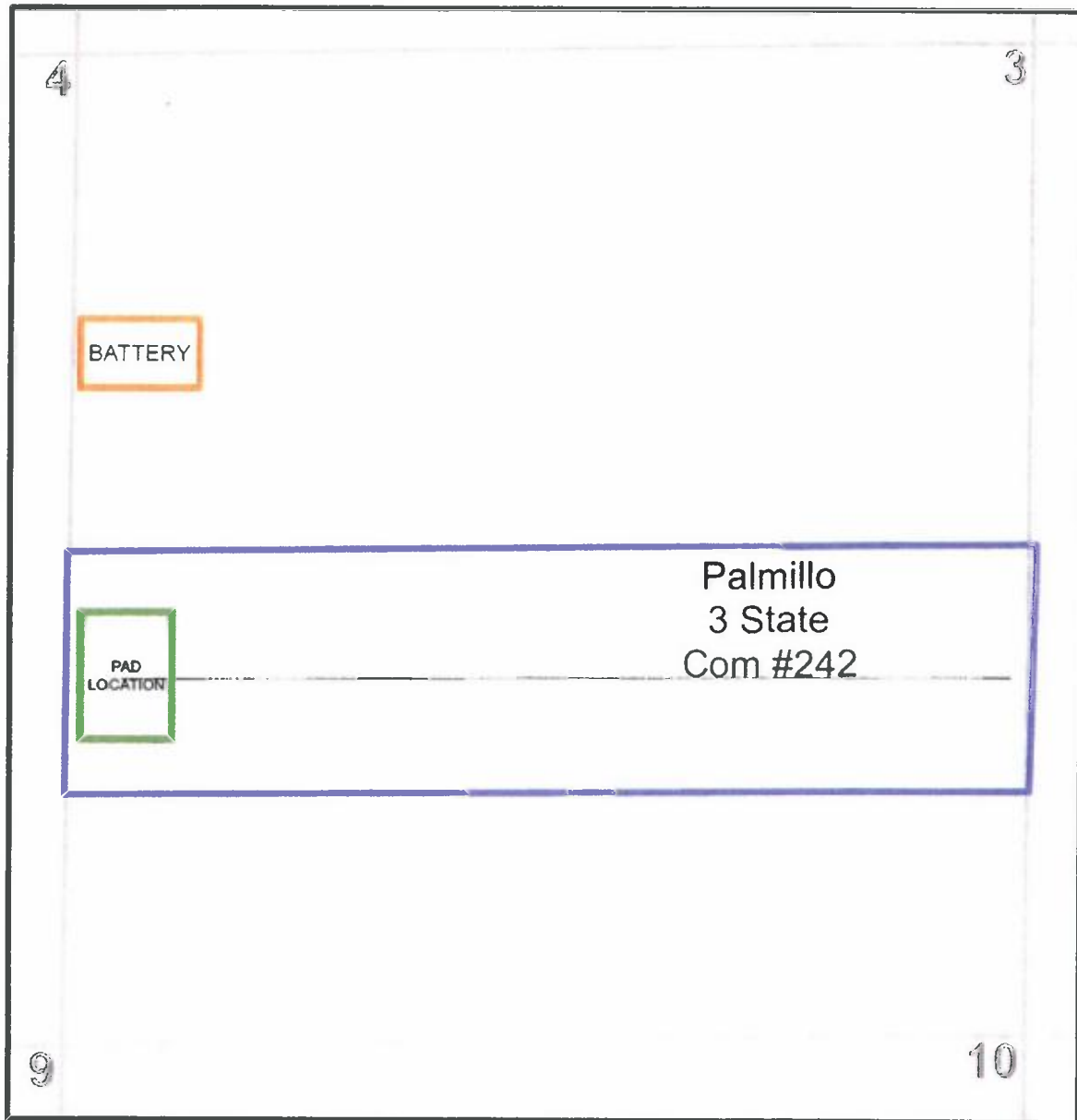
**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

## EXHIBIT "A"



**Palmillo 3 State Com 242H****N2S2 of Sec. 3-19S-32E**

Owner	Unit WI	Type
ZPZ Delaware I, LLC	37.500000%	WI
COG Oil & Gas LP	21.875000%	WI
EOG Y Resources, Inc. 1	13.541667%	WI
Apache Corporation	11.979167%	WI
Marathon Oil Company	11.979167%	WI
Dora L McKnight/New Mexico Western Minerals, Inc.	0.781250%	WI
Read & Stevens, Inc.	0.390625%	WI
Roy Barton Jr, Trustee	0.390625%	WI
Anderson-Malone, LLC	0.260417%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anne S Johnson	0.130208%	WI
Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Pamela Anne Evans	0.065104%	WI
Edward A. Schwarz	0.032552%	WI
Linda E Schwarz	0.032552%	WI

Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

**100.000000%**



## AFE Summary

**AFE #** 11-18-1085 **PROJECT NAME** Palmillo 3 State 242H

**PROPERTY #** **OPERATOR** Apache Corp

**LEASE NUMBERS**

**PROSPECT NAME** **PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

N/2 S/2 3-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-1085-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-1085-CP	100.000000	Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/s <sup>2</sup> g 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-1085-EQ	100.000000	Install artificial lift	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

### Intangible Development Costs

Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,500	\$0	\$0	\$0	\$7,500
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$0	\$75,800
70004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$188,000	\$0	\$0	\$0	\$188,000
70007	Chemicals	\$0	\$166,900	\$0	\$0	\$166,900
70008	Communications	\$4,000	\$0	\$0	\$0	\$4,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$100,000	\$0	\$140,000
70019	Contract Rigs - Daywork	\$477,000	\$100	\$30,000	\$0	\$507,100
70021	Contract Supervision	\$68,000	\$77,100	\$15,000	\$0	\$160,100
70022	Directional Drilling	\$130,000	\$0	\$0	\$0	\$130,000
70025	Drilling Fluids	\$158,000	\$0	\$0	\$0	\$158,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$105,000	\$39,800	\$15,000	\$0	\$159,800
70034	Formation and Well Stimulation	\$0	\$846,500	\$0	\$0	\$846,500
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$76,000	\$238,500	\$0	\$0	\$314,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$252,400	\$0	\$0	\$302,400

AFE#: 11-18-1085 | Project Name: Palmillo 3 State 242H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380, 20381, 20382, 20383, 20384



Exhibit D.242H



Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$25,700	\$0	\$0	\$25,700
70069	Coiled Tubing	\$0	\$141,100	\$0	\$0	\$141,100
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$0	\$55,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$40,000	\$334,400	\$0	\$0	\$374,400
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,700	\$38,000	\$0	\$51,700
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$15,000	\$0	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$34,700	\$0	\$0	\$34,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>

Tangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$164,000	\$0	\$164,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$90,000	\$0	\$0	\$0	\$90,000
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	\$200,000	\$0	\$0	\$0	\$200,000
71050	Surface Casing	\$17,000	\$0	\$0	\$0	\$17,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>

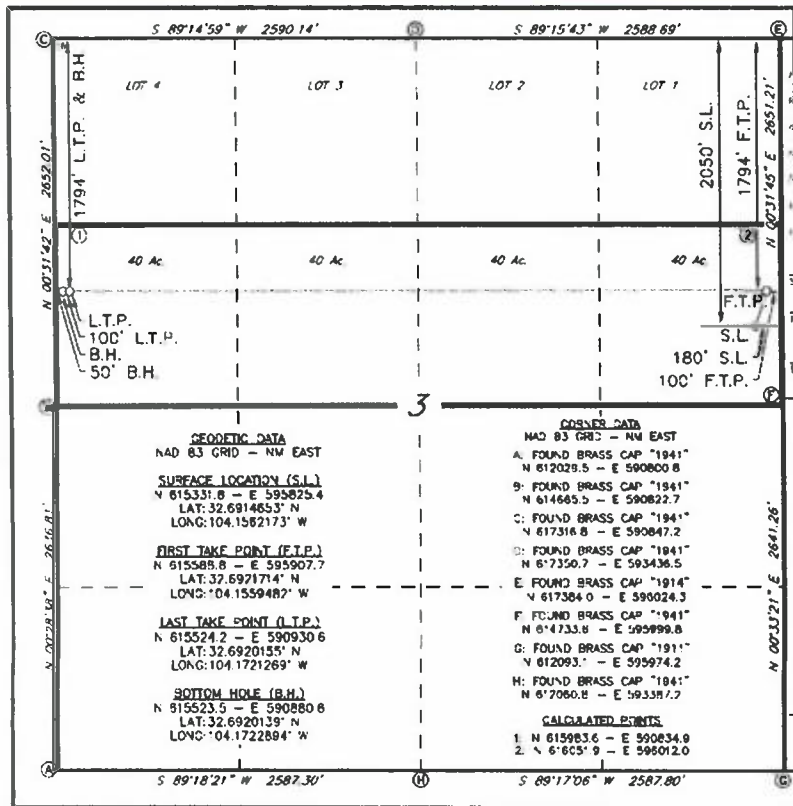
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>
<b>Grand Total</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 3 STATE COM #243H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FEL  
- 1,794' FNL

## LTP:

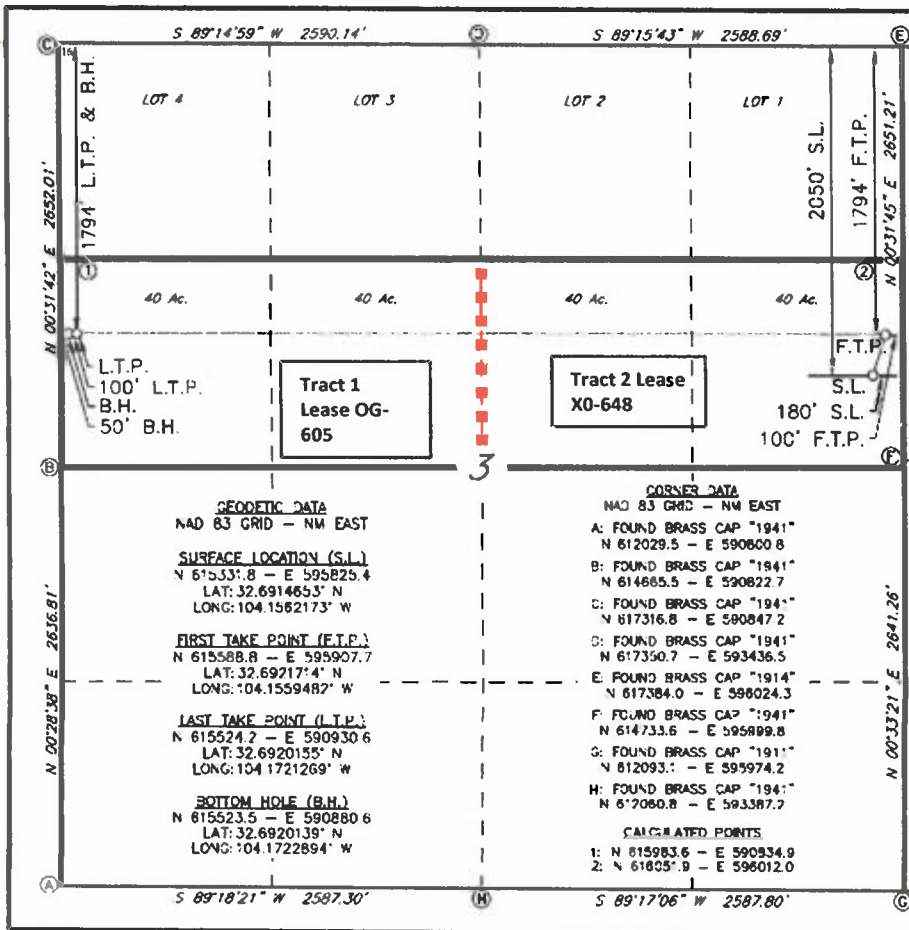
- 100' FWL  
- 1,794' FSL

This wellbore is located approximately 330' from the proximity tracts

Apache

Apache

# PALMILLO 3 STATE COM #243H



For tract level ownership, see spreadsheet

# **Palmillo 3 State Com #243H**

## **Tract 1**

**80 acres S2NW4 of Sec. 3-19S-28E**

	Interest	Type	Response
<b>Owner</b>	47.656250%	WI	POOL
COG Oil & Gas LP	47.656250%	WI	signed JOA
Apache Corporation	0.781250%	WI	signed JOA
Roy Barton Jr, Tee	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Read & Stevens, Inc.	0.520833%	WI	POOL
Andersen-Malone, LLC	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.260417%	WI	POOL
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	POOL
James R Gebel Revocable Living Tst	0.065104%	WI	POOL
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp			
	0.12500000	Royalty	
State of New Mexico			
	0.01664830	ORRI	POOL
K.M. Jastrow Living Trust dtd 7/10/10	0.02663679	ORRI	POOL
LRF JR, LLC	0.00779297	ORRI	POOL
Hanagan Investments, LLC	0.00779297	ORRI	POOL
Hanaco LLC	0.00574219	ORRI	POOL
EOG Resources, Inc.	0.00328125	ORRI	POOL
Cornerstone Family Trust	0.00328125	ORRI	POOL
Harvard Petroleum Corporation	0.00195792	ORRI	POOL
Zia Royalty, LLC	0.00164063	ORRI	POOL
Bean Family Limited Company	0.00164063	ORRI	POOL

Slash Exploration	0.00164063	ORRI	POOL
New Mexico Western Minerals	0.00164063	ORRI	POOL
Theodore P. White et ux	0.00136719	ORRI	POOL
Cheryl W. Derrick, ssp	0.00136719	ORRI	POOL
Constance White Loyd, ssp	0.00136719	ORRI	POOL
Elizabeth White Nelson, ssp	0.00136719	ORRI	POOL
J. Phelps White IV, ssp	0.00122850	ORRI	POOL
LRW Corporation	0.00109375	ORRI	POOL
DML Revocable Trust	0.00109375	ORRI	POOL
Lisa L. Durban, ssp	0.00109375	ORRI	POOL
Robert K. Leonard, ssp	0.00082031	ORRI	POOL
Estate of Esther Kelly	0.00082031	ORRI	POOL
Phelps White aka JP White III	0.00054688	ORRI	POOL
Natural Gas Services	0.00054688	ORRI	POOL
George M. O'Brien, msu	0.00027344	ORRI	POOL
Gretchen S. White Testamentary Trust	0.00020508	ORRI	POOL
J. Michael Kelly/NonDarcy Oil & Gas Inc.	0.00020508	ORRI	POOL
Joseph J. Kelly	0.00020508	ORRI	POOL
Mary Ann Twitty	0.00020508	ORRI	POOL
Coille Limited Partnership LP	0.00009483	ORRI	POOL
The Beveridge Company			

## Tract 2

80 acres S2NE4 of Sec. 3-19S-28E

	Interest	Type	Response
<b>Owner</b>	50.000000%	WI	signed JOA
ZPZ Delaware I LLC	18.055556%	WI	POOL
EOG Y Resources, Inc.	15.972222%	WI	signed JOA
Apache Corporation	15.972222%	WI	POOL
Marathon Oil Company			
	0.12500000	Royalty	
State of New Mexico			
	0.02256944	ORRI	POOL
Yates Brothers			

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		<sup>3</sup> Pool Name					
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>PALMILLO 3 STATE COM</b>						<sup>6</sup> Well Number <b>243H</b>	
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>						<sup>9</sup> Elevation <b>3483'</b>	
<sup>10</sup> Surface Location									
UL or lot no. <b>H</b>	Section <b>3</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>2050</b>	North/South line <b>NORTH</b>	Feet From the <b>180</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. <b>E</b>	Section <b>3</b>	Township <b>19S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>1794</b>	North/South line <b>NORTH</b>	Feet from the <b>50</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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.

