

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

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

**Case No. 21455**

**STEWARD ENERGY II, LLC'S  
HEARING EXHIBITS**

**Compulsory Pooling Application Checklist**

Exhibit A	Self-Affirmed Statement of Taylor Warren
A-1	Application
A-2	Form C-102
A-3	Plat of Tracts
A-4	Steward Energy II Tract Interests
A-5	Ownership by Tract and Status
A-6	List of Unlocatable Pooled Parties
A-7	Well Proposal Letters
A-8	Summary of Follow-Up Contacts
A-9	Exhibit A to Joint Operating Agreement
A-10	Proposed Notice of Hearing
A-11	Hearing Notice Letter and Return Receipts
A-12	Affidavit of Publication
A-13	Authorization for Expenditure
Exhibit B	Self-Affirmed Statement of Shane Seals
B-1	Regional Location Map, Gun Barrel Schematic, and Structure Map
B-2	Cross Section

# COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21455

APPLICANT'S RESPONSE

Date

October 5, 2020

Applicant

Steward Energy II, LLC

Designated Operator & OGRID (affiliation if applicable)

Steward Energy II, LLC /OGRID No. 371682

Applicant's Counsel:

Dana S. Hