

**BEFORE THE OIL CONSERVATION COMMISSION
EXAMINER HEARING JUNE 13, 2019**

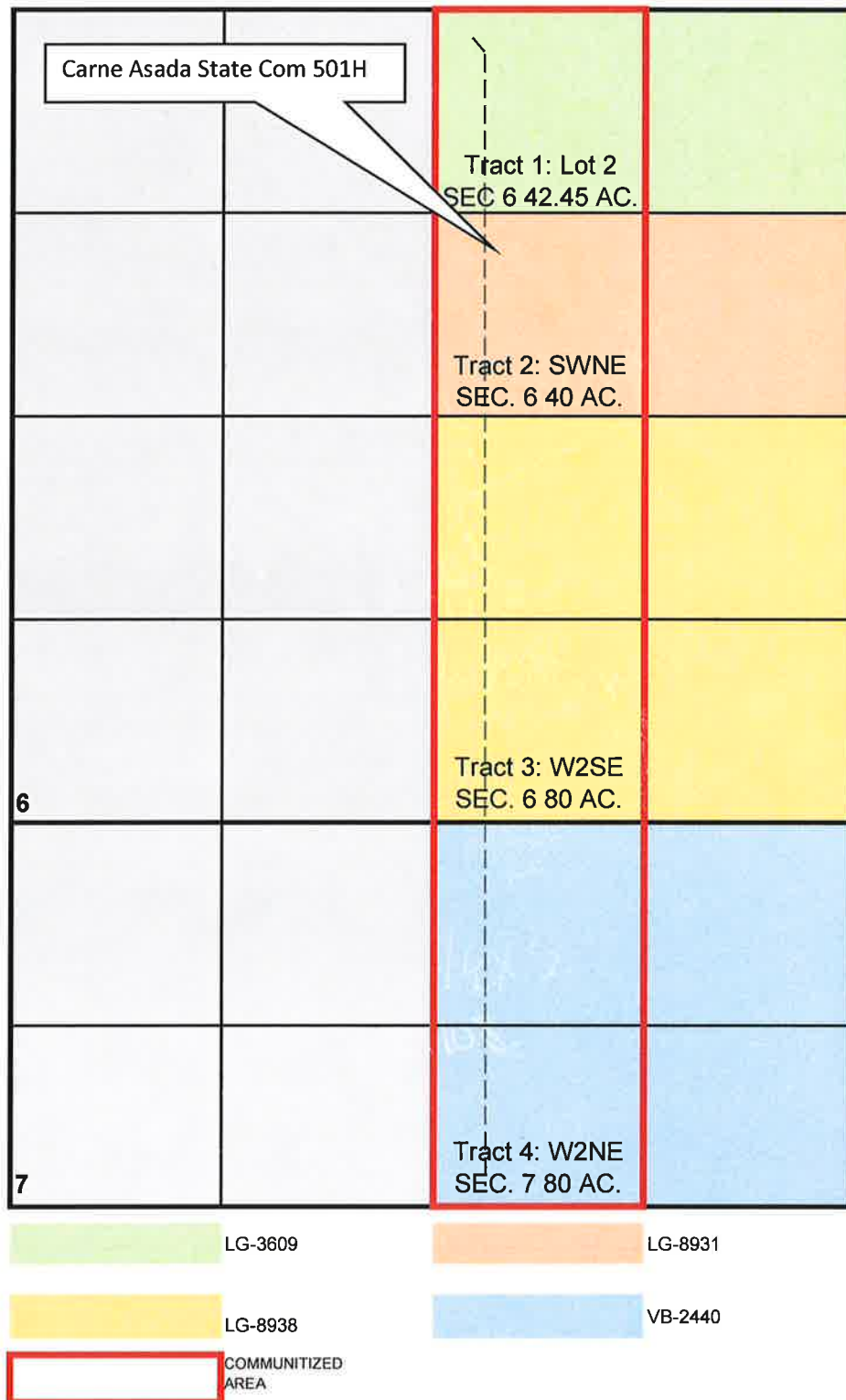
CASE No. 20517

CARNE ASADA STATE COM No. 501H WELL

LEA COUNTY, NEW MEXICO



Land Ownership Map
Carne Asada State Com #501H



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 1

Submitted by: Centennial

Hearing Date: June 13, 2019

Case No 20517

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 CARNE ASADA STATE COM	⁶ Well Number 501H
⁷ OGRID No.	⁸ Operator Name CENTENNIAL RESOURCE PRODUCTION, LLC	⁹ Elevation 3635.4'

¹⁰ Surface Location

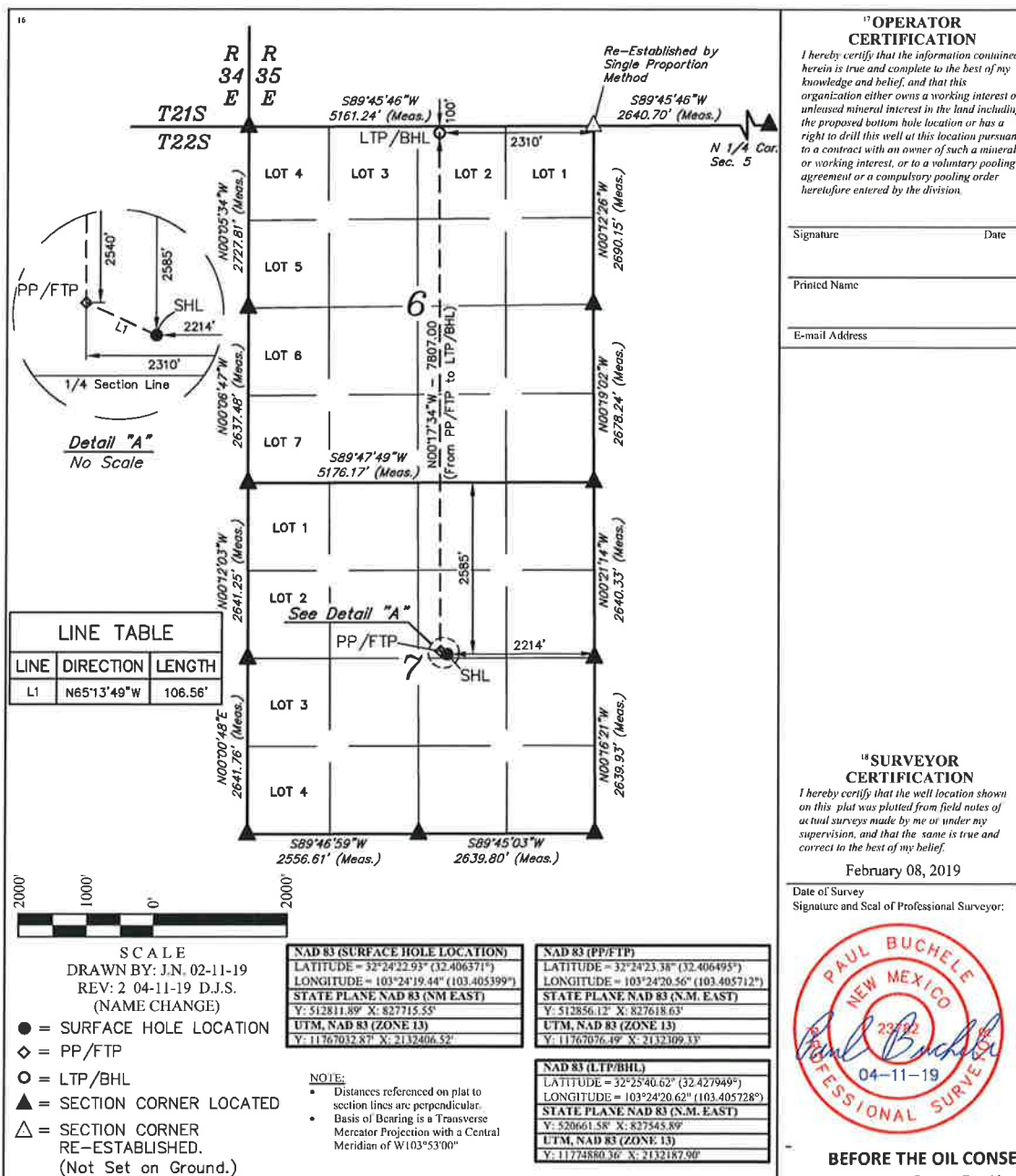
UL or lot no. G	Section 7	Township 22S	Range 35E	Lot Idn	Feet from the 2585	North/South line NORTH	Feet from the 2214	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. 2	Section 6	Township 22S	Range 35E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 2310	East/West line EAST	County LEA
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¹² Dedicated Acres 242.45	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Ownership Exhibit
Carne Asada State Com #501H

Name	Address	Interest Type	Working Interest
Owners to be Pooled			
MRC Permian Company, LLC	5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	Working Interest	16.501650%
Chevron U.S.A. Inc.	1400 Smith Street Houston, TX 77002	Working Interest	12.376238%
Total:			28.877888%

Owners NOT being Pooled			
Centennial Resource Production, LLC	1001 17th St., Suite 1800 Denver, CO 80202	Working Interest	71.122112%
Total:			71.122112%

Total Working Interest:			100.000000%
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May 2, 2019

RE: Carne Asada State Com 501H
SHL: 2585' FNL Sec. 7 & 2214' FEL Sec. 7 T22S R35E
BHL: 100' FNL Sec. 6 & 2310' FEL Sec. 6 T22S R35E
Lea County, New Mexico

To Whom it May Concern:

Centennial Resource Production, LLC ("CRP") proposes to drill and complete the Carne Asada State Com 501H as a horizontal well to test the Bone Spring Formation at a planned lateral length of 7,700 feet. The W/2 E/2 of the referenced Sections 6 and the W/2 NE/4 of section 7 will be dedicated to the well as the proration unit being a total of 240 acres. Please see the enclosed AFE in the amount of \$9,783,117.55.

Please Note: This proposed Carne Asada State Com 501H well is going to replace the Carne Asada State Com 601H well. Please disregard the well proposals sent out on April 9, 2019 for the 601H well.

Upon your response we will send a Joint Operating Agreement ("JOA") with an effective date of May 1, 2019, covering Township 22 South, Range 35 East, Section 7: W/2 E/2 & Section 6: W/2 NE/4. The JOA contains a proposed overhead rate of \$7500 per day for drilling and \$750 per day for producing and provides for a 100%/300%/300% non-consent penalty.

In the space provided below, please indicate your election and return one original copy of this letter along with an original copy of the enclosed AFE or email me a copy at carl.messina@cdevinc.com. Should you have any questions, please call me at (720) 499-1411.

Best Regards

A handwritten signature in blue ink that reads "Carl Messina".

Carl Messina
Land Coordinator



THE UNDERSIGNED HEREBY ELECTS **TO PARTICIPATE** IN THE CAPTIONED CARNE ASADA STATE COM 501H AND TO WAIVE THE NEED FOR A COMPLETION ELECTION.

AGREED TO and ACCEPTED this ____ day of _____, 2019.

Signature: _____

By: _____

Title: _____

THE UNDERSIGNED HEREBY ELECTS **NOT TO PARTICIPATE** IN THE CAPTIONED CARNE ASADA STATE COM 501H WELLBORE, AND TO GO NONCONSENT.

AGREED TO and ACCEPTED this ____ day of _____, 2019.

Signature: _____

By: _____

Title: _____



Authorization for Expenditure

AFE Number	301319	Property #	
AFE Description	CARNE ASADA STATE COM 501H	Property Name	Well: Carne Asada State Com 501H
AFE Originating Date	Apr 22, 2018	State	New Mexico
AFE Type	Drill and Complete	County	Lea
Operator	Centennial Resource Production, LLC	Field	Delaware Basin - TX

Non Operator Approval

AFE Total (\$)

\$9,783,117.55

Company _____

Approved By _____

Title _____

Date _____

Cost Estimates

Description	Total (\$)
IDC - PERMITS,LICENSES,ETC	\$9,000.00
IDC - STAKING & SURVEYING	\$10,000.00
IDC - LEGAL, TITLE SERVICES	\$10,000.00
IDC - SURFACE DAMAGE / ROW	\$35,000.00
IDC - PERMANENT EASEMENT	\$0.00
IDC - ROAD, LOCATIONS, PITS	\$175,000.00
IDC - RIG MOB / TRUCKING	\$150,000.00
IDC - RIG MOB / STANDBY RATE	\$100,000.00
IDC - DAYWORK CONTRACT	\$437,216.00
IDC - FOOTAGE CONTRACT	\$150,000.00
IDC - DIRECTNL DRILL & SURVEY	\$194,000.00
IDC - CONDUCTOR HOLE & SERVICE	\$35,000.00
IDC - WIRELINE SVCS CASED&OPEN	\$0.00
IDC - BITS, TOOLS, STABILIZERS	\$91,294.00
IDC - FUEL / POWER	\$72,000.00
IDC - RIG WATER	\$16,000.00

IDC - MUD/CHEMICALS/ACIDIZING	\$160,000.00
IDC - MUD LOGGING	\$22,500.00
IDC - INSPECTION, TESTING & REPAIR	\$75,000.00
IDC - CORE ANALYSIS	\$.00
IDC - OPEN/CASED HOLE LOGGING	\$.00
IDC - CEMENT SERV/FLOAT EQUIP	\$185,000.00
IDC - CASING CREW & TOOLS	\$41,500.00
IDC - CONTRACT LABOR/ROUSTABOUT	\$30,000.00
IDC - MATERIALS & SUPPLIES	\$.00
IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00
IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$72,000.00
IDC - DISPOSAL	\$128,000.00
IDC - WELLHEAD PREPARE/REPAIR	\$22,500.00
IDC - FISHING TOOLS & SERVICES	\$.00
IDC - RENTAL EQUIPMENT	\$80,000.00
IDC - MANCAMP	\$40,000.00
IDC - WELLSITE SUPERVISION	\$114,000.00
IDC - SUPERVISION/ENGINEERING	\$.00
IDC - SAFETY / ENVIRONMENTAL	\$18,400.00
IDC - OVERHEAD	\$.00
IDC - WELL CONTROL INSURANCE	\$12,258.84
IDC - CONTINGENCY	\$251,716.88
TDC - CASING - CONDUCTOR	\$.00
TDC - CASING - SURFACE	\$83,735.63
TDC - CASING - INTERMEDIATE - 9 5/8	\$181,448.44
TDC - CASING - INTERMEDIATE 2 - 7 5/8	\$.00
TDC - CASING - PRODUCTION	\$360,770.81
TDC - WELLHEAD EQUIPMENT	\$65,875.00
TDC - PACKER/DOWNHOLE TOOLS	\$79,343.75
TDC - CONTINGENCY	\$.00
ICC - STAKING & SURVEYING	\$.00
ICC - ROAD, LOCATIONS, PITS	\$10,500.00

ICC - COMPLETION RIG	\$.00
ICC - WIRELINE OPEN/CASED HOLE	\$31,500.00
ICC - FUEL / POWER	\$381,150.00
ICC - COILED TUBING	\$121,699.20
ICC - CEMENTING & SERVICES	\$.00
ICC - WATER DISPOSAL/VACUUM TRUCK	\$16,905.00
ICC - INSPECTION & TESTING	\$.00
ICC - TRUCKING	\$13,125.00
ICC - ELECTRIC LOGGING / PERFORATING	\$382,935.00
ICC - COMPLETION FLUIDS	\$10,000.00
ICC - CASING CREW AND TOOLS	\$.00
ICC - WELL STIMULATION/FRACTUR	\$2,228,345.00
ICC - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
ICC - WATER HANDLING	\$288,750.00
ICC - SOURCE WATER	\$212,974.00
ICC - WELLHEAD/FRACTURE REPAIR	\$35,000.00
ICC - FISHING TOOLS & SERVICES	\$.00
ICC - COMMUNICATIONS	\$.00
ICC - RENTAL EQUIPMENT	\$107,100.00
ICC - WELLSITE SUPERVISION	\$143,325.00
ICC - SUPERVISION/ENGINEERING	\$7,500.00
ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
ICC - OVERHEAD	\$10,000.00
ICC - WELL CONTROL INSURANCE	\$.00
ICC - CONTINGENCY	\$.00
ICC - COMPANY LABOR	\$.00
TCC - CASING - PRODUCTION	\$.00
TCC - PROD LINER & EQUIPMENT	\$.00
TCC - PACKER/DOWNHOLE TOOLS	\$.00
TCC - WELLHEAD EQUIPMENT	\$47,250.00
FAC - SURFACE DAMAGE / ROW	\$.00
FAC - PERMANENT EASEMENT	\$80,000.00

FAC - ROAD LOCATIONS PITS	\$20,000.00
FAC - MATERIALS & SUPPLIES	\$.00
FAC - TRANSPORTATION TRUCKING	\$50,000.00
FAC - RENTAL EQUIPMENT	\$30,000.00
FAC - FUEL / POWER	\$.00
FAC - WATER DISPOSAL / SWD	\$.00
FAC - WASTE DISPOSAL	\$.00
FAC - INSPECTION & TESTING	\$5,000.00
FAC - CONTRACT LABOR / ROUSTAB	\$225,000.00
FAC - FRAC TANK RENTAL	\$.00
FAC - SUPERVISION	\$15,000.00
FAC - CONSULTING SERVICES	\$.00
FAC - INJECTION PUMP	\$.00
FAC - P-LINE F-LINE LINEPIPE	\$20,000.00
FAC - TANK BATTERY	\$175,000.00
FAC - HEATER TREATER/SEPERATOR	\$155,000.00
FAC - DEHYDRATOR EQUIPMENT	\$.00
FAC - VALVES FITTINGS & PIPE	\$260,000.00
FAC - CIRCULATING TRNSFER PUMP	\$15,000.00
FAC - METER & LACT	\$135,000.00
FAC - COMPRESSOR	\$.00
FAC - ELECTRICAL SUPPLIES	\$180,000.00
FAC - COMM TELEMETRY & AUTOMAT	\$50,000.00
FAC - FLARE/COMBUSTER	\$50,000.00
FAC - SAFETY / ENVIRONMENTAL	\$10,000.00
FAC - OVERHEAD	\$.00
FAC - INSURANCE	\$.00
FAC - COMPANY LABOR	\$.00
FAC - CONTINGENCY	\$100,000.00
IFC - ROADS LOCATIONS/PITS	\$5,000.00
IFC - COMPLETION RIG	\$12,000.00
IFC - WIRELINE OPEN/CASED HOLE	\$.00

IFC - FUEL / POWER	\$.00
IFC - COILED TUBING	\$.00
IFC - CEMENTING & SERVICES	\$.00
IFC - FRAC WATER RECOVERY	\$230,000.00
IFC - INSPECTION & TESTING	\$3,500.00
IFC - TRUCKING/VACUUM/TRANSP	\$10,000.00
IFC - ELECTRIC LOGGING/PERFORATING	\$.00
IFC - COMPLETION FLUID	\$10,000.00
IFC - CASING CREW AND TOOLS	\$.00
IFC - CONTRACT LABOR/ROUSTABOUT	\$12,000.00
IFC - MATERIAL & SUPPLIES	\$2,000.00
IFC - WELL TESTING / FLOWBACK	\$170,000.00
IFC - WELLHEAD/FRAC TREE REPAIR	\$.00
IFC - FISHING TOOLS & SERVICES	\$.00
IFC - RENTAL EQUIPMENT	\$8,000.00
IFC - WELLSITE SUPERVISION	\$5,000.00
IFC - SAFETY / ENVIRONMENTAL	\$2,500.00
IFC - CONTINGENCY	\$30,000.00
IFC - COMPANY LABOR	\$.00
IFC - SWABBING	\$.00
TFC - TUBING	\$60,000.00
TFC - SUCKER RODS & ACCESSORY	\$.00
TFC - DOWNHOLE ARTIFICIAL LIFT EQPT	\$25,000.00
TFC - SUBSURFACE PUMPS	\$.00
TFC - PROD LINER & EQUIPMENT	\$.00
TFC - PACKER/DOWNHOLE TOOLS	\$.00
TFC - PUMPING UNITS/SURFACE LIFT EQPT	\$.00
TFC - WELLHEAD EQUIPMENT	\$.00
TFC - VALVES/CONNECTIONS/FITTINGS	\$.00
TFC - MEASUREMENT EQUIPMENT	\$.00
TFC - COMM, TELEMETRY & AUTOMATION	\$.00
TFC - CONTRACTOR LABOR INSTALL	\$.00



TFC - CONTINGENCY	\$.00
TFC - COMPANY LABOR	\$.00

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

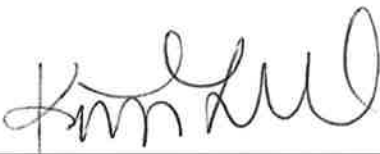
**APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NO. 20517

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Kaitlyn A. Luck, attorney in fact and authorized representative of Centennial Resource Production, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 12th day of June 2019 by Kaitlyn A. Luck.



Notary Public



HOLLAND & HART



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico
Board of Legal Specification
mfeldewert@hollandhart.com

May 24, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea County, New Mexico.
Carne Asada State Com No. 501H Well

Ladies & Gentlemen:

This letter is to advise you that Centennial Resource Production, LLC, has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on June 13, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Gavin Smith, at (720) 499-1474, or Gavin.Smith@cdevinc.com.

Sincerely,

Michael H. Feldewert
**ATTORNEY FOR CENTENNIAL RESOURCE
PRODUCTION, LLC**



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Centennial Resource Development Inc.
Carne Asada State Com No. 501H Well
Case No. 20517

Shipment Date: 05/24/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0014 6914 77





Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

<input type="checkbox"/> Adult Signature Required	<input type="checkbox"/> Priority Mail Express
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail
<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation
<input type="checkbox"/> Collect on Delivery (COD)	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Insured Mail	
<input type="checkbox"/> Priority Mail	

Affix Stamp Here
(if issued as an international
certificate of mailing or for
additional copies of this receipt).
Postmark with Date of Receipt.

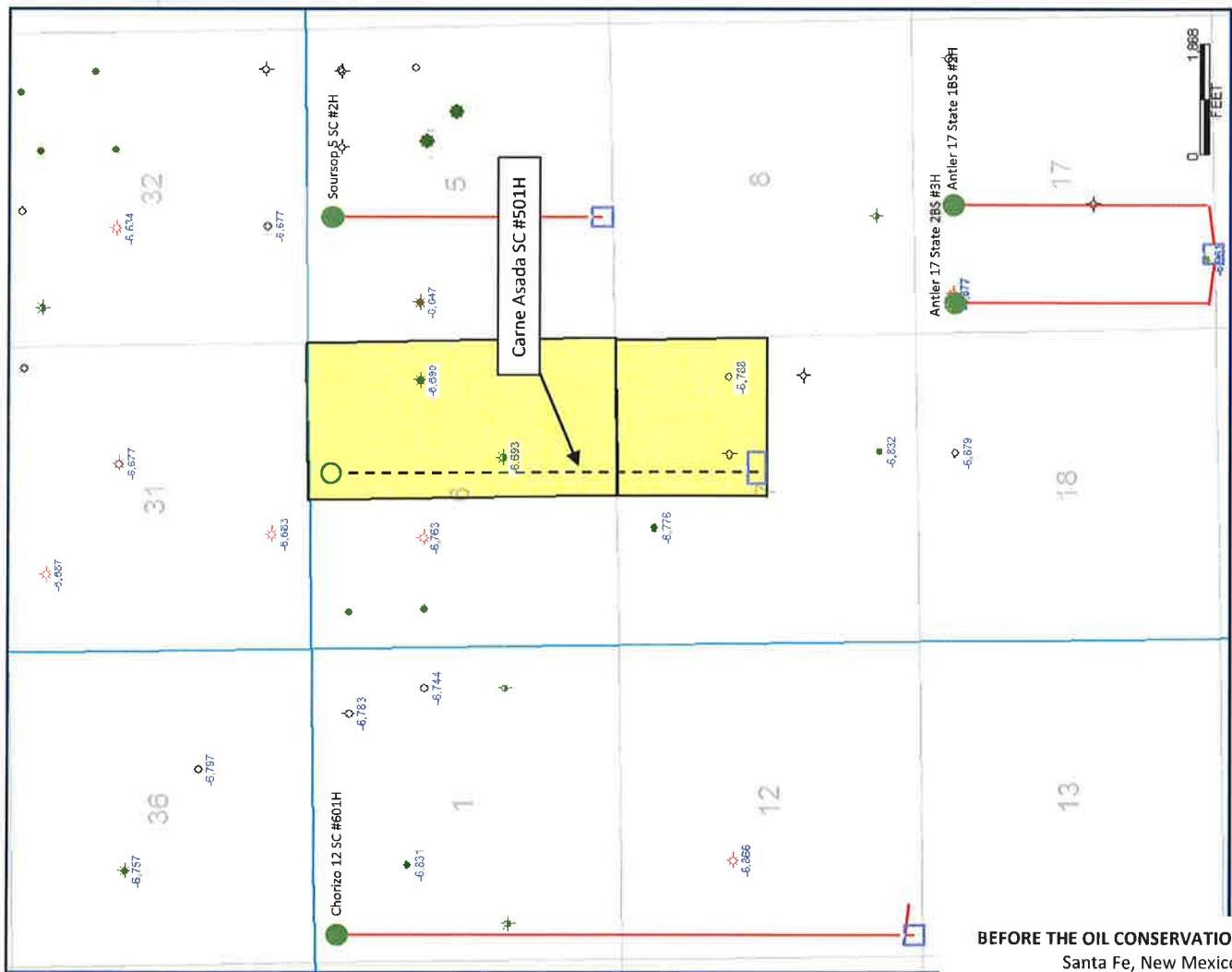
PS Form 3877, April 2015 (Page 1 of 1) Complete in Ink Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.
PSN 7530-02-000-9098

POSTAL DELIVERY REPORT
CENTENNIAL / CARNE ASADA STATE COM NO. 501H WELL
CASE NO. 20517

Recipient	Status	Custom
MRC Permian Company LLC 5400 LBJ Freeway Suite 1500 Dallas TX 75240	Delivered Signature Received	Ref#: C1401971.7871517 RetRef#:
Chevron USA Inc 1400 Smith Street Houston TX 77002	Delivered Signature Received	Ref#: C1401971.7871518 RetRef#:

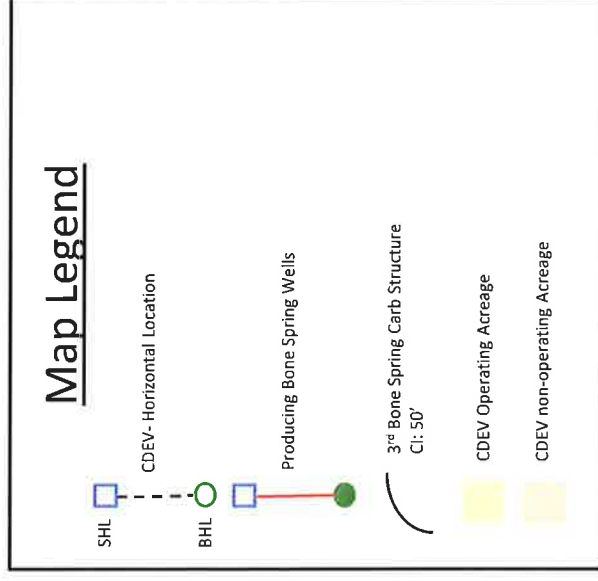
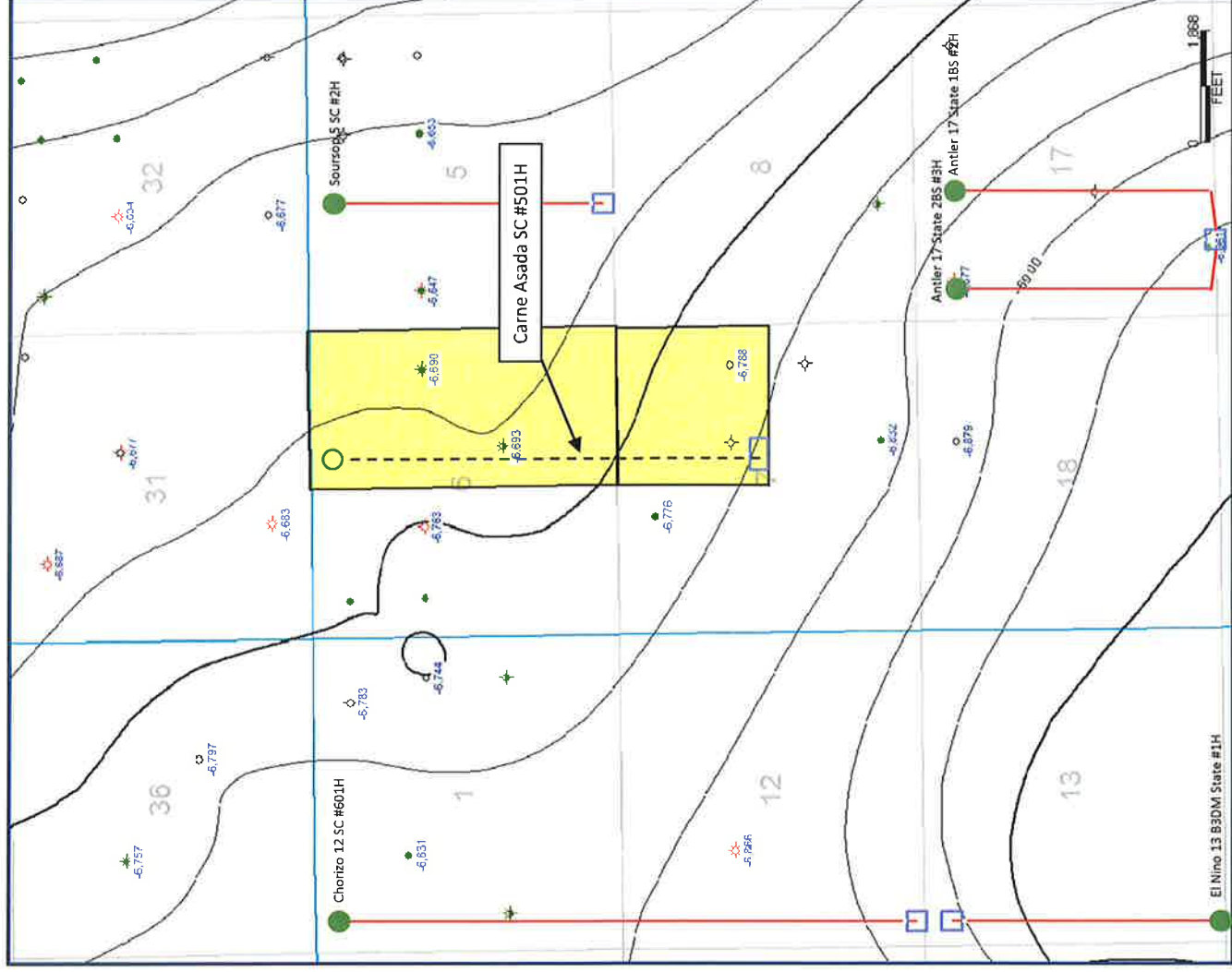
Bone Spring Pool

Carne Asada State Com #501H



Bone Spring Pool

3RD Bone Spring Carbonate Structure Map

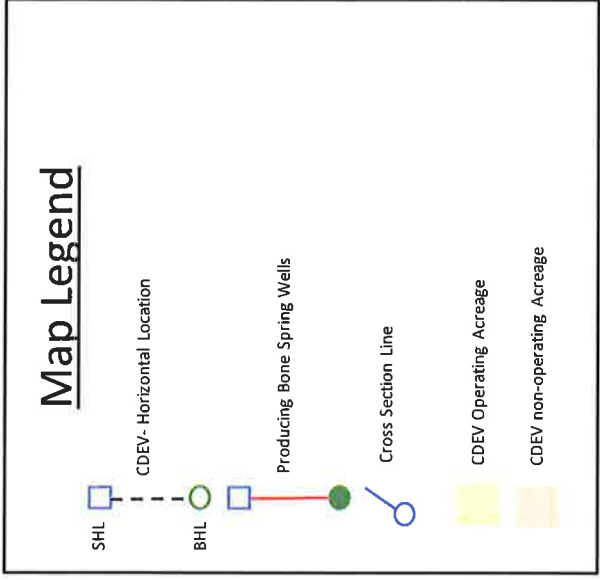
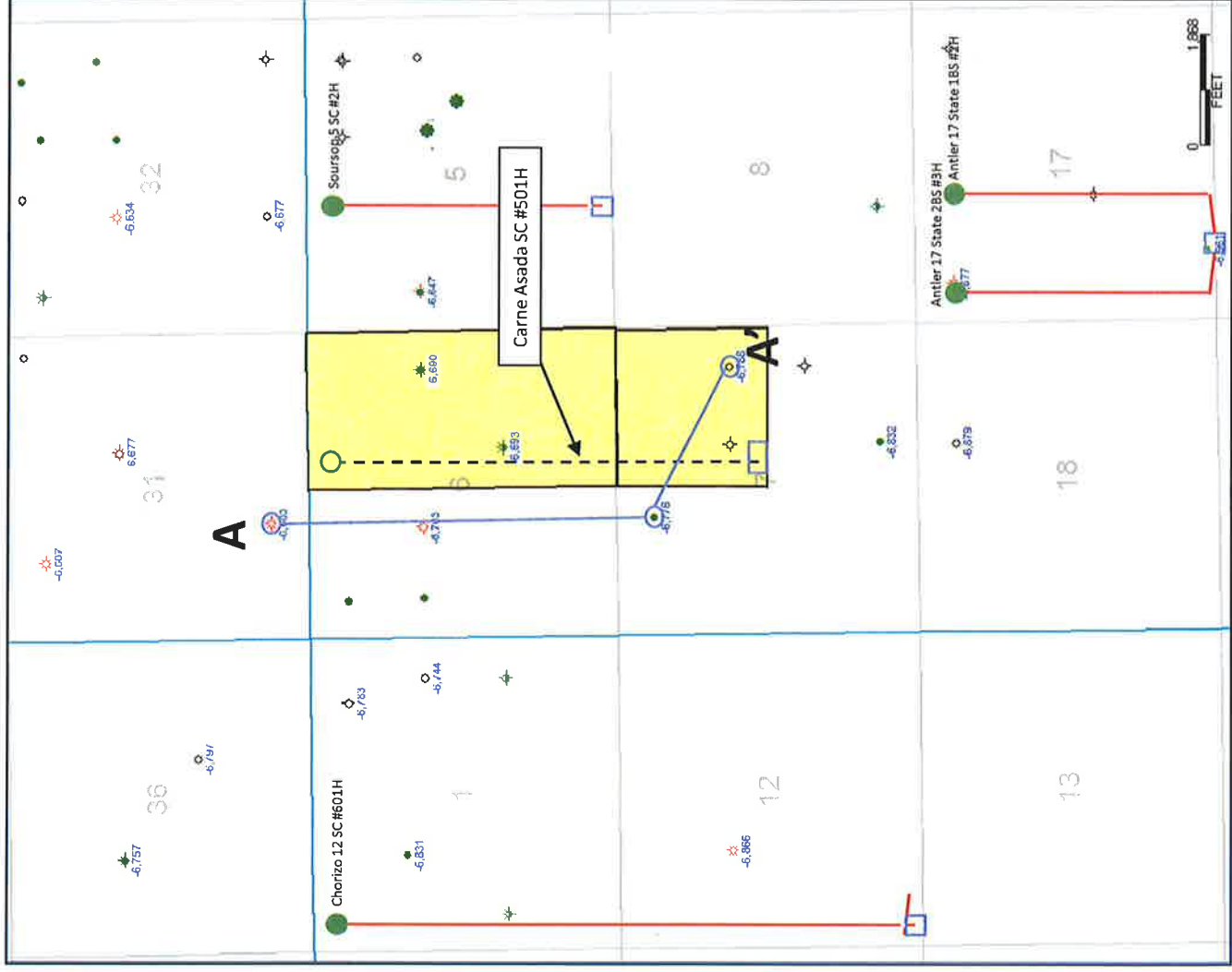


BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. 7
 Submitted by: Centennial
 Hearing Date: June 13, 2019
 Case No 20517

CENTENNIAL

Bone Spring Pool

Cross Section Map



30025273600000



CIMAREX ENERGY OF CO
NEW MEXICO 'DA' STAT 1

TWP: 21S - Range 35E- Sec. 31

<0.80MI>

30025273660000



HNG OIL COMPANY
SAN SIMON '6' STATE 2

TWP: 22S - Range 35E- Sec. 6

<0.55MI>

30025386170000

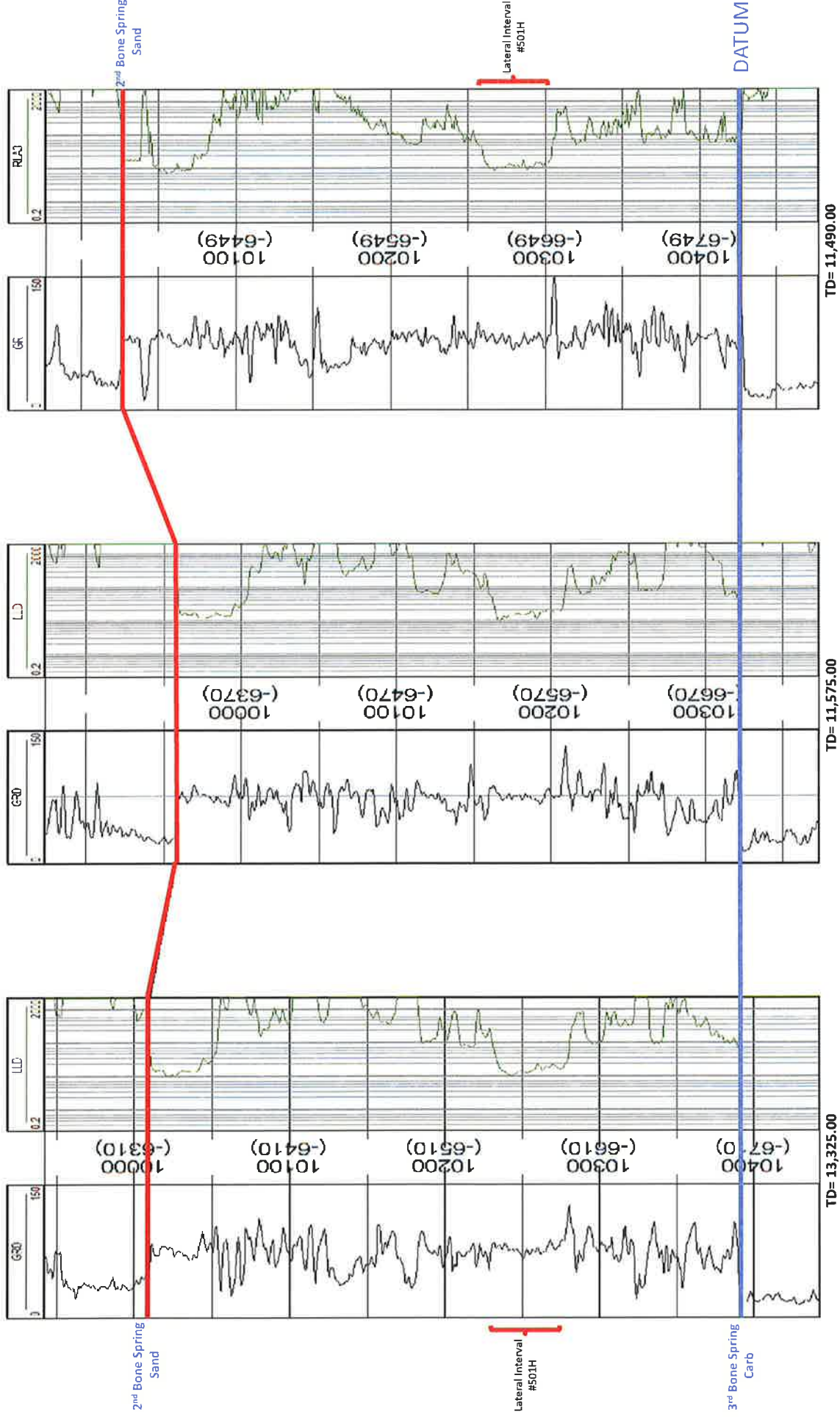


LEGACY RESERVES OPER
STATE GC 2

TWP: 22S - Range 35E- Sec. 7

A'

A



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 9

Submitted by: Centennial

Hearing Date: June 13, 2019

Case No 20517

CENTENNIAL