BEFORE THE OIL CONSERVATION COMMISSION EXAMINER HEARING JUNE 13, 2019

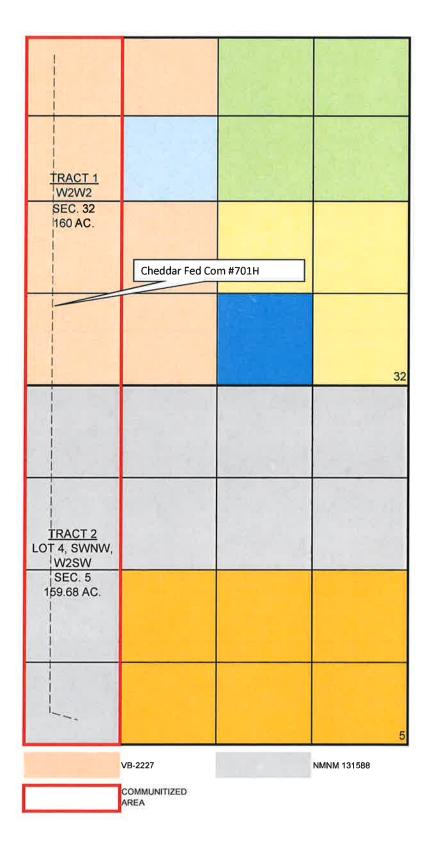
CASE No. 20516

CHEDDAR FED COM NO. 701H WELL

LEA COUNTY, NEW MEXICO



Land Ownership Map Cheddar Fed Com #701H



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 1
Submitted by: Centennial
Hearing Date: June 13, 2019
Case No 20516

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Azice, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fc, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

SCALE

DRAWN BY: J.N. 06-13-18

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		² Pool Code	3 Pool Na	те
4 Property Code		CHEDI	6 Well Number 701 H	
7 OGRID No.			ocrator Name DURCE PRODUCTION, LLC	"Elevation 3660.9"

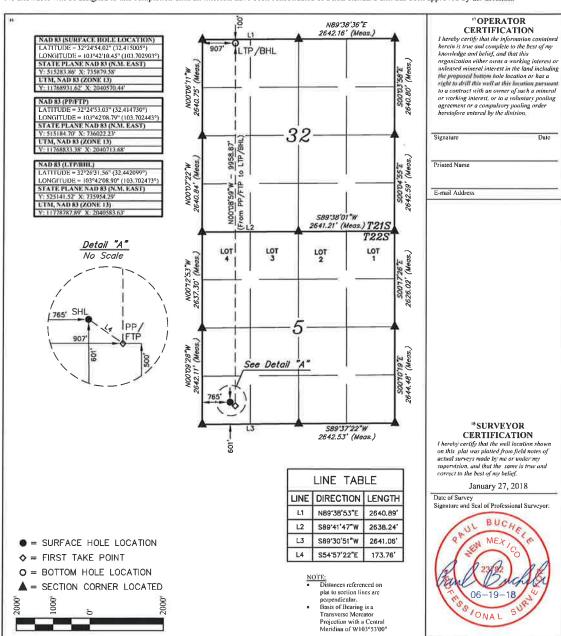
"Surface Location

	UL or lot no. M	Section 5	Township 22S	Runge 32E	Lot Idn	Feet from the 601	North/South line SOUTH	Feet from the 765	East/West line WEST	County LEA
_	711		220	322		001	300111	100	11201	DDit

"Bottom Hole Location If Different From Surface

UL or lot no. D	Secti 32	, I	Township 21S	Range 32E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 907	East/West line WEST	County LEA
Dedicated Acre 319.68	cs	13 Jo	int or Intill	14 Consc	olidation Code	15 Order No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. 2

Certificate Number

Submitted by: Centennial Hearing Date: June 13, 2019

Ownership Exhibit Cheddar Fed Com #701H

Name	Address	Interest Type	Working Interest			
Owners to be Pooled						
Marathon Oil Permian, LLC	5555 San Felipe Street Houston, TX 77056	Working Interest	15.000000%			
Total:			15.000000%			

Owners NOT being Pooled						
Centennial Resource Production, LLC	1001 17th St., Suite 1800 Denver, CO 80202	Working Interest	85.000000%			
Total:			85,000000%			

Hearing Date: June 13, 2019 Case No 20516



November 26, 2018

RE: Cheddar Federal Com 701H

SHL: 601' FSL Sec. 5 & 765' FWL Sec. 5 T22S R32E BHL: 100' FNL Sec. 32 & 907' FWL Sec. 32 T21S R32E

Lea County, New Mexico

To Whom it May Concern:

Centennial Resource Production, LLC ("CRP") proposes to drill and complete the Cheddar Federal Com 701H as a horizontal well to test the Wolfcamp Formation at a TVD of 11,850 feet. The W/2 W/2 of the referenced Sections 32 and 5 will be dedicated to the well as the proration unit being a total of 320 acres. Please see the enclosed AFE in the amount of \$12,875,438.00.

