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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23341

#### **EXHIBIT INDEX**

#### Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Kristeen Ramos
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Tract Ownership, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of David Childers
B-1	Project Location Map
B-2	Subsea Structure Map
B-3	Stratigraphic Cross-Section
B-4	Gross Isopach Map
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 Green Cards and White Slips
C-4	Affidavit of Publication for February 9, 2023

### **COMPULSORY POOLING APPLICATION CHECKLIST**

Case: 23341	APPLICANT'S RESPONSE
Date	March 2, 2023
Applicant	BTA Oil Producers, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 260297
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None
Well Family	Box Elder
Formation/Pool	
Formation Name(s) or Vertical Extent:	Pennsylvanian Shale
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Pennsylvanian Shale
Pool Name and Pool Code:	Upper Pennsylvanian Pool (Code 98333)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acres
Building Blocks:	quarter-quarter
Orientation:	South/North
Description: TRS/County	W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24, Township 17 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> <u>approval of non-standard unit requested in this application?</u>	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	No
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)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Box Elder 22115 24-13 State Com #2H (API #) SHL: 2400' FNL & 1305' FWL (Unit E), Section 24, T17S, R35E BHL: 50' FNL & 660' FWL (Unit D), Section 13, T17S, R35E Completion Target: Pennsylvanian Shale (Approx. 11,595' 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 \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs Released to Imaging: 2/28/2023 11:52:21 AM	Exhibit A

#### <u>Received by OCD: 2/28/2023 11:44:18 AM</u>

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200%
Exhibit A-1
Exhibit C-1, Exhibit C-2, Exhibit C-3
Exhibit C-4
Exhibit A-3
Exhibit A-3
N/A
Exhibit A-3
N/A
N/A
Exhibit A-4
Exhibit A-3
Exhibit A-5
Exhibit A-4
Exhibit A-4
Exhibit A-4
Exhibit A-4
Exhibit B
Exhibit B-1
N/A
Exhibit B
Exhibit B
Exhibit B-2
N/A
Exhibit A-2
Exhibit A-3
Exhibit A-3
Exhibit B-1
Exhibit B-1
Exhibit B-2
Exhibit B-2
Exhibit B-3
N/A
this checklist is complete and accurate.
Dana S. Hardy

Released to Imaging: 2/28/2023 11:52:21 AM

Received by OCD: 2/28/2023 11:44:18 AM		Page 4 of 49
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy	
Date:		2/28/2023

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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

#### CASE NO. 23341

#### SELF-AFFIRMED STATEMENT OF KRISTEEN RAMOS

1. I am a landman at BTA Oil Producers, LLC ("BTA") and am over 18 years of age. I 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 BTA'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. BTA seeks an order pooling all uncommitted mineral interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the **Box Elder 22115 24-13 State Com #2H** well ("Well"), which will be completed in Upper Pennsylvanian Pool (Code 98333). The Well will be horizontally drilled from a surface hole location in the SW/4 NW/4 (Unit E) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 13.

#### BTA Oil Producers, LLC – Case No. 23341 Exhibit A

6. The completed interval of the Well will be orthodox.

7. **Exhibit A-2** contains the C-102 for the Well.

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests BTA seeks to pool highlighted in yellow. All of the parties are locatable.

9. To locate the interest owners, BTA conducted a diligent search of all county public records including phone directories and computer databases. BTA also performed internet searches on multiple databases, including LexisNexis Accurint, which is a paid subscription service.

10. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE 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.

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

12. BTA requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by BTA and other operators in the vicinity.

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

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

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15. I understand this Self-Affirmed Statement will be used as written testimony in this case. 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.

Kristeen Ramos

2-24-23

Date

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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23341

#### **APPLICATION**

Pursuant to NMSA 1978, § 70-2-17, BTA Oil Producers, LLC (OGRID No. 260297) ("BTA" or "Applicant") applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). In support of this application, BTA 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 **Box Elder 22115 24-13 State Com #2H** well ("Well"), to be drilled from a surface hole location in the SW/4 NW/4 (Unit E) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 13.

3. The completed interval of the Well will be orthodox.

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

BTA Oil Producers, LLC – Case No. 23341 Exhibit A-1 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 Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 2, 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 Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- 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 Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

<u>/s/ Dana S. Hardy</u> Dana S. Hardy Jaclyn M. McLean Yarithza Peña P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554

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dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com *Counsel for BTA Oil Producers, LLC*  **Application of BTA Oil Producers, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24, Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Box Elder 22115 24-13 State Com #2H** well ("Well"), to be drilled from a surface hole location in SW/4 NW/4 (Unit E) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 13. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 9.5 miles southwest of Lovington, New Mexico. 1625 N. French Dr., Hobbs, NM 88240

Phone: (575) 393-6161 Fax: (575) 393-0720

District I

Form C-102

Revised August 1, 2011

District II			Energy, Minerals & Natural Resources Department						•.		
811 S. First St., Artesia Phone: (575) 748-1283	St., Artesia, NM 88210         OIL CONSERVATION DIVISION           ) 748-1283 Fax: (575) 748-9720         OIL CONSERVATION DIVISION						Sub	mit one co	opy to appropriate		
District III	. ,			12	20 South St. 1	Francis Dr.				District Office	
1000 Rio Brazos Road, Phone: (505) 334-6178 <u>District IV</u> 1220 S. St. Francis Dr.,	Fax: (505) 334 , Santa Fe, NM	-6170 87505			Santa Fe, NN				AME	ENDED REPORT	
Phone: (505) 476-3460	Fax: (505) 476		WELLIC			EAGE DEDICA	ΔΤΙΩΝ ΡΙ Δ΄	т			
1 /	API Numbe			<sup>2</sup> Pool Code			<sup>3</sup> Pool Nan				
F	AFT Number	Ľ		98333		Upp	er Pennsylva		ool		
<sup>4</sup> Property (	Code				<sup>5</sup> Property N	lame			<sup>6</sup> Well Number		
						LDER 22115 2H				2H	
<sup>7</sup> OGRID	No.				<sup>8</sup> Operator N	lame			9	Elevation	
26029	7			BTA	BTA OIL PRODUCERS, LLC					3893'	
					<sup>10</sup> Surface L	ocation		·			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East	/West line	County	
Е	24	17S	35E		2400	NORTH	1305	WES	ST	LEA	
			и Bo	ttom Hol	e 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	
D	13	17S	35E		50 NORTH 660			WES	ST	LEA	
<sup>12</sup> Dedicated Acres 240	s <sup>13</sup> Joint of	r Infill	<sup>4</sup> Consolidation	Code <sup>15</sup> Or	der No.						

State of New Mexico

Energy, Minerals & Natural Resources Department

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.

					A	
						<sup>17</sup> OPERATOR CERTIFICATION
					N	<i>I hereby certify that the information contained herein is true and complete</i>
		2 2		z 2		to the best of my knowledge and belief, and that this organization either
	SECTION 11	00.12		SECTION 12	SECTION 7	owns a working interest or unleased mineral interest in the land including
	S	100' 50'		ß	σ `	the proposed bottom hole location or has a right to drill this well at this
SECTION 11	660'		SECTION 12		SECTION 7	location pursuant to a contract with an owner of such a mineral or working
		<b>⊨</b> ∳ ⊺	SECTION 13		SECTION 18	interest, or to a voluntary pooling agreement or a compulsory pooling
	660'				OLE LOCATION FWL, SECTION 13	order heretofore entered by the division.
				NAD 83, S	PCS NM EAST	
	14 NO	SECTION 13			4' / Y:671259.10'   / LON:103.41749850V	
	SECTION	EO		NAD 27, S	PCS NM EAST	Signature Date
	w	Ś			8' / Y:671194.47'   / LON:103.41700227V	/
					AKE POINT	Printed Name
		N00°27'46"W ~ 7734,92'			FWL, SECTION 13 PCS NM EAST	
		7.46 84.9		X:822615.7	9' / Y:671209.10'	
		0°2			/ LON:103.41749877V F <b>PCS NM EAST</b>	E-mail Address
		۲ کو			3' / Y:671144.47'   / LON:103.41700254V	,
				2540' FNL 660	FWL, SECTION 24	<sup>18</sup> SURVEYOR CERTIFICATION
					FCS NM EAST 6' / Y:663474.43'	I hereby certify that the well location shown on this
SECTION 14			SECTION 13	LAT:32.82056877N	/ LON:103.41751362V PCS NM EAST	plat was plotted from field notes of actual surveys
SECTION 23			SECTION 24	X:781499.4	8' / Y:663409.97'   / LON:103.41701820V	made by me or under my supervision, and that the
		2540'	<b>5400.</b>			same is true and correct to the best of my belief.
		кі і	5	2400' FNL 130	5' FWL, SECTION 24	
		4		X:823321.8	<b>5PCS NM EAST</b> 4' / Y:663617.56'	DECEMBER 7, 2022
	SECTION 23	SECTION 24			I/LON:103.41541484\ SPCS NM EAST	Date of Survey
	SECT SECT	SECT		X:782143.0	6' / Y:663553.13' I / LON:103.41491946\	Signature and Seal of Professional Surveyor:
	1305'		SHL	LA1.32.020025531	7 LON. 103.414919400	
	660'				Щ	Paulo (21653)
				R35E	R3(	Flord P. Story 5
	FIRST			117S	T17S R36E	
	TAKE			i i i i i i i i i i i i i i i i i i i	Ε.	LLOYD P. SHORT 21653 ONAL SUR
SHEET 1 OF 1						LLOYD P. SHORT 21653 ONAL SO Certificate Number
JOB No. BTA_0002_BE REV 0 BJM 11/16/2022						Contribute Framour

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99981955 Convergence Angle: 0°30'16.810000"

#### SECTION PLAT

#### W/2 W/2 of Section 13 and W/2 NW/4 of Section 24, Township 17 South, Range 35 East, County of Lea, State of New Mexico



•

#### Tract 1: NW/4 NW/4 of Section 13 (40 acres) - State of NM VA-1351

SBI West Texas	49.00000% WI
V-F Petroleum, Inc.	44.00000% WI
Fuel Products, Inc.	4.00000% WI
Sandhills Oil Company	2.00000% WI
Sandra Lawlis	1.000000% WI
	Total: 100.000000% WI
Tract 2: SW/4 NW/4 of Section 13 (40 acres) - State of NM B-1606	
Maverick Permian, LLC	100.00000% WI
	Total: 100.000000% WI
Tract 3: NW/4 SW/4 of Section 13 (40 acres) - State of NM VC-0960	
BTA Oil Producers, LLC	100.00000% WI
	Total: 100.000000% WI
Tract 4: SW/4 SW/4 of Section 13 (40 acres) - State of NM E-7567	
SBI West Texas	42.421900% WI
V-F Petroleum, Inc.	31.007800% WI
Fuel Products, Inc.	10.781300% WI
Sandhills Oil Company	8.906200% WI
West Pecos Trading Company, LLC	6.250000% WI
Sandra Lawlis	.316400% WI
Marcus Wayne Luna	.316400% WI
	Total: 100.000000% WI
Tract 5: W/2 NW/4 of Section 24 (80 acres) - State of NM VC-1095	
BTA Oil Producers, LLC	100.00000% WI
	Total: 100.000000% WI

#### **RECAPITULATION**

		Percentage of Interest in
Tract Number	Number of Acres Committed	Communitized Area
1	40	16.666667%
2	40	16.666667%
3	40	16.666667%
4	40	16.666666%
5	80	33.333333%
TOTAL	240	100.00000%



CARLTON BEAL, JR. BARRY BEAL SPENCER BEAL KELLY BEAL BARRY BEAL, JR. STUART BEAL ROBERT DAVENPORT, JR. ASHLEY BEAL LAFEVERS ALEX BEAL

#### **BTA OIL PRODUCERS, LLC**

104 SOUTH PECOS STREET MIDLAND, TEXAS 79701-5021 432-682-3753 FAX 432-683-0311 GULF COAST DISTRICT TOTAL PLAZA 1201 LOUISIANA STREET, STE. 3375 HOUSTON, TEXAS 77002 713-658-0077 FAX 713-655-0346

**ROCKY MOUNTAIN DISTRICT** 600 17TH STREET, STE. 2230 SOUTH DENVER, COLORADO 80202 303-534-4404 FAX 303-534-4661

October 5, 2022

In re: Well Proposal Box Elder 22115 24-13 State Com #2H SHL: 2,400' FNL & 1,305' FWL Section 24 BHL: 50' FNL & 660' FWL Section 13 FTP: 2,540' FNL & 660' FWL Section 24 LTP: 100' FNL & 660' FWL of Section 13 T-17-S, R-35-E Lea County, New Mexico

BTA 22115 Village

Sandhills Oil Company 306 West Wall Street, Suite 720 Midland, Texas 79701

Gentlemen:

BTA Oil Producers, LLC ("BTA"), as Operator, hereby proposes to drill the Box Elder 22115 24-13 State Com #2H Well (the"Well"), a horizontal, Pennsylvanian Shale Well with a TVD of 11,595' and a MD of 19,068'. The Well will be drilled as a one and one/half mile horizontal well at the above captioned location (the "Operation"). The Cumulative Well Costs of the Operation are estimated to be \$11,124,382.00 as detailed in our enclosed Authority for Expenditure ("AFE").

BTA proposes drilling the Well under the terms of a new 2015 AAPL Form 610-2015 Model Form Operating Agreement with following general provisions:

- 300% / 100% / 300% non-consent penalty;
- \$8,000.00 / \$800.00 drilling and producing rates;
- Contract Area of 240.00 acres, being the W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24, T17S, R35E, limited to the Pennsylvanian Shale Formation;
- BTA Oil Producers, LLC named as Operator.

If you do not wish to participate in the proposed wells, BTA would like to acquire your interest within the spacing unit(s) under a term assignment. The assignment will contain these general provisions:

• Three Year Primary Term;

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- \$1,500/net acre, delivering an effective 75% net revenue interest to BTA;
- ORRI reserved to assignor, equal to the positive difference between 25% and existing burdens.

Find enclosed two (2) copies of our AFE for the drilling of the Box Elder 22115 24-13 State Com #2H Well. If you elect to participate in the drilling of the Well, please so indicate by returning a signed copy of this letter along with a signed copy of the AFE to this office using the enclosed envelope. Please note the Well is a horizontal well and there will not be a casing point election.

Your election must be received by BTA within 30 days of your receipt of this letter. In the event that there has been no election after 30 days from your receipt of this letter, BTA will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division.

Should you have any questions or require further information, please let me know.

Sincerely,

Kristeen Ramos Landman

Elect to Participate in the Box Elder 22115 24-13 State Com #2H Well (Send well information requirements to BTA)

Elect to not to participate in the Box Elder 22115 24-13 State Com #2H Well

Sandhills Oil Company

By:	
Title:	
Date:	

Well Name:	Box Elder 22115 24-13 State Com #02H (PSED)	Total Depth:	~11,595' TVD
Location:	SHL: 2400 FNL & 1305 FWL Sec 24, 17S, 35E		~19,068' MD
	FTP: 2540 FNL & 660 FWL Sec 24, 17S, 35E		1.5 mile
	LTP: 100 FNL & 660 FWL Sec 13, 17S, 35E		
	BHL: 50 FNL & 660 FWL, Sec 13, 17S, 35E, Lea County, NM	Formation:	Penn Shale

