

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23245

HEARING EXHIBITS

Compulsory Pooling Checklist

- | | |
|-----------|--|
| Exhibit A | Self-Affirmed Statement of Matt Solomon |
| A-1 | Application & Proposed Notice of Hearing |
| A-2 | C-102s |
| A-3 | Plat of Tracts, Tract Ownership, Pooled Parties, Unit Recapitulation |
| A-4 | Sample Well Proposal Letter & AFEs |
| A-5 | Chronology of Contact |
| Exhibit B | Self-Affirmed Statement of Jason Asmus |
| B-1 | Resume of Jason Asmus |
| B-2 | Location Map |
| B-3 | First Bone Spring Sand Subsea Structure Map |
| B-4 | Second Bone Spring Sand Subsea Structure Map |
| B-5 | First – Second Bone Spring Sand Structural Cross-Section |
| B-6 | Gun Barrel Development Proposal |
| Exhibit C | Self-Affirmed Statement of Dana S. Hardy |
| C-1 | Sample Notice Letter to All Interested Parties |
| C-2 | Chart of Notice to All Interested Parties |
| C-3 | Copies of Certified Mail Receipts and Returns |
| C-4 | Affidavit of Publication of December 21, 2022 |

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23245	APPLICANT'S RESPONSE
Date:	January 5, 2023
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 331165
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Earthstone Operating, LLC, for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Bel-Air 5-8 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Corbin; Bone Spring, South [13160] Tonto; Bone Spring, [59475]
Well Location Setback Rules:	Standard
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	321.27
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 5 and W/2 E/2 of Section 8, Township 19 South, Range 33 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	None.
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Well #1	Bel-Air 5-8 Fed 1BS Com 3H (API # ---) SHL: 125' FSL & 1685' FEL (Unit O), Section 32, T18S, R33E BHL: 100' FSL & 2240' FEL (Unit O), Section 8, T19S, R33E Completion Target: First Bone Spring (Approx. 8,902' TVD)
Well #2	Bel-Air 5-8 Fed 2BS Com 7H (API # ---) SHL: 225' FSL & 1685' FEL (Unit O), Section 32, T18S, R33E BHL: 100' FSL & 2240' FEL (Unit O), Section 8, T19S, R33E Completion Target: Second Bone Spring (Approx. 9,827' TVD)

Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
Returned to Imaging 1/3/2023 8:54:36 PM	Exhibit B-2

Well Bore Location Map	Exhibit B-3, B-4
Structure Contour Map - Subsea Depth	Exhibit B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibit B-5
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	1/3/2022

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23245

**SELF-AFFIRMED STATEMENT
OF MATT SOLOMON**

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of Earthstone’s Application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit. Therefore, I do not expect any opposition at hearing.

4. Earthstone applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 321.27-acre, more or less, standard horizontal spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 5 and the W/2 E/2 of Section 8, Township 19 South, Range 33 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the following wells (“Wells”), which will be completed in the Corbin; Bone Spring, South Pool (Code 13160) and in the Tonto; Bone Spring Pool (Code 59475).

- **Bel-Air 5-8 Fed 1BS Com 3H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a

**Earthstone Operating, LLC
Case No. 23245
Exhibit A**

bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East; and

- **Bel-Air 5-8 Fed 2BS Com 7H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East.

6. **Exhibit A-2** contains the C-102s for the Wells.

7. **Exhibit A-3** contains a plat that identifies ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Earthstone seeks to pool highlighted in yellow.

8. Earthstone has conducted a diligent search of all county public records including phone directories and computer databases.

9. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to the working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

10. In my opinion, Earthstone made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in **Exhibit A-5**.

11. Earthstone requests overhead and administrative rates of \$7,500.00 per month while the Wells are being drilled and \$750.00 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Earthstone and other operators in the vicinity.

12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

13. In my opinion, the granting of Earthstone's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

14. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



Matt Solomon

1.3.2023

Date

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23245

APPLICATION

Pursuant to NMSA 1978, § 70-2-17, Earthstone Operating, LLC (OGRID No. 331165) (“Earthstone” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 321.27-acre, more or less, standard horizontal spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 5 and the W/2 E/2 of Section 8, Township 19 South, Range 33 East, Lea County, New Mexico (“Unit”).

In support of this application, Earthstone states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”)
 - a. The **Bel-Air 5-8 Fed 1BS Com 3H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East; and
 - b. The **Bel-Air 5-8 Fed 2BS Com 7H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East.
3. The completed intervals of the Wells will be orthodox.

**Earthstone Operating, LLC
Case No. 23245
Exhibit A-1**

4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Earthstone Operating, LLC

Application of Earthstone Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 321.27-acre, more or less, standard horizontal spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 5 and the W/2 E/2 of Section 8, Township 19 South, Range 33 East, Lea County, New Mexico (“Unit”). The Unit will be dedicated to the **Bel-Air 5-8 Fed 1BS Com 3H** and **Bel-Air 5-8 Fed 2BS Com 7H** wells, which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 33 miles west of Hobbs, New Mexico.

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 13160; 59475	³ Pool Name Cobrin; Bone Spring South & Tonto; Bone Spring
⁴ Property Code	⁵ Property Name BEL-AIR 5-8 FED 1BS COM	
⁷ OGRID No. 372137	⁸ Operator Name CHISHOLM ENERGY OPERATING, LLC	
		⁶ Well Number 3H
		⁹ Elevation 3724.6

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	32	18 S	33 E		125	SOUTH	1685	EAST	LEA

¹¹ 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
O	8	19 S	33 E		100	SOUTH	2240	EAST	LEA

¹² Dedicated Acres 321.27	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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.

¹⁷ OPERATOR CERTIFICATION

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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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.

OCTOBER 26, 2020

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number: _____

Earthstone Operating, LLC
Case No. 23245
Exhibit A-2

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
	13160; 59475	Corbin; Bone Spring, South & Tonto; Bone Spring
⁴ Property Code	⁵ Property Name	
	BEL-AIR 5-8 FED 2BS COM	
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
372137	CHISHOLM ENERGY OPERATING, LLC	3724.9

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	32	18 S	33 E		225	SOUTH	1685	EAST	LEA

¹¹ 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
O	8	19 S	33 E		100	SOUTH	2240	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
321.27			

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.

¹⁷ OPERATOR CERTIFICATION

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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

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.

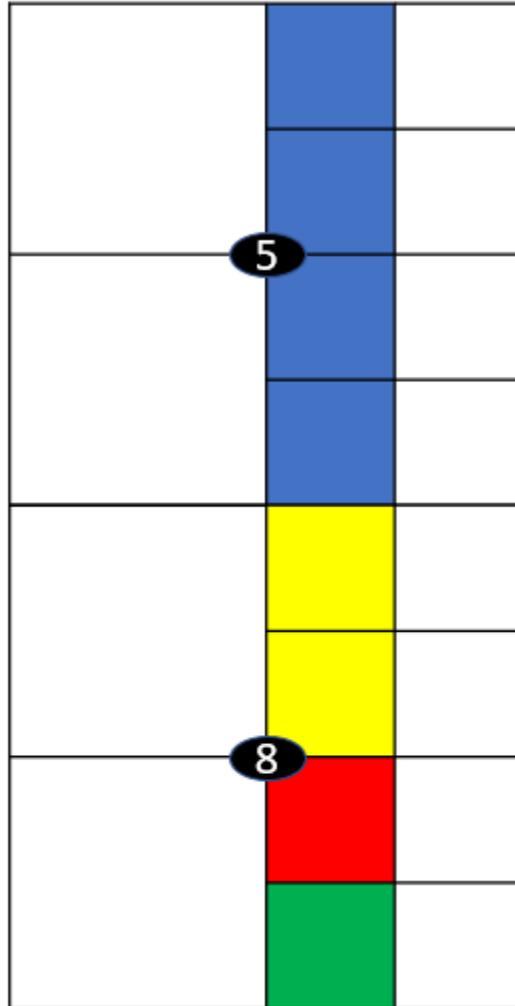
OCTOBER 26, 2020

Date of Survey _____

Signature and Seal of Professional Surveyor:

Certificate Number: _____

BEL-AIR 5-8 Fed 1BS COM 3H
BEL-AIR 5-8 Fed 2BS COM 7H
Lot 2, SWNE, W2SE of Section 5 and W2E2 of Section 8
Township 19 South, Range 33 East, Lea County New Mexico



-  Tract 1
-  Tract 2
-  Tract 3
-  Tract 4

Earthstone Operating, LLC
Case No. 23245
Exhibit A-3

TRACT 1 OWNERSHIP (NM-77002)

Earthstone Permian, LLC 100.000000%

TRACT 2 OWNERSHIP (NM-77002)

Legacy Reserves Operating LP 92.857125%
Isramco Energy, L.L.C. 7.142875%
100.000000%

TRACT 3 OWNERSHIP (NM-21172)

Isramco Energy, L.L.C. 100.000000%

TRACT 4 OWNERSHIP (NM-66775)

Legacy Reserves Operating LP 92.857125%
Isramco Energy, L.L.C. 7.142875%
100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian, LLC 50.197653%
Legacy Reserves Operating LP 34.683770%
Isramco Energy, L.L.C. 15.118577%
100.000000%

PARTIES TO POOL

Legacy Reserves Operating LP
Isramco Energy, L.L.C.



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

November 2, 2022

VIA FED-X

Legacy Reserves Operating LP
15 Smith Road, Suite 3000
Midland, TX 79701

Re: Bel-Air 5-8 Fed 1BS Com 3H - Bel-Air 5-8 Fed 2BS Com 7H
Lot 2, SWNE, W2SE of Section 5
W2E2 of Section 8
Township 19 South, Range 33 East
Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete and equip the well.

In connection with the above:

- **Bel-Air 5-8 Fed 1BS Com 3H:** to be drilled from a proposed surface hole location of 125' FSL & 1685' FEL of Section 32-18S-R33E to a proposed bottom hole location of 100' FSL & 2240' FEL of Section 8-19S-33E with an expected TVD of 8,902'.
- **Bel-Air 5-8 Fed 2BS Com 7H:** to be drilled from a proposed surface hole location of 225' FSL & 1685' FEL of 32-18S-33E to a proposed bottom hole location of 100' FSL & 2240' FEL of Section 8-19S-33E with an expected TVD of 9,827'.

Earthstone hereby proposes the creation of a 321.27 acre working interest unit consisting of Lot 2, SWNE, W2SE of Section 5 and the W2E2 of Section 8, Township 19 South, Range 33 East, to be governed by a modified 1989 AAPL Model Form Operating Agreement, which is also enclosed for your review and approval. This Operating Agreement contains the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Earthstone Operating, LLC
Case No. 23245
Exhibit A-4

Please indicate your election in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreement.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstonenergy.com

Legacy Reserves Operating LP hereby elects to:

- _____ Participate for its proportionate share in the drilling & completion of the **Bel-Air 5-8 Fed 1BS Com 3H**.
- _____ Non-consent/farmout/assign its interest in **Bel-Air 5-8 Fed 1BS Com 3H**, subject to acceptable terms.

- _____ Participate for its proportionate share in the drilling & completion of the **Bel-Air 5-8 Fed 2BS Com 7H**.
- _____ Non-consent/farmout/assign its interest in the **Bel-Air 5-8 Fed 2BS Com 7H**, subject to acceptable terms.

Legacy Reserves Operating LP

By: _____
 Name: _____
 Title: _____
 Date: _____



EARTHSTONE
Operating, LLC

Earthstone Operating, LLC
Statement of Estimated Well Cost

Well Name: Bel-Air 5-8 Fed Com 1BS 3H	Project Description: 4 WELL PAD. Estimate is for the drilling of a 2.0 mile 1st Bone Spring Sand lateral in Lea County, NM. 10-3/4" Surface casing will be set at 1,600' MD. The 2nd Intermediate section will be drilled 9-7/8" and 8-5/8" Casing set at 5,400' MD. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.
Field Name: Ranger	
Location: Lea Co., NM	
AFE #: 22 - WC - XX	

DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/10	LEASE / STAKE / PERMIT	\$ 6,000	1432/10	LEASE / STAKE / PERMIT	\$ 2,500
1420/16	INSPECTION	\$ 10,000	1432/20	LOCATION AND ROADS	\$ 10,000
1420/20	LOCATION AND ROADS	\$ 50,000	1432/70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/25	SURFACE DAMAGES	\$ 22,500	1432/90	FUEL, POWER & WATER	\$ 308,000
1420/30	RIG MOBILIZATION	\$ 70,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 15,714
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 51,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 162,049
				COMPLETION INTANGIBLE TOTAL	\$ 5,099,144

DRILLING INTANGIBLE TOTAL			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
		\$ 2,573,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
			1433/320	FLOWLINE	\$ 5,200
			1433/370	TUBING	\$ 131,300
			1433/380	PUMPING UNIT	\$ -
			1433/400	WELLHEAD EQUIPMENT	\$ 65,000
			1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
			1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 92,500
			1433/417	FRAC INCIDENTAL	\$ -
				COMPLETION TANGIBLE TOTAL	\$ 664,000

DRILLING TANGIBLE			FACILITIES INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1450/20	LOCATION AND ROADS	\$ 13,500
1430/320	SURFACE CASING	\$ 130,000	1450/90	FUEL, POWER & WATER	\$ 1,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
1430/340	DRILLING LINERS	\$ -	1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
1430/350	PRODUCTION CASING	\$ 536,000	1450/195	CONTRACT LABOR	\$ 100,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1450/260	SUPERVISION/ENGINEERING	\$ 25,000
1430/405	DOWNHOLE TOOLS	\$ -	1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	MISCELLANEOUS	\$ 10,000
				FACILITIES INTANGIBLE TOTAL	\$ 215,700

