

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC (“Steward”) applies for an order pooling all uncommitted mineral interests in the San Andres formation in a 480-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 23 and the NW/4 of Section 26, Township 13 South, Range 38 East in Lea County, New Mexico. In support of its Application, Steward states:

1. Steward (OGRID No. 371682) is a working interest owner in the W/2 of Section 23 and the NW/4 of Section 26 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Felina Fee #5H well, which will be horizontally drilled from a surface location in Unit L in Section 26 to a bottom hole location in Unit D in Section 23, Township 13 South, Range 38 East.
3. The completed interval for the Felina Fee #5H well will be orthodox.
4. Steward has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners within the horizontal spacing unit to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of all uncommitted mineral interests in the San Andres formation underlying the W/2 of Section 23 and the NW/4 of Section 26 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

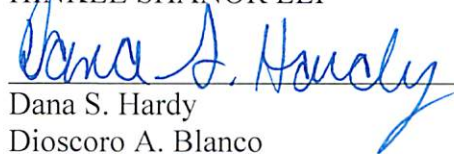
6. In order to allow Steward to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the horizontal spacing unit should be pooled.

WHEREFORE, Steward requests that this Application be set for hearing on March 5, 2020 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the San Andres formation underlying the W/2 of Section 23 and the NW/4 of Section 26;
- B. Designating Steward as the operator of the Felina Fee #5H well;
- C. Authorizing Steward to recover its costs of drilling, equipping, and completing the Felina Fee #5H well and allocating the costs among the well's working interest owners;
- D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Imposing a 200% penalty for the risk assumed by Steward in drilling and completing the Felina Fee #5H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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