

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

**IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY LLC FOR
DESIGNATION OF A NON-STANDARD SPACING AND PRORATION UNIT AND
PROJECT AREA, AND FOR EXCEPTION TO THE WELL LOCATION
PROVISIONS OF THE SPECIAL RULES AND REGULATIONS FOR THE BASIN-
MANCOS GAS POOL AND THE BASIN-DAKOTA POOL,
RIO ARriba COUNTY, NEW MEXICO**

CASE NO. 15919

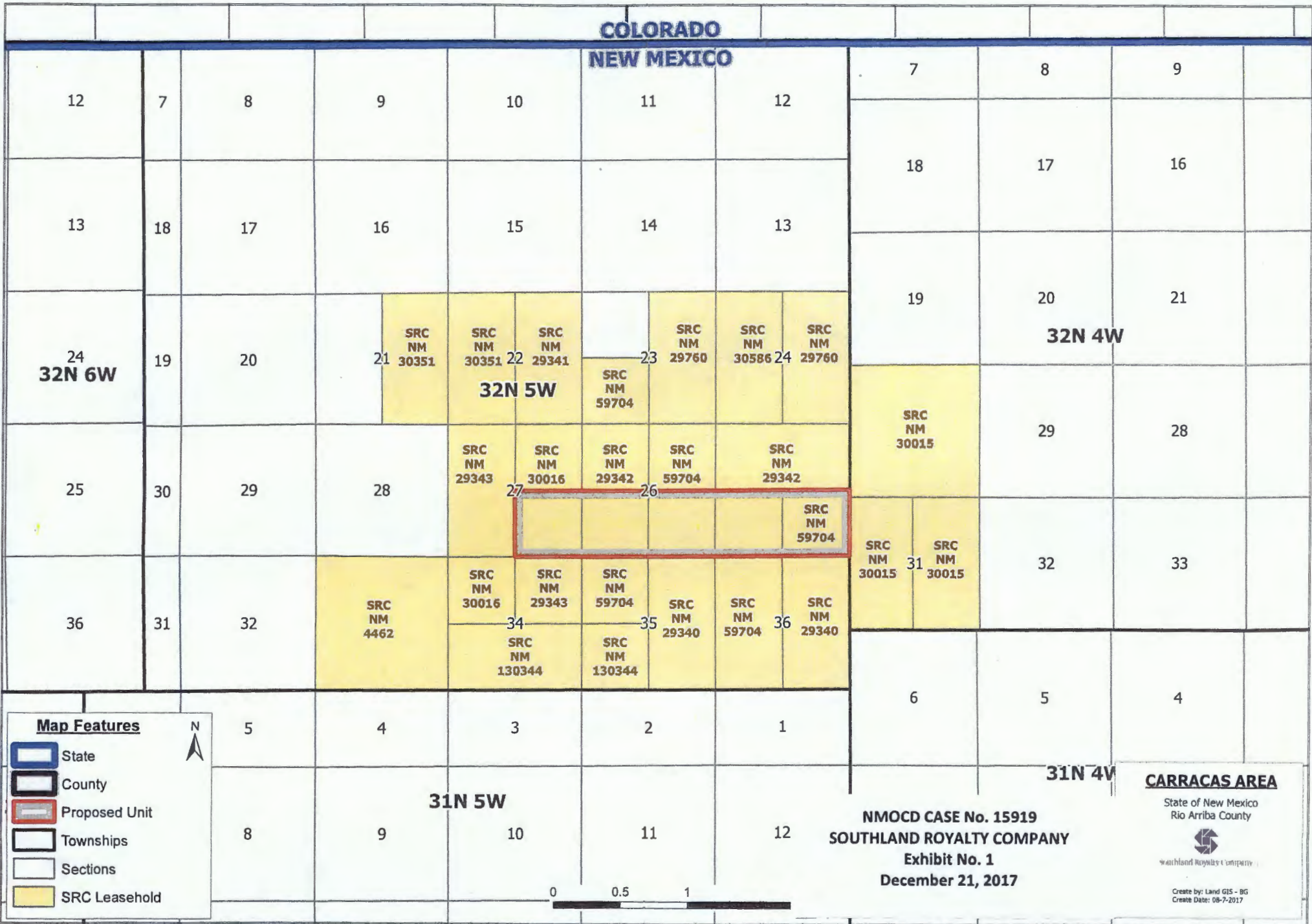
EXHIBIT NOTEBOOK

SOUTHLAND ROYALTY COMPANY LLC

**Examiner Hearing
December 21, 2017**

**NM Oil Conservation Commission
1220 South St. Francis
Santa Fe, NM 87505**

**COLORADO
NEW MEXICO**





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.nm.blm.gov



IN REPLY REFER TO:

Carracas Canyon Unit (CCU)


April 21, 2017

Mr. Gene Caldwell
Southland Royalty Company LLC
400 West 7th Street
Fort Worth, TX 76102

Reference is made to your request through UnitSource Incorporated's letter dated April 19, 2017 to depth contract the Carracas Canyon Unit by removing those formations below the base of the Pictured Cliffs. Based on a review of the submitted proposal BLM believes this contraction is reasonable and logical for further development of the area. This contraction of the Carracas Canyon Unit, Fruitland Coal/Pictured Cliff participating area is therefore effective February 1, 2017.

If you have questions regarding the above unit, please contact Joe Hewitt at (505) 564-7740 or jhewitt@blm.gov.

Sincerely,



Dave Mankiewicz,
Asst. Field Mgr. Minerals

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 2
December 21, 2017

PROPOSED OUTLINE: LORELEI UNIT



NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 3A
December 21, 2017





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



IN REPLY REFER TO:
NMNM137811 (CA)
3105 (NMF01110)

December 8, 2017

Southland Production Company LLC
Attn: Milan E. Gene Caldwell, Jr
400 Wes 7th Street
Fort Worth, TX 76102

Dear Mr. Caldwell:

Enclosed is two approved Communitization Agreements (CA) NMNM137811, involving 320.00 acres of Federal minerals in lease NMNM29342, 160.00 acres of Federal minerals in lease NMNM30016 and 320.00 acres of Federal minerals in lease NMNM59704 in Rio Arriba County, New Mexico. This acreage comprises 800.00 acres, more or less in the interval from the top of the Mancos Formation to the base of the Dakota Formation spacing unit for the Carracas 27A No 101H well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the interval from the top of the Mancos Formation to the base of the Dakota Formation in the SE/4 of Section 27, T. 32N, R5W, S/2 of Section 26, T. 32N, R. 5W., and the S/2 of Section 26, T. 32N, R. 5W, NMPM, and is effective December 8, 2017. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM137811 as assigned above, must be posted on the well and facility signs for the Clay Com #1 well. The signs shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and range, county, and state. (43 CFR 3162.6).

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the wells' completion. Within five (5) days of commencement of production, you are also required to file a notice of production startup. Penalties for non-compliance with such requirements are applicable to all wells and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary.

Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 3
December 21, 2017

with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold

If the communitized well(s) are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address, by email at cmarquez@blm.gov or telephone (505) 564-7741.

Sincerely,



Richard A. Fields
Farmington Field Office Manager

Distribution
NMSO-1
ONRR-1, MS-357 B1, Denver, CO
NMOCD-1, Santa Fe (w/o encl.)
NM Tax & Rev. Dept.-1
CA file NMNM137811
NMF01110: Kellis: 12/8/2017

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer, of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- B. Approve the attached communitization agreement covering: SE/4 Section 27, S/2 Section 26 and S/2 Section 25, T. 32 N., R. 5 W., Rio Arriba County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the interval from the top of the Mancos Formation to the base of the Dakota Formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: December 8, 2017



Richard A. Fields
Farmington Field Office Manager

Effective: December 8, 2017 (effective date indicated on CA)

Contract No.: Com. Agr. NMNM 137811

Model Form of a Federal Communitization Agreement

Contract No. NMNM 137811

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto".

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 32 North, Range 5 West, N.M.P.M.

