

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., Sante 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.  
Sante Fe, NM 87505

OCD Case No. 15877  
**STEWARD ENERGY II  
Exhibit # 1**

District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-025-44038</b>		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name <b>B RANICO SA, SOUTH</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>POLLOS HERMANOS</b>		<sup>6</sup> Well Number <b>2H</b>
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name <b>STEWARD ENERGY II, LLC</b>		<sup>9</sup> Elevation <b>3777'</b>

**Surface Location**

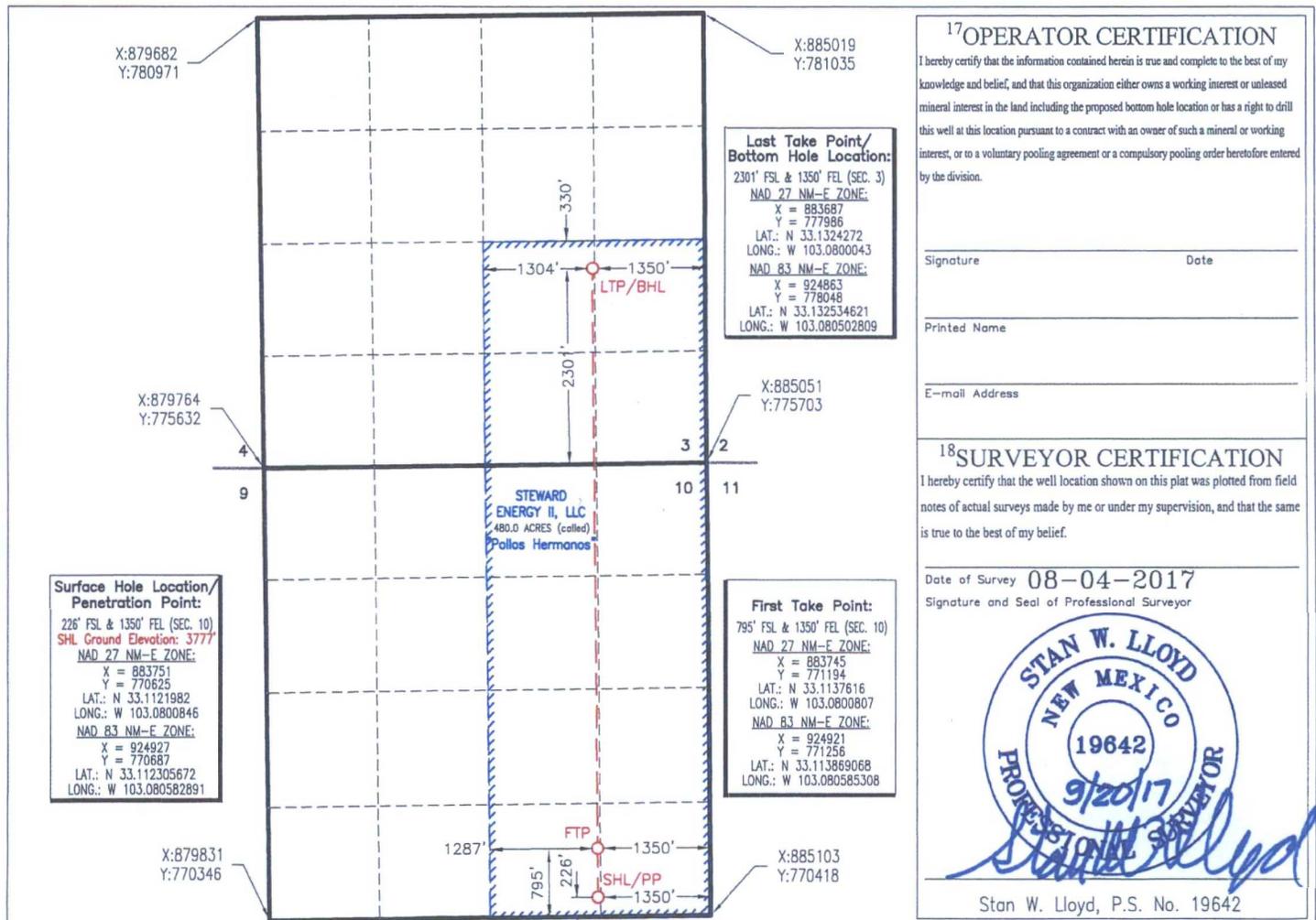
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	10	14-S	38-E	-	226'	SOUTH	1350'	EAST	LEA

**Bottom Hole Location**

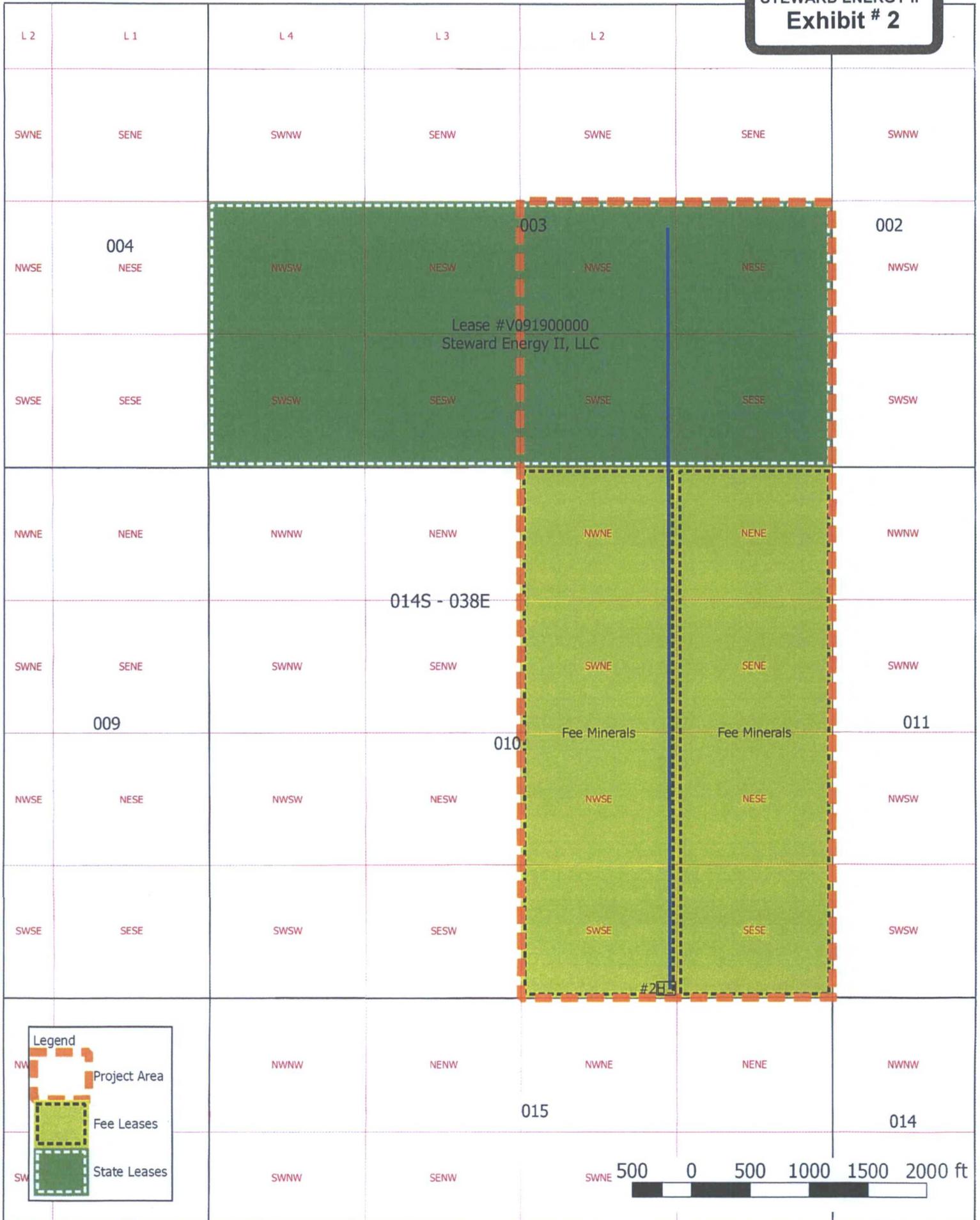
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	14-S	38-E	-	2301'	SOUTH	1350'	EAST	LEA

<sup>12</sup> Dedicated Acres <b>480.0</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

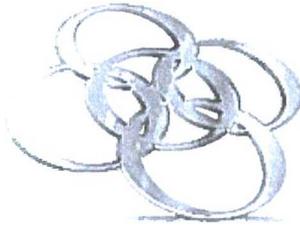


OCD Case No. 15877  
STEWARD ENERGY II  
Exhibit # 2



Mineral Owner	Mineral Interest	Net Mineral Acres	Gross Acres	Unit Factor	Unit Participation	Status
Steven E. Cone Jr. P.O. Box 10321 Lubbock, TX 79408	0.05052083	8.0833333	160.000000000	0.333333333	0.016840278	Committed
Katherine Cone Keck 1801 Avenue of the Stars, Suite 446 Los Angeles, CA 90067	0.04895833	7.8333333	160.000000000	0.333333333	0.016319444	Committed
KR & M, LLC Brandon A. Kastman, Registered Agent 1950 West Bell Street Houston, Texas 77019	0.02083333	3.3333333	160.000000000	0.333333333	0.006944444	Committed
Ronda Davis 12108 Las Charles Avenue NE Albuquerque, NM 87111	0.0416667	6.6666667	160.000000000	0.333333333	0.013888889	Leased
Todd David Spears 12807 Terrace Pass San Antonio, TX 78259	0.04687500	7.5000000	160.000000000	0.333333333	0.015625000	Leased
Michael Britton Spears 3611 105th Street Lubbock, TX 79423	0.0468750	7.5000000	160.000000000	0.333333333	0.015625000	Leased
Wesley Schnaubert 3 Telegraph Street, Apt #3N Binghamton, NY 13903-2014 (2014)	0.0000488	0.0078125	160.000000000	0.333333333	0.000016276	Uncommitted
Matthew Schnaubert 9041 Butterwick Street Fort Worth, TX 76134-5553 (2014)	0.0000488	0.0078125	160.000000000	0.333333333	0.000016276	Uncommitted
Owen W. McWhorter Jr., SSP 3019 21st Street Lubbock, TX 79410 (2011)	0.0010417	0.1666667	160.000000000	0.333333333	0.000347222	Uncommitted

**OCD Case No. 15877**  
**STEWARD ENERGY II**  
**Exhibit # 3**



# STEWARD

ENERGY II

September 29, 2017

CERTIFIED MAIL #70171070000096813619

Matthew Schnaubert  
9041 Butterwick Street  
Fort Worth, TX 76134-5553

**Re: Steward Energy II, LLC Well Proposal – POLLOS HERMANOS STATE #2H  
E/2 of Section 10 & SE/4 of Section 3 – 14S-38E  
Lea County, New Mexico**

This letter will serve as notice of the plans of Steward Energy II, LLC ("Steward") to drill the above referenced well.

Steward proposes to drill the Pollos Hermanos State #2H well from a surface location in the SWSE of Section 10-14N-38W, Lea County, New Mexico. This well is planned as a Horizontal well with the San Andres formation as the target and will be drilled to an approximate total depth of 13,000 feet. This is a 480 Acre Project Area Drilling Unit comprised of the above referenced sections. The AFE is attached with costs of \$992,000 dry hole and \$3,900,970 completed. The Pollos Hermanos State #2H well is expected to spud December 15, 2017.

A recent records check indicates that you have a mineral interest in this Project Area, and you are offered participation in the Pollos Hermanos State #2H well based upon your ownership.

Please indicate your participation election for the Pollos Hermanos State #2H well in the space provided below. If you elect to participate in this well, please also sign the attached AFE and return the signed letter and AFE, along with your well data requirements.

In the event you elect to NOT participate in the drilling of the Pollos Hermanos State #2H well, please indicate such election below and return a signed copy of this letter. Please be advised that Steward has requested a risk penalty in accordance with New Mexico law.

Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

OCD Case No. 15877

STEWARD ENERGY II  
**Exhibit # 4**

Steward Energy II, LLC  
Land Department  
2600 N. Dallas Parkway, Suite 400  
Frisco, Texas 75094

For questions regarding **land issues**, please contact Taylor Warren:  
[taylor.warren@stewardenergy.net](mailto:taylor.warren@stewardenergy.net)  
(214) 297-0500, extension 520

For questions regarding **operation issues**, please contact Scott Stedman:  
[scott.stedman@stewardenergy.net](mailto:scott.stedman@stewardenergy.net)  
(214) 297-0500, extension 514

Respectfully,



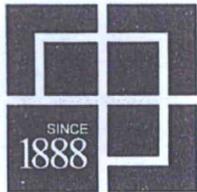
M. Taylor Warren  
Land Manager

Attachment

The undersigned elects (to ) (not to ) participate in the Pollos Hermanos State #2H well with its proportionate interest.

Matthew Schnaubert

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



hinklelawfirm.com

## HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

October 25, 2017

### VIA CERTIFIED MAIL

Katherine Cone Keck  
1801 Avenue of the Stars, Suite 446  
Los Angeles, CA 90067

Re: Steward Energy II, LLC New Mexico Oil Conservation Division Application

Dear Ms. Keck:

Enclosed is a copy of an application for approval of a 480-acre, non-standard spacing and proration unit and compulsory pooling that Steward Energy II, LLC ("Steward") has filed with the New Mexico Oil Conservation Division ("the Division"). The proposed non-standard spacing and proration unit is comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, November 30, 2017 in Porter Hall at the Division's offices located at 1220 South St. 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 Steward's application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Wednesday, November 22, 2017. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:sm  
Enclosure

OCD Case No. 15877

**STEWARD ENERGY II  
Exhibit # 5**

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88211  
575-622-6510  
(FAX) 575-746-6316

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

**SENDER: COMPLETE THIS SECTION**

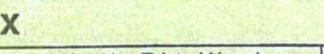
- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Katherine Cone Keck  
 1801 Avenue of the Stars, Ste. 446  
 Los Angeles, CA 90067

9590 9402 2691 6351 8958 05

2. Article Number (Transfer from service label)  
 7012 3050 0001 2935 2387

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X   Agent  
 Addressee

B. Received by (Printed Name)  C. Date of Delivery  
 M. Stouman 11/19/17

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

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

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

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

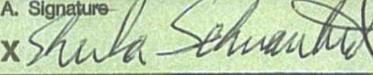
- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Matthew Schnaubert  
 9041 Butterwick Street  
 Fort Worth, TX 76134-5553

9590 9402 2691 6351 8957 09

2. Article Number (Transfer from service label)  
 7012 3050 0001 2935 2394

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X   Agent  
 Addressee

B. Received by (Printed Name)  C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

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

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

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

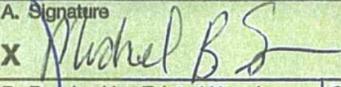
- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Michael Britton Spears  
 4008 126<sup>th</sup> Street  
 Lubbock, TX 79423

9590 9402 2691 6351 8956 21

2. Article Number (Transfer from service label)  
 7012 3050 0001 2935 2400

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X   Agent  
 Addressee

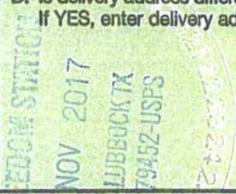
B. Received by (Printed Name)  C. Date of Delivery  
 Britt Spears 11/9/17

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

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

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

Domestic Return Receipt



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <b>X</b> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:            Owen W. McWhorter, Jr.            3019 21<sup>st</sup> Street            Lubbock, TX. 79410</p>	
<p>9590 9402 2691 6351 8956 14</p>	
<p>2. Article Number (Transfer from service label)            7017 0660 0000 6478 3081</p>	<p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> All Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <b>X</b> <i>Kenneth Davis</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery  <i>Kenneth Davis</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:            Ronda O'Briant Davis            12108 Las Charles Avenue NE            Albuquerque, NM 87111</p>	
<p>9590 9402 2691 6351 8956 07</p>	
<p>2. Article Number (Transfer from service label)            7017 0660 0000 6478 3098</p>	<p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> All Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt</p>	

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OFFICIAL USE

<p>Certified Mail Fee \$</p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$</p> <p><input type="checkbox"/> Return Receipt (electronic) \$</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$</p> <p><input type="checkbox"/> Adult Signature Required \$</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$</p> <p>Postage \$</p> <p><b>Total Postage and Fees</b> \$</p>	
--	--

Sent To: **Todd David Spears**  
 Street and Apt. No., or PO Box No. **24726 Bogey Ridge**  
 City, State, ZIP+4® **San Antonio, TX 78260**

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

7017 0660 0000 6478 3111

U.S. Postal Service™  
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**OFFICIAL USE**

7017 0660 0000 6478 3128

Certified Mail Fee

\$

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

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage

\$

**Total Postage and Fees**

\$

Sent To

Wesley Schnaubert

Street and Apt. No., or PO Box No.

3 Telegraph St., Apt. #3N

City, State, ZIP+4®

Binghamton, NY 13903



**Lessee of record in NENW, NWNE of Sec. 15, 14S-38E (State Lands)**

Federal Abstract Company

P.O. Box 2288

Santa Fe, NM 87504-2288

**Unleased Mineral Owner in the NENE of Sec. 15, 14S-38E**

Ronda O'Briant Davis, SSP

12108 Las Charles Avenue NE

Albuquerque, NM 87111

OCD Case No. 15877

STEWARD ENERGY II

**Exhibit # 6**



**HINKLE SHANOR LLP**

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

October 25, 2017

VIA CERTIFIED MAIL

Federal Abstract Company  
P.O. Box 2288  
Santa Fe, NM 87504-2288

Re: Steward Energy II, LLC New Mexico Oil Conservation Division Application

Dear Sir or Madam:

Enclosed is a copy of an application for approval of a non-standard spacing and proration unit and compulsory pooling that Steward Energy, II LLC ("Steward") has filed with the New Mexico Oil Conservation Division ("the Division").

The proposed 480-acre, non-standard spacing and proration unit is comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Federal Abstract Company's ("Federal") interests are not being pooled, but as the owner of an interest in an offsetting tract, it is entitled to receive notice of Steward's application.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, November 30, 2017, in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Federal is not required to attend this hearing, but as an owner of an interest in an offset tract, it has the right to appear at the hearing and present testimony. If Federal does not appear at the hearing, then it will be precluded from contesting the matter at a later date.

A party appearing in the case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Wednesday, November 22, 2017. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

OCD Case No. 15877

**STEWARD ENERGY II  
Exhibit # 7**

GWL:sm  
Enclosure

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88211  
575-622-6510  
(FAX) 575-746-6316

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY														
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>Pat Miles</i> <input checked="" type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p>														
<p>1. Article Addressed to:          Federal Abstract Company          P.O. Box 2288          Santa Fe, NM 87504-2288</p>	<p>B. Received by (Printed Name) <i>Pat Miles</i> C. Date of Delivery</p>														
<p>9590 9402 2691 6351 8955 15</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below. <input checked="" type="checkbox"/> No</p> <p style="text-align: center;">USPS          3 2017          SANTA FE NM 87504</p>														
<p>2 Article Number (Transfer from service label)          7012 3050 0001 2935 2356</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<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"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Restricted Delivery	
<input type="checkbox"/> Adult Signature	<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"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<input type="checkbox"/> Restricted Delivery															

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

## LEGALS

LEGAL NOTICE  
October 27, 2017

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
October 27, 2017  
and ending with the issue dated  
October 27, 2017.



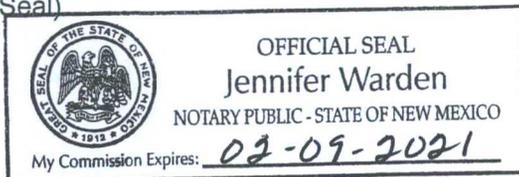
Publisher

Sworn and subscribed to before me this  
27th day of October 2017.



Administrative Coordinator

My commission expires  
February 09, 2021  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

This is to notify all interested parties, including Owen W. McWhorter, Jr., Wesley Schnaubert, Matthew Schnaubert, Federal Abstract Company, Rhonda O'Brian Davis, Todd David Spears, Michael Britton Spears, Katherine Cone Keck, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on the application submitted by Steward Energy II, LLC at 8:15 a.m. on November 30, 2017 in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico. Steward Energy II, LLC seeks an order (i) creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the Pollos Hermanos State #2H horizontal well, which will have a surface location in Unit O of Section 10 and a bottom hole location in Unit J of Section 3, Township 14 South, Range 38 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Steward Energy II, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 16.5 miles northwest of Tatum, New Mexico.  
#32186

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HINKLE, HENSLEY, SHANOR & MARTIN, LLP  
PO BOX 2068  
SANTA FE, NM 87504

OCD Case No. 15877  
STEWARD ENERGY II  
Exhibit # 8



## AUTHORIZATION FOR EXPENDITURE

Well Name: Pollos Hermanos State 2H

Operator: Steward Energy II, LLC

Well Type: Oil

Q/Q/Q-S/T/R: / / - 10 / 14S / 38E

AFE Type: Development Drig/Comp

Prop. Depth: TVD, MD

Field: San Andres (NM)

Lat. 33.1121982

Lat.

XLoc:

XLoc:

AFE Number: 1704110DR

AFE Date: 9/8/2017

County, State: Lea

Prep. By: Scott Stedman

YLoc:

YLoc:

Surface Long. 103.0800846

Bottom Hole Long.

Project Description: Drill and Complete San Andres Horizontal

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
8200.100	Land, Surveying & Legal	\$30,000	\$30,000			\$30,000
8200.101	Abstract, Title & Permit	\$5,000	\$5,000			\$5,000
8200.102	ROW & Surface Damages	\$42,500	\$42,500			\$42,500
8200.103	Road, Pad Location & Pit Building	\$45,000	\$45,000			\$45,000
8200.104	Environ, Reg & Safety	\$3,000	\$3,000			\$3,000
8200.111	Company Supervision	\$1,000	\$1,000			\$1,000
8200.113	Contract Labor	\$12,500	\$12,500			\$12,500
8200.114	Consulting Services & Contract Supervision	\$37,500	\$37,500			\$37,500
8200.120	Vacuum & Pump Truck	\$1,500	\$1,500			\$1,500
8200.122	Material Transportation	\$7,500	\$7,500			\$7,500
8200.126	Fuel	\$32,000	\$32,000			\$32,000
8200.131	Chemical-Downhold Treating	\$1,600	\$1,600			\$1,600
8200.132	Mud & Additives	\$40,000	\$40,000			\$40,000
8200.140	Mob/Demob	\$65,000	\$65,000			\$65,000
8200.141	Mud Disposal/Pit Closure	\$10,000	\$10,000			\$10,000
8200.142	Trailer Rental, Camp & Catering	\$12,500	\$12,500			\$12,500
8200.144	Drilling Rig - Daywork or Footage	\$161,700	\$161,700			\$161,700
8200.149	Bits, Mills & Reamers	\$30,000	\$30,000			\$30,000
8200.151	Directional Services	\$91,000	\$91,000			\$91,000
8200.160	Casing Crews & Services	\$30,000	\$30,000			\$30,000
8200.161	Cementing Services	\$115,000	\$115,000			\$115,000
8200.170	Water Purchase & Transfer	\$30,000	\$30,000			\$30,000
8200.175	Surface Equipment Rental & Services	\$32,000	\$32,000			\$32,000
8200.176	Downhole Equipment Rental & Services	\$30,000	\$30,000			\$30,000
8200.193	Downhole Inspection/Testing - Casing, Tubing &	\$5,000	\$5,000			\$5,000
8200.301	Overhead	\$7,500	\$7,500			\$7,500
	<b>IDC Total:</b>	<b>\$878,800</b>	<b>\$878,800</b>			<b>\$878,800</b>
8250.200	Conductor/Drive Pipe	\$15,000	\$15,000			\$15,000
8250.201	Surface Casing	\$55,200	\$55,200			\$55,200
8250.203	Production Casing	\$205,335			\$205,335	\$205,335
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$13,000	\$13,000			\$13,000
8250.214	Other Downhole Equipment	\$30,000	\$30,000			\$30,000
	<b>TDC Total:</b>	<b>\$113,200</b>	<b>\$113,200</b>		<b>\$205,335</b>	<b>\$318,535</b>
	<b>Drilling Total:</b>	<b>\$992,000</b>	<b>\$992,000</b>		<b>\$205,335</b>	<b>\$1,197,335</b>

OCD Case No. 15877

**STEWARD ENERGY II**

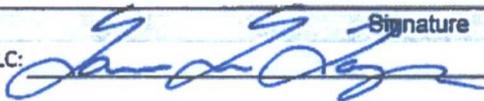
**Exhibit # 9**

8300.100	Land, Surveying & Legal		\$1,000	\$1,000	\$1,000
8300.111	Company Supervision		\$5,000	\$5,000	\$5,000
8300.113	Contract Labor		\$5,000	\$5,000	\$5,000
8300.114	Consulting Services & Contract Supervision		\$50,000	\$50,000	\$50,000
8300.120	Vacuum & Pump Truck		\$25,000	\$25,000	\$25,000
8300.122	Material Transportation		\$10,000	\$10,000	\$10,000
8300.126	Fuel		\$50,000	\$50,000	\$50,000
8300.143	Well Control - BOP, Isolation Assy		\$5,000	\$5,000	\$5,000
8300.146	Completion/Workover Rig		\$36,000	\$36,000	\$36,000
8300.148	Reverse Unit		\$32,500	\$32,500	\$32,500
8300.164	Wireline & Perforating		\$115,000	\$115,000	\$115,000
8300.170	Water Purchase & Transfer		\$100,000	\$100,000	\$100,000
8300.171	Stimulation - Frac, Acid, Gravel Pack		\$1,800,000	\$1,800,000	\$1,800,000
8300.175	Surface Equipment Rental & Services		\$75,000	\$75,000	\$75,000
8300.176	Downhole Equipment Rental & Services		\$40,000	\$40,000	\$40,000
8300.185	Miscellaneous, Small Tools & Supplies		\$1,000	\$1,000	\$1,000
8300.193	Downhole Inspection/Testing - Casing, Tubing &	\$2,500	\$2,500	\$2,500	\$2,500
<b>ICC Total:</b>			<b>\$2,353,000</b>	<b>\$2,353,000</b>	<b>\$2,353,000</b>
8350.205	Wellhead Equipment, Flow Tee & Meter Run	\$15,000	\$15,000	\$15,000	\$15,000
8350.206	Tubing		\$23,275	\$23,275	\$23,275
8350.211	Electric Submersible Pumps		\$48,000	\$48,000	\$48,000
8350.213	Frac Plugs, Bridge Plug, Packers, Tubing Anchors		\$47,000	\$47,000	\$47,000
8350.214	Other Downhole Equipment	\$6,860	\$6,860	\$6,860	\$6,860
8350.221	Surface VSD, Transformer, POC & Associated		\$25,000	\$25,000	\$25,000
8350.222	Instrumentation & Meters		\$6,500	\$6,500	\$6,500
8350.223	SCADA & Communications		\$10,000	\$10,000	\$10,000
8350.224	Electrical Installation & Power Generation		\$25,000	\$25,000	\$25,000
8350.229	Production & SWD Facility Installation	\$52,000	\$52,000	\$52,000	\$52,000
8350.231	Separator, Heater Treater, FWKO		\$45,000	\$45,000	\$45,000
8350.233	Flowline & Gathering Lines		\$17,000	\$17,000	\$17,000
8350.235	Miscellaneous Non-Control able - Pipe, Valves &		\$30,000	\$30,000	\$30,000
<b>TCC Total:</b>			<b>\$350,635</b>	<b>\$350,635</b>	<b>\$350,635</b>
<b>Completion Total:</b>			<b>\$2,703,635</b>	<b>\$2,703,635</b>	<b>\$2,703,635</b>
<b>Drilling &amp; Completion Total:</b>					<b>\$3,900,970</b>
<b>Net %:</b>			<b>92.656250%</b>	<b>Net Total:</b>	<b>\$3,614,493</b>

Approved by:

Steward Energy II, LLC:

Signature



Date: 9/22/2017

Date:

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.

POLLOS HERMANOS STATE #2H