<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>			
<p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>1-8-19</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p><b>10034</b> Certificate Number</p>			

**GEODETIC DATA**  
NAD 83 GRID - NM EAST

**SURFACE LOCATION (S.L.)**  
N 615331.8 - E 595825.4  
LAT: 32.6914653° N  
LONG: 104.1562173° W

**FIRST TAKE POINT (F.T.P.)**  
N 615588.8 - E 595907.7  
LAT: 32.6921714° N  
LONG: 104.1559482° W

**LAST TAKE POINT (L.T.P.)**  
N 615524.2 - E 590930.6  
LAT: 32.6920155° N  
LONG: 104.1721269° W

**BOTTOM HOLE (B.H.)**  
N 615523.5 - E 590880.6  
LAT: 32.6920139° N  
LONG: 104.1722894° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1941"  
N 612029.5 - E 590800.8

B: FOUND BRASS CAP "1941"  
N 614665.5 - E 590822.7

C: FOUND BRASS CAP "1941"  
N 617316.8 - E 590847.2

D: FOUND BRASS CAP "1941"  
N 617350.7 - E 593436.5

E: FOUND BRASS CAP "1914"  
N 617384.0 - E 596024.3

F: FOUND BRASS CAP "1941"  
N 614733.6 - E 595999.8

G: FOUND BRASS CAP "1911"  
N 612093.1 - E 595974.2

H: FOUND BRASS CAP "1941"  
N 612060.8 - E 593387.2

**CALCULATED POINTS**  
1: N 615983.6 - E 590834.9  
2: N 616051.9 - E 596012.0





VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 3 State #243H Com Well Proposal & Palmillo 3 Facility Proposal  
Section 3, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the S/2N/2 of Section 3, 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".

- 1) Palmillo 3 State #243H Com ("243H") with a proposed surface location to be located in the SW/4NW/4 (Unit E) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 243H will be located in the SE/4NE/4 (Unit H) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The 243H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 243H is \$5,901,200.00 as found on the enclosed AFE #11-18-1086.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 3 facility is \$3,251,000. The Palmillo 3 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 3 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the S/2N/2 of Section 3 with the following general provisions:

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

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



Exhibit C.243H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink that reads "Laci Stretcher". The signature is fluid and cursive, with the first name "Laci" and last name "Stretcher" clearly distinguishable.

Laci Stretcher  
Landman  
Apache Corporation



\_\_\_\_\_ Elects to participate in the drilling, equipping, completion, and facility for the Palmillo 3 State #243 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling, equipping, completion, and facility for the Palmillo 3 State #243 Com

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

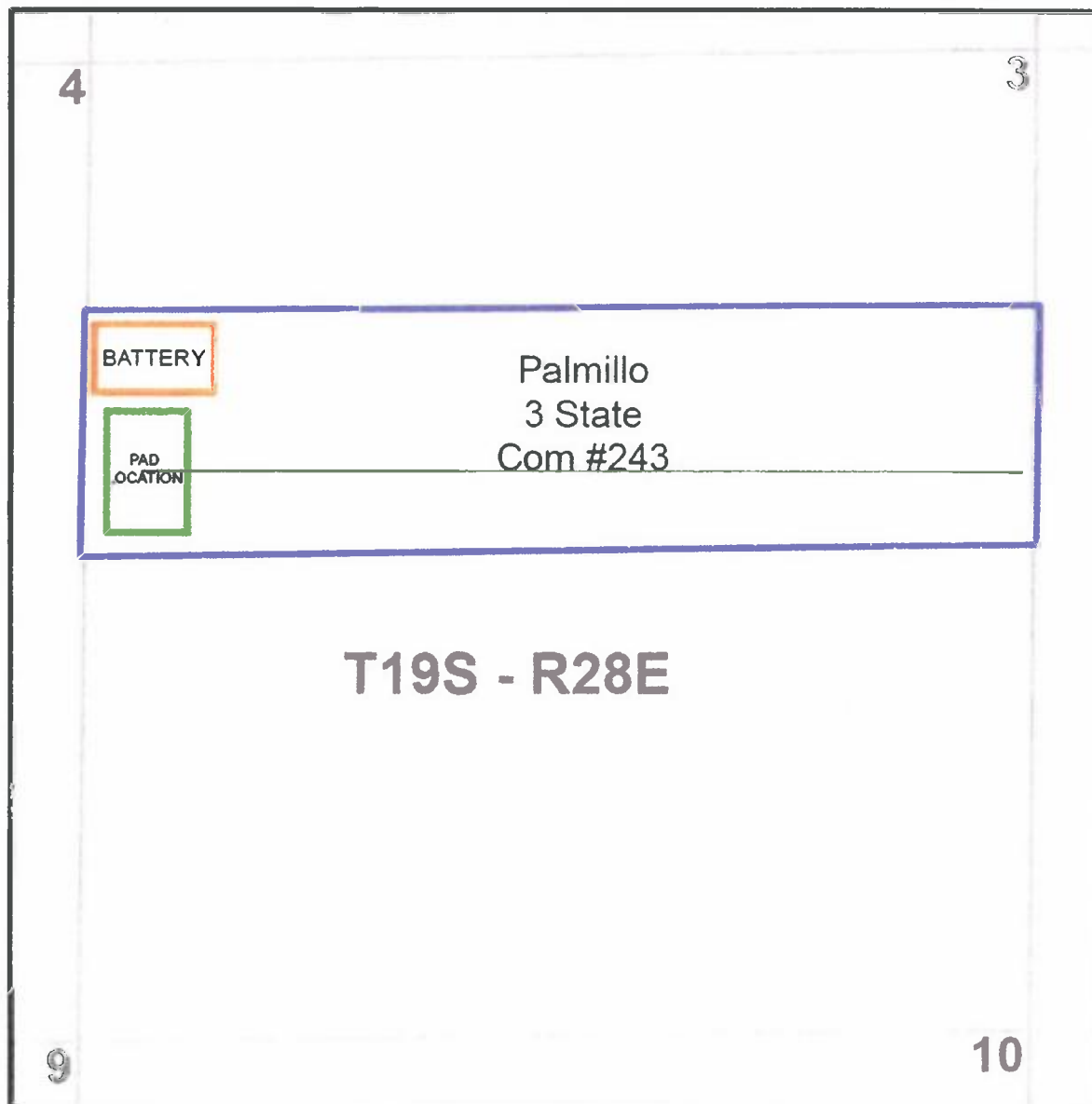
**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

## EXHIBIT "A"



**Palmillo 3 State Com 243H**

S2N2 of Sec. 3-19S-32E

Owner	Unit WI	Type
COG Oil & Gas LP	40.625000%	WI
ZPZ Delaware I, LLC	25.000000%	WI
EOG Y Resources, Inc.	9.027778%	WI
Apache Corporation	7.986111%	WI
Marathon Oil Company	7.986111%	WI
MRL Partners, LP	3.125000%	WI
LRF JR, LLC	3.125000%	WI
Dora L McKnight/New Mexico Western Minerals, Inc.	0.781250%	WI
Read & Stevens, Inc.	0.390625%	WI
Roy Barton Jr, Trustee	0.390625%	WI
Anderson-Malone, LLC	0.260417%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anne S Johnson	0.130208%	WI
Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Pamela Anne Evans	0.065104%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Edward A. Schwarz	0.032552%	WI

Linda E Schwarz	0.032552%	WI
Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

100.000000%



## AFE Summary

**AFE #** 11-18-1086 **PROJECT NAME** Palmillo 3 State 243H

**PROPERTY #** **OPERATOR** Apache Corp

**LEASE NUMBERS**

**PROSPECT NAME** **PROSPECT #**

**COUNTY/STATE** EDDY / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

S/2 N/2 3-T19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-1086-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-1086-CP	100.000000	Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 45 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-1086-EQ	100.000000	Install artificial lift	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

### Intangible Development Costs

Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,500	\$0	\$0	\$0	\$7,500
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$0	\$75,800
70004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$188,000	\$0	\$0	\$0	\$188,000
70007	Chemicals	\$0	\$166,900	\$0	\$0	\$166,900
70008	Communications	\$4,000	\$0	\$0	\$0	\$4,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$100,000	\$0	\$140,000
70019	Contract Rigs - Daywork	\$477,000	\$100	\$30,000	\$0	\$507,100
70021	Contract Supervision	\$68,000	\$77,100	\$15,000	\$0	\$160,100
70022	Directional Drilling	\$130,000	\$0	\$0	\$0	\$130,000
70025	Drilling Fluids	\$158,000	\$0	\$0	\$0	\$158,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$105,000	\$39,800	\$15,000	\$0	\$159,800
70034	Formation and Well Stimulation	\$0	\$846,500	\$0	\$0	\$846,500
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$76,000	\$238,500	\$0	\$0	\$314,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$252,400	\$0	\$0	\$302,400

AFE#: 11-18-1086 | Project Name: Palmillo 3 State 243H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit D.243H

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$25,700	\$0	\$0	\$25,700
70069	Coiled Tubing	\$0	\$141,100	\$0	\$0	\$141,100
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$0	\$55,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$40,000	\$334,400	\$0	\$0	\$374,400
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,700	\$38,000	\$0	\$51,700
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$15,000	\$0	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$34,700	\$0	\$0	\$34,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>

		Tangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$164,000	\$0	\$164,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$90,000	\$0	\$0	\$0	\$90,000
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	\$200,000	\$0	\$0	\$0	\$200,000
71050	Surface Casing	\$17,000	\$0	\$0	\$0	\$17,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>

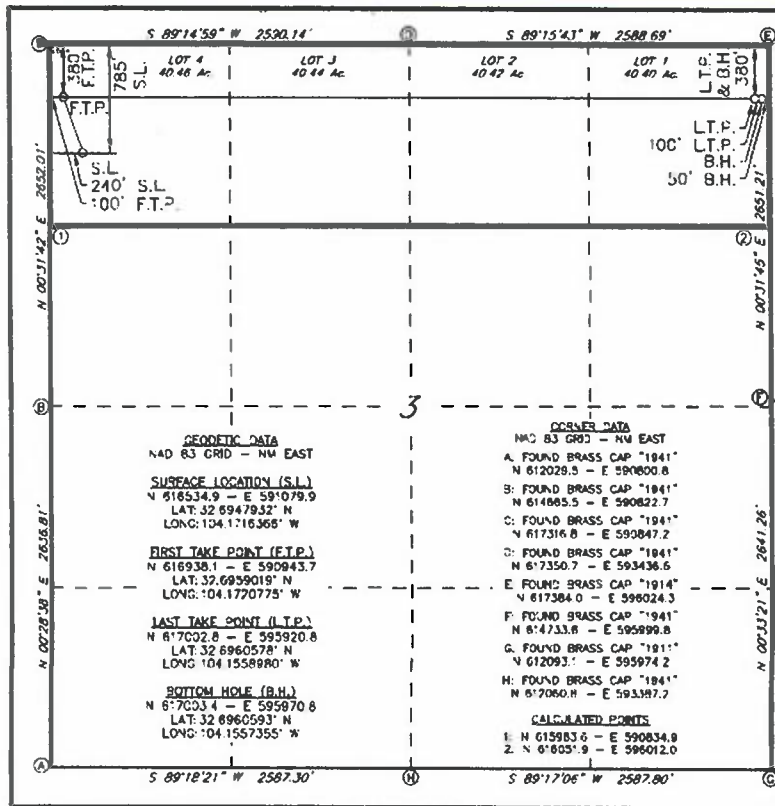
Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>
<b>Grand Total</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

# PALMILLO 3 STATE COM #244H



## Pool:

- Palmillo; Bone Spring SW

## Pool Code:

- 96413

## FTP:

- 100' FWL  
 - 380' FNL

## LTP:

- 100' FEL  
 - 380' FSL

This wellbore is located approximately 330' from the proximity tracts

Apache

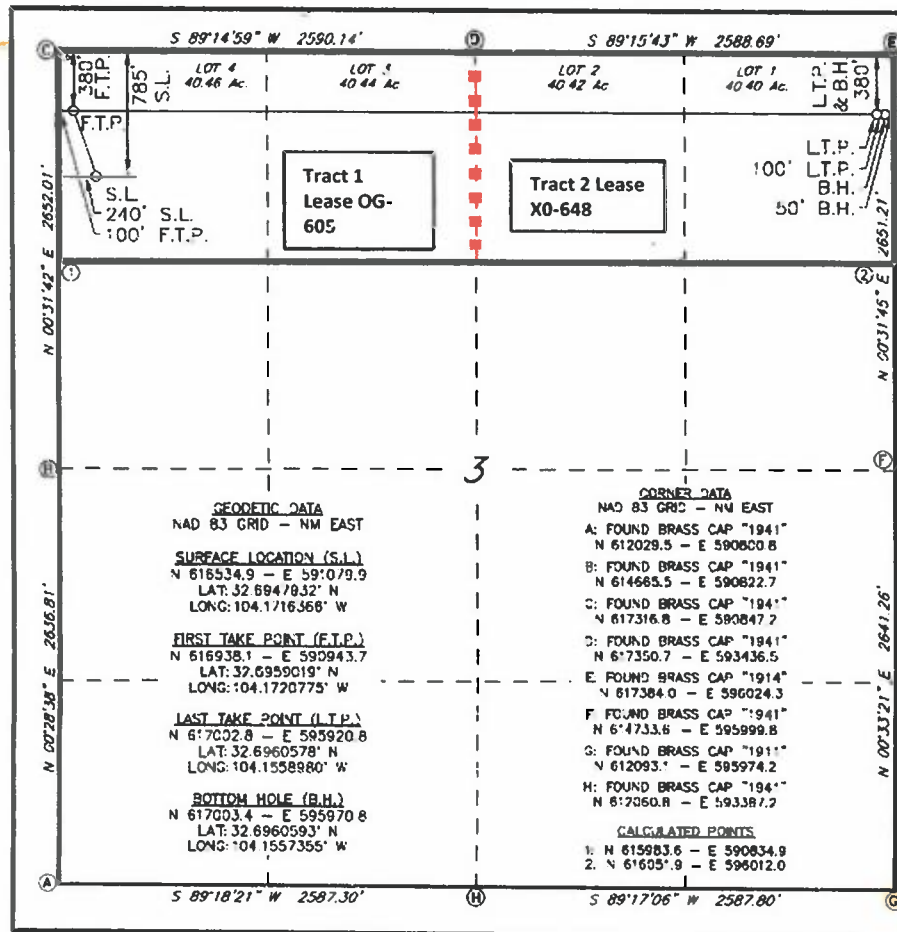
10

Case Nos. 20377, 20378, 20379, 20380,  
 20381, 20382, 20383, 20384

Apache

Exhibit A.244H

# PALMILLO 3 STATE COM #244H



For tract level ownership, see spreadsheet



# Palmillo 3 State Com #244H

## Tract 1

80 acres N2NW4 of Sec. 3-19S-28E

	Interest	Type	Response
<b>Owner</b>	47.656250%	WI	POOL
COG Oil & Gas LP	47.656250%	WI	signed JOA
Apache Corporation	0.781250%	WI	signed JOA
Roy Barton Jr, Tee	0.781250%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Read & Stevens, Inc.	0.520833%	WI	POOL
Andersen-Malone, LLC	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Elizabeth Eaton, ssp	0.520833%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Gilbert J. Eaton, ssp	0.260417%	WI	POOL
Anne S. Johnson, ssp	0.260417%	WI	POOL
Laura Lynn McCampbell, msu	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Charles F. Malone, Jr., ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Katharine Ann Malone, ssp	0.173611%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Jane M. Stockton, ssp	0.130208%	WI	PLANS TO PARTICIPATE; PENDING JOA SIGNATURE
Pamela Anne Evans, msu	0.130208%	WI	POOL
James R Gebel Revocable Living Tst	0.065104%	WI	POOL
Edward Schwarz, ssp	0.065104%	WI	POOL
Linda E Schwarz, ssp	0.065104%	WI	POOL
Michael Frances Schwarz, ssp	0.065104%	WI	POOL
Rosser Leroy Schwarz, ssp			
	0.12500000	Royalty	
State of New Mexico			
	0.01664830	ORRI	POOL
K.M. Jastrow Living Trust dtd 7/10/10	0.02663679	ORRI	POOL
LRF JR, LLC	0.00779297	ORRI	POOL
Hanagan Investments, LLC	0.00779297	ORRI	POOL
Hanaco LLC	0.00574219	ORRI	POOL
EOG Resources, Inc.	0.00328125	ORRI	POOL
Cornerstone Family Trust	0.00328125	ORRI	POOL
Harvard Petroleum Corporation	0.00195792	ORRI	POOL
Zia Royalty, LLC	0.00164063	ORRI	POOL
Bean Family Limited Company	0.00164063	ORRI	POOL

Slash Exploration	0.00164063	ORRI	POOL
New Mexico Western Minerals	0.00164063	ORRI	POOL
Theodore P. White et ux	0.00136719	ORRI	POOL
Cheryl W. Derrick, ssp	0.00136719	ORRI	POOL
Constance White Loyd, ssp	0.00136719	ORRI	POOL
Elizabeth White Nelson, ssp	0.00136719	ORRI	POOL
J. Phelps White IV, ssp	0.00122850	ORRI	POOL
LRW Corporation	0.00109375	ORRI	POOL
DML Revocable Trust	0.00109375	ORRI	POOL
Lisa L. Durban, ssp	0.00109375	ORRI	POOL
Robert K. Leonard, ssp	0.00082031	ORRI	POOL
Estate of Esther Kelly	0.00082031	ORRI	POOL
Phelps White aka JP White III	0.00054688	ORRI	POOL
Natural Gas Services	0.00054688	ORRI	POOL
George M. O'Brien, msu	0.00027344	ORRI	POOL
Gretchen S. White Testamentary Trust	0.00020508	ORRI	POOL
J. Michael Kelly/NonDarcy Oil & Gas Inc.	0.00020508	ORRI	POOL
Joseph J. Kelly	0.00020508	ORRI	POOL
Mary Ann Twitty	0.00020508	ORRI	POOL
Coille Limited Partnership LP	0.00009483	ORRI	POOL
The Beveridge Company			

## Tract 2

80 acres N2NE4 of Sec. 3-19S-28E

	Interest	Type	Response
<b>Owner</b>	50.000000%	WI	signed JOA
ZPZ Delaware I LLC	18.055556%	WI	POOL
EOG Y Resources, Inc.	15.972222%	WI	signed JOA
Apache Corporation	15.972222%	WI	POOL
Marathon Oil Company			
	0.12500000	Royalty	
State of New Mexico			
	0.02256944	ORRI	POOL
Yates Brothers			

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		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>PALMILLO 3 STATE COM</b>			<sup>6</sup> Well Number <b>244H</b>
<sup>7</sup> GRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			<sup>9</sup> Elevation <b>3556'</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>4</b>	<b>3</b>	<b>19S</b>	<b>28E</b>		<b>785</b>	<b>NORTH</b>	<b>240</b>	<b>WEST</b>	<b>EDDY</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>1</b>	<b>3</b>	<b>19S</b>	<b>28E</b>		<b>380</b>	<b>NORTH</b>	<b>50</b>	<b>EAST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<p><b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (S.L.)</b> N 616534.9 - E 591079.9 LAT: 32.6947932° N LONG: 104.1716366° W</p> <p><b>FIRST TAKE POINT (F.T.P.)</b> N 616938.1 - E 590943.7 LAT: 32.6959019° N LONG: 104.1720775° W</p> <p><b>LAST TAKE POINT (L.T.P.)</b> N 617002.8 - E 595920.8 LAT: 32.6960593° N LONG: 104.1558980° W</p> <p><b>BOTTOM HOLE (B.H.)</b> N 617003.4 - E 595970.8 LAT: 32.6960593° N LONG: 104.1557355° W</p>		<p><b>CORNER DATA</b> NAD 83 GRID - NM EAST A: FOUND BRASS CAP "1941" N 612029.5 - E 590800.8 B: FOUND BRASS CAP "1941" N 614665.5 - E 590822.7 C: FOUND BRASS CAP "1941" N 617316.8 - E 590847.2 D: FOUND BRASS CAP "1941" N 617350.7 - E 593436.5 E: FOUND BRASS CAP "1914" N 617384.0 - E 596024.3 F: FOUND BRASS CAP "1941" N 614733.6 - E 595999.8 G: FOUND BRASS CAP "1911" N 612093.1 - E 595974.2 H: FOUND BRASS CAP "1941" N 612060.8 - E 593387.2</p> <p><b>CALCULATED POINTS</b> 1: N 615983.6 - E 590834.9 2: N 616051.9 - E 596012.0</p>		<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>1-8-19</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p><b>10034</b> Certificate Number</p>	
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Case Nos. 20377, 20378, 20379, 20380,  
20381 20382, 20383, 20384

**Apache**

Exhibit B 244H



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE #

August 8, 2018

COG Operating LLC  
Attn: Outside Operated Properties  
600 West Illinois Ave  
Midland, TX 79701

RE: Palmillo 3 State #244H Com Well Proposal & Palmillo 3 Facility Proposal  
Section 3, T19S-R28E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation ("Apache"), proposes the drilling of the following well located in the N/2N/2 of Section 3, 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".

- 1) Palmillo 3 State #244H Com ("244H") with a proposed surface location to be located in the NW/4NW/4 (Unit D) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the 244H will be located in the NE/4NE/4 (Unit A) of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico. The 244H will have a targeted interval located in the 2nd Bone Spring formation (~7,360' TVD) to a Total Measured Depth of approximately 12,300'. The estimated cost of drilling, completing, and equipping the 244H is \$5,901,200.00 as found on the enclosed AFE #11-18-1087.
- 2) Also enclosed is an AFE for the facility. The estimated cost of the Palmillo 3 facility is \$3,251,000. The Palmillo 3 facility will service four (4) Bone Spring horizontal wells with the ability to accommodate additional Bone Spring development. Costs for the Palmillo 3 facility will be shared proportionally by working interest owners in the four (4) wells across the section. We ask that you sign this AFE at the same time you sign the drilling, completion, and equipping AFE as the facility AFE is not a separate election; it is a separate AFE for internal administrative purposes.

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement ("JOA") covering the N/2N/2 of Section 3 with the following general provisions:

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

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit C.244H

If you wish to participate in the Operations, please sign and return the elections and the AFEs in the enclosed yellow return envelope. Due to the large amount of working interest owners and the

approximate 80 pages in a JOA, Apache would prefer to email the JOA if at all possible. Please indicate your email below or reach out to me directly via email to receive a copy. If we have not heard from you in several weeks, a physical copy of the JOA will be sent to you for review and execution.

Your working interest in the 160 acre proration unit is highlighted on the ownership table attached as Exhibit B. If you do not wish to participate in the Operations, Apache is willing to discuss an acquisition of your interest at \$500 per acre, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.

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 432-818-1846 or at [laci.stretcher@apachecorp.com](mailto:laci.stretcher@apachecorp.com).

Sincerely,

A handwritten signature in blue ink that reads "Laci Stretcher". The signature is fluid and cursive, with the first name "Laci" and last name "Stretcher" clearly distinguishable.

Laci Stretcher  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling, equipping, completion, and facility for the Palmillo 3  
State #244 Com

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling, equipping, completion, and facility for the  
Palmillo 3 State #244 Com

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

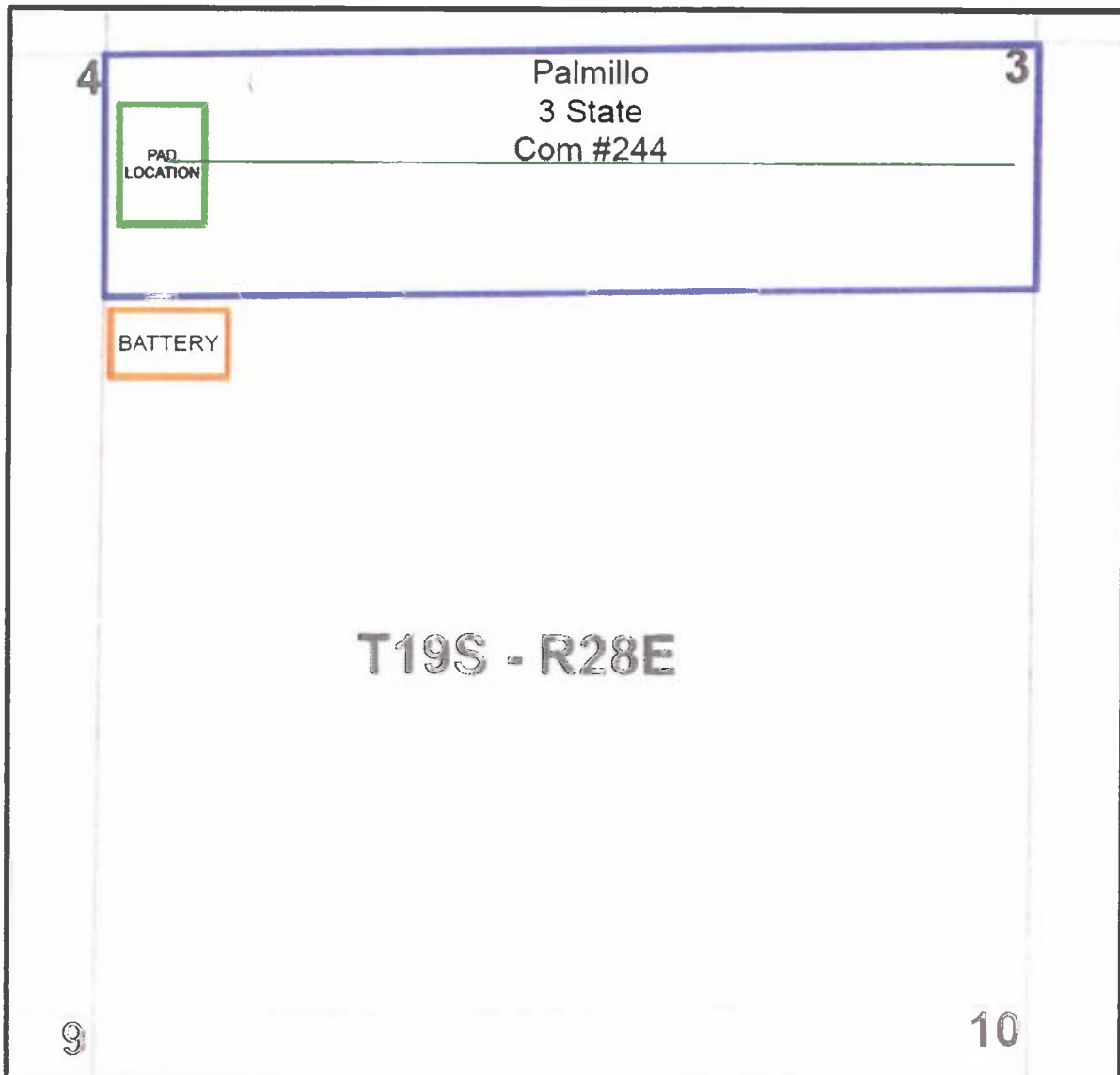
**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

## EXHIBIT "A"



**Palmillo 3 State Com 244H Ownership****N2N2 of Sec. 3-19S-32E**

Owner	Unit WI	Type
COG Oil & Gas LP	40.625000%	WI
ZPZ Delaware I, LLC	25.000000%	WI
EOG Y Resources, Inc.	9.027778%	WI
Apache Corporation	7.986111%	WI
Marathon Oil Company	7.986111%	WI
MRL Partners, LP	3.125000%	WI
LRF JR, LLC	3.125000%	WI
Dora L McKnight/New Mexico Western Minerals, Inc.	0.781250%	WI
Read & Stevens, Inc.	0.390625%	WI
Roy Barton Jr, Trustee	0.390625%	WI
Anderson-Malone, LLC	0.260417%	WI
Elizabeth Eaton	0.260417%	WI
Gilbert J Eaton	0.260417%	WI
Anne S Johnson	0.130208%	WI
Laura Lynn McCampbell	0.130208%	WI
Charles F. Malone, Jr.	0.086806%	WI
Katharine Ann Malone	0.086806%	WI
Jane M. Stockton	0.086806%	WI
Pamela Anne Evans	0.065104%	WI
James R Gebel Revocable Living Trust	0.065104%	WI
Edward A. Schwarz	0.032552%	WI



Linda E Schwarz	0.032552%	WI
Michael Frances Schwarz	0.032552%	WI
Rosser Leroy Schwarz	0.032552%	WI

100.000000%



## AFE Summary

**AFE #** 11-18-1087 **PROJECT NAME** Palmillo 3 State 244H

**PROPERTY #** **OPERATOR** Apache Corp

**PROSPECT NAME** **LEASE NUMBERS**

**PROSPECT #**

**COUNTY/STATE** / NEW MEXICO **DISTRICT** WEST DISTRICT **API #**

**APACHE FIELD NAME** **JOA #**

**FOCUS AREA**

### LEGAL DESCRIPTION

N/2 N/2 3-19S-R28E

### PROJECTS

Type	AFE #	WI %	Objective	Description
Drilling	11-18-1087-DH	100.000000	2nd Bone Spring Sand	Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7500' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 3 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.
Completion	11-18-1087-CP	100.000000	Bone Spring	27 Stage P&P complete 4800 ft. lateral @ 180 ft/stg 2000 #/ft. 0% RC 48 bbl/ft Water @ 1.2 \$/bbl.
Equipping	11-18-1087-EQ	100.000000	Install artificial lift	This AFE will provide funds to equip and produce a horizontal well in the Palmillo 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 weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

Intangible Development Costs						
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
65506	Drilling/Percentage Development Overhead	\$7,500	\$0	\$0	\$0	\$7,500
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$0	\$75,800
70004	Casing Crews	\$40,000	\$0	\$0	\$0	\$40,000
70006	Cement and Cementing Services	\$188,000	\$0	\$0	\$0	\$188,000
70007	Chemicals	\$0	\$166,900	\$0	\$0	\$166,900
70008	Communications	\$4,000	\$0	\$0	\$0	\$4,000
70011	Company Supervision	\$3,000	\$13,900	\$15,000	\$0	\$31,900
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$0	\$2,000
70017	Contract Labor	\$40,000	\$0	\$100,000	\$0	\$140,000
70019	Contract Rigs - Daywork	\$477,000	\$100	\$30,000	\$0	\$507,100
70021	Contract Supervision	\$68,000	\$77,100	\$15,000	\$0	\$160,100
70022	Directional Drilling	\$130,000	\$0	\$0	\$0	\$130,000
70025	Drilling Fluids	\$158,000	\$0	\$0	\$0	\$158,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$0	\$20,000
70031	Equipment Rental	\$105,000	\$39,800	\$15,000	\$0	\$159,800
70034	Formation and Well Stimulation	\$0	\$846,500	\$0	\$0	\$846,500
70035	Formation Testing	\$0	\$64,100	\$0	\$0	\$64,100
70037	Fuel	\$76,000	\$238,500	\$0	\$0	\$314,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$0	\$5,000
70047	Legal and Curative	\$25,000	\$0	\$0	\$0	\$25,000
70049	Logging	\$50,000	\$252,400	\$0	\$0	\$302,400

AFE#: 11-18-1087 | Project Name: Palmillo 3 State 244H

Date Printed: 4/3/2019 | Page 1 of 2

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384



Exhibit D 244H

		Intangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
70054	LOE-Other	\$30,000	\$0	\$0	\$0	\$30,000
70064	Rig Mobilization	\$125,000	\$0	\$0	\$0	\$125,000
70065	Road and Site Preparation	\$70,000	\$5,600	\$0	\$0	\$75,600
70067	Salt Water Disposal	\$0	\$25,700	\$0	\$0	\$25,700
70069	Coiled Tubing	\$0	\$141,100	\$0	\$0	\$141,100
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$0	\$55,000
70076	Tubular Inspection/Testing	\$15,000	\$0	\$0	\$0	\$15,000
70077	Water	\$40,000	\$334,400	\$0	\$0	\$374,400
70078	Wellsite Damages, Loss, Right-of-Way	\$10,000	\$0	\$0	\$0	\$10,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$13,700	\$38,000	\$0	\$51,700
70198	Sand/Proppant	\$0	\$620,400	\$0	\$0	\$620,400
70243	Mud Logging	\$15,000	\$0	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$27,800	\$0	\$0	\$27,800
70286	Water Treatment	\$0	\$25,300	\$0	\$0	\$25,300
70289	Frac Plugs	\$0	\$34,700	\$0	\$0	\$34,700
70291	Frac Valve / Frac Tree	\$0	\$46,100	\$0	\$0	\$46,100
70529	Safety Case	\$2,000	\$0	\$0	\$0	\$2,000
<b>Subtotal Intangible Development Costs</b>		<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>

		Tangible Development Costs				
Acct	Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$0	\$30,000
71012	Flow Lines	\$0	\$0	\$164,000	\$0	\$164,000
71018	Instrumentation	\$0	\$0	\$10,000	\$0	\$10,000
71019	Intermediate Casing	\$90,000	\$0	\$0	\$0	\$90,000
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	\$200,000	\$0	\$0	\$0	\$200,000
71050	Surface Casing	\$17,000	\$0	\$0	\$0	\$17,000
71053	Tubing	\$0	\$0	\$70,000	\$0	\$70,000
71056	Wellhead Assembly	\$35,000	\$0	\$35,000	\$0	\$70,000
<b>Subtotal Tangible Materials Cost</b>		<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>

Description	Dry Hole	Completion	Equipping	Additional Cost	Total Well Cost
<b>Sub-Total Intangible Material Costs</b>	<b>\$1,942,000</b>	<b>\$2,978,900</b>	<b>\$258,000</b>	<b>\$0</b>	<b>\$5,178,900</b>
<b>Sub-Total Tangible Material Costs</b>	<b>\$377,000</b>	<b>\$3,300</b>	<b>\$342,000</b>	<b>\$0</b>	<b>\$722,300</b>
<b>Grand Total</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>
<b>Less Outside Interests</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Net Costs</b>	<b>\$2,319,000</b>	<b>\$2,982,200</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$5,901,200</b>

No Approvers for this Project

**Partner Response:**

Company	Working Interest %	Costs	Approve By	Date
Gross				
Comments				

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

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20377**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

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**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
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**Case No. 20383**

**APPLICATION OF APACHE CORPORATION FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 20384**

**AFFIDAVIT OF MIKE MUNCY**

STATE OF TEXAS            )  
                                  ) ss.  
COUNTY OF MIDLAND    )

Mike Muncy, being duly sworn, deposes and states:

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 20384

  
EXHIBIT B

1. I am over the age of 18, am a geologist for Apache Corporation ("Apache") and have personal knowledge of the matters stated herein. I have previously been qualified to testify by the New Mexico Oil Conservation Division as an expert in petroleum geology matters.

2. I conducted a geological study of the area that encompasses the horizontal spacing units that are the subject of Apache's applications in these cases and am familiar with the geological matters involved in this case.

3. As part of my study I have prepared the following geological exhibits with respected to each of the are attached hereto:

- a. **Exhibit A** is a structure map created from Top 3<sup>rd</sup> Bone Spring Carbonate. It shows that the structure dips to the east-southeast. It also shows Apache and other offset operators 2<sup>nd</sup> Bone Spring Sand wells in the vicinity of the proposed spacing unit for the **Palmillo 10 State Com #231H, 232H, 233H and 234H** wells, and a line of cross-section.
- b. **Exhibit B** is a net pay isopach map of the 2<sup>nd</sup> Bone Spring Sand interval. This map was created using a water saturation cutoff of 70 percent and porosity greater than four percent.
- c. **Exhibit C** is a cross section, hung on the top of the 3<sup>rd</sup> Bone Spring Carbonate formation in the area which highlights the targeted interval for each of the wells. The well logs that are shown on this Exhibit were selected from those closest to proposed spacing unit and are representative of the Bone Spring Formation in the area. The target producing zone is shaded green on the Exhibit. The producing zone is relatively continuous across the proposed horizontal well unit.

4. Based upon my study as illustrated in these exhibits, I have concluded the following:

- a. There are no structural impediments or faulting that will interfere with horizontal development in any of the spacing units that are the subject of Apache's applications.

- b. Each quarter quarter section in the unit will contribute more or less equally to production.
5. The preferred well orientation in this area is east-west. This is interpreted from analysis of FMI logs and surrounding horizontal producers.
6. The producing interval for each of these wells will be orthodox and will comply with the Division's set back requirements.

  
MIKE MUNCY

SUBSCRIBED AND SWORN to before me this 2<sup>nd</sup> day of April, 2019 by Mike Muncy.

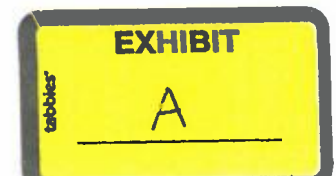
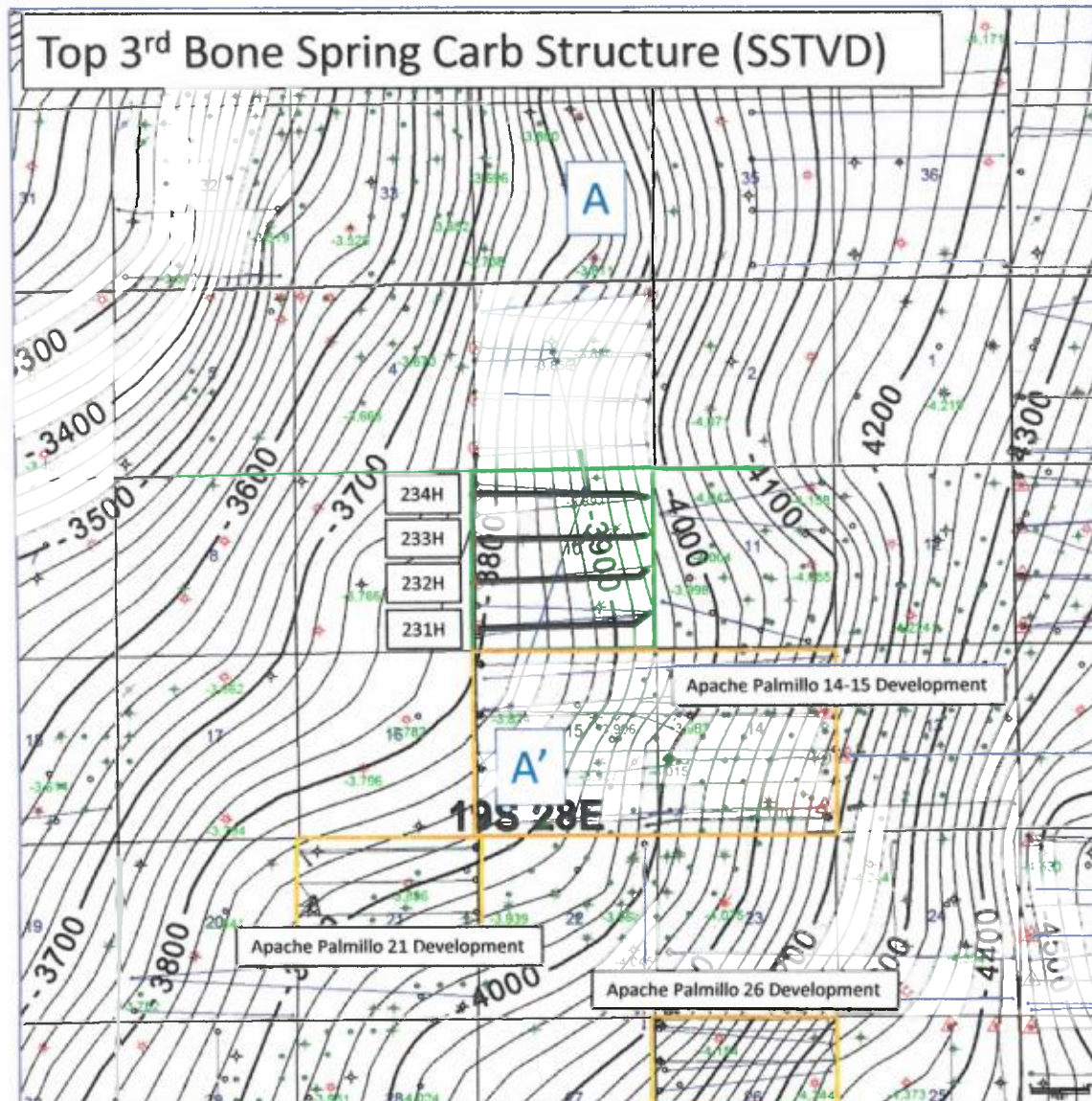
SEAL



  
Notary Public  
My commission expires: 01-15-2021

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A SCANLON DRAW '34' S 1  
30015293750000

MILLMAN '3' STATE C 1  
30015285280000

STATE AD 1  
30015022080000

HINT 15 STATE 1  
30015329980000

A'

# Stratigraphic Cross-section A – A'

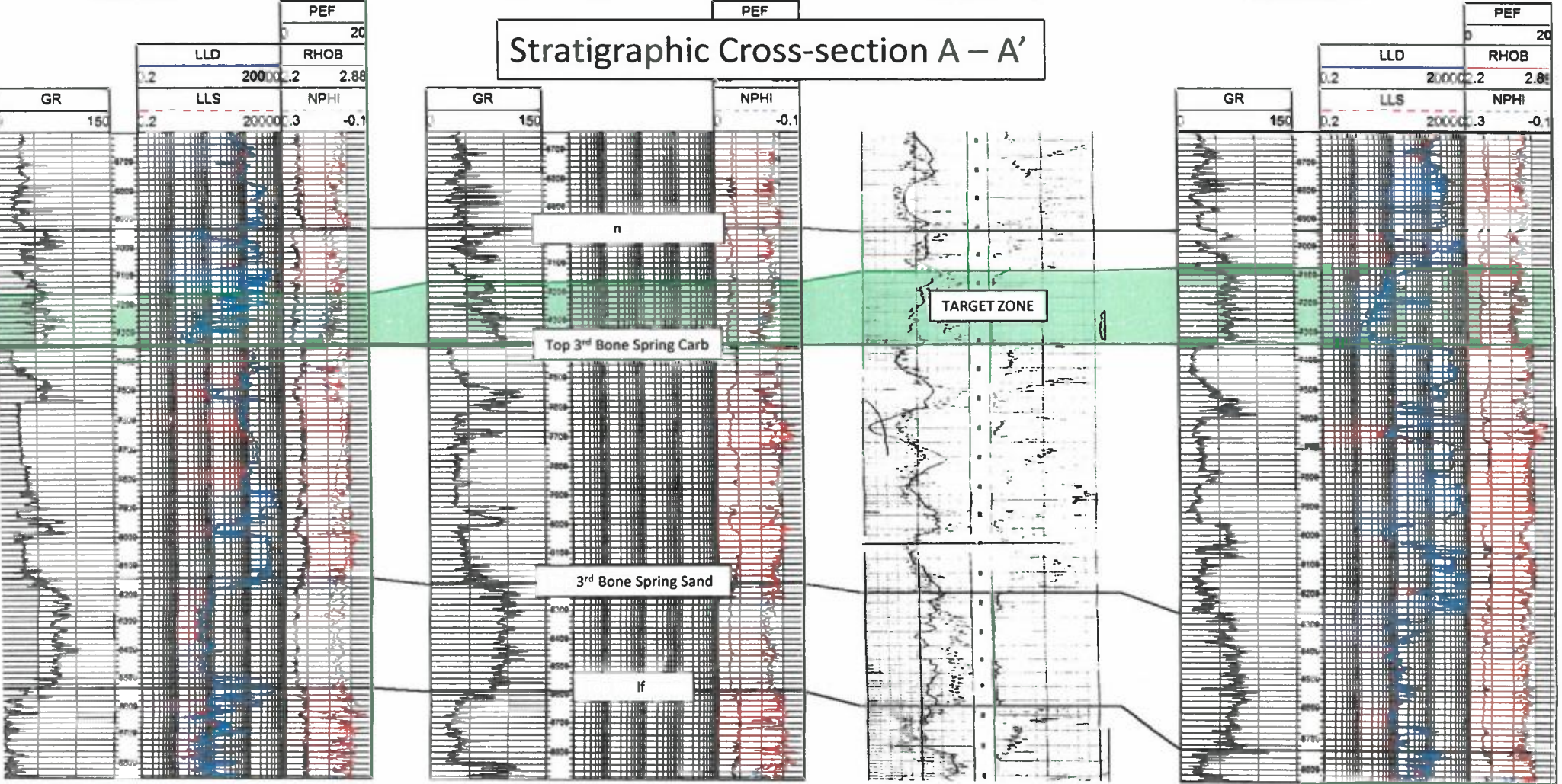
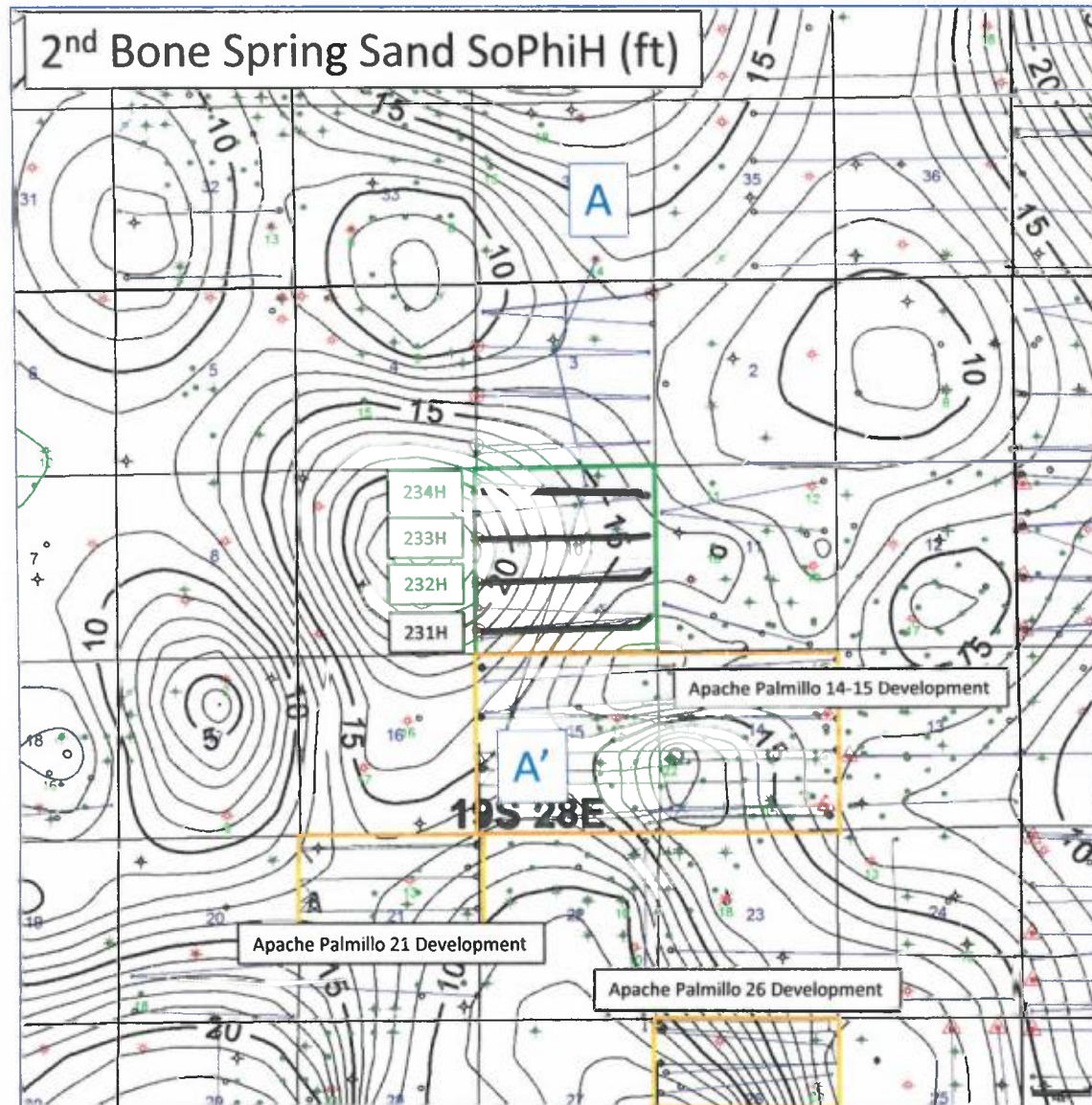


EXHIBIT  
C





Contour Interval = 1'

Sw < 70%, Phi > 4%

1 Mile

EXHIBIT

B

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

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**Case No. 20384**

**AFFIDAVIT**

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

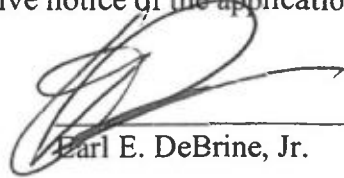
Earl E. DeBrine, Jr., attorney in fact and authorized representative of Apache Corporation,  
the Applicant herein, being first duly sworn, upon oath, states that the above-referenced

Case Nos. 20377, 20378, 20379, 20380,  
20381, 20382, 20383, 80384

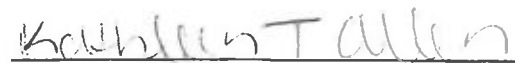
**Apache**

EXHIBIT C

Applications were provided under the notice letters and that proof of receipts are attached hereto. Apache Corporation has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

  
\_\_\_\_\_  
Earl E. DeBrine, Jr.

SUBSCRIBED AND SWORN to before me this 3<sup>rd</sup> day of April, 2019 by Earl E. DeBrine, Jr.

  
\_\_\_\_\_  
Notary Public  
My commission expires: 07-22-2022





MODRALL SPERLING

L A W Y E R S

March 14, 2019

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

Earl E. DeBrine, Jr.  
505.848.1810  
Fax: 505.848.1891  
edebrine@modrall.com

This letter is to advise you that Apache Corp. has filed the enclosed applications with the New Mexico Oil Conservation Division:

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #241H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #242H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit

Modrall Sperling  
Roehl Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com

AFFECTED PARTIES

Apache/Palmillo 3

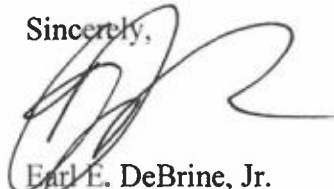
will be the unit for the **Palmillo 3 State Com #243H well**, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well.

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #244H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

These applications have been set for hearing before a Division Examiner at 8:15 a.m. on **April 4, 2019** or a special hearing date to be determined. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by this amended application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the amended application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Earl E. DeBrine, Jr.  
*Attorney for Applicant*

EED/hta/Y:\dox\client\13454\0156\DRAFTS\W3381074.DOCX

Enclosures

cc w/encl.: Lance D. Hough





MODRALL SPERLING

L A W Y E R S

April 1, 2019

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

EOG Resources  
5509 Champions Dr.  
Midland, TX 79706

Earl E. DeBrine, Jr.  
505.848.1810  
Fax: 505.848.1891  
edebrine@modrall.com

We have made several attempts to notify EOG Resources of the applications referenced below by sending certified letters to the following address that was provided to Apache Corporation: EOG Resources, 105 S. 4th Street, Artesia, NM 88210. However, the letters were returned by the post office labeled, "RETURN TO SENDER, ATTEMPTED, NOT KNOWN, UNABLE TO FORWARD." Please confirm your correct mailing address.

**CASE NO. 20377: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #241H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. 20378: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #242H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

Modrall Sperling  
Roehl Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com

EOG RESOURCES  
Apache/Palmillo 3

**CASE NO. 20379: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #243H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

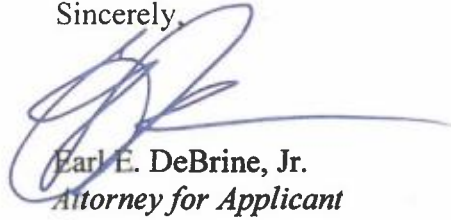
**CASE NO. 20380: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #244H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

These applications have been set for hearing before a Division Examiner at 8:15 a.m. on **April 4, 2019** or a special hearing date to be determined. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by this amended application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the amended application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

EOG RESOURCES  
Apache/Palmillo 3

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", with a long horizontal flourish extending to the right.

Earl E. DeBrine, Jr.  
*Attorney for Applicant*

EED/hta/W3381074.DOCX  
Enclosures  
cc w/encl.: Lance D. Hough



Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

PS Form 3877

Palmillo 3

Type of Mailing: CERTIFIED  
03/14/2019



Firm Mailing Book ID: 162638

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0056 8921 72	ZPZ Delaware I, LLC 303 Veterans Airpark Ln. Suite 1000 Midland TX 79705	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
2	9314 8699 0430 0056 8921 89	EOG Y Resources, Inc. (APA) Attn: Stephanie Williams 105 S. 4th St. Artesia, NM NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
3	9314 8699 0430 0056 8921 96	Marathon Oil Company Attn: Jessica Gorman 5555 San Felipe St. Houston TX 77050	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
4	9314 8699 0430 0056 8922 02	Rob Hanagan 400 N. Kentucky Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
5	9314 8699 0430 0056 8922 19	Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust PO Box 1737 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
6	9314 8699 0430 0056 8922 26	COG Oil & Gas LP One Concho Center 600 W. Illinois Ave. Midland TX 79701	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
7	9314 8699 0430 0056 8922 33	Harvard Petroleum, Ltd. - Series 1980-A Harvard Petroleum Corporation P.O. Box 936 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
8	9314 8699 0430 0056 8922 40	New Mexico Western Minerals, Inc. Sandra Carrica, Pres. Of NM Western Minerals 2303 Saltee Loop Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
9	9314 8699 0430 0056 8922 57	Zia Royalty LLC PO Box 2160 Hobbs NM 88241	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
10	9314 8699 0430 0056 8922 64	Bean Family Limited Company P.O. Box 1738 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
11	9314 8699 0430 0056 8922 71	Slash Exploration P.O. Box 1973 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
12	9314 8699 0430 0056 8922 88	Joseph J. Kelly - 1/8 3955 S Spring Loop Roswell NM 88203	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
13	9314 8699 0430 0056 8922 95	Michael Kelly - 1/8 714 E. College Blvd. Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00



Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

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Firm Mailing Book ID: 162638

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
14	9314 8699 0430 0056 8923 01	Coille Limited Partnership LP 1508 Wilmington Richmond VA 23227	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
15	9314 8699 0430 0056 8923 18	Mary Ann Twitty - 1/8 26989 Sea Vista Dr. Malibu CA 90265	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
16	9314 8699 0430 0056 8923 25	Theodore P White PO Box 533 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
17	9314 8699 0430 0056 8923 32	Cheryl W Derrick 6006 Balcones #20 El Paso TX 79912	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
18	9314 8699 0430 0056 8923 49	DML Revocable Trust Dan Leonard, Trustee PO Box 3422 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
19	9314 8699 0430 0056 8923 56	LRW Corporation 20540 HWY 46W, #115-621 Spring Branch TX 78070	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
20	9314 8699 0430 0056 8923 63	Roy Barton Jr, Trustee 1919 Turner St. Hobbs NM 88240	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
21	9314 8699 0430 0056 8923 70	Read & Stevens, Inc. PO Box 1518 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
22	9314 8699 0430 0056 8923 87	The Beveridge Company 4305 North Garfield, Ste. 235 Midland TX 79705	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
23	9314 8699 0430 0056 8923 94	Elizabeth Eaton 2121 Biscayne Ct. Littleton CO 80126	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
24	9314 8699 0430 0056 8924 00	Gilbert J Eaton 48 Arizona State Dr Newark DE 19713	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
25	9314 8699 0430 0056 8924 17	Anderson-Malone, LLC PO Box 87 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
26	9314 8699 0430 0056 8924 24	Gretchen White Testamentary Trust William J Derrick, Trustee 5809 Acacia Circle El Paso TX 79912	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
27	9314 8699 0430 0056 8924 31	Anne S Johnson 14511 W. Selma St. Wichita KS 67227	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
28	9314 8699 0430 0056 8924 48	Laura Lynn McCampbell 6023 Weymouth Dr Dallas TX 75252	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00



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Albuquerque NM 87103-2168

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Firm Mailing Book ID: 162638

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
29	9314 8699 0430 0056 8924 55	Charles F. Malone, Jr. 2701 Chrysler Dr Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
30	9314 8699 0430 0056 8924 62	Jane M. Stockton 6756 Old Chisum Trail Dexter NM 88230	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
31	9314 8699 0430 0056 8924 79	Katharine Ann Malone 584 Castro Street, #303 San Francisco CA 94114	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
32	9314 8699 0430 0056 8924 86	James R Gebel Revocable Living Trust 28 Road 23356 Aztec NM 87410	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
33	9314 8699 0430 0056 8924 93	Pamela Anne Evans 7625 Parkview Circle Austin TX 78731	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
34	9314 8699 0430 0056 8925 09	Edward A. Schwarz 421 W. Broadway Dr. Apt. 1134 Long Beach CA 90802	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
35	9314 8699 0430 0056 8925 16	Linda E Schwarz 324 W. Ramona Ave. Colorado Springs CO 80906	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
36	9314 8699 0430 0056 8925 23	Michael Frances Schwarz 1111 S. Summit Ave. Sioux Falls SC 57105	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
37	9314 8699 0430 0056 8925 30	Rosser Leroy Schwarz 1343 Sacramento St. Apt. 2 San Francisco CA 94109	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
38	9314 8699 0430 0056 8925 47	State of New Mexico Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
39	9314 8699 0430 0056 8925 54	Yates Brothers PO Box 1394 Artesia NM 88211	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
40	9314 8699 0430 0056 8925 61	Constance White Loyd fka Constance Ann White 7007 Lawler Ridge Houston TX 77055	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
41	9314 8699 0430 0056 8925 78	Elizabeth White Kanaly 1022 Potomac Drive Houston TX 77057	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
42	9314 8699 0430 0056 8925 85	J Phelps White IV PO Box 1433 Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00



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Firm Mailing Book ID: 162638

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
43	9314 8699 0430 0056 8925 92	J Phelps White III 8883 SW 94th Ln, Unit F Ocala FL 34481	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
44	9314 8699 0430 0056 8926 08	EOG M Resources, Inc. Attn: Stephanie Williams 105 S. 4th St. Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
45	9314 8699 0430 0056 8926 15	LRF JR, LLC 1010 W. Wall St. Midland TX 79701	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
46	9314 8699 0430 0056 8926 22	K.M. Jastrow Living Trust dtd 7/10/10 P.O. Box 3668 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
47	9314 8699 0430 0056 8926 39	Cornerstone Family Trust P.O. Box 558 Peyton CO 80831	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
48	9314 8699 0430 0056 8926 46	Lisa L Durban P.O. Box 3194 Boulder CO 80307	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
49	9314 8699 0430 0056 8926 53	Robert aka Kelly K Leonard PO Box 294928 Kerrville TX 78029	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
50	9314 8699 0430 0056 8926 60	George M. O'Brien P.O. Box 1743 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
51	9314 8699 0430 0056 8926 77	Natural Gas Services P.O. Box 2464 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
Totals:			\$66.30	\$178.50	\$81.60		\$0.00
Grand Total:							\$326.40

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

51

Transaction Report - 04/18/2019 - Civil Trial Division  
 Printed on: 04/18/2019  
 Generated: 4/18/2019 3:50:55 PM

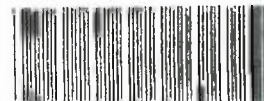
USPS Article Number	Date Created	Reference Number	Name 1	Name 2	Address	City	State	Zip	Mailin Status	Mail Delivery Date
9314869904300056892677	2019-03-14 8:18 AM	13454-0156 (P3)	Natural Gas Services		P.O. Box 2464	Roswell	NM	88202	Delivered	03-19-2019
9314869904300056892660	2019-03-14 8:18 AM	13454-0156 (P3)	George M. O'Brien		P.O. Box 1743	Midland	TX	79702	Delivered	03-26-2019
9314869904300056892653	2019-03-14 8:18 AM	13454-0156 (P3)	Robert aka Kelly K Leonard		PO Box 294928	Kerrville	TX	78029	Undelivered	
9314869904300056892646	2019-03-14 8:18 AM	13454-0156 (P3)	Usa L Durban		P.O. Box 3194	Boulder	CO	80307	Delivered	03-26-2019
9314869904300056892639	2019-03-14 8:18 AM	13454-0156 (P3)	Cornerstone Family Trust		P.O. Box 558	Peyton	CO	80831	Delivered	03-18-2019
9314869904300056892622	2019-03-14 8:18 AM	13454-0156 (P3)	K.M. Jastrow Living Trust dtd 7/10/10		P.O. Box 3668	Midland	TX	79702	Delivered	03-29-2019
9314869904300056892615	2019-03-14 8:18 AM	13454-0156 (P3)	LRF JR, LLC		1010 W. Wall St.	Midland	TX	79701	Delivered	03-19-2019
9314869904300056892608	2019-03-14 8:18 AM	13454-0156 (P3)	EOG M Resources, Inc.	Attn: Stephanie Williams	105 S. 4th St.	Artesia	NM	88210	To be Returned	
9314869904300056892592	2019-03-14 8:18 AM	13454-0156 (P3)	J Phelps White III		8883 SW 94th Ln, Unit F	Ocala	FL	34481	Delivered	03-18-2019
9314869904300056892585	2019-03-14 8:18 AM	13454-0156 (P3)	J Phelps White IV		PO Box 1433	Roswell	NM	88201	Delivered	03-18-2019
9314869904300056892578	2019-03-14 8:18 AM	13454-0156 (P3)	Elizabeth White Kanaly		1022 Potomac Drive	Houston	TX	77057	To be Returned	
9314869904300056892561	2019-03-14 8:18 AM	13454-0156 (P3)	Constance White Loyd fka	Constance Ann White	7007 Lawler Ridge	Houston	TX	77055	To be Mailed	
9314869904300056892554	2019-03-14 8:18 AM	13454-0156 (P3)	Yates Brothers		PO Box 1394	Artesia	NM	88211	Delivered	03-18-2019
9314869904300056892547	2019-03-14 8:18 AM	13454-0156 (P3)	State of New Mexico	Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508	Undelivered	
9314869904300056892530	2019-03-14 8:18 AM	13454-0156 (P3)	Rosser Leroy Schwarz		1343 Sacramento St.	San Francisco	CA	94109	To be Returned	
9314869904300056892523	2019-03-14 8:18 AM	13454-0156 (P3)	Michael Frances Schwarz		1111 S. Summit Ave.	Sioux Falls	SC	57105	To be Returned	
9314869904300056892516	2019-03-14 8:18 AM	13454-0156 (P3)	Linda E Schwarz		324 W. Ramona Ave.	Colorado Springs	CO	80906	To be Returned	
9314869904300056892509	2019-03-14 8:18 AM	13454-0156 (P3)	Edward A. Schwarz		421 W. Broadway Dr.	Long Beach	CA	90802	Mailed	
9314869904300056892493	2019-03-14 8:18 AM	13454-0156 (P3)	Pamela Anne Evans		7625 Parkview Circle	Austin	TX	78731	Delivered	03-18-2019
9314869904300056892486	2019-03-14 8:18 AM	13454-0156 (P3)	James R Gebel Revocable Living Trust		28 Road 23356	Aztec	NM	87410	Delivered	03-16-2019
9314869904300056892479	2019-03-14 8:18 AM	13454-0156 (P3)	Katharine Ann Malone		584 Castro Street, #303	San Francisco	CA	94114	Delivered	03-18-2019
9314869904300056892462	2019-03-14 8:18 AM	13454-0156 (P3)	Jane M. Stockton		6756 Old Chisum Trail	Dexter	NM	88230	Delivered	03-19-2019
9314869904300056892455	2019-03-14 8:18 AM	13454-0156 (P3)	Charles F. Malone, Jr.		2701 Chrysler Dr	Roswell	NM	88201	Delivered	03-18-2019
9314869904300056892448	2019-03-14 8:18 AM	13454-0156 (P3)	Laura Lynn McCampbell		6023 Weymouth Dr	Dallas	TX	75252	Undelivered	
9314869904300056892431	2019-03-14 8:18 AM	13454-0156 (P3)	Anne S Johnson		14511 W. Selma St.	Wichita	KS	67227	Delivered	03-23-2019
9314869904300056892424	2019-03-14 8:18 AM	13454-0156 (P3)	Gretchen White Testamentary Trust	William J Derrick, Trustee	5809 Acacia Circle	El Paso	TX	79912	Delivered	03-18-2019
9314869904300056892417	2019-03-14 8:18 AM	13454-0156 (P3)	Anderson-Malone, LLC		PO Box 87	Roswell	NM	88202	Delivered	03-18-2019
9314869904300056892400	2019-03-14 8:18 AM	13454-0156 (P3)	Gilbert J Eaton		48 Arizona State Dr	Newark	DE	19713	Delivered	03-18-2019
9314869904300056892394	2019-03-14 8:18 AM	13454-0156 (P3)	Elizabeth Eator.		2121 Biscayne Ct.	Uttleton	CO	80126	To be Returned	
9314869904300056892387	2019-03-14 8:18 AM	13454-0156 (P3)	The Beveridge Company		4305 North Garfield, Ste. 235	Midland	TX	79705	Delivered	03-18-2019
9314869904300056892370	2019-03-14 8:18 AM	13454-0156 (P3)	Read & Stevens, Inc.		PO Box 1518	Roswell	NM	88202	Delivered	03-19-2019
9314869904300056892363	2019-03-14 8:18 AM	13454-0156 (P3)	Roy Barton Jr, Trustee		1919 Turner St.	Hobbs	NM	88240	Delivered	03-18-2019
9314869904300056892356	2019-03-14 8:18 AM	13454-0156 (P3)	LRW Corporation		20540 HWY 46W, #115-621	Spring Branch	TX	78070	Delivered	03-18-2019
9314869904300056892349	2019-03-14 8:18 AM	13454-0156 (P3)	DML Revocable Trust	Dan Leonard, Trustee	PO Box 3422	Midland	TX	79702	Delivered	04-01-2019
9314869904300056892332	2019-03-14 8:18 AM	13454-0156 (P3)	Cheryl W Derrick		6006 Balcones #20	El Paso	TX	79912	Delivered	03-19-2019
9314869904300056892325	2019-03-14 8:18 AM	13454-0156 (P3)	Theodore P White		PO Box 533	Roswell	NM	88202	To be Returned	
9314869904300056892318	2019-03-14 8:18 AM	13454-0156 (P3)	Mary Ann Tvitty - 1/8		26989 Sea Vista Dr.	Malibu	CA	90265	Delivered	03-18-2019
9314869904300056892301	2019-03-14 8:18 AM	13454-0156 (P3)	Collie Limited Partnership LP		1508 Wilmington	Richmond	VA	23227	Delivered	03-19-2019
9314869904300056892295	2019-03-14 8:18 AM	13454-0156 (P3)	Michael Kelly - 1/8		714 E. College Blvd.	Roswell	NM	88202	To be Returned	
9314869904300056892288	2019-03-14 8:18 AM	13454-0156 (P3)	Joseph J. Kelly - 1/8		3955 S Spring Loop	Roswell	NM	88203	Delivered	03-18-2019
9314869904300056892271	2019-03-14 8:18 AM	13454-0156 (P3)	Slash Exploration		P.O. Box 1973	Roswell	NM	88202	Delivered	03-19-2019
9314869904300056892264	2019-03-14 8:18 AM	13454-0156 (P3)	Bean Family Limited Company		P.O. Box 1738	Roswell	NM	88202	Delivered	03-19-2019
9314869904300056892257	2019-03-14 8:18 AM	13454-0156 (P3)	Zia Royalty LLC		PO Box 2160	Hobbs	NM	88241	Delivered	03-18-2019
9314869904300056892240	2019-03-14 8:18 AM	13454-0156 (P3)	New Mexico Western Minerals, Inc	Sandra Carrica, Pres. Of NM Western Minerals	2303 Sallee Loop	Roswell	NM	88201	Delivered	03-18-2019
9314869904300056892233	2019-03-14 8:18 AM	13454-0156 (P3)	Harvard Petroleum, Ltd. - Series 1980-A	Harvard Petroleum Corporation	P.O. Box 936	Roswell	NM	88202	Delivered	03-19-2019
9314869904300056892226	2019-03-14 8:18 AM	13454-0156 (P3)	COG Oil & Gas LP		One Concho Center	Midland	TX	79701	Delivered	03-19-2019

9314869904300056892219	2019-03-14 8:18 AM 13454-0156 (P3)	Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees	of the Betty L. Hanagan Residuary Trust	PO Box 1737	Roswell	NM	88202	Delivered	03-20-2019
9314869904300056892202	2019-03-14 8:18 AM 13454-0156 (P3)	Rob Hanagan		400 N. Kentucky	Roswell	NM	88201	Delivered	03-25-2019
9314869904300056892196	2019-03-14 8:18 AM 13454-0156 (P3)	Marathon Oil Company	Attn: Jessica Gorman	5555 San Felipe St.	Houston	TX	77050	Undelivered	
9314869904300056892189	2019-03-14 8:18 AM 13454-0156 (P3)	EOG Resources, Inc. (APA)	Attn: Stephanie Williams	105 S. 4th St.	Artesia, NM	NM	88210	Delivered	03-25-2019
9314869904300056892172	2019-03-14 8:18 AM 13454-0156 (P3)	ZPZ Delaware I, LLC		303 Veterans Airpark Ln.	Midland	TX	79705	Undelivered	

Kathleen Allen  
Federal Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

PS Form 3877  
Type of Mailing: CERTIFIED  
03/15/2019

Palmito 3



Firm Mailing Book ID: 162938

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0057 0221 10	V-F Petroleum P.O. Box 1899 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
2	9314 8699 0430 0057 0221 27	Parrish, H Dwane & Rhonda K 1306 S 9th St. Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P3)	\$0.00
Totals:			\$2.60	\$7.00	\$3.20		\$0.00
						Grand Total:	\$12.80

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

2





Transaction Report Details - First Class Mail  
 Batch Mail Book ID: 159067  
 Generated: 4/22/2019 2:21:56 PM

USPS Article Number	Return Receipt Article Number	Date Created	Reference Number	Name 1	Name 2	Address	City	State	Zip	Postage	Fees	Firm MailBook ID	Mailing Status	Return Receipt Status	Service Options	Batch ID	Mail Delivery Date
9314869904300057022127	Not Applicable	2019-03-15 1:55 PM	13454-0156 (P3)	Parrish, H Dwayne G	Rhonda K	1306 S 9th St.	Artesia	NM	88210	1.30	5.10	162938	Delivered		Return Receipt - Electronic	159067 0	18-2019
9314869904300057022110	Not Applicable	2019-03-15 1:56 PM	13454-0156 (P3)	V-F Petroleum		P.O. Box 1899	Midland	TX	79702	1.30	5.10	162938	Delivered		Return Receipt - Electronic	159067 05-27-2019	



# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280538

MODRALL SPERLING  
PO BOX 2168

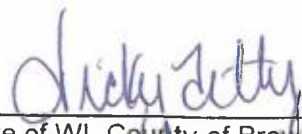
ALBUQUERQUE NM 87103

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:

03/21/19

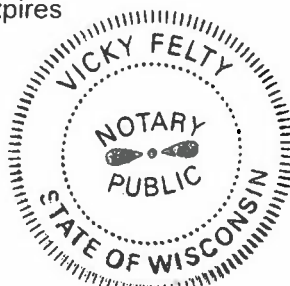
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

9-19-21  
My Commission Expires

Ad#:0001280538  
P O : 1280538  
# of Affidavits : 0.00



**CASENO. 20377:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rossei Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRF JR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #241H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280538

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280540

MODRALL SPERLING  
PO BOX 2168

ALBUQUERQUE NM 87103

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:

03/21/19

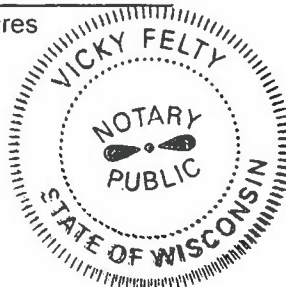
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

9-19-21  
My Commission Expires

Ad#:0001280540  
P O : 0001280540  
# of Affidavits :0.00



**CASENO. 20378** : Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rossei Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRFJR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #242H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280540



# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280541

MODRALL SPERLING  
PO BOX 2168

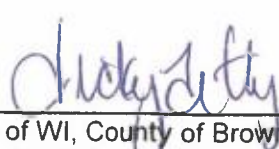
ALBUQUERQUE NM 87103

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:

03/21/19

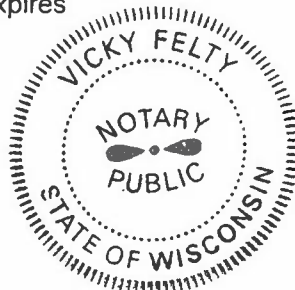
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

4-19-21  
My Commission Expires

Ad#:0001280541  
P O : 0001280541  
# of Affidavits :0.00



**CASENO. 20379:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRF JR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #243H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280541

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280542

MODRALL SPERLING  
PO BOX 2168


ALBUQUERQUE NM 87103

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:

03/21/19

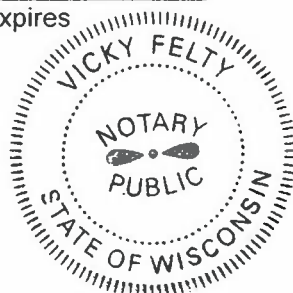
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

9-19-21  
My Commission Expires

Ad#: 0001280542  
P O : 0001280542  
# of Affidavits : 0.00



**CASENO. 20380:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRFJR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #244H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280542

CARLSBAD  
**CURRENT-ARGUS**

**AFFIDAVIT OF PUBLICATION**

Ad No.  
0001280542

MODRALL SPERLING  
PO BOX 2168

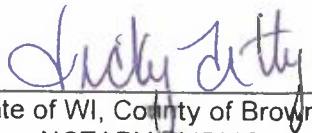
ALBUQUERQUE NM 87103

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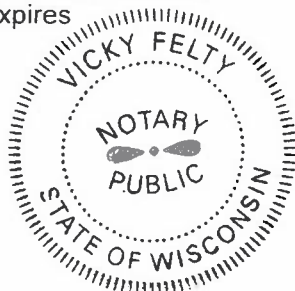
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

9-19-21  
My Commission Expires

Ad#:0001280542  
P O : 0001280542  
# of Affidavits :0.00



**CASENO. 20380:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRF JR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #244H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280542



# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280541

MODRALL SPERLING  
PO BOX 2168

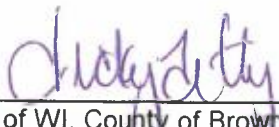
ALBUQUERQUE NM 87103

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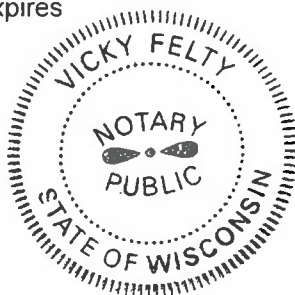
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

9-19-21  
My Commission Expires

Ad#:0001280541  
P O : 0001280541  
# of Affidavits :0.00



**CASENO. 20379:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Marathon Oil Company, Attn: Jessica Gorman, Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COG Oil & Gas LP, Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, Joseph J. Kelly, Michael Kelly, Coile Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOGM Resources, Inc., Attn: Stephanie Williams LRF JR, LLC, K.M. Jastrow Living Trust dtd 7/10/10, Cornerstone Family Trust, Lisa L Durban, Robert aka Kelly K Leonard, George M. O'Brien, Natural Gas Services, V-F Petroleum, H Dwane & Rhonda K Parrish of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 3, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 3 State Com #243H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280541



MODRALL SPERLING

L A W Y E R S

March 14, 2019

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

Earl E. DeBrine, Jr.  
505.848.1810  
Fax: 505.848.1891  
edebrine@modrall.com

This letter is to advise you that Apache Corp. has filed the enclosed applications with the New Mexico Oil Conservation Division:

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #231 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #232 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #233 well**, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the

Modrall Sperling  
Roehl Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com



April 1, 2019

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

EOG Resources  
5509 Champions Dr.  
Midland, TX 79706

Earl E. DeBrine, Jr.  
505.848.1810  
Fax: 505.848.1891  
[edebrine@modrall.com](mailto:edebrine@modrall.com)

We have made several attempts to notify EOG Resources of the applications referenced below by sending certified letters to the following address that was provided to Apache Corporation: EOG Resources, 105 S. 4th Street, Artesia, NM 88210. However, the letters were returned by the post office labeled, "RETURN TO SENDER, ATTEMPTED, NOT KNOWN, UNABLE TO FORWARD." Please confirm your correct mailing address.

This letter is to advise you that Apache Corp. has filed the enclosed applications with the New Mexico Oil Conservation Division:

**CASE NO. 20381: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #231 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

**CASE NO. 20382: Application of Apache Corporation for a horizontal unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #232 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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.

Modrall Sperling  
Roehl Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

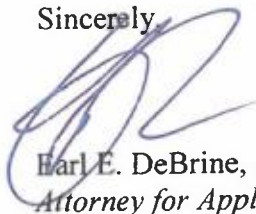
PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)



EOG RESOURCES, INC.  
Apache/Palmillo 10

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", is positioned above the printed name.

Earl E. DeBrine, Jr.  
*Attorney for Applicant*

EED/hta/W3394290.DOCX  
Enclosures  
cc w/encl.: Lance D. Hough

Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

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Type of Mailing: CERTIFIED  
03/14/2019

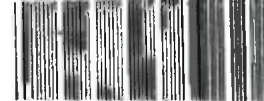


Firm Mailing Book ID: 162643

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0056 8931 31	ZPZ Delaware I, LLC 303 Veterans Airpark Ln. Suite 1000 Midland TX 79705	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
2	9314 8699 0430 0056 8931 48	EOG Y Resources, Inc. (APA) Attn: Stephanie Williams 105 S. 4th St. Artesia, NM NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
3	9314 8699 0430 0056 8931 55	Devon SFS Operating, Inc. 333 West Sheridan Ave. Oklahoma City OK 73102	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
4	9314 8699 0430 0056 8931 62	Marathon Oil Company Attn: Jessica Gorman 5555 San Felipe St. Houston TX 77050	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
5	9314 8699 0430 0056 8931 79	Hanaco LLC Attn: Rob Hanagan 400 N. Kentucky Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
6	9314 8699 0430 0056 8931 86	Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust PO Box 1737 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
7	9314 8699 0430 0056 8931 93	COG Oil & Gas LP One Concho Center 600 W. Illinois Ave. Midland TX 79701	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
8	9314 8699 0430 0056 8932 09	EOG Y Resources, Inc. (APA) Attn: Stephanie Williams 105 S. 4th St. Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
9	9314 8699 0430 0056 8932 16	V-F Petroleum, Inc. P.O. Box 1899 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
10	9314 8699 0430 0056 8932 23	Harvard Petroleum, Ltd. - Series 1980-A Harvard Petroleum Corporation P.O. Box 936 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
11	9314 8699 0430 0056 8932 30	New Mexico Western Minerals, Inc. Sandra Carrica, Pres. Of NM Western Minerals 2303 Sallee Loop Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
12	9314 8699 0430 0056 8932 47	EOG A Resources, Inc. 105 S. 4th St. Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00

athleen Allen  
odral Sperling Roehl Harris & Sisk, P.A.  
O. Box 2168  
buquerque NM 87103-2168

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Type of Mailing: CERTIFIED  
03/14/2019



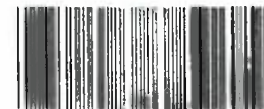
Firm Mailing Book ID: 162643

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
13	9314 8699 0430 0056 8932 54	Oxy Y-1 Company Attn: India Isbell 5 Greenway Plaza Suite 110 Houston TX 77046	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
14	9314 8699 0430 0056 8932 61	Zia Royalty LLC PO Box 2160 Hobbs NM 88241	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
15	9314 8699 0430 0056 8932 78	Bean Family Limited Company P.O. Box 1738 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
16	9314 8699 0430 0056 8932 85	Slash Exploration P.O. Box 1973 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
17	9314 8699 0430 0056 8932 92	The Estate of Esther Kelly, dec. 714 E. College Blvd. Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
18	9314 8699 0430 0056 8933 08	The First National Bank Roswell Brach 4500 N. Main Street, Suite A Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
19	9314 8699 0430 0056 8933 15	Joseph J. Kelly 3955 S Spring Loop Roswell NM 88203	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
20	9314 8699 0430 0056 8933 22	Michael Kelly 714 E. College Blvd. Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
21	9314 8699 0430 0056 8933 39	Patricia K. Kyle Coille Limited Partnership LP 1508 Wilmington Richmond VA 23227	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
22	9314 8699 0430 0056 8933 46	Mary Ann Twitty 26989 Sea Vista Dr. Malibu CA 90265	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
23	9314 8699 0430 0056 8933 53	Theodore P White PO Box 533 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
24	9314 8699 0430 0056 8933 60	Cheryl W Derrick 6006 Balcones #20 El Paso TX 79912	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
25	9314 8699 0430 0056 8933 77	DML Revocable Trust Dan Leonard, Trustee PO Box 3422 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
26	9314 8699 0430 0056 8933 84	LRW Corporation 20540 HWY 46W, #115-621 Spring Branch TX 78070	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00



Cathleen Allen  
 Adrall Sperling Roehl Harris & Sisk, P.A.  
 P.O. Box 2168  
 Albuquerque NM 87103-2168

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 03/14/2019



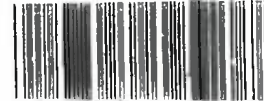
Firm Mailing Book ID: 162643

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
27	9314 8699 0430 0056 8933 91	Roy Barton Jr, Trustee 1919 Turner St. Hobbs NM 88240	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
28	9314 8699 0430 0056 8934 07	Read & Stevens, Inc. PO Box 1518 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
29	9314 8699 0430 0056 8934 14	The Beveridge Company 4305 North Garfield, Ste. 235 Midland TX 79705	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
30	9314 8699 0430 0056 8934 21	Elizabeth Eaton 2121 Biscayne Ct. Littleton CO 80126	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
31	9314 8699 0430 0056 8934 38	Gilbert J Eaton 48 Arizona State Dr Newark DE 19713	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
32	9314 8699 0430 0056 8934 45	Anderson-Malone, LLC PO Box 87 Roswell NM 88202	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
33	9314 8699 0430 0056 8934 52	Concho Oil & Gas LLC One Concho Center 600 W. Illinois Ave. Midland TX 79701	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
34	9314 8699 0430 0056 8934 69	Gretchen White Testamentary Trust William J Derrick, Trustee 5809 Acacia Circle El Paso TX 79912	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
35	9314 8699 0430 0056 8934 76	Anne S Johnson 14511 W. Selma St. Wichita KS 67227	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
36	9314 8699 0430 0056 8934 83	Laura Lynn McCampbell 6023 Weymouth Dr Dallas TX 75252	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
37	9314 8699 0430 0056 8934 90	Charles F. Malone, Jr. 2701 Chrysler Dr Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
38	9314 8699 0430 0056 8935 06	Jane M. Stockton 6756 Old Chisum Trail Dexter NM 88230	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
39	9314 8699 0430 0056 8935 13	Katharine Ann Malone 584 Castro Street, #303 San Francisco CA 94114	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
40	9314 8699 0430 0056 8935 20	James R Gebel Revocable Living Trust 28 Road 23356 Aztec NM 87410	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
41	9314 8699 0430 0056 8935 37	Pamela Anne Evans 7625 Parkview Circle Austin TX 78731	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00



Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

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03/14/2019



Firm Mailing Book ID: 162643

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
42	9314 8699 0430 0056 8935 44	Edward A. Schwarz 421 W. Broadway Dr. Apt. 1134 Long Beach CA 90802	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
43	9314 8699 0430 0056 8935 51	Linda E Schwarz 324 W. Ramona Ave. Colorado Springs CO 80906	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
44	9314 8699 0430 0056 8935 68	Michael Frances Schwarz 1111 S. Summit Ave. Sioux Falls SC 57105	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
45	9314 8699 0430 0056 8935 75	Rosser Leroy Schwarz 1343 Sacramento St. Apt. 2 San Francisco CA 94109	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
46	9314 8699 0430 0056 8935 82	State of New Mexico Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
47	9314 8699 0430 0056 8935 99	Yates Brothers PO Box 1394 Artesia NM 88211	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
48	9314 8699 0430 0056 8936 05	Nestegg Energy Corporation 2308 Sierra Vista Rd Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
49	9314 8699 0430 0056 8936 12	Constance White Loyd fka Constance Ann White 7007 Lawler Ridge Houston TX 77055	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
50	9314 8699 0430 0056 8936 29	Elizabeth White Kanaly 1022 Potomac Drive Houston TX 77057	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
51	9314 8699 0430 0056 8936 36	J Phelps White IV PO Box 1433 Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
52	9314 8699 0430 0056 8936 43	J Phelps White III 8883 SW 94th Ln, Unit F Ocala FL 34481	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
53	9314 8699 0430 0056 8936 50	EOG M Resources, Inc. Attn: Stephanie Williams 105 S. 4th St. Artesia NM 88210	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
54	9314 8699 0430 0056 8936 67	NonDarcy Oil & Gas, Inc. 714 E. College Roswell NM 88201	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
Totals:			\$70.20	\$189.00	\$86.40		\$0.00
			Grand Total:				\$345.60

Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

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Firm Mailing Book ID: 162643

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
List Number of Pieces Listed by Sender		Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:			

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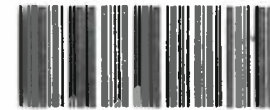




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03/15/2019

Hpacne  
Palmillo 10



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Firm Mailing Book ID: 162940

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0057 0222 57	Mewbourne Oil Company P.O. Box 7698 Tyler TX 75711	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
2	9314 8699 0430 0057 0222 64	Stephens and Johnson Op Co. P.O. Box 2249 Wichita Falls TX 76307	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$0.00
3	9336 0699 0430 0057 0222 77	V-F Petroleum P.O. Box 1899 Midland TX 79702	\$1.30	\$3.50	\$1.60	13454-0156 (P10)	\$5.30
Totals:			\$3.90	\$10.50	\$4.80		\$5.30
Grand Total:							\$24.50

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster.  
Name of receiving employee

Dated.