Section 27: SE/4

Section 26: S/2

Section 25: S/2

Rio Arriba County, New Mexico

Containing 800.00 acres, and this agreement shall include only the interval From Top of the Mancos to the Base of the Dakota Formation underlying said lands and "the natural gas and associated liquid

hydrocarbons" or "crude oil and associated natural gas," hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to

leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is ^{DECEMBER 8, 2017} ~~November 27, 2017~~, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written and have set opposite their respective names the date of execution.

12/8/2017
11/27/17 *we*
Date

SOUTHLAND ROYALTY COMPANY LLC

By:

[Signature]
Vaughn O. Vennerberg II
President


ACKNOWLEDGEMENT

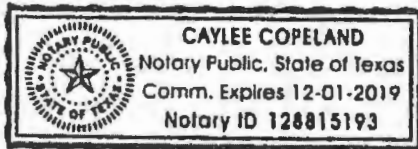
STATE OF TEXAS)

COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 27th day of November, 2017 by Vaughn O. Vennerberg, II, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

12-01-2019
My Commission Expires


Notary Public



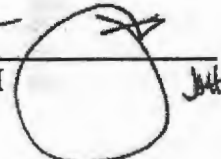
WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

SOUTHLAND ROYALTY COMPANY LLC

11/27/17
Date

By: 

Vaughn O. Vennerberg II
President



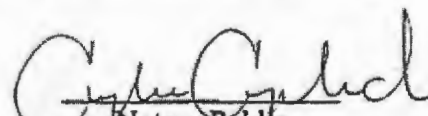
ACKNOWLEDGEMENT

STATE OF TEXAS)

COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 27th day of November, 2017 by Vaughn O. Vennerberg, II, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

12-01-2019
My Commission Expires


Notary Public

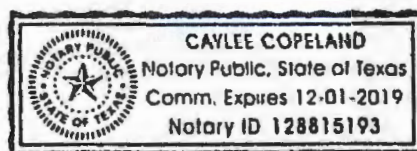


EXHIBIT "A"

Plat of communitized area covering:

32 N., R. 05 W. N.M.P.M.

Sec 27: SE/4

Sec 26: S/2

Sec 25: S/2

Rio Arriba County, New Mexico

Carracas 27A 101H

Top of Manocs to base of Dakota Formation

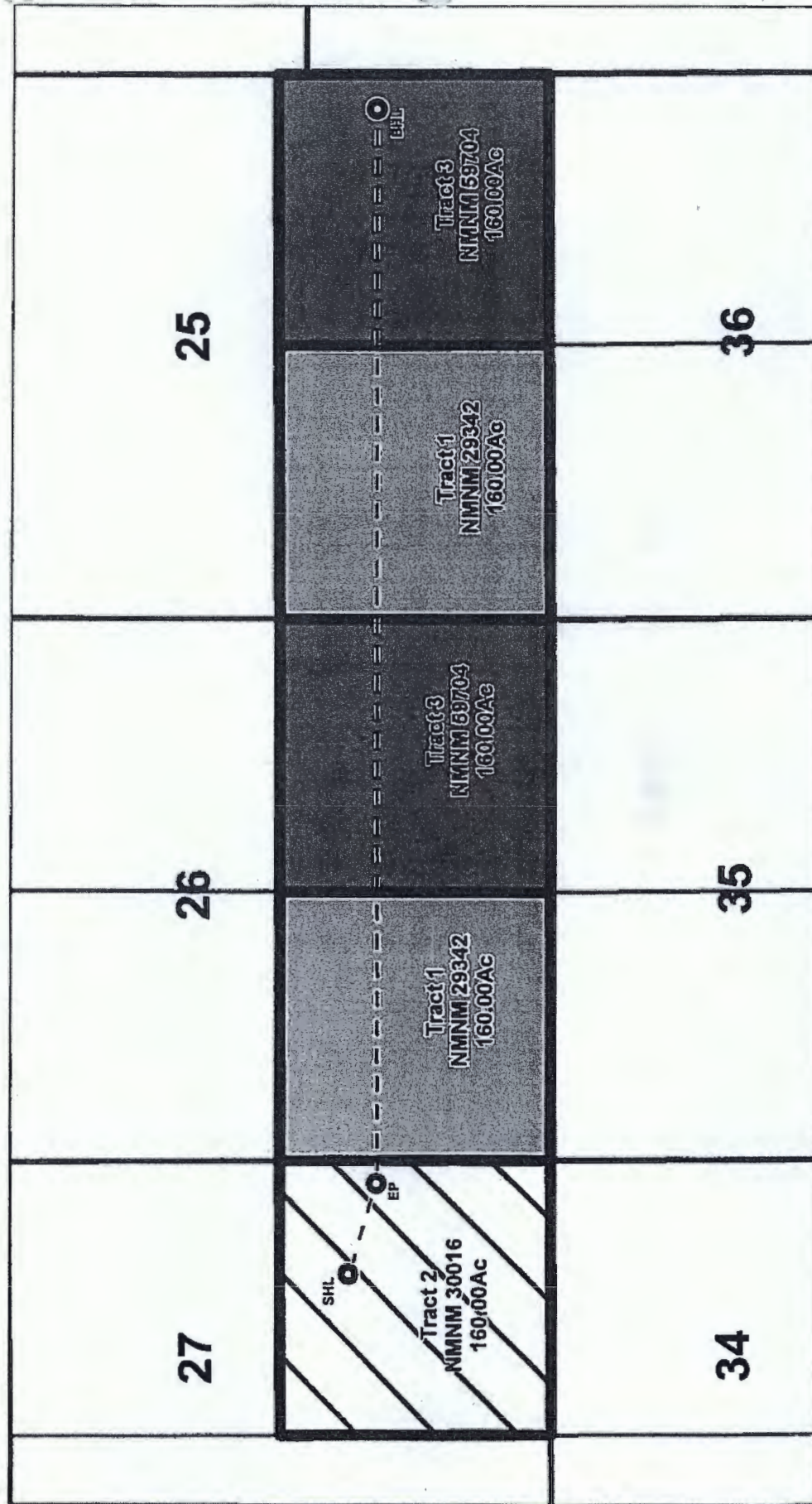


EXHIBIT "B"

To Communitization Agreement Dated ^{12/8/2017} ~~11/27/17~~ ^{we} embracing the following
described land in Rio Arriba County, New Mexico.

Operator of Communitized Area: Southland Royalty Company LLC

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	NMNM 029342
Lease Date:	2-1-1977
Lease Term:	HBP
Lessor:	U.S.A.
Present Lessee:	Southland Royalty Company LLC
Description of Land Committed:	<u>Township 32 North, Range 5 West,</u> <u>N.M.P.M.</u> Section 25: <u>SW/4</u> Section 26: <u>SW/4</u>
Number of Acres:	320.00
Royalty Rate:	12 ½%
Name and Percent ORRI Owners:	Noble Royalty Access 1.5000% Fund 14 LP Classical Gas & Oil LLC 1.5000% Erin M. Gogolak 1.5000% R. Craig Ewing, Trustee 1.5000%

of the June McHugh	
1992 Trust	
Christopher I. McHugh	1.5000%
Total	7.5000%

Name and Percent of Working Interest Owners:	Southland Royalty Company LLC	100%
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Tract No. 2

Lease Serial Number:	NMNM030016
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Lease Date:	5-1-1977
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Lease Term:	HBP
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Lessor:	U.S.A.
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Present Lessee:	Southland Royalty Company LLC
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Description of Land Committed:	<u>Township 32 North, Range 5 West,</u> <u>N.M.P.M.</u> Section 27: <u>SE/4</u>
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Number of Acres:	160.00
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Royalty Rate:	12.5%
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Name and Percent ORRI Owners:	Maurice W. Brown Oil & Gas, LLC	3.0000%
	Tom Dugan Family Ltd. Partnership	2.5000%
	Haymaker Holding	2.0000%

Company, LLC

Noble Royalty Access	0.5300%
Fund 14 LP	
Classical Gas & Oil LLC	0.5300%
Erin M. Gogolak	0.5300%
R. Craig Ewing, Trustee	0.5300%
of the June McHugh	
1992 Trust	
Christopher I. McHugh	0.5300%
Total	10.1500%

Name and Percent of
Working Interest Owners:

Southland Royalty Company LLC 100%

Tract No. 3

Lease Serial Number:

NMNM059704

Lease Date:

2-1-1985

Lease Term:

HBP

Lessor:

U.S.A.

Present Lessee:

Southland Royalty Company LLC

Description of Land Committed:

Township 32 North, Range 5 West,
N.M.P.M.
Section 25: SE/4
Section 26: SE/4

Number of Acres:

320.00

Royalty Rate:

12.5%

Name and Percent ORRI Owners:

As to Sec. 25: SE/4

Cargoil & Gas Co., LLC	1.2500%
Michael Casagrande	1.0000%
George C. Darr & Caroline C. Darr	1.0000%
Shogail & Gas Co., LLC	0.7500%
Shogail & Gas Co., II, LLC	0.7500%
C.L. Ellis	0.5000%
Noble Royalty Access Fund 14 LP	0.5000%
Classical Gas & Oil LLC	0.5000%
Erin M. Gogolak	0.5000%
R. Craig Ewing, Trustee Of the June McHugh 1992 Trust	0.5000%
Christopher I. McHugh	0.5000%
Total	7.5000%

As to Sec. 26: SE/4

Cargoil & Gas Co., LLC	1.0000%
Michael Casagrande	1.0000%
George C. Darr & Caroline C. Darr	1.0000%
Shogail & Gas Co., LLC	0.7500%
Shogail & Gas Co., II, LLC	0.7500%
C.L. Ellis	0.5000%
Noble Royalty Access Fund 14 LP	0.3573%
Classical Gas & Oil LLC	0.3573%
Erin M. Gogolak	0.3573%
R. Craig Ewing, Trustee Of the June McHugh 1992 Trust	0.3573%
Christopher I. McHugh	0.3573%
Total	6.7865%

Name and Percent of
Working Interest Owners:

Southland Royalty Company LLC 100%

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	320.00	40.000000%
2	160.00	20.000000%
3	<u>320.00</u>	<u>40.000000%</u>
Total	800.00	100.000000%

DISTRICT I

1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II

811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III

1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3460

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number		² Pool Code 97232	³ Pool Name BASIN MANCOS
⁴ Property Code	⁵ Property Name CARRACAS 27A		⁶ Well Number 101H
⁷ OGRID No.	⁸ Operator Name SOUTHLAND ROYALTY CO., LLC		⁹ Elevation 7122.2'

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
1	27	32N	5W		1933'	SOUTH	1077'	EAST	RIO ARRIBA

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
1	25	32N	5W		1650'	SOUTH	350'	EAST	RIO ARRIBA

¹² Dedicated Acres 160.00 ACRES - SE/4 SEC 27 320.00 ACRES - S/2 SEC 26 320.00 ACRES - S/2 SEC 25 800.00 ACRES - TOTAL	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

END 2 1/2" BC
GLO 1924
END STONE

L1 = N 00°15'56" W 2369.25' (M)
NORTH 2376.66' (R)
L2 = N 00°16'08" W 262.59' (M)
N 0°08' W 263.34' (R)

18

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 released 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 _____

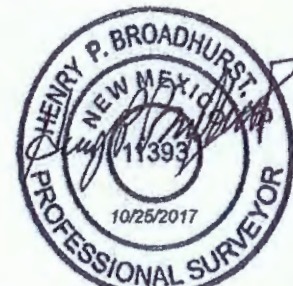
E-mail Address _____

SURVEYOR CERTIFICATION

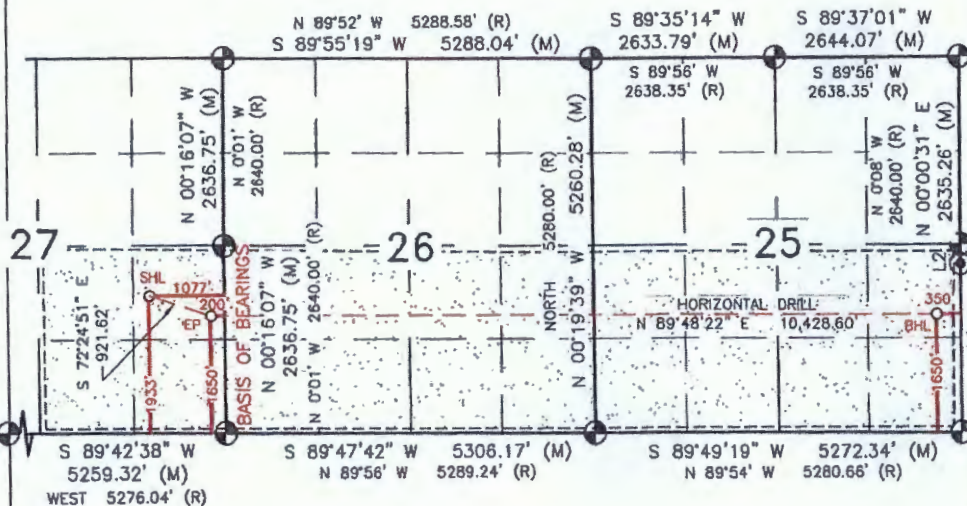
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 25, 2016

Date of Survey
Signature and Seal of Professional Surveyor:



NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 4
December 21, 2017

**WELL FLAG**

LAT. 36.949357° N (NAD83)
LONG. 107.344408° W (NAD83)
LAT. 36.949351° N (NAD27)
LONG. 107.343807° W (NAD27)

ENTRY POINT

LAT. 36.948579° N (NAD83)
LONG. 107.341407° W (NAD83)
LAT. 36.948573° N (NAD27)
LONG. 107.340806° W (NAD27)

BOTTOM HOLE

LAT. 36.948523° N (NAD83)
LONG. 107.305718° W (NAD83)
LAT. 36.948517° N (NAD27)
LONG. 107.305118° W (NAD27)

DISTRICT I

1625 N. French Dr., Hobbs, N.M. 88240
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Phone: (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3468 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name CARRACAS 27A	*Well Number 102H
*OGRID No.	*Operator Name SOUTHLAND ROYALTY CO., LLC	*Elevation 7122.5'

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
I	27	32N	5W		1938'	SOUTH	1086'	EAST	RIO ARRIBA

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
P	25	32N	5W		990'	SOUTH	350'	EAST	RIO ARRIBA

*Dedicated Acres 160.00 ACRES - SE/4 SEC 27 320.00 ACRES - S/2 SEC 28 320.00 ACRES - S/2 SEC 25 800.00 ACRES - TOTAL	*Joint or Infill	*Consolidation Code	*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

16

FND 2 1/2" BC
CLO 1924

L1 = N 00°15'56" W 2369.25' (M) 18
NORTH 2376.66' (R)
L2 = N 00°16'08" W 262.59' (M)
N 0°08' W 263.34' (R)

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 _____

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.

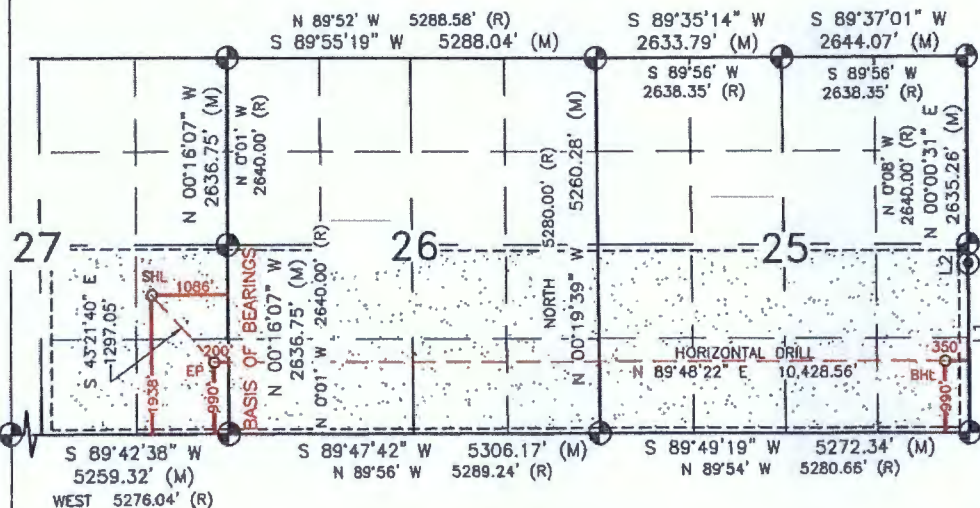
JULY 25, 2016

Date of Survey
Signature and Seal of Professional Surveyor:



NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY

Exhibit No. 5
December 21, 2017



WELL FLAG
LAT. 36.949369° N (NAD83)
LONG. 107.344439° W (NAD83)
LAT. 36.949363° N (NAD27)
LONG. 107.343838° W (NAD27)

ENTRY POINT
LAT. 36.946767° N (NAD83)
LONG. 107.341408° W (NAD83)
LAT. 36.946781° N (NAD27)
LONG. 107.340807° W (NAD27)

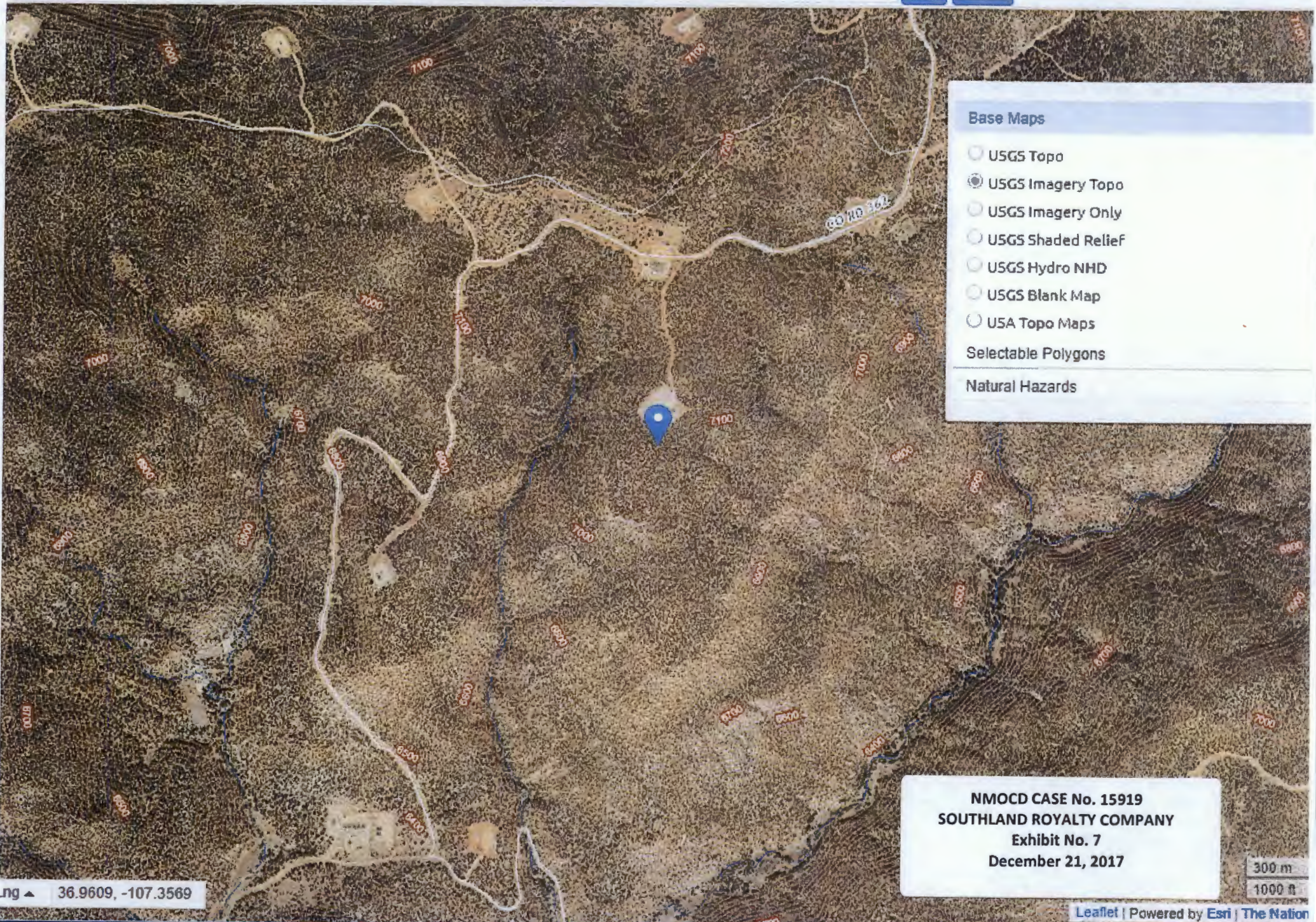
BOTTOM HOLE
LAT. 36.946710° N (NAD83)
LONG. 107.305720° W (NAD83)
LAT. 36.946704° N (NAD27)
LONG. 107.305120° W (NAD27)



ng ▲ 36.9612, -107.3677

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 6
December 21, 2017

300 m
1000 ft



Base Maps

- ☐ USGS Topo
- ☒ USGS Imagery Topo
- ☐ USGS Imagery Only
- ☐ USGS Shaded Relief
- ☐ USGS Hydro NHD
- ☐ USGS Blank Map
- ☐ USA Topo Maps

Selectable Polygons

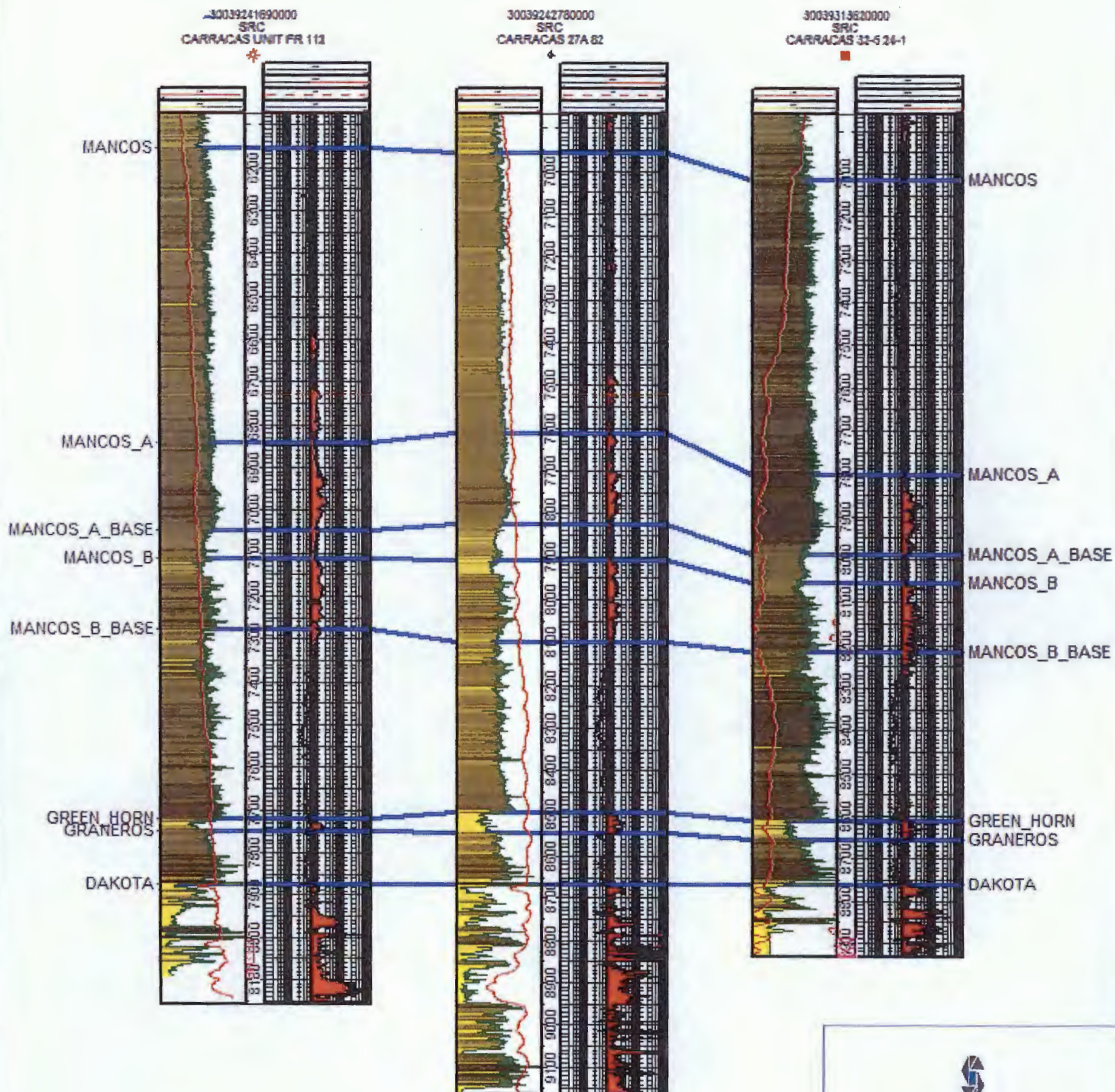
Natural Hazards

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 7
December 21, 2017


ng ▲ 36.9609, -107.3569

300 m
1000 ft

Leaflet | Powered by Esri | The Nation



NMOCD CASE No. 15919
 SOUTHLAND ROYALTY COMPANY
 Exhibit No. 8
 December 21, 2017