Upon your response we will send a Joint Operating Agreement ("JOA") with an effective date of November 1, 2018, covering Township 22 South, Range 32 East, Section 5: W/2 W/2 & Township 21 South, Range 32 East, Section 32: W/2 W/2. The JOA contains a proposed overhead rate of \$7500 per day for drilling and \$750 per day for producing and provides for a 100%/300%/300% non-consent penalty.

In the space provided below, please indicate your election and return one original copy of this letter along with an original copy of the enclosed AFE or email me a copy at carl.messina@cdevinc.com. Should you have any questions, please call me at (720) 499-1411.

Best Regards

Carl Messina Land Coordinator



THE UNDERSIGNED HEREBY ELECTS <u>TO PARTICIPATE</u> IN THE CAPTIONED CHEDDAR FEDERAL COM 701H AND TO WAIVE THE NEED FOR A COMPLETION ELECTION.

AGREED TO and ACCEPTED this day of, 2018.	
Marathon Oil Permian, LLC	
Signature:	
By:	
Title:	
THE UNDERSIGNED HEREBY ELECTS <u>NOT TO PARTICIPATE</u> IN THE CACHEDDAR FEDERAL COM 701H WELLBORE, AND TO GO NONCONSENT.	PTIONED
AGREED TO and ACCEPTED this day of, 2018.	
Marathon Oil Permian, LLC	
Signature:	
Ву:	
Title	



Authorization for Expenditure

AFE Number

400252

Property #

AFE Description

Property Name

Well: Cheddar Fed Com 701H

AFE Originating Date

State

New Mexico

AFE Type

Drill and Complete

County

Lea

Operator

Centennial Resource Production,

Field

Delaware Basin - TX

Non Operator A	pproval	AFE Total (\$)	\$12,875,438
Company	1.3924		
Approved By			
Title	PATRICK STATE	_	
Date			

Cost Estimates

Description	Total (\$)
IDC - PERMITS,LICENSES,ETC	\$8,500.00
IDC - STAKING & SURVEYING	\$10,000.00
IDC - LEGAL, TITLE SERVICES	\$10,000.00
IDC - SURFACE DAMAGE / ROW	\$35,000.00
IDC - PERMANENT EASEMENT	\$.00
IDC - ROAD, LOCATIONS, PITS	\$75,000.00
IDC - RIG MOB / TRUCKING	\$200,000.00
IDC - RIG MOB / STANDBY RATE	\$167,300.00
IDC - DAYWORK CONTRACT	\$579,111.00
IDC - FOOTAGE CONTRACT	\$.00
IDC - DIRECTNL DRILL & SURVEY	\$250,550.00
IDC - CONDUCTOR HOLE & SERVICE	\$30,000.00
IDC - WIRELINE SVCS CASED&OPEN	\$.00
IDC - BITS, TOOLS, STABILIZERS	\$176,562.00
IDC - FUEL / POWER	\$86,943.00
IDC - RIG WATER	\$10,000.00

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IDC - MUD/CHEMICALS/ACIDIZING	\$277,892.00
IDC - MUD LOGGING	\$21,692.00
IDC - INSPECTION, TESTING & REPAIR	\$55,500.00
IDC - CORE ANALYSIS	\$.00
IDC - OPEN/CASED HOLE LOGGING	\$.00
IDC - CEMENT SERV/FLOAT EQUIP	\$225,445.00
IDC - CASING CREW & TOOLS	\$39,500.00
IDC - CONTRACT LABOR/ROUSTABOUT	\$30,000.00
IDC - MATERIALS & SUPPLIES	\$6,000.00
IDC - TRUCKING/VACUUM/ TRANSP	\$50,000.00
IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$74,408.00
IDC - DISPOSAL	\$195,000.00
IDC - WELLHEAD PREPARE/REPAIR	\$27,000.00
IDC - FISHING TOOLS & SERVICES	\$.00
IDC - RENTAL EQUIPMENT	\$66,892.00
IDC - MANCAMP	\$40,573.00
IDC - WELLSITE SUPERVISION	\$98,935.00
IDC - SUPERVISION/ENGINEERING	\$.00
IDC - SAFETY / ENVIRONMENTAL	\$30,000.00
IDC - OVERHEAD	\$2,500.00
IDC - WELL CONTROL INSURANCE	\$14,700.00
IDC - CONTINGENCY	\$.00
TDC - CASING - CONDUCTOR	\$.00
TDC - CASING - SURFACE	\$86,189.00
TDC - CASING - INTERMEDIATE - 9 5/8	\$297,240.00
TDC - CASING - INTERMEDIATE 2 - 7 5/8	\$.00
TDC - CASING - PRODUCTION	\$439,384.00
TDC - WELLHEAD EQUIPMENT	\$65,000.00
TDC - PACKER/DOWNHOLE TOOLS	\$28,000.00
TDC - CONTINGENCY	\$.00
ICC - STAKING & SURVEYING	\$.00
ICC - ROAD, LOCATIONS, PITS	\$11,500.00