3

## Transaction Report Details - CertifiedPro.net

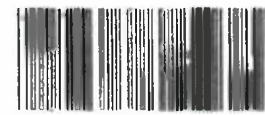
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Generated: 4/2/2019 3:43:30 PM

USPS Article Number	Date Created	Reference Number	Name 1	Address	City	State	Zip	Mailing Status	Mail Delivery Date
9336069904300057022277	2019-03-15 2:00 PM	13454-0156 (P10)	V-F Petroleum	P.O. Box 1899	Midland	TX	79702	Delivered	03-27-2019
9314869904300057022264	2019-03-15 2:00 PM	13454-0156 (P10)	Stephens and Johnson Op Co.	P.O. Box 2249	Wichita Falls	TX	76307	Delivered	03-19-2019
9314869904300057022257	2019-03-15 2:00 PM	13454-0156 (P10)	Mewbourne Oil Company	P.O. Box 7698	Tyler	TX	75711	Delivered	03-22-2019

Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque NM 87103-2168

PS Form 3877  
Type of Mailing: CERTIFIED  
04/01/2019



33514704.006

Firm Mailing Book ID: 164078

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0057 5507 43	EOG Resources 5509 Champions Dr. Midland TX 79706	\$1.30	\$3.50	\$1.60	13454-0156 (P3&10)	\$0.00
Totals:			\$1.30	\$3.50	\$1.60		\$0.00
						Grand Total:	\$6.40

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

1



## Transaction Details

Recipient:  
EOG Resources  
5509 Champions Dr.  
Midland, TX 79706

USPS Article Number: 9314869904300057550743  
Return Receipt Article Number: Not Applicable

Sender:  
Kathleen Allen  
Modrall Sperling Roehl Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque, NM 87103-2168

Service Options: Return Receipt - Electronic  
Mail Service: Certified  
Reference #: 13454-0156 (P3&10)  
Postage: \$1.30  
Fees: \$5.10  
Status: Mailed

Transaction created by: KatAllen  
User ID: 20619  
Firm Mailing Book ID: 164078  
Batch ID:

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## Transaction History

Event Description	Event Date	Details
Mailbook Generated	04-01-2019 03:30 PM	[WALZ] - Firm Mailing Book 164078 generated by KatAllen
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USPS® Certified Mail	04-01-2019 10:07 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	04-02-2019 01:53 AM	[USPS] - DEPART USPS FACILITY at ALBUQUERQUE,NM

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

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0001280529

MODRALL SPERLING  
PO BOX 2168

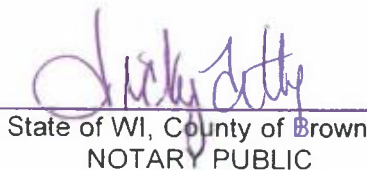
ALBUQUERQUE NM 87103

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:

03/21/19

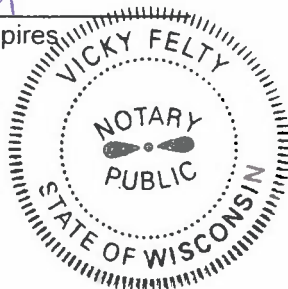
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires

Ad#:0001280529  
P O : Case 20381  
# of Affidavits :0.00



**CASENO. 20381:** Notice to all affected parties, as well as the heirs and devisees of **ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA)**, Attn: **Stephanie Williams, Devon SFS Operating, Inc., Marathon Oil Company, Attn: Jessica Gorman, Hanaco LLC, Attn: Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust COGOil & Gas LP, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, V-F Petroleum, Inc., Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, EOGA Resources, Inc., Oxy Y-1 Company, Attn: India Isbell, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, The Estate of Esther Kelly, dec., The First National Bank Roswell Branch, Joseph J. Kelly, Michael Kelly, Patricia K. Kyle, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beverage Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Concho Oil & Gas LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Nestegg Energy Corporation, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOG M Resources, Inc., Attn: Stephanie Williams, NonDarcy Oil & Gas, Inc., Mewbourne Oil Company, Stephens and Johnson Op Co. and V-F Petroleum of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #231 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 in-**

volved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.

Pub: March 21, 2019 #1280529

CARLSBAD  
**CURRENT-ARGUS**

**AFFIDAVIT OF PUBLICATION**

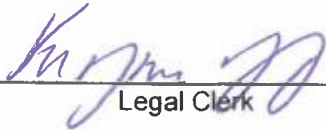
Ad No.  
0001280530

MODRALL SPERLING  
PO BOX 2168

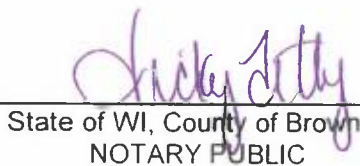
ALBUQUERQUE NM 87103

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:

03/21/19

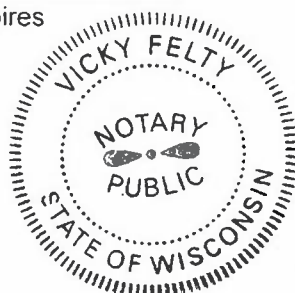
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires

Ad#.0001280530  
P O : 1280530  
# of Affidavits :0.00



**CASENO. 20382** Notice to all affected parties, as well as the heirs and devisees of **ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA)**, Attn: Stephanie Williams, Devon SFS Operating, Inc., Marathon Oil Company, Attn: Jessica Gorman, Hanaco LLC, Attn: Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, **COGOil & Gas LP, EOGY Resources, Inc. (APA)**, Attn: Stephanie Williams, V-F Petroleum, Inc., Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, **EOGA Resources, Inc., Oxy Y-1 Company**, Attn: India Isbell, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, The Estate of Esther Kelly, dec., The First National Bank Roswell Branch, Joseph J. Kelly, Michael Kelly, Patricia K. Kyle, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beverage Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Concho Oil & Gas LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Nestegg Energy Corporation, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, **EOG M Resources, Inc., Attn: Stephanie Williams, NonDarcy Oil & Gas, Inc., Mewbourne Oil Company, Stephens and Johnson Op Co. and V-F Petroleum of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #232 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 in-



volved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280530

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280532

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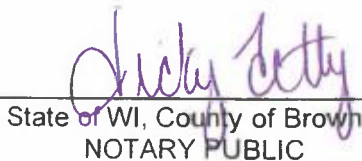
ALBUQUERQUE NM 87103

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:

03/21/19

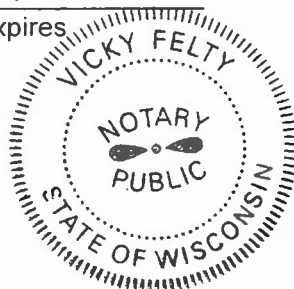
  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires

Ad#:0001280532  
P O : 1280532  
# of Affidavits :0.00



**CASENO. 20383:** Notice to all affected parties, as well as the heirs and devisees of ZPZ Delaware I, LLC, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, Devon SFS Operating, Inc., Marathon Oil Company, Attn: Jessica Gorman, Hanaco LLC, Attn: Rob Hanagan, Hugh E. Hanagan & Michael G. Hanagan, Co-Trustees of the Betty L. Hanagan Residuary Trust, COGOil & Gas LP, EOGY Resources, Inc. (APA), Attn: Stephanie Williams, V-F Petroleum, Inc., Harvard Petroleum, Ltd. - Series 1980-A, Harvard Petroleum Corporation, New Mexico Western Minerals, Inc., Sandra Carrica, Pres. Of NM Western Minerals, EOGA Resources, Inc., Oxy Y-1 Company, Attn: India Isbell, Zia Royalty LLC, Bean Family Limited Company, Slash Exploration, The Estate of Esther Kelly, dec., The First National Bank Roswell Branch, Joseph J. Kelly, Michael Kelly, Patricia K. Kyle, Coille Limited Partnership LP, Mary Ann Twitty, Theodore P White, Cheryl W Derrick, DML Revocable Trust, Dan Leonard, Trustee, LRW Corporation, Roy Barton Jr, Trustee, Read & Stevens, Inc., The Beveridge Company, Elizabeth Eaton, Gilbert J Eaton, Anderson-Malone, LLC, Concho Oil & Gas LLC, Gretchen White Testamentary Trust, William J Derrick, Trustee, Anne S Johnson, Laura Lynn McCampbell, Charles F. Malone, Jr., Jane M. Stockton, Katharine Ann Malone, James R Gebel Revocable Living Trust, Pamela Anne Evans, Edward A. Schwarz, Linda E Schwarz, Michael Frances Schwarz, Rosser Leroy Schwarz, State of New Mexico, Bureau of Land Management, Yates Brothers, Nestegg Energy Corporation, Constance White Loyd fka Constance Ann White, Elizabeth White Kanaly, J Phelps White IV, J Phelps White III, EOG M Resources, Inc., Attn: Stephanie Williams, NonDarcy Oil & Gas, Inc., Mewbourne Oil Company, Stephens and Johnson Op Co. and V-F Petroleum of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the S/2 N/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #233 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 in-

volved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.

Pub: March 21, 2019 #1280532

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001280535

MODRALL SPERLING  
PO BOX 2168

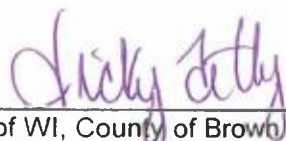
ALBUQUERQUE NM 87103

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:

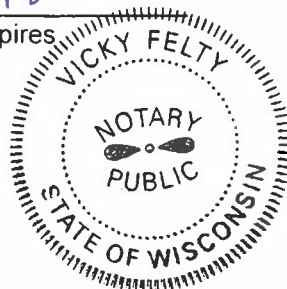
03/21/19

  
Legal Clerk

Subscribed and sworn before me this  
21st of March 2019.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires



Ad#:0001280535  
P O : 0001280535  
# of Affidavits :0.00

**CASENO. 20384:** Notice to all affected parties, as well as the heirs and devisees of **ZPZ Delaware I, LLC,EOGY Resources,Inc. (APA)**, Attn: **Stephanie Williams**, **Devon SFS Operating, Inc.**, **Marathon Oil Company**, Attn: **Jessica Gorman**, **Hanaco LLC**, Attn: **Rob Hanagan**, **Hugh E. Hanagan & Michael G. Hanagan**, Co-Trustees of the **Betty L. Hanagan Residuary Trust**, **COGOil & Gas LP,EOGY Resources,Inc. (APA)**, Attn: **Stephanie Williams**, **V-F Petroleum, Inc.**, **Harvard Petroleum, Ltd. - Series 1980-A**, **Harvard Petroleum Corporation**, **New Mexico Western Minerals, Inc.**, **Sandra Carrica**, Pres. Of **NM Western Minerals**, **EOGA Resources,Inc.**, **Oxy Y-1 Company**, Attn: **India Isbell**, **Zia Royalty LLC**, **Bean Family Limited Company**, **Slash Exploration**, **The Estate of Esther Kelly, dec.**, **The First National Bank Roswell Branch**, **Joseph J. Kelly**, **Michael Kelly**, **Patricia K. Kyle**, **Coille Limited Partnership LP**, **Mary Ann Twitty**, **Theodore P White**, **Cheryl W Derrick**, **DML Revocable Trust**, **Dan Leonard**, **Trustee**, **LRW Corporation**, **Roy Barton Jr**, **Trustee**, **Read & Stevens, Inc.**, **The Beveridge Company**, **Elizabeth Eaton**, **Gilbert J Eaton**, **Anderson-Malone, LLC**, **Concho Oil & Gas LLC**, **Gretchen White Testamentary Trust**, **William J Derrick**, **Trustee**, **Anne S Johnson**, **Laura Lynn McCampbell**, **Charles F. Malone, Jr.**, **Jane M. Stockton**, **Katharine Ann Malone**, **James R Gebel Revocable Living Trust**, **Pamela Anne Evans**, **Edward A. Schwarz**, **Linda E Schwarz**, **Michael Frances Schwarz**, **Rosser Leroy Schwarz**, **State of New Mexico**, **Bureau of Land Management**, **Yates Brothers**, **Nestegg Energy Corporation**, **Constance White Loyd fka Constance Ann White**, **Elizabeth White Kanaly**, **J Phelps White IV**, **J Phelps White III**, **EOG M Resources, Inc.**, Attn: **Stephanie Williams**, **NonDarcy Oil & Gas, Inc.**, **Mewbourne Oil Company**, **Stephens and Johnson Op Co.** and **V-F Petroleum of Apache Corporation's Application for a horizontal unit 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 **April 4, 2019** to consider this application. Applicant seeks an order from the Division: (1) creating a 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Section 10, Township 19 South, Range 28 East, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Palmillo 10 State Com #234 well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 in-

involved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.  
Pub: March 21, 2019 #1280535