DRILLING TANGIBLE TOTAL			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
		\$ 1,114,000	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
			1452/315	METER EQUIPMENT	\$ 15,000
			1452/340	SEPARATORS	\$ 115,000
			1452/345	HEATER TREATER	\$ 30,000
			1452/355	GATHERING LINE	\$ 175,000
			1452/360	STOCK TANKS	\$ 90,000
			1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
			1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
			1452/390	FACILITIES	\$ 45,000
				FACILITIES TANGIBLE TOTAL	\$ 645,000

DRILLING TANGIBLE TOTAL	\$ 1,114,000	FACILITIES TOTAL	\$ 860,700
--------------------------------	---------------------	-------------------------	-------------------

TOTAL DRILLING COSTS	\$ 3,687,000	TOTAL COMPLETION/FACILITIES COSTS	\$ 6,623,844
TOTAL ESTIMATED WELL COST		\$ 10,310,844	

Operator Approval		Participant Approval	
Prepared By:	Date:	Company:	Participant WI %:
Approved By:	Date:	Approved By:	Date:

Case 23245

Company	Contact	Date
Isramco Energy LLC	Email	12/1/2022 12/15/2022
	Phone Calls	12/1/2022
Legacy Reserves Opearating, LLC	Email	11/19/2022
		12/1/2022
		12/7/2022
		12/10/2022
	Phone Calls	4/8/2022 12/1/2022 12/8/2022

Earthstone Operating, LLC
Case No. 23245
Exhibit A-5

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

APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 23245

SELF-AFFIRMED STATEMENT
OF JASON ASMUS

1. I am a Senior Geologist for Earthstone Operating, LLC (“Earthstone”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have not previously testified before the New Mexico Oil Conservation Division (“Division”).

2. I have a Masters in Geology and 10 years of experience in the petroleum industry. My experience has focused on exploration and asset exploitation related to carbonate and siliciclastic reservoirs of both conventional and unconventional nature. A copy of my resume is attached as **Exhibit B-1**.

3. I am familiar with the geological matters that pertain to the above-referenced case.

4. **Exhibit B-2** is a location map of the proposed horizontal spacing unit comprised of the W/2 of the E/2 of Sections 5 and 8, Township 19 South, Range 33 East, Lea County, New Mexico (“Unit”).

5. **Exhibits B-3** and **B-4** are structure maps for the top of the 1st Bone Spring Sand and 2nd Bone Spring Sand formations in subsea TVD with contour intervals of 25 ft. Map control points are shown in red. Approximate wellbore paths for the proposed **Bel-Air 5-8 Fed 1BS Com 3H** and the **Bel-Air 5-8 Fed 2BS Com 7H** are represented by orange dashed lines. These maps consistently demonstrate that the formation is gently dipping to the south to southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted

Earthstone Operating, LLC
Case No. 23245
Exhibit B

intervals with horizontal wells. Each map also identifies the location of a three well cross-section running from A-A', which penetrate each targeted interval and are in proximity to the proposed wells. I used these well logs because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the area.

6. The maps also identify three (3) wells penetrating the targeted intervals used to construct structural cross-sections from A to A'. I used these well logs because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the area.

7. **Exhibit B-5** is a structural cross-section using the representative wells identified on **Exhibits B-3** and **B-4**. It contains gamma ray and resistivity logs. The proposed landing zones for the wells are labeled on the exhibit. This cross-section demonstrates the target intervals are continuous across the Unit.

8. **Exhibit B-6** is a gun barrel, or cross-sectional view of the proposed development plan for this Unit. This shows vertical and horizontal spacing between proposed wells.

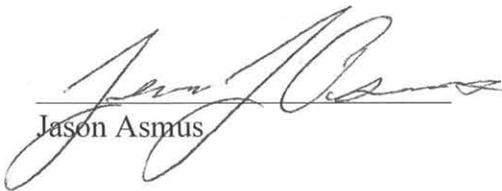
9. In my opinion, a stand-up orientation for the wells is appropriate to properly develop the subject acreage because of an established directional pattern and the known fracture orientation in this portion of the trend. Stand-up orientation is also supported by a study of the production of stand-up vs laydown orientation in the area, with stand-up well results being significantly better.

10. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute equally to the production of the wells.

11. In my opinion, the granting of Earthstone's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.


Jason Asmus

12-28-22
Date

JASON J. ASMUS

Earthstone Operating, LLC

Case No. 23245

Exhibit B-1

Midland, TX | 419-308-7778 | jasonasmus20@gmail.com

www.linkedin.com/in/jasonasmus

GEOLOGIST: *Enhancing field development and conceptualizing actionable exploration prospects*

Ardent geoscientist with extensive regional exploration and field development expertise related to carbonate, siliciclastic, and mudrock reservoirs across the Permian Basin. Proven track record of delivering comprehensive geologic analyses as part of multi-disciplinary collaboration efforts yielding actionable and economic exploration prospects, field development strategies, and asset acquisitions. Proficient with a diverse range of software and large data sets relating to geologic mapping and modelling, advanced well log evaluation, seismic and geophysical interpretation, wellbore geosteering, drilling and completions engineering, data analytics. Adept written/oral technical communicator with strong leadership and problem-solving skills, and a passion for driving personal and cultural innovation and growth.

COMPETENCIES & SKILLS

TECHNICAL COMPETENCIES

Data Analysis | 2D/3D Geological Mapping and Modeling | Conventional & Unconventional Reservoirs | Sequence Stratigraphy
Rock Mechanics | Advanced Petrophysics & Log Analysis | Seismic Interpretation | Source Rock Oil Maturity | Enhanced Oil Recovery
Geosteering | Well Planning & Regulatory | Drilling, Completions & Production Operations | Mergers, Acquisitions & Divestitures
Prospect Generation | Competitor Monitoring & Analysis | Life Cycle Field Development

PROFESSIONAL COMPETENCIES

Independent and Critical Thinking | Problem Solving | Interpersonal Skills | Time Management | Written and Oral Communication skills
Innovative | Technical Presentation skills | Multi-Disciplinary Collaboration | Team Leadership | Continued Education

SOFTWARE

Petra | Kingdom | Spotfire | ArcGIS | IHS Markit | Enverus | Microsoft Office Suite | IHS Market
State & Federal databases (e.g. TRRC, NMOCD, CRC, CONTINUUM) | Outlook | StarSteer | OFM