ICC - COMPLETION RIG	\$.00
ICC - WIRELINE OPEN/CASED HOLE	\$46,750.00
ICC - FUEL / POWER	\$618,125.00
ICC - COILED TUBING	\$271,700.00
ICC - CEMENTING & SERVICES	\$.00
ICC - WATER DISPOSAL/VACUUM TRUCK	\$34,390.00
ICC - INSPECTION & TESTING	\$.00
ICC - TRUCKING	\$13,750.00
ICC - ELECTRIC LOGGING / PERFORATING	\$654,773.00
ICC - COMPLETION FLUIDS	\$10,000.00
ICC - CASING CREW AND TOOLS	\$.00
ICC - WELL STIMULATION/FRACTUR	\$3,258,475.00
ICC - CONTRACT LABOR/ROUSTABOUT	\$20,000.00
ICC - WATER HANDLING	\$382,500.00
ICC - SOURCE WATER	\$911,109.00
ICC - WELLHEAD/FRACTREE REPAIR	\$35,000.00
ICC - FISHING TOOLS & SERVICES	\$.00
ICC - COMMUNICATIONS	\$.00
ICC - RENTAL EQUIPMENT	\$292,400.00
ICC - WELLSITE SUPERVISION	\$242,900.00
ICC - SUPERVISION/ENGINEERING	\$7,500.00
ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
ICC - OVERHEAD	\$10,000.00
ICC - WELL CONTROL INSURANCE	\$.00
ICC - CONTINGENCY	\$.00
ICC - COMPANY LABOR	\$.00
TCC - CASING - PRODUCTION	\$.00
TCC - PROD LINER & EQUIPMENT	\$.00
TCC - PACKER/DOWNHOLE TOOLS	\$.00
TCC - WELLHEAD EQUIPMENT	\$51,750.00
FAC - SURFACE DAMAGE / ROW	\$.00
FAC - PEMANENT EASEMENT	\$80,000.00

Generwell Page 3 of 6



FAC - ROAD LOCATIONS PITS	\$20,000.00
FAC - MATERIALS & SUPPLIES	\$.00
FAC - TRANSPORTATION TRUCKING	\$50,000.00
FAC - RENTAL EQUIPMENT	\$30,000.00
FAC - FUEL / POWER	\$.00
FAC - WATER DISPOSAL / SWD	\$.00
FAC - WASTE DISPOSAL	\$.00
FAC - INSPECTION & TESTING	\$5,000.00
FAC - CONTRACT LABOR / ROUSTAB	\$225,000.00
FAC - FRAC TANK RENTAL	\$.00
FAC - SUPERVISION	\$15,000.00
FAC - CONSULTING SERVICES	\$.00
FAC - INJECTION PUMP	\$.00
FAC - P-LINE F-LINE LINEPIPE	\$.00
FAC - TANK BATTERY	\$175,000.00
FAC - HEATER TREATER/SEPERATOR	\$155,000.00
FAC - DEHYDRATOR EQUIPMENT	\$.00
FAC - VALVES FITTINGS & PIPE	\$225,000.00
FAC - CIRCULATING TRNSFER PUMP	\$15,000.00
FAC - METER & LACT	\$25,000.00
FAC - COMPRESSOR	\$.00
FAC - ELECTRICAL SUPPLIES	\$180,000.00
FAC - COMM TELEMETRY & AUTOMAT	\$50,000.00
FAC - FLARE/COMBUSTER	\$50,000.00
FAC - SAFETY / ENVIRONMENTAL	\$10,000.00
FAC - OVERHEAD	\$.00
FAC - INSURANCE	\$.00
FAC - COMPANY LABOR	\$.00
FAC - CONTINGENCY	\$100,000.00
IFC - ROADS LOCATIONS/PITS	\$5,000.00
IFC - COMPLETION RIG	\$12,000.00
IFC - WIRELINE OPEN/CASED HOLE	\$.00

Generwell Page 4 of 6



IFC - FUEL / POWER	\$.00
IFC - COILED TUBING	\$.00
IFC - CEMENTING & SERVICES	\$.00
IFC - FRAC WATER RECOVERY	\$380,000.00
IFC - INSPECTION & TESTING	\$3,500.00
IFC - TRUCKING/VACUUM/TRANSP	\$10,000.00
IFC - ELECTRIC LOGGING/PERFORATING	\$.00
IFC - COMPLETION FLUID	\$10,000.00
IFC - CASING CREW AND TOOLS	\$.00
IFC - CONTRACT LABOR/ROUSTABOUT	\$12,000.00
IFC - MATERIAL & SUPPLIES	\$2,000.00
IFC - WELL TESTING / FLOWBACK	\$170,000.00
IFC - WELLHEAD/FRAC TREE REPAIR	\$.00
IFC - FISHING TOOLS & SERVICES	\$.00
IFC - RENTAL EQUIPMENT	\$30,000.00
IFC - WELLSITE SUPERVISION	\$5,000.00
IFC - SAFETY / ENVIRONMENTAL	\$2,500.00
IFC - CONTINGENCY	\$30,000.00
IFC - COMPANY LABOR	\$.00
IFC - SWABBING	\$.00
TFC - TUBING	\$60,000.00
TFC - SUCKER RODS & ACCESSORY	\$.00
TFC - DOWNHOLE ARTIFICIAL LIFT EQPT	\$25,000.00
TFC - SUBSURFACE PUMPS	\$.00
TFC - PROD LINER & EQUIPMENT	\$.00
TFC - PACKER/DOWNHOLE TOOLS	\$.00
TFC - PUMPING UNITS/SURFACE LIFT EQPT	\$.00
TFC - WELLHEAD EQUIPMENT	\$.00
TFC - VALVES/CONNECTIONS/FITTINGS	\$10,000.00
TFC - MEASUREMENT EQUIPMENT	\$.00
TFC - COMM, TELEMETRY & AUTOMATION	\$.00
TFC - CONTRACTOR LABOR INSTALL	\$.00

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TFC - CONTINGENCY	\$.00
TFC - COMPANY LABOR	\$.00

Generwell

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

APPLICATION OF CENTENNIAL RESOURCE PRODUCTION, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20516

AFFIDAVIT

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

Kaitlyn A. Luck, attorney in fact and authorized representative of Centennial Resource Production, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 12th day of June 2019 by Kaitlyn A. Luck.

Notary Public

My Commission

Expires: August 26,



Michael H. Feldewert Recognized Specialist in the Area of Natural Resources -Oil and Gas Law - New Mexico **Board of Legal Specification** mfeldewert@hollandhart.com

May 24, 2019

VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea

County, New Mexico.

Cheddar Fed Com No. 701H Well

Ladies & Gentlemen:

This letter is to advise you that Centennial Resource Production, LLC, has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on June 13, 2019 and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by 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.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Gavin Smith, at (720) 499-1474, or Gavin.Smith@cdevinc.com.

sincerely

chael H. Feldewert

ATTORNEY FOR CENTENNIAL RESOURCE

PRODUCTION, LLC

New Mexico



Shipment Confirmation Acceptance Notice

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

> CHEDDAR 701H 20516

Shipment Date: 05/24/2019

Shipped From:

Name: HOLLAND & HART LLP

110 N GUADALUPE ST # 1 Address:_

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail [®]	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

^{*}Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the Scan or enter the barcode/label number from PS Form 5630

Confirm the volume count message by selecting Yes or No
 Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.



INITED STATES	OSTAL SERVICE®	9

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Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501	Check type of mail or service Adult Signature Required Adult Signature Restricted Delivery Actified Mail Certified Mail Certified Mail Restricted Delivery Collect on Delivery (COD) Signature Confirmation Insured Mail Signature Confirmation Priority Mail	Affix Sta (if issued certificate additional Postmari	n mb	ational r for is receipt). of Receipt.									- 14
USPS Hacking/Article Number	Addressee (Name, Street, City, State, & ZIP Code TM)	Postage (Extra Service) Fee	a Handling e) Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR /	ASRD R	RD RR Fee Fee	SC Fee	SCRD Fee	Fee	
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28 Form 3877 , April 2015 (Page 1 of 1)	Complete in Ink	Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.	or more ir	nformation	on USPS	privac	/ polici	es, visi	sdsn	/moo	orivac	policy	T.S.

POSTAL DELIVERY REPOR CHEDDAR FED COM 701H WELL CASE NO. 20516

Recipient	Status	Custom
Marathon Oil Permian LLC 5555 San	Delivered Signature Received	Ref#: C1403051.7876416 RetRef#:
elipe Street Houston TX 77056		

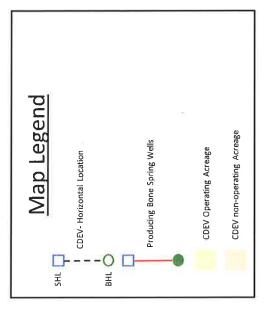
CENTENNIAL

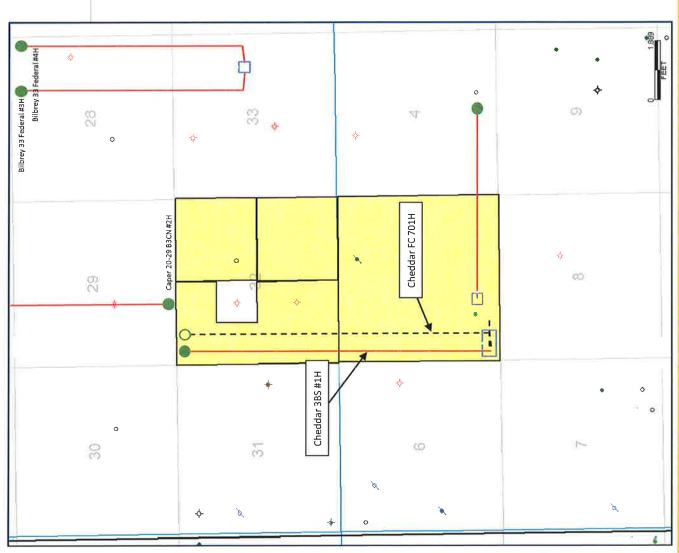
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 6
Submitted by: Centennial
Hearing Date: June 13, 2019
Case No 20516

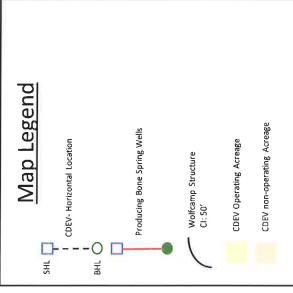
Wolfcamp Pool

Cheddar Federal Com #701H



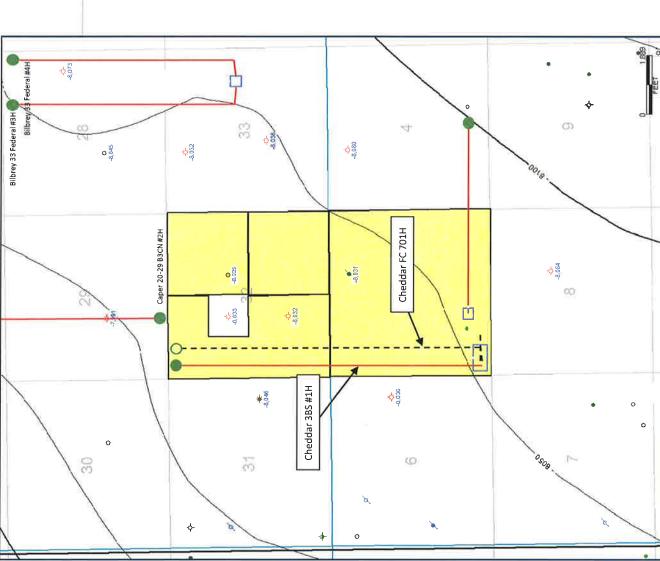


Wolfcamp Structure Map



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: Centennial
Hearing Date: June 13, 2019
Case No 20516

CENTENNIAL



Bilbrey 33 Federal #4H

Bilbrey 33 Federal #3H

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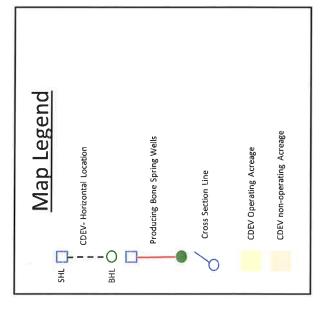
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Cross Section Map



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Cheddar 3BS #1H

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Cheddar FC 701H

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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 8 Submitted by: Centennial
Hearing Date: June 13, 2019
Case No 20516

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CENTENNIAL