Date Prepared: 9/19/2022

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	Date Prepared: 9/19/2022	-							
		L	NE	Pi	NE		TW		
			DRY	CA	SED HOLE	CO	MPLETION	TOTA	L COSTS
CODE	FORMATION EVALUATION	\$		s		s		\$	
2203	Logs		8,000				20,000		28,000
2204 2205	Cores DST								
2200	LOCATION & ACCESS								
2211	Survey & Stake		5,000						5,000
2212 2213	Damages Road & Location		50,000 85,000				100,000		50,000 185,000
2214	Other Location		130,000						130,000
2223	DRILLING RIG Mobilization		150,000						150,000
2225	Daywork		660,000		120,000				780,000
2226 2227	Footage Turnkey								
2221	DRILLING SUPPLIES								
2232	Bits		75,000				<u> </u>		75,000
2233 2234	BHA Fuel		45,000 297,000		54,000		60,000		105,000 351,000
2236	Other Supplies		,.						
2241	MUD RELATED Mud Purchase		135,000		5,000				140,000
2242	Mud Rental								
2244 2245	Fresh Water Brine		55,000 45,000		1,000		500,000		556,000 45,000
2246	Solids Control (Closed Loop)		33,000		6,000				39,000
2247 2249	Mud Monitor Mud Related Other		28,000 8,000						28,000 8,000
2245	DRILLING SERVICES		0,000						0,000
2252	BOP Related		15,000		4,000				19,000
2253 2254	Casing Related Welding		38,000 8,000		95,000 2,000		15.000		133,000 25,000
2255	Trucking		22,500		10,000		70,000		102,500
2256 2257	Rental Equipment Other Services (Direction/GR Services)		82,000 297,000		8,000		350,000		440,000 297,000
	CEMENT								
2261 2262	Casing Cementing Other Cementing		115,000		165,000		150,000		280,000 150,000
	CONTRACT SERVICES						150,000		150,000
2266 2267	Engineering		8,000						8,000
2267	Geological Roustabout		22,000 6,000				80,000		22,000 86,000
2269	Wellsite Supervision		81,400		14,800		70,000		166,200
2270	Other Contract Services COMPLETION SERVICES		25,000						25,000
2272	Pulling Unit						20,000		20,000
2273 2276	Drilling Rig Perforate						272,000		272,000
2277	Stimulation						2,850,000		2,850,000
2278	Other Compl. Services OVERHEAD						200,000		200,000
2280	Drilling & Administrative		10,000	1.745.00			10,000		20,000
	TOTAL INTANGIBLE COSTS	\$	2,538,900	S	484,800	\$	4,767,000	\$	7,790,700
	TANGIBLE COSTS								
CODE	TUBULARS								
2311 2312	Surface Casing (13 3/8" @ 2125') Intermediate Casing (9 5/8" @ 4,650')		200,000 360,000						200,000 360,000
2313	Drlg Liner & Hanger (7-5/8" 4600' - 11100')		399,000						399,000
2314 2315	Production Casing (5-1/2" x 5" @ TD) Production Liner & Hanger (10,000 - TD)				730,000				730,000
2316	Other Tubulars								
2321	WELL EQUIPMENT Well Head		25,000		27,000		85,000		137.000
2322	Flowline		20,000		27,000		100,000		100,000
2325 2326	Tubing Rods						120,000		120,000
2327	Pumps								
2328 2329	Pumping Unit						35,000		35,000
2329	Subsurface Equipment Other Well Equipment		95,000		25,000		3,000		123,000
0004							75 000		75.000
2361 2362	Tanks Separators						75,000 100,000		75,000 100,000
2363	Heater Treater						20,000		20,000
2364 2365	Pumps Electrical System						10,000 75,000		10,000 75,000
2366	Meters						20,000		20,000
2367 2368	Connectors Lact Equipment						100,000		100,000
2369	Other Lease Equipment						100,000		100,000
	SUBTOTAL - TANGIBLES		1,079,000		782,000	-	843,000	-	2,704,000
									_,,
2353	SYSTEMS Gas Line Tangibles								
2353	Gas Line Intangibles								
2381 2382	Compresssor Gas Plant Tangibles								
2382	Gas Plant Intangibles								
2384	Dehydrator								
	SUBTOTAL - SYSTEMS	5	12-			-		-	
	TOTAL TANGIBLE COSTS	\$	1,079,000	\$	782,000	\$	843,000	\$	2,704,000
		Ψ		φ		Ψ		÷	
	GENERAL CONTINGENCIES		217,074		76,008		336,600		629,682
	TOTALS BY PHASE	\$	3,834,974	\$	1,342,808	\$	5,946,600	S	11,124,382
	CUMULATIVE WELL COSTS	S	3,834,974	\$	5,177,782	S	11,124,382	24	
		9	3,034,974	\$	0,177,702	-	11,124,082		
	Initial Routing Date: 09/22/22								
	NE RTW BMM, RB BRH, LJH, RMD, BBJ								
	Land Approval Block:								
	APPROVED BY:								
	COMPANY:								
	DATE:								

Maverick Permian, LLC	
	1) 10/10/22 -Emailed and sent via Federal Express Overnight service the well
	proposal to Emma Kelly.
	<ol> <li>10/12/22 -Email correspondence with Emma Kelly discussing Maverick's WI/NRI in the Hideout 22115 24-13 State Com #1H.</li> </ol>
	3) 10/21/22 -Email correspondence with Emma Kelly regarding BTA's other
	development in the area. Emma suggest she would be will to execute Hideout well election and JOA after reviewing production on another BTA well in the area.
	4) 10/26/22 -Email correspondence with Emma Kelly proposing an agreement between BTA and Maverick to allow time to review the requested production and confirming the terms of the Hideout election and JOA.
	<ol> <li>5) 11/3/22 - Maverick Permian, LLC and BTA Oil Producers, LLC executed the Letter Agreement agreeing to the JOA and timeframe for electing on the Hideout 22115 24-13 State Com #2H.</li> </ol>
SBI West Texas I LLC	
	1) 11/28/22 -Well proposal sent via Federal Express.
	2) 11/29/22 -Fed Ex confirmed delivery.
	<ol> <li>3) 11/30/22 -Spoke to Andrew Bishop by phone and discussed the leases involved and the interest that they owned. Mr. Bishop requested a technical contact. I provided him with Britton Mcquien's contact information and forwarded the JOA by email.</li> </ol>
	<ol> <li>12/7/22 - Sent an email to Andrew Bishop to ask if he had any questions regarding the well proposal and JOA and provided updated working interest and NRI.</li> </ol>
	<ol> <li>5) 12/14/22 -Spoke with Mr. Bishop. They will likely not participate and are more interested in selling all or part of their interest.</li> </ol>
	6) 1/5/23 -Spoke with Mr. Bishop about purchasing their interest.
	7) 1/12/23 - Contacted Andrew Bishop with an offer to purchase from BTA.
	8) 2/14/23 - Spoke with Andrew Bishop about selling their interest to BTA.
	9) 2/23/23 - Spoke with Andrew Bishop about purchasing their interest.
V-F Petroleum Inc, et al	
	1) 10/12/22 -Well proposal sent via Federal Express.
	2) 10/17/22 -Fed Ex confirmed delivery.
	3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact
	that the V-F Petroleum group is under a Development Agreement and JOA with BTA. I informed him that this proposal was informational only.
	4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our
	Compulsory Pooling Application.
	5) 2/6/23 -Phone conversation with Jordan Shaw. He is would like V-F removed from Pooled Party List.
Fuel Products, Inc.	
,	1) 10/12/22 -Well proposal sent via Federal Express.

.

- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact that the V-F Petroleum group is under a Development Agreement and JOA with BTA and that that Fuel Products is part of the V-F Petroleum group.
- 4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our Compulsory Pooling Application. Discussed by phone that Fuel Products, Inc. is not named in the Development Agreement between BTA and VF and that we needed to work on an Amendment or Letter Agreement including them.
- 5) 2/6/23 -Phone conversation with Jordan Shaw. He is working on a Letter Agreement that would make Fuel Products subject to the BTA/VF Development Agreement and JOA.
- 6) 2/20/23 -Emailed Jordan Shaw to inquire on Letter Agreement. He informed me that VF Petroleum may be acquiring Fuel Products, Inc.'s interest in this well. He promised to be back in touch on 2/21/23.
- 7) 2/23/23 Received a Letter Agreement from Fuel Products, Inc. agreeing to execute the JOA attached to the Letter Agreement.

#### Sandra Lawlis

#### 1) 10/12/22 -Well proposal sent via Federal Express.

- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact that the V-F Petroleum group is under a Development Agreement and JOA with BTA and that that Sandra Lawlis is part of the V-F Petroleum group.
- 4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our Compulsory Pooling Application. Discussed by phone that Sandra Lawlis is not named in the Development Agreement between BTA and VF and that we needed to work on an Amendment or Letter Agreement including them.
- 5) 2/6/23 -Phone conversation with Jordan Shaw. He is working on a Letter Agreement that make Sandra Lawlis subject to the BTA/VF Development Agreement and JOA.
- 6) 2/20/23 -Emailed Jordan Shaw to inquire on Letter Agreement. He informed me that VF Petroleum may be acquiring Sandra Lawlis's interest in this well. He promised to be back in touch on 2/21/23.
- 7) 2/23/23 Received email from Jordan Shaw stating that Sandra Lawlis would be executing an ABOS from herself to Fuel Products, Inc.

#### Sandhills Oil Company

- 1) 12/1/22 -Well proposal sent via Federal Express.
- 2) 12/5/22 -Fed Ex confirmed delivery.
- 3) 12/14/22 -Spoke with John Herbig. He would like to term assign his interest to BTA.
- 2/21/23 -Left a voice message and emailed Mr. Herbig with proposed Term Assignment. Received an email from Mr. Herbig who said he was reviewing the Term Assignment.

Marlu Partners LP/ West Pecos Trading Company, LLC

- 1) 11/28/22 -Well proposal sent via Federal Express.
- 2) 11/29/22 -Fed Ex confirmed delivery.
- 3) 11/30/22 -Spoke with Benjamin Browning regarding their ownership and the leases involved.
- 4) 12/5/22 -Emailed Mr. Browning ownership information, lease information, and JOA. Received an email from William Ditto with West Pecos Trading Company. West Pecos has agreed to purchase the interest of Marlu Partners LP. Rex Barker and I spoke to William Ditto and Aaron Davis by phone to discuss the well proposals and the interest owned by Marlu.
- 5) 1/18/23 -Received Assignments from Marlu to West Pecos. Emailed well proposal to West Pecos Trading Company.
- 6) 1/20/23 -Received election to participate.
- 7) 2/20/23 -Negotiated JOA terms with William Ditto.
- 8) 2/22/23 -JOA executed by West Pecos Trading Company, LLC.

Dollyworks Partners LP/ West Pecos Trading Company, LLC

- 1) 11/28/22 -Well proposal sent via Federal Express.
- 2) 11/29/22 -Fed Ex confirmed delivery.
- 3) 11/30/22 -Spoke with Benjamin Browning regarding their ownership and the leases involved.
- 4) 12/5/22 -Emailed Mr. Browning ownership information, lease information, and JOA. Received an email from William Ditto with West Pecos Trading Company. West Pecos has agreed to purchase the interest of Dollyworks Partners LP. Rex Barker and I spoke to William Ditto and Aaron Davis by phone to discuss the well proposals and the interest owned by Marlu.
- 5) 1/18/23 -Received Assignments from Dollyworks to West Pecos. Emailed well proposal to West Pecos Trading Company.
- 5) 1/20/23 -Received election to participate.
- 7) 2/20/23 -Negotiated JOA terms with William Ditto.
- 8) 2/22/23 -JOA executed by West Pecos Trading Company, LLC.