PROFESSIONAL EXPERIENCE

Senior Geologist, Earthstone Energy, Midland, TX

03/2022 – Present

Senior geologist tasked with delivering actionable and economic field development strategies and asset acquisitions across the Delaware Basin as part of a multi-disciplinary team

Exploration Geologist, Cimarex Energy Co., Denver, CO

06/2019 – 09/2020

Senior exploration geologist for Permian Basin New Ventures and Asset Evaluation Team. Conceptualized and advanced regional and local exploration prospects across legacy (including EOR) and unproven (wildcat) fields and trend areas of Permian Basin utilizing diverse software and datasets including Petra, Kingdom, ArcGIS, Spotfire, 2D/3D seismic/geophysical, advanced petrophysics, core and cuttings, mud and sample logs and formation and completion tests

- Generated actionable, high rate of return exploration prospects grounded in meticulous technical analyses detailing geologic concept, reservoir-source-trap attributes, risk factors, and life cycle development and production potential (Delaware Basin Province - San Andres, Yeso Group, Strawn, Wolfcamp, Bone Spring, Brushy Canyon; Midland Basin Province - Clearfork, Spraberry, Dean, Wolfcamp, Cisco, Canyon, Strawn, Devonian; Central Basin Platform Province - Clearfork, Wichita-Albany, Devonian, Silurian)
- Proficiently evaluated and integrated large data sets from multiple sources into pitch book portfolios
- Furnished hierarchized profit ranking of A&D portfolios to executive management via presenting executive summaries and recommendation proposals in collaboration with engineers, geophysicist, petrophysicist, landman, and corporate finance/planning
- Championed development and implementation of innovative geological workflows resulting in expedited prospect identification and risk mitigation
- Provide geological expertise & economic analysis on business development opportunities such as land acquisitions, corporate mergers, acreage trades, and land divestitures
- Geological mentor for young professionals and geoscience interns within both Permian and Anadarko region offices (provided in-person & remote guidance to four young professionals and one intern within Permian office)

Geologist, Cimarex Energy Co., Midland, TX

01/2015 – 06/2019

Lead exploitation geologist for Delaware Basin Wolfcamp and Bone Spring asset teams comprising 100,000+ acres

- Implemented aggressive 6+ multi-rig horizontal drilling programs exceeding 40 wells per year and \$600MM D&C capital and oversaw all aspects of well planning and permitting to operational drilling and completion
- Maximized formation targets and drilling locations, increased total potential reserve estimates, and reduced finding costs through exploitation of breakthroughs in reservoir characterization, and drilling and completions technology

- Advanced implementation of best practices for future horizontal development patterns (surface and subsurface), exploratory step-out tests, multi-well pilot projects, and injection SWD's by utilizing all applicable geologic, completions, and production data
- Enhanced the accuracy and detail of geologic evaluation and recommendation proposals via iterative generation of key geologic maps including structure, isopach, net pay, lithologic, mechanical properties, OOIP, OGIP, & GOR; in addition to, integration and evaluation of 2D & 3D Seismic (time/depth amplitude, coherency/incoherency and Young's Modulus & Poisson's Ratios from inversions)
- Conducted proposal-interpretation-application of advanced petrophysical logs, rock and fluid data (i.e. whole core, SWC, and thin-section based facies integration with sequence stratigraphic framework; digital image logs (FMI, OBMI, Quanta GEO), nuclear magnetic resonance and combinable magnetic resonance logs, litho scanner, elemental spectroscopy log, and dipole sonic logs for analysis of lithologic and geomechanical rock facies and associated fluids and porosity; Mohr's circle rock mechanics analysis, Core and cuttings analysis; PVT and DST Fluid Sampling)
- Promoted operational efficiencies and field development strategies (both near and long term) via daily review of drilling and completions, as well as flow back results with multi-disciplinary team members
- Monitored and evaluated competitor activity (leasing, drilling, targeting, completions, and production)
- Ensured successful and economic project execution by providing weekly updates to senior and executive management entailing development timelines, project execution summaries and go forward recommendations based on pre, and post, D&C results
- Generated recommendations for over 50 non-operated well proposals by assessing geologic attributes and expected economic return
- Geologic mentor to young professionals and geoscience interns

Geologist, Cimarex Energy Co., Midland, TX

02/2016 – 08/2016

Lead geologist for multi-disciplinary Acquisition and Divestiture team as part of special assignment within Permian Basin Region

- Augmented clarity of executive management on strategic acquisition and divestiture opportunities by presenting comprehensive value and risk assessments within geologic context
- Generated and presented evaluation portfolios of 54 real-time, and 41 look-back competitor acquisition opportunities to region and executive management

Project Geologist, EOG Resources, Inc., Midland, TX

11/2012 – 12/2014

Lead exploitation geologist for Delaware Basin Bone Spring and Wolfcamp shales, and Midland Basin Wolfcamp shale asset teams

- Oversaw D&C planning and execution, science acquisition and analyses of a multi-rig horizontal drilling program for Wolfcamp and Leonard shale assets across Midland and Delaware Basin leaseholds consisting of 15 Midland Basin Wolfcamp wells, 20 Delaware Basin Leonard Shale wells, and 9 Delaware Basin Wolfcamp shale wells totaling \$300MM in capital budget
- Generated recommendations for over 20 non-operated well proposals by assessing geologic attributes and expected economic return
- Monitored and evaluated competitor activity (leasing, drilling, targeting, completions, and production)
- Optimized near-, and long-term field development strategies within Wolfcamp and Bone Spring prospects through identification of key geomechanical rock properties impacting 3D well spacing and targeting, completions designs, and production volumes

EDUCATION AND PROFESSIONAL MEMBERSHIPS

Master of Science: Geology cum laude

12/2012

Western Michigan University, Kalamazoo, MI

Thesis Title: Characterizing the Internal Architecture of Upper Bone Spring Limestone Turbidites and Mass-Transport Deposits (MTDs) Utilizing High-Resolution Image Log Technology; Thesis Advisor: Dr. G.M. Grammer

Bachelor of Science: Geology cum laude

05/2010

Western Michigan University, Kalamazoo, MI

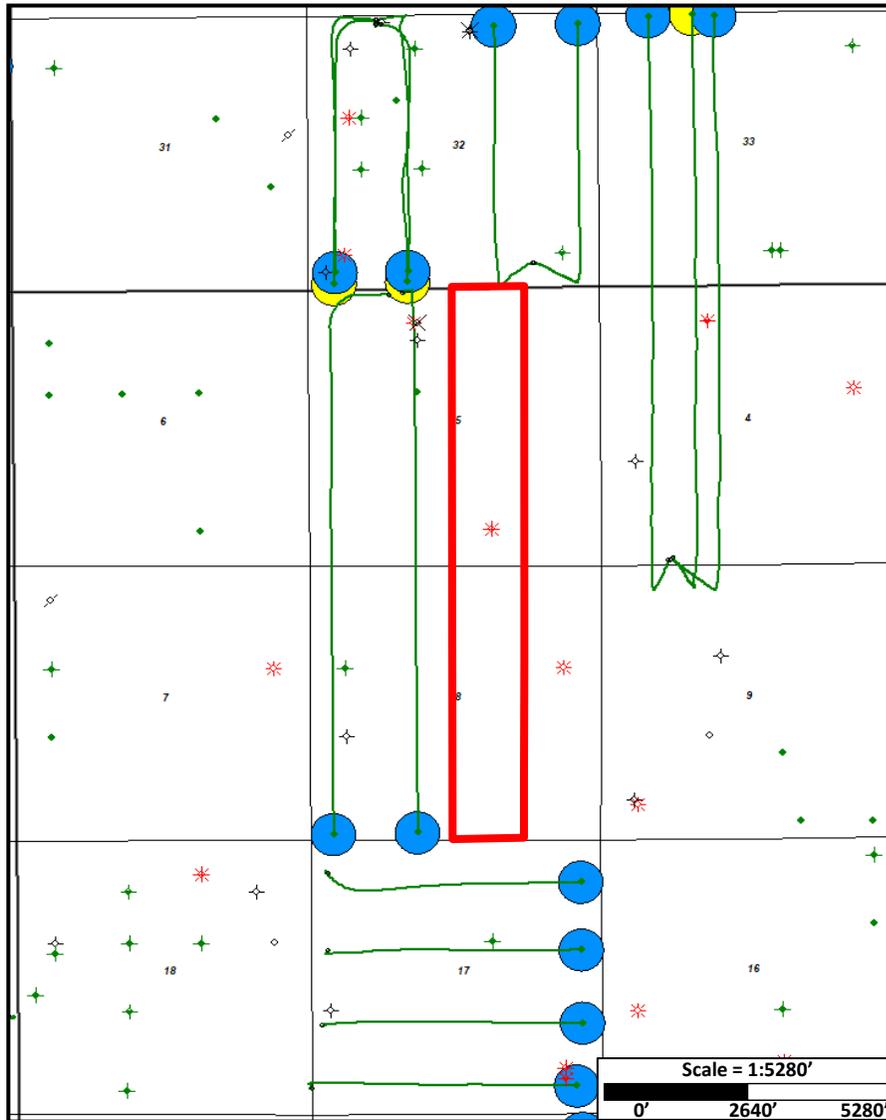
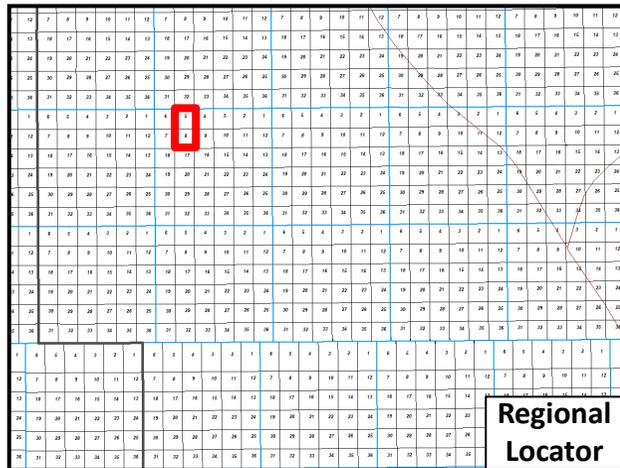
- American Association of Petroleum Geologists (AAPG)
- West Texas Geological Society (WTGS)
- Society for Sedimentary Geology (SEPM)
- Geological Society of America (GSA)

ADVANCED PROFESSIONAL TRAINING AND DEVELOPMENT

- Guadalupe Mountains Field Course: XEC
- Geophysics for Subsurface Professionals: Nautilus (N080)
- Mudstone Diagenesis Hedberg Research Conf.: SEPM-AAPG
- Log Analysis of Hydrocarbon-Bearing Shales: PPDC
- Petrophysical Evaluation of Mudstone Reservoirs: AAPG
- Applied Subsurface Geological Mapping: SCA
- Well Log Sequence Stratigraphy: EOG
- Shale Field Course: EOG
- The Bakken Petroleum System: Nautilus (M271)
- Tectonic Controls on Basin Dev. and Petrol. Syst.: Nautilus (F005)
- Geological Interpretation of Well Logs: Nautilus (F003)
- Structural Geology for Petrol. Exploration: Nautilus (M016)
- Distribution and Geometry of Potential Carbonate Reservoir Facies, Great Bahama Bank: WMU-OSU
- Capitan Shelf Margin, Gulf PDB-04 Core: PBS-SEPM
- YPE Field Trip Guadalupe Mountains, TX & NM: PBS-SEPM

Exhibit B-2 Locator Map

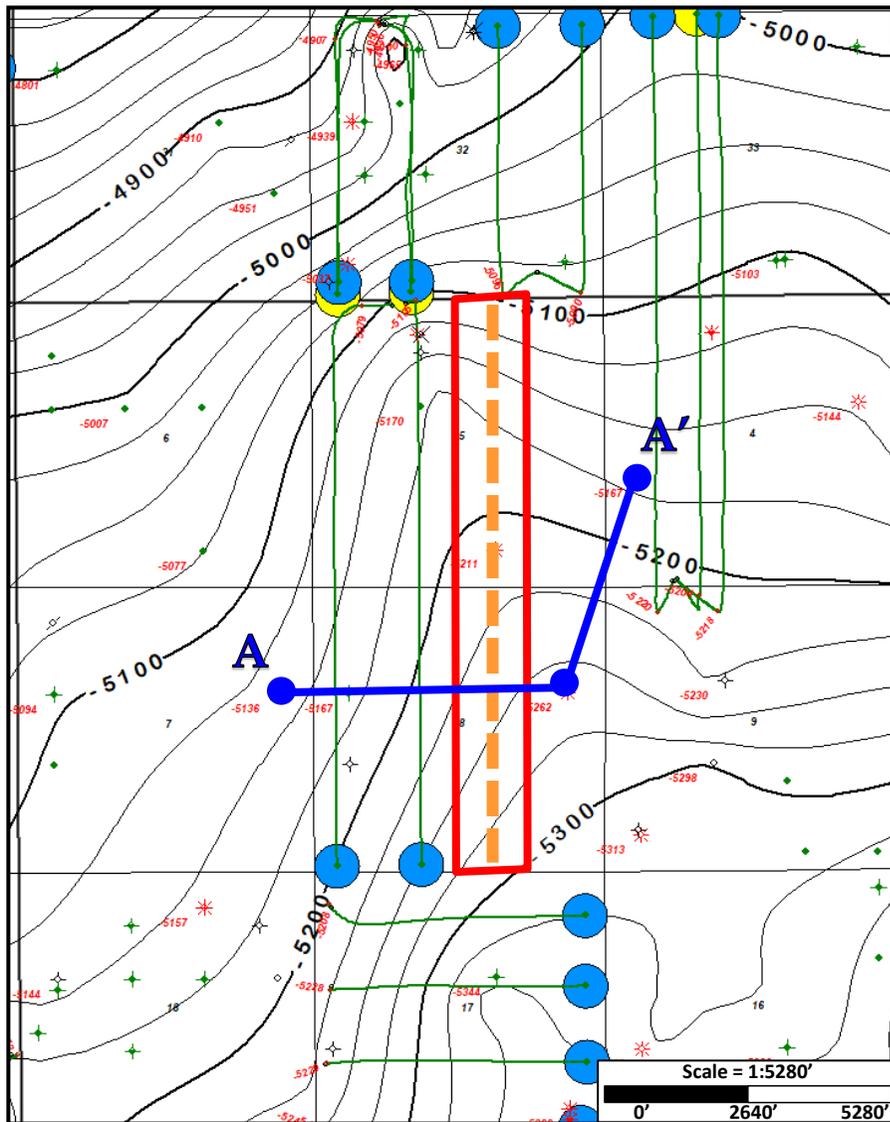
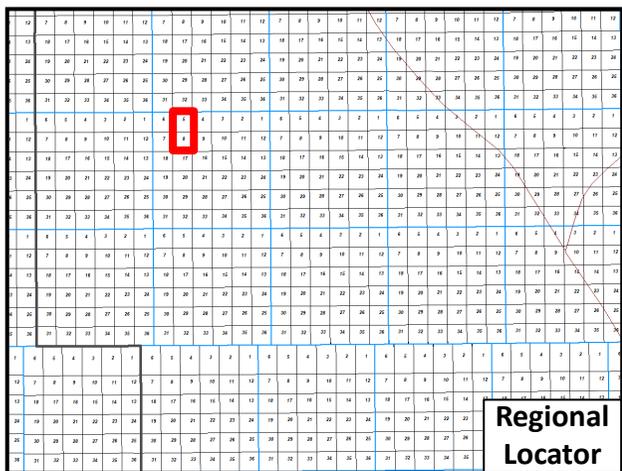
-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand



**Earthstone
Operating, LLC
Case No. 23245
Exhibit B-2**

Exhibit B-3 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

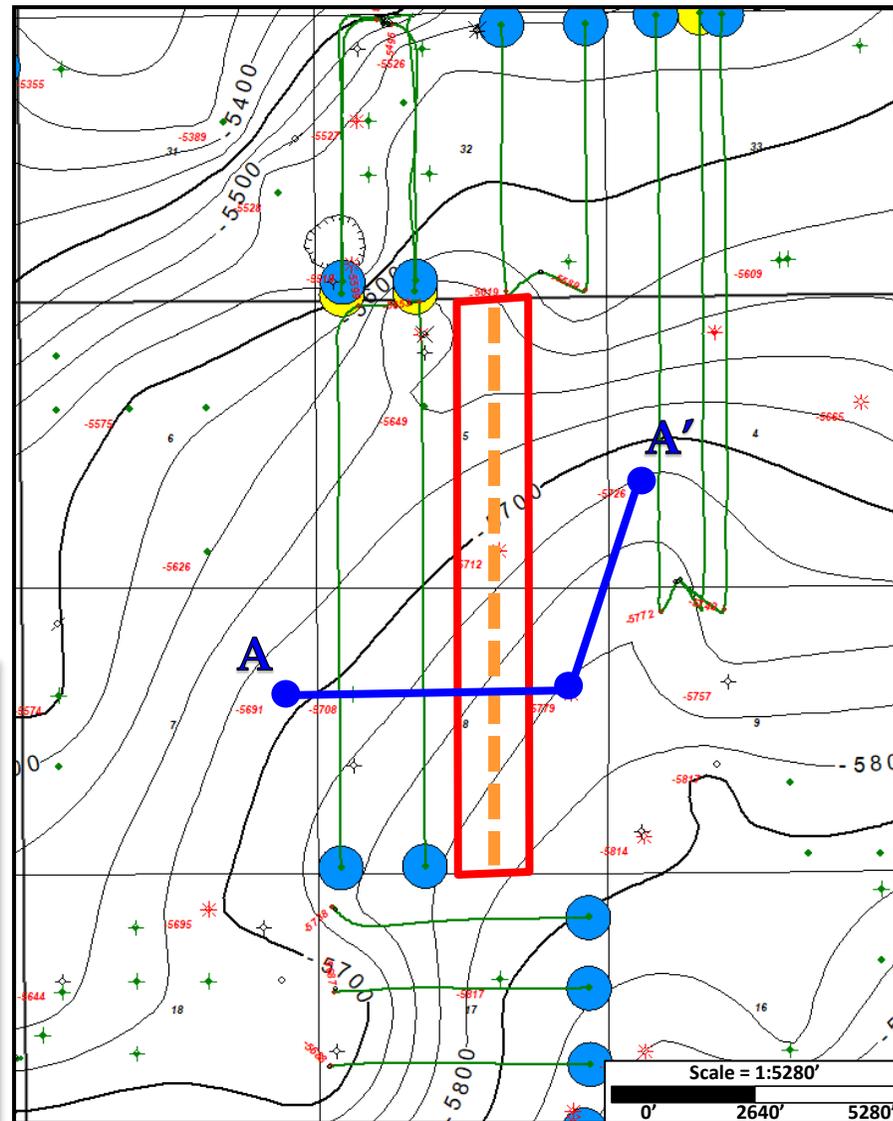
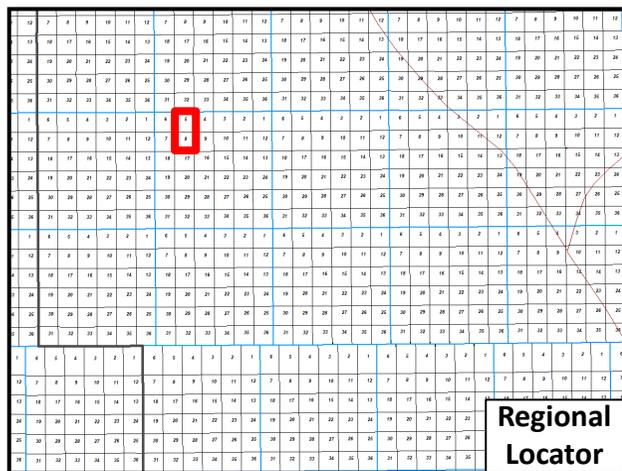
- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



**Earthstone
Operating, LLC
Case No. 23245
Exhibit B-3**

Exhibit B-4 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 25'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