 Southland Royalty Company

SAN JUAN BASIN

Mancos and Dakota
 Stratigraphic Cross Section
 Datum: Dakota

Horizontal Scale = 1000.0
 Vertical Scale = 100.0
 Vertical Exaggeration = 10.0x

Operator
 Web Label

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Well Details

API Number: 3003931362

ULSTR: L-24-32N-5W

Footages: 2610 FSL & 897 FWL

Well Name & Number: CARRACAS 32 5 24 No. 001

Operator: SOUTHLAND ROYALTY COMPANY LLC

Note: If you are using Microsoft Internet Explorer and your system does not allow you to open TIFF images from the Internet without saving them first, please contact your administrator.

Sort Order: ☒ Ascending ☐ Descending



(5591 kB - 8/23/2017)



(528 kB - 8/23/2017)



(552 kB - 12/11/2017)



(664 kB - 12/11/2017)



(668 kB - 12/11/2017)



(814 kB - 12/11/2017)



(635 kB - 12/11/2017)



(670 kB - 12/11/2017)



(687 kB - 12/11/2017)



(587 kB - 12/11/2017)



(703 kB - 12/11/2017)



(557 kB - 12/11/2017)



(677 kB - 12/11/2017)



(453 kB - 12/11/2017)



(607 kB - 12/11/2017)



(1303 kB - 12/11/2017)



(49 kB - 12/11/2017)

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Well Details

API Number: 3003924169

ULSTR: E-34-32N-5W

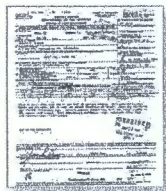
Footages: 1850 FNL & 1190 FWL

Well Name & Number: CARRACAS UNIT FR No. 112

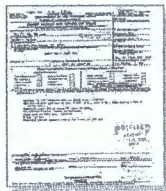
Operator: SOUTHLAND ROYALTY COMPANY LLC

Note: If you are using Microsoft Internet Explorer and your system does not allow you to open TIFF images from the Internet without saving them first, please contact your administrator.

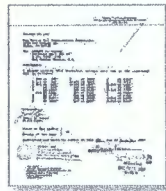
Sort Order: ☒ Ascending ☐ Descending



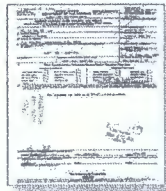
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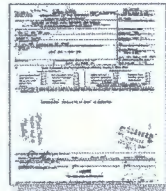
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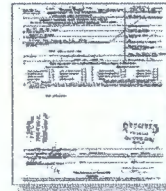
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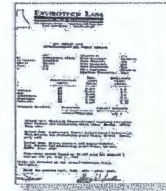
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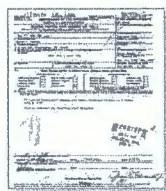
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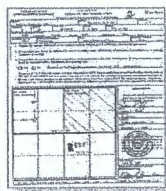
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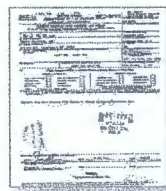
(53 kB - 3/25/2003)



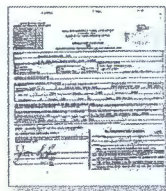
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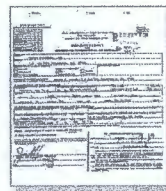
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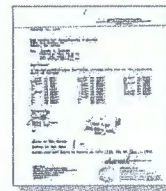
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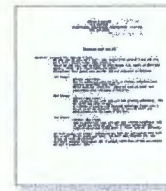
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(90 kB - 3/25/2003)



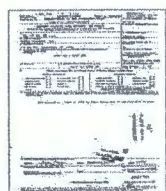
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(51 kB - 3/25/2003)



(98 kB - 3/25/2003)



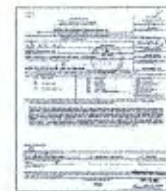
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(66 kB - 3/25/2003)

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Well Details

API Number: 3003924278

ULSTR: H-27-32N-5W

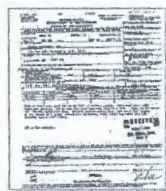
Footages: 1650 FNL & 990 FEL

Well Name & Number: CARRACAS UNIT 27 A No. 082

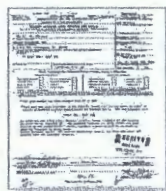
Operator: SOUTHLAND ROYALTY COMPANY LLC

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Sort Order: ☒ Ascending ☐ Descending



(374 kB - 3/25/2003)



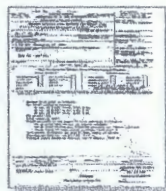
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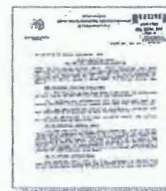
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(4 kB - 3/25/2003)



(6 kB - 3/25/2003)



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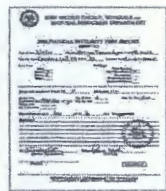
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(282 kB - 3/11/2004)



(46 kB - 3/30/2009)



(256 kB - 3/31/2009)

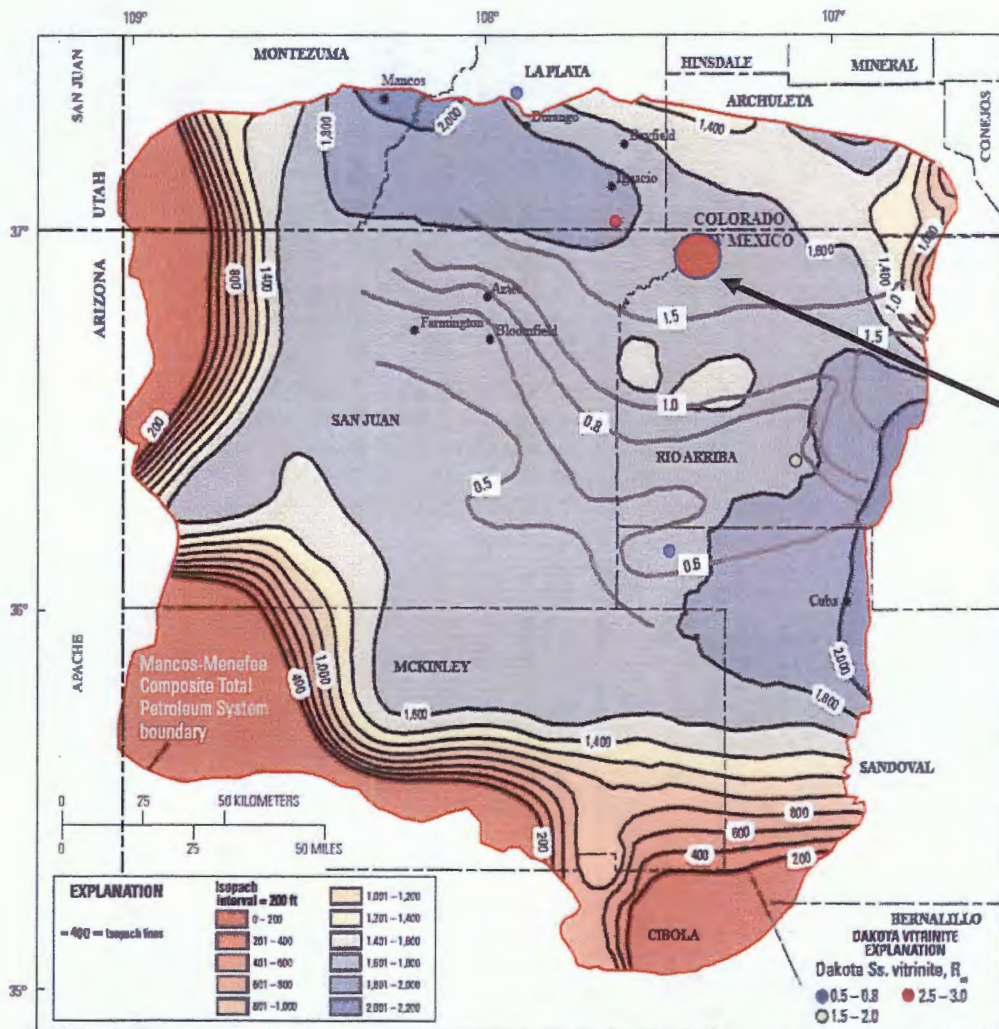


Figure 10. Isopach map of the Mancos Shale in the San Juan Basin, Colorado and New Mexico, using data from IHS Energy Group (2002). Isopach interval, 200 ft. Manefee Formation maturity contours (in gray) show vitrinite reflectance (R_m) values, in percent, using data from Fassett and Nuccio (1990), Law (1992), and Ridgley (2001b). Isolated R_m vitrinite data from shale or coal in the Dakota Sandstone (colored dots) are from Fassett and Nuccio (1990) and C. Threlkeld (written commun., 2001).

ISOPACH MANCOS SHALE San Juan Basin CI = 200'

T32N-R5W Area; estimate ~ 1900' Thick

From Ridgley, Condon, & Hatch
United States Geological Survey
Total Petroleum Systems and Geological Assessment of
Undiscovered Oil & Gas Resources in the San Juan Basin
2002

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 9
December 21, 2017

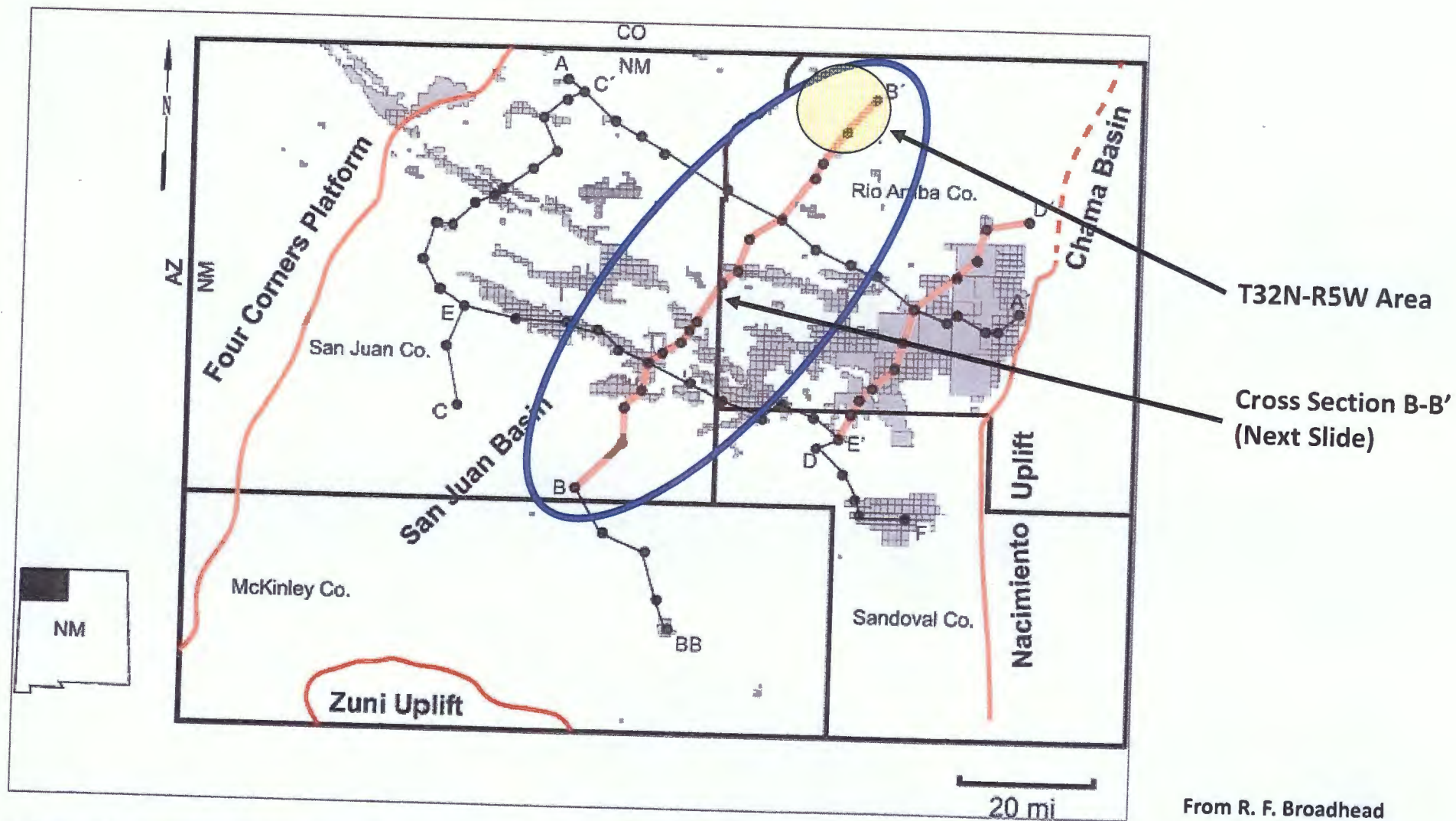


Figure 7. Reservoirs productive from the Upper Mancos Shale and Tocito sandstones and locations of cross sections B-B' (Figure 6) and D-D' (Figure 8).

From R. F. Broadhead
New Mexico Bureau of
Geology and Mineral Resources
2015

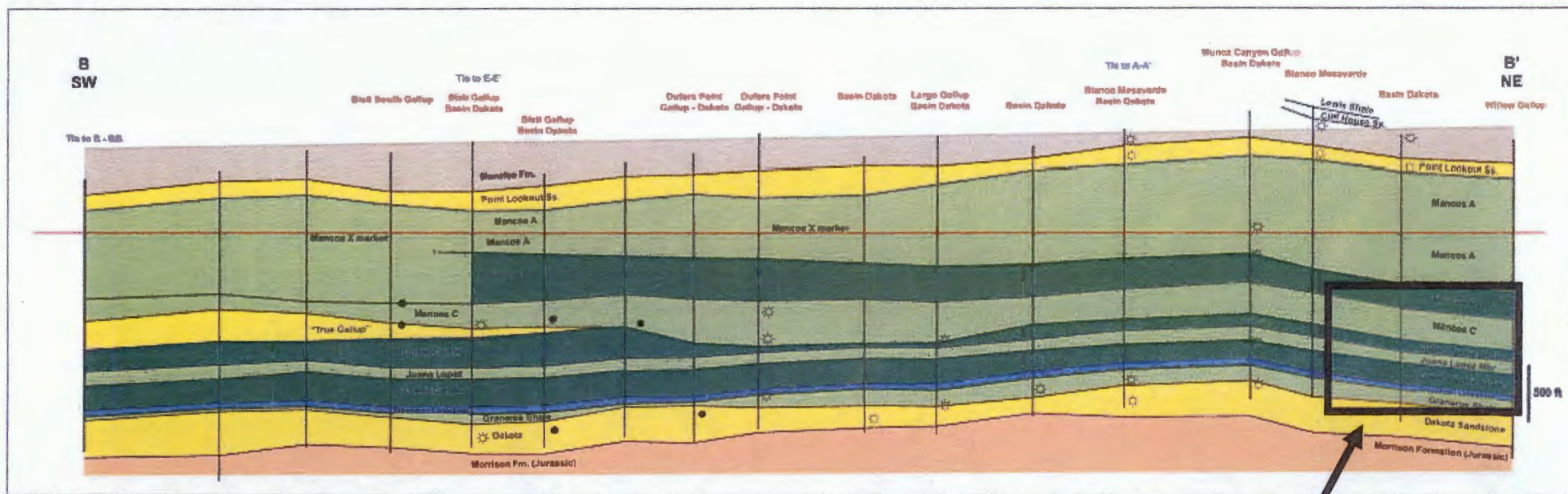


Figure 6. Stratigraphic cross section B-B'. Datum is a prominent log marker (Mancos X marker) in the Mancos A unit. Many of the wells are productive from conventional oil and gas pools, the names of which are shown in red above the wells. See [Figure 7](#) for location.

From R. F. Broadhead
New Mexico Bureau of
Geology and Mineral Resources
2015

T32N-R5W Area:
Continuity of Mancos Gas System

NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 11
December 21, 2017

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

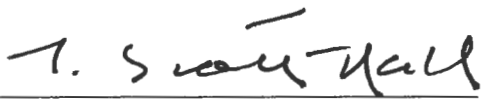
**IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY LLC FOR
DESIGNATION OF A NON-STANDARD SPACING AND PRORATION UNIT AND
PROJECT AREA, AND FOR EXCEPTION TO THE WELL LOCATION
PROVISIONS OF THE SPECIAL RULES AND REGULATIONS FOR THE BASIN-
MANCOS GAS POOL AND THE BASIN-DAKOTA POOL,
RIO ARriba COUNTY, NEW MEXICO**

CASE NO. 15919

AFFIDAVIT OF NOTICE

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

J. Scott Hall, attorney and authorized representative of Southland Royalty Company LLC, the Applicant in this matter, being first duly sworn, upon oath states that he sent copies of the Application in this matter to the parties as specified on the attached Exhibit A.



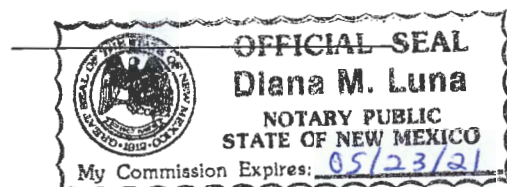
J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 20th day of December, 2017.



Notary Public

My Commission Expires:



NMOCd CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 12
December 21, 2017

EXHIBIT A
WORKING INTEREST OWNERS

Coleman Oil & Gas, Inc.
P. O. Drawer 3337
Farmington, NM 87499

JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

Juniper Resources, LLC
3624 Oak Lawn, Suite 222
Dallas, TX 75219

PetroQuest, Inc.
P. O. Box 2217
Farmington, NM 87499

T. H. McElvain Oil & Gas, LLLP
1050 17th Street, Suite 2500
Denver, CO 80265

10-4-1 Partners, L.P.
9215 Westwind Court
Dallas, TX 75231

Bureau of Land Management
Farmington Field Office
6251 College Blvd., Suite A
Farmington, NM 87402



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

December 1, 2017

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

TO: ALL OFFSET OWNERS AND OPERATORS ON ATTACHED LIST

Re: Application of Southland Royalty Company LLC for Designation of a Non-Standard Spacing and Proration Unit and Project Area, and for Exception to the Well Location Provisions of the Special Rules and Regulations for the Basin-Mancos Gas Pool and the Basin-Dakota Pool, Rio Arriba County, New Mexico – Case No. 15919

Dear Sir or Madam:

This will advise that Southland Royalty Company LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving its designated 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section 25: S/2. Applicant also seeks a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool and the Basin-Dakota Pool authorizing well locations within 330 feet of the outer boundaries of the project area. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W
1,933' FSL & 1,077' of Section 27
Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W
1,938' FSL & 1,086' FEL Section 27
Bottom Hole Location: 990' FSL & 350' FEL of Section 25

A copy of the Application for hearing is enclosed.

REPLY TO:

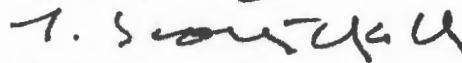
325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

All Offset Owners and Operators on Attached List
December 1, 2017
Page 2

You are being notified as an offsetting owner or operator. If you do not object to Southland's Application, we would appreciate your acknowledgment by signing the enclosed copy of this letter and returning the same to us at your earliest convenience.

This Application will be set for hearing before a Division Examiner on December 21, 2017, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,



J. Scott Hall

JSH:dml
Enclosures

cc: Gene Caldwell, CPL, Southland Royalty Company (w/encs., via email)

WAIVER OF OBJECTION

By: _____

For: _____

EXHIBIT A

OFFSET OWNERS AND OPERATORS

Coleman Oil & Gas, Inc.
P. O. Drawer 3337
Farmington, NM 87499

JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

Juniper Resources, LLC
3624 Oak Lawn, Suite 222
Dallas, TX 75219

PetroQuest, Inc.
P. O. Box 2217
Farmington, NM 87499

T. H. McElvain Oil & Gas, LLLP
1050 17th Street, Suite 2500
Denver, CO 80265

10-4-1 Partners, L.P.
9215 Westwind Court
Dallas, TX 75231

Bureau of Land Management
Farmington Field Office
6251 College Blvd., Suite A
Farmington, NM 87402

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

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY LLC FOR
DESIGNATION OF A NON-STANDARD SPACING AND PRORATION UNIT AND
PROJECT AREA, AND FOR EXCEPTION TO THE WELL LOCATION
PROVISIONS OF THE SPECIAL RULES AND REGULATIONS FOR THE BASIN-
MANCOS GAS POOL AND THE BASIN-DAKOTA POOL,
RIO ARriba COUNTY, NEW MEXICO

CASE NO. 15919

AMENDED APPLICATION

SOUTHLAND ROYALTY COMPANY LLC, ("Southland"), by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rules 19.15.16.15 NMAC of the Division's Rules and regulations for an order providing as follows:

A. Designating an 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area described in paragraph 1, below; and

B. Providing for a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool (Order No. R-12984) and the Basin-Dakota Pool (Order No. R-10987-B[2]) authorizing well locations within 330 feet of the outer boundaries of the project area.

In support, Applicant states:

1. Southland's proposed communitized project area is comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section

25: S/2. Applicant owns certain working interests in and under the proposed project area in Sections 27, 26 and 25, and has the right to drill thereon.

2. Southland proposes to locate one or more horizontal wells within the communitized project area to be drilled and completed within 330 feet of the boundaries of the unit. Southland plans to drill and complete wells with laterals extending into both the Mancos and Dakota formations. These formations are pre-approved for down-hole commingling pursuant to the provisions of area-wide Order No. R-12984-B.

3. The proposed unit is located within the Carson National Forest with mountainous terrain and limited surface access. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W
1,933' FSL & 1,077' of Section 27
Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W
1,938' FSL & 1,086' FEL Section 27
Bottom Hole Location: 990' FSL & 350' FEL of Section 25

4. The project area lands are located within the boundary areas of the Basin Mancos Gas Pool and the Basin-Dakota Pool. The Special Pool Rules and Regulations for each of the pools provide for 320-acre \pm standard spacing and proration units, and well locations no nearer than 660 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line.

5. Southland seeks blanket authorization to drill horizontal wells within the interior boundaries of the communitized project area so as to permit locations as close as 330 feet to the

outer boundary of a proration unit. Southland does not seek exception for any locations closer than a 330 foot setback.

6. Designation of the non-standard spacing and proration unit and the exceptions to the well locational requirements of the Special Pool Rules for the Basin Mancos Gas Pool and the Basin-Dakota Pool will afford the Applicant flexibility in the placement and operation of wells, will conserve surface resources, will increase the ultimate recovery of hydrocarbon reserves and will not impair correlative rights.

7. WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on December 21, 2017 and that after notice and hearing as required by law, the Division enter its Order granting this Application and providing such further relief as the Division deems appropriate.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: T. Scott Hall

J. Scott Hall
Seth C. McMillan

P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873 – Telephone
(505) 982-4289 – Fax
shall@montand.com
smcmillan@montand.com

Attorneys for Southland Royalty Company
LLC

Case No. 15919 (re-advertised): Application of Southland Royalty Company LLC for Designation of a Non-Standard Spacing and Proration Unit and Project Area, and for Exception to the Well Location Provisions of the Special Rules and Regulations for the Basin-Mancos Gas Pool and the Basin-Dakota Pool, Rio Arriba County, New Mexico. Applicant seeks approval of its designated 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section 25: S/2. Applicant also seeks a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool (Order No. R-12984) and the Basin-Dakota Pool (Order No. R-10987-B[2]) authorizing well locations within 330 feet of the outer boundaries of the project area. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W
1,933' FSL & 1,077' of Section 27
Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W
1,938' FSL & 1,086' FEL Section 27
Bottom Hole Location: 990' FSL & 350' FEL of Section 25

The project area is located approximately 7 miles southeast of Arboles, Colorado.

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JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

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☐ Addressee

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M. Strickles

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<p>1. Article Addressed to:</p> <p>Juniper Resources, LLC 3624 Oak Lawn, Suite 222 Dallas, TX 75219</p>	<p>3. Service Type <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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 Dallas, TX 75219

Street and Apt. _____

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Farmington, NM 87499

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JOHN G. BIRK

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<p>1. Article Addressed to:</p> <p>T. H. McElvain Oil & Gas, LLLP 1050 17th Street, Suite 2500 Denver, CO 80265</p>		<p>B. Received by (Printed Name) C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label) 7015 1730 0000 9808 5790</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>	
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<p>1. Article Addressed to:</p> <p>T. H. McElvain Oil & Gas, LLLP 1050 17th Street, Suite 2500 Denver, CO 80265</p>		<p>B. Received by (Printed Name) C. Date of Delivery</p>	
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<p>1. Article Addressed to:</p> <p style="text-align: center; margin-top: 20px;">10-4-1 Partners, L.P. 9215 Westwind Court Dallas, TX 75231</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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<p>1. Article Addressed to:</p> <p>Bureau of Land Management Farmington Field Office 6251 College Blvd., Suite A Farmington, NM 87402</p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7015 1730 0000 9808 5813</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>	
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Postage
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6251 College Blvd., Suite A
Farmington, NM 87402**

City, State, ZIP+4
14641-1704

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<p>1. Article Addressed to:</p> <p>Bureau of Land Management Farmington Field Office 6251 College Blvd., Suite A Farmington, NM 87402</p>		<p>B. Received by (Printed Name) K KILNESS</p> <p>C. Date of Delivery DEC 04 2017</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7015 1730 0000 9808 5813</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>	
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December 1, 2017

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RETURN RECEIPT REQUESTED**

TO: ALL OFFSET OWNERS AND OPERATORS ON ATTACHED LIST

Re: Application of Southland Royalty Company LLC for Designation of a Non-Standard Spacing and Proration Unit and Project Area, and for Exception to the Well Location Provisions of the Special Rules and Regulations for the Basin-Mancos Gas Pool and the Basin-Dakota Pool, Rio Arriba County, New Mexico – Case No. 15919

Dear Sir or Madam:

This will advise that Southland Royalty Company LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving its designated 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section 25: S/2. Applicant also seeks a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool and the Basin-Dakota Pool authorizing well locations within 330 feet of the outer boundaries of the project area. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W
1,933' FSL & 1,077' of Section 27
Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W
1,938' FSL & 1,086' FEL Section 27
Bottom Hole Location: 990' FSL & 350' FEL of Section 25

A copy of the Application for hearing is enclosed.

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

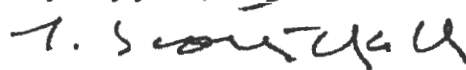
**NMOCD CASE No. 15919
SOUTHLAND ROYALTY COMPANY
Exhibit No. 13
December 21, 2017**

All Offset Owners and Operators on Attached List
December 1, 2017
Page 2

You are being notified as an offsetting owner or operator. If you do not object to Southland's Application, we would appreciate your acknowledgment by signing the enclosed copy of this letter and returning the same to us at your earliest convenience.

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Very truly yours,



J. Scott Hall

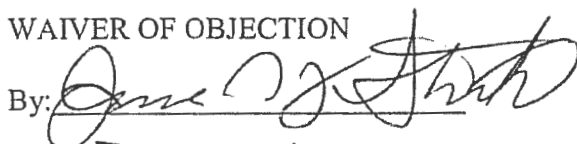
JSH:dml

Enclosures

cc: Gene Caldwell, CPL, Southland Royalty Company (w/encs., via email)

WAIVER OF OBJECTION

By:



For:

SOUTHLAND LAND AND MINERAL COMPANY

12-9-17

JMJ Land and Minerals Co.

JMJ Resources LLC

James Strickler Oil & Gas Investments
Strickler Land Services

James R. J. Strickler

Certified Professional Landman #3140

2005 N. Santiago Ave.

Farmington, NM 87401

jamesstrickler@msn.com

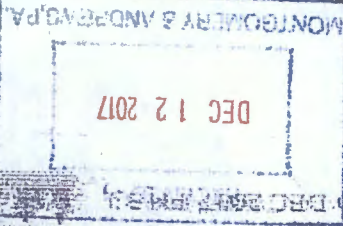
Work: (505) 327-9240

Cell: (505) 402-3248

Fax: (505) 324-9423



JAMES & MARIE STRICKLER
2204 N. Santiago Ave.
Farmington, NM 87401



J. Scott Hall
MONTGOMERY & ANDREWS LAW FIRM
325 PASSED DE PERMITS
SANTA FE, NM
87501

87501-186025



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

December 1, 2017

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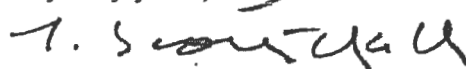
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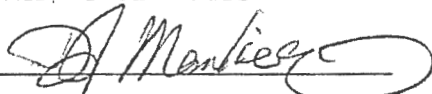
J. Scott Hall

JSH:dml

Enclosures

cc: Gene Caldwell, CPL, Southland Royalty Company (w/encs., via email)

WAIVER OF OBJECTION

By: 

For: BLM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BOULEVARD, SUITE A
FARMINGTON, NEW MEXICO 87402

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

FIRST-CLASS MAIL

Hasler

12/14/2017

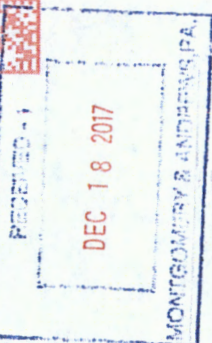
US POSTAGE

\$00.46⁹

US OFFICIAL MAIL
For Private Use

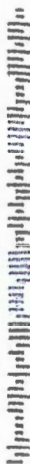
ZIP 87402

011D11500788



Montgomery & Andrews Law Firm
Attn: J. Scott Hall
P.O. Box 2307
Santa Fe, NM 87504-2307

87504-2307 B019





**MONTGOMERY
& ANDREWS**
LAW FIRM

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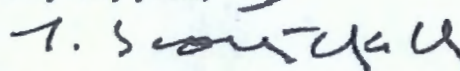
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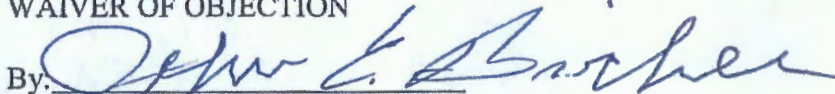
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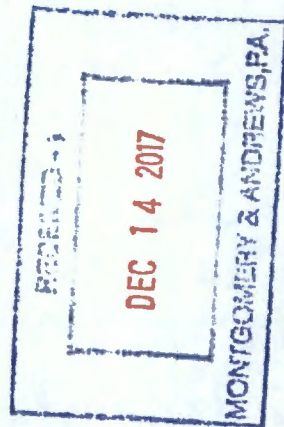
John E. Bircher

For: PetroQuest, Inc.

PETROQUEST, INC.

P. O. BOX 2217
FARMINGTON, NEW MEXICO 87499

ALBERTA PETROLEUM LTD.



Mr. J. Scott Hall
Montgomery & Andrews Law Firm
PO Box 2307
Santa Fe, NM 87504-2307

87504-230707