#### Marcus Wayne Luna

- 1) 10/12/22 -Well proposal sent via Federal Express.
- 2) 10/17/22 -Fed Ex confirmed delivery.
- 3) 12/8/22 -Spoke with Jerry Gahr regarding well proposal. We discussed the fact that the V-F Petroleum group is under a Development Agreement and JOA with BTA and that that Marcus Wayne Luna is part of the V-F Petroleum group.
- 4) 1/18/23 -Email correspondence with Jordan Shaw about their receipt of our Compulsory Pooling Application. Discussed by phone that Marcus Wayne Luna is not named in the Development Agreement between BTA and VF and that we needed to work on an Amendment or Letter Agreement including them.

- 5) 2/6/23 -Phone conversation with Jordan Shaw. He is working on a Letter Agreement that make Marcus Wayne Luna subject to the BTA/VF Development Agreement and JOA.
- 6) 2/20/23 -Emailed Jordan Shaw to inquire on Letter Agreement. He informed me that VF Petroleum may be acquiring Marcus Wayne Luna's interest in this well. He promised to be back in touch on 2/21/23.
- 7) 2/23/23 Received email from Jordan Shaw stating that Marcus Luna would be executing an ABOS from himself to Fuel Products, Inc.

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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

#### **CASE NO. 23341**

#### SELF-AFFIRMED STATEMENT OF DAVID CHILDERS

1. I am a geologist at BTA Oil Producers, LLC ("BTA") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the Division and my credentials as an expert in geology were accepted as a matter of record.

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

3. Exhibit B-1 is a project location map that shows the location of the proposed Box Elder 22115 24-13 State Com #2H well.

4. BTA is targeting the Pennsylvanian Shale Formation. **Exhibit B-2** is a subsea structure map that I prepared for this interval with 100-foot contours. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a **BLACK** dashed line. The structure map shows the Pennsylvanian Shale Formation. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells in this area.

5. **Exhibit B-2** also shows a cross-section line in **BLUE** running North to South reflecting **THREE** wells penetrating the Pennsylvanian Shale Formation that I used to construct a stratigraphic cross-section from A to A'. These wells contain good logs and I consider them representative of the geology in the subject area.

1

6. Exhibit B-3 is a stratigraphic cross-section that I prepared using the logs from the THREE wells noted on Exhibit B-2. Each well in the cross-section contains the gamma ray in the first track and resistivity in the second track. The initial target interval is labeled and marked. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

7. **Exhibit B-4** is a Gross Isopach map of the Pennsylvanian Shale Formation interval. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a **BLACK** dashed line. The anticipated gross thickness of the Pennsylvanian Shale **Formation interval is 375 to 440 ft.** The gross isopach map demonstrates that the Pennsylvanian Shale Formation interval is present across the proposed spacing unit. The location of the previous crosssection from A-A' in Exhibit B-3 is also shown as a **BLUE** line on this map.

8. In my opinion, a stand-up orientation for the well 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.

9. Based on my geologic study, the Pennsylvanian Shale Formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will be productive and contribute proportionately to the production from the well.

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

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

2

1.

I understand this Self-Affirmed Statement will be used as written testimony in this 12. 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.

1/LA David Childers

2/23/2023 Date



Received by OCD: 2/28/2023 11:44:18 AM



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**BTA OIL PRODUCERS, LLC** 



**BTA OIL PRODUCERS, LLC** 

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February, 2023 - DWC/jhb

Received by OCD: 2/28/2023 11:44:18 AM



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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

#### CASE NO. 23341

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

1. I am attorney in fact and authorized representative of BTA Oil Producers, 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 February 9, 2023, 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.

<u>/s/ Dana S. Hardy</u> Dana S. Hardy February 26, 2023 Date

BTA Oil Producers, LLC – Case No. 23341 Exhibit C



#### 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

January 30, 2023

#### <u>VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED</u>

#### TO ALL PARTIES ENTITLED TO NOTICE

## Re: Case No. 23341 – Application of BTA Oil Producers, 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 **March 2**, **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: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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.nm.gov/OCD/OCDPermitting) or via e-mail to ocd.hearing@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 Kristeen Ramos, Landman for BTA Oil Producers, LLC, by phone at (432) 682-3753 if you have questions regarding this matter.

Sincerely,

<u>/s/ Dana S. Hardy</u> Dana S. Hardy

Enclosure

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 BTA Oil Producers, LLC – Case No. 23341 Exhibit C-1

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

#### APPLICATION OF BTA OIL PRODUCERS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23341

#### NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Dollyworks Partners, LP	01/30/23	02/10/23
777 Main Street, Suite 3250		
Fort Worth, Texas 76102		
Fuel Products, Inc.	01/30/23	02/08/23
PO Box 3098		
Midland, Texas 79702		
John F. Herbig, Jr.	01/30/23	02/27/23
306 West Wall Street, Suite 720		
Midland, Texas 79701		
Sandra Lawlis	01/30/23	Latest USPS Update
500 West Texas Avenue, Suite 350		(Last Checked 02/24/23):
Midland, Texas 79701		
		02/03/23 – Item delivered
		to individual at the address.
Marcus Wayne Luna	01/30/23	Latest USPS Update
500 West Texas Avenue, Suite 350		(Last Checked 02/24/23):
Midland, Texas 79701		
		02/03/23 – Item delivered
		to individual at the address.
Marlu Partners LP	01/30/23	02/10/23
777 Main Street, Suite 3250		
Fort Worth, Texas 76102		
SBI West Texas I LLC	01/30/23	02/08/23
6702 Broadway		
Galveston, Texas 77554		
Sandhills Oil Company	01/30/23	02/27/23
306 West Wall Street, Suite 720		
Midland, Texas 79701	01/00/02	
V-F Petroleum Inc.	01/30/23	Latest USPS Update
500 West Texas Avenue, Suite 350		(Last Checked 02/24/23):
Midland, Texas 79701		
		02/03/23 – Item delivered
	01/20/22	to individual at the address.
West Pecos Trading Company, LLC	01/30/23	02/10/23
8849 Larson Street		
Houston, Texas 77055		





# BTA Oil Producers, LLC – Case No. 233 Exhibit C-3 **Exhibit C-3**

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



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FAQs >

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### Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER February 3, 2023, 12:12 am

#### Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER February 2, 2023, 5:05 pm

In Transit to Next Facility February 1, 2023

#### Departed USPS Facility

ALBUQUERQUE, NM 87101 January 30, 2023, 11:29 pm

Arrived at USPS Facility

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	23341 - BTA Box Elder 2H
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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FAQs >

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**Delivered Delivered, Left with Individual** MIDLAND, TX 79701 February 3, 2023, 11:05 am

#### Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER February 3, 2023, 12:12 am

#### Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER February 2, 2023, 5:05 pm

In Transit to Next Facility February 1, 2023

### Departed USPS Facility

ALBUQUERQUE, NM 87101 January 30, 2023, 11:29 pm

Arrived at USPS Facility

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FAQs

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	23341 - BTA Box Elder 2H
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MIDLAND TX DISTRIBUTION CENTER February 2, 2023, 5:05 pm

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34/29 200 2/28/2023 11:44:18 AM	USPS.com® - USPS Tracking® Results	Page 48 of
ALBUQUERQUE, NM 87101 January 30, 2023, 9:52 pm		
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FAQs

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### **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 February 09, 2023 and ending with the issue dated February 09, 2023.

asil

Publisher

Sworn and subscribed to before me this 9th day of February 2023.

**Business Manager** 

My commission expires January 29, 2027

(Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

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 02107475

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

#### LEGAL NOTICE February 9, 2023

This is to notify all interested parties, including SBI West Texas I LLC; Sandhills Oil Company; John F. Herbig, Jr.; Marlu Partners LP; Dollyworks Partners, LP; Marcus Wayne Luna; West Pecos Trading Company, LLC; Sandra Lawlis; V-F Petroleum, Inc.; Fuel Products, Inc.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by BTA Oil Producers, LLC (Case No. 23341). The hearing will be conducted remotely on March 2, 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.emrd.nm.gov/ocd/hearing-info/ Applicant applies for an order pooling all uncommitted interests in the Pennsylvanian Shale formation underlying a 240-acre. more or less. standard horizontal spacing unit comprised of W/2 W/2 of Section 13 and the W/2 NW/4 of Section 24. Township 17 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Box Elder 22115 24-13 State Com #2H** well ("Well"), to be drilled from a surface hole location in SW/4 NW/4 (Unit E) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 13. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 9.5 miles southwest of Lovington, New Mexico.

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BTA Oil Producers, LLC – Case No. 23341 Exhibit C-4