**Earthstone
Operating, LLC
Case No. 23245
Exhibit B-4**

Exhibit B-5 Structural Cross Section A-A': 1st - 2nd Bone Spring Sand

A

A'

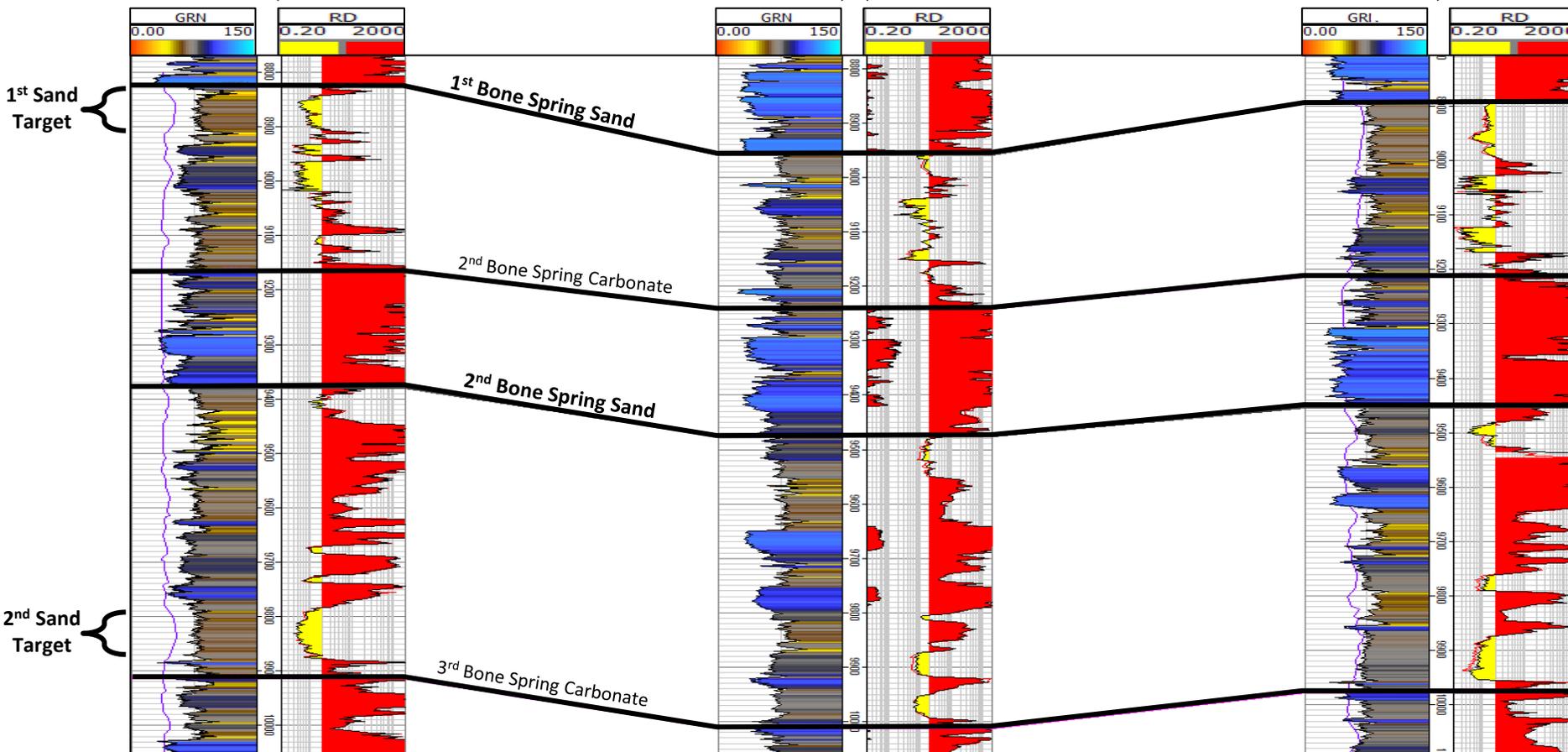
300252547000
Inexco 'AHY' Federal 1

300252679900
Nellis 'C' Federal 1

300252597800
Dunn-Federal 1

5286'

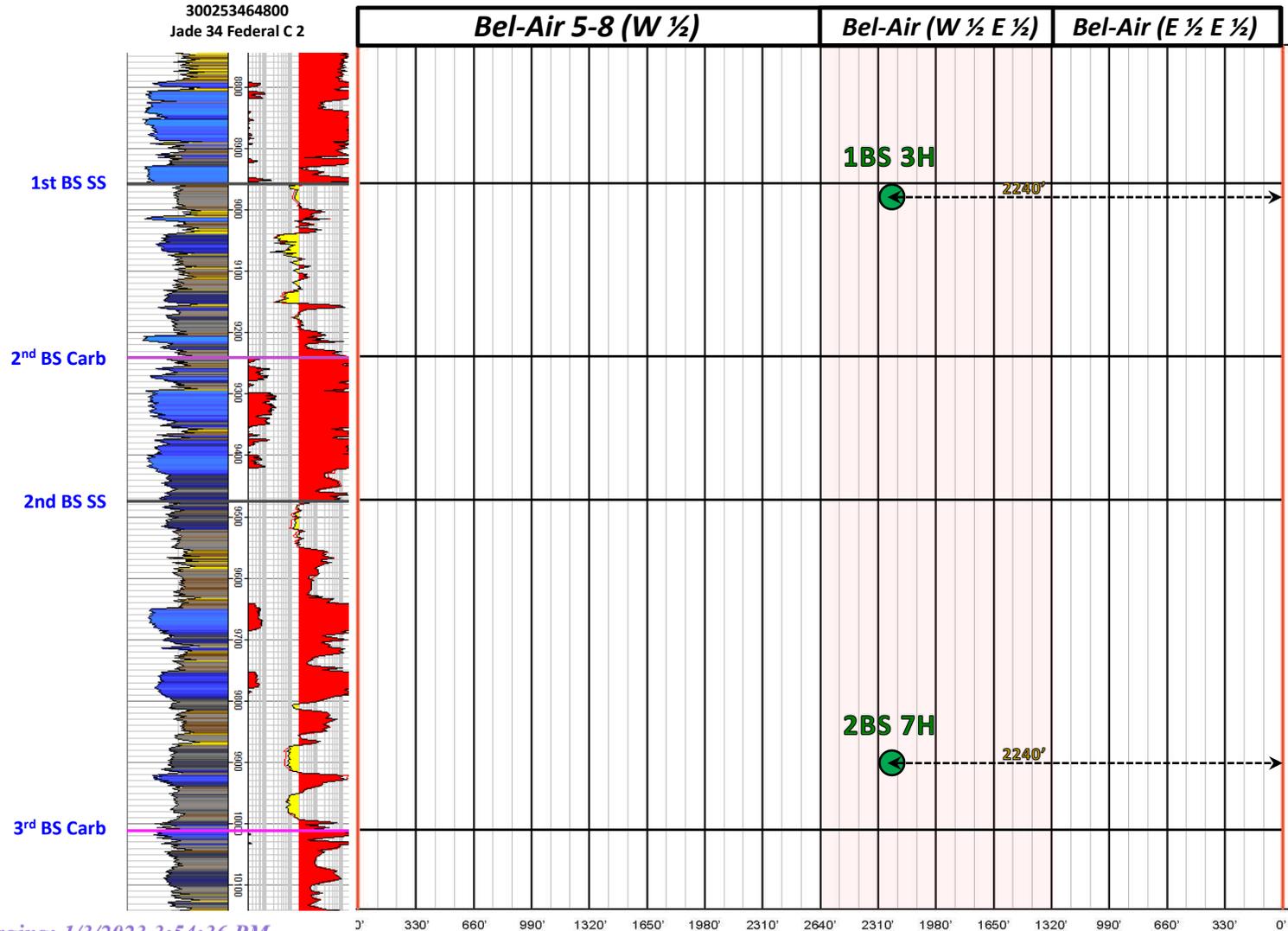
4174'



Earthstone Operating, LLC
Case No. 23245
Exhibit B-5

Exhibit B-6 Gun Barrel Development Proposal

● Proposed Locations



Earthstone
Operating, LLC
Case No. 23245
Exhibit B-6

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23245

**SELF-AFFIRMED STATEMENT
OF DANA S. HARDY**

1. I am attorney in fact and authorized representative of Earthstone Operating, LLC the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit C-2**.

3. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.

4. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

5. On December 21, 2022, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/ Dana S. Hardy
Dana S. Hardy

December 30, 2022
Date

**Earthstone Operating, LLC
Case No. 23245
Exhibit C**



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

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

WRITER:
Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

December 8, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23245 – Application of Earthstone Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 5, 2023** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. 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.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) or via e-mail to ocd.hearings@emnrd.nm.gov 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.

Please contact Matt Solomon, Senior Landman for Earthstone Operating, LLC by phone at (713) 379-3083 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

Earthstone Operating, LLC
Case No. 23245
Exhibit C-1

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

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

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

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

**APPLICATION OF EARTHSTONE OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23245

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Isramco Energy LLC 1001 West Loop South, Ste 750 Houston, TX 77027	12/08/22	12/14/22 Return to sender.
Legacy Reserves Operating LP 15 Smith Road, Suite 3000 Midland, TX 79701	12/08/22	12/14/22

**Earthstone Operating, LLC
Case No. 23245
Exhibit C-2**

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

7021 0950 0002 0374 3023

Certified Mail Fee		
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$	
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	
Postage		
Total Postage and Fees		
Legacy Reserves Operating LP 15 Smith Road, Suite 3000 Midland, TX 79701 23245 - Earthstone Bel-Air		

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

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																
<ul style="list-style-type: none"> ■ 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. <p>1. Article Addressed to:</p> <p>Legacy Reserves Operating LP 15 Smith Road, Suite 3000 Midland, TX 79701</p> <p style="text-align: right; font-size: small;">23245 - Earthstone Bel-Air</p> <div style="text-align: center;"> <p>9590 9402 7543 2098 9472 88</p> </div> <p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-weight: bold;">7021 0950 0002 0374 3023</p>	<p>A. Signature</p> <p><input checked="" type="checkbox"/> </p> <p style="text-align: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p style="text-align: right; font-size: 1.2em;">12/14</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> <div style="text-align: center; font-size: 2em; font-weight: bold; border: 2px solid black; padding: 5px;"> RECEIVED DEC 14 2022 </div> <p style="text-align: center; font-size: small;">Hinkle Shanon LLP Santa Fe NM 87501</p> <p>3. Service Type</p> <table style="width: 100%; font-size: small;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Collect on Delivery		<input type="checkbox"/> Collect on Delivery Restricted Delivery		<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Registered Mail™																
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail Restricted Delivery																
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Signature Confirmation™																
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery																
<input type="checkbox"/> Collect on Delivery																	
<input type="checkbox"/> Collect on Delivery Restricted Delivery																	
<input type="checkbox"/> Insured Mail																	
<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)																	
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt																

Earthstone Operating, LLC
Case No. 23245
Exhibit C-3

7021 0950 0002 0374 3030

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$ _____

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

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Postage \$ _____

Total Postage and Fees \$ _____

Isramco Energy LLC
 1001 West Loop South, Ste 750
 Houston, TX 77027

23245 - Earthstone Bel-Air

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

SANTA FE, NM 87501
DEC 08 2022
USPS

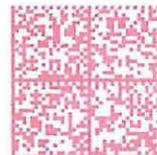
HINKLE SHANOR LLP
 ATTORNEYS AT LAW
 POST OFFICE BOX 2068
 SANTA FE, NEW MEXICO 87504

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Hinkle Shanor LLP
 Santa Fe NM 87504

Isramco Energy LLC
 1001 West Loop South, Ste 750
 Houston, TX 77027

871 NFE 1 82110012/10/22
 FORWARD TIME EXP RTN TO SEND
 : ISRAMCO ENERGY LLC
 2401 FOUNTAIN VIEW DR STE 420
 HOUSTON TX 77057-4818

INT
 87504Y2068
 7702789048 C010

RETURN TO SENDER

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

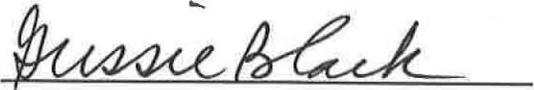
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
December 21, 2022
and ending with the issue dated
December 21, 2022.



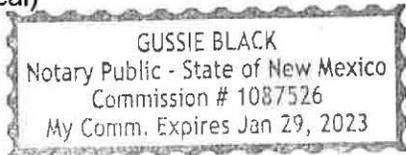
Publisher

Sworn and subscribed to before me this
21st day of December 2022.



Business Manager

My commission expires
January 29, 2023
(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

LEGAL NOTICE
December 21, 2022

This is to notify all interested parties, including Isramco Energy LLC; Legacy Reserves Operating LP; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Earthstone Operating, LLC (Case No. 23245). The hearing will be conducted remotely on January 5, 2023, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <https://www.emnrd.nm.gov/oed/hearing-info/>. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 321.27-acre, more or less, standard horizontal spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 5 and the W/2 E/2 of Section 8, Township 19 South, Range 33 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Bel-Air 5-8 Fed 1BS Com 3H and Bel-Air 5-8 Fed 2BS Com 7H wells ("Wells"), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 32, Township 18 South, Range 33 East to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 8, Township 19 South, Range 33 East. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 33 miles west of Hobbs, New Mexico. #00274070

02107475

00274070

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504

Earthstone Operating, LLC
Case No. 23245
Exhibit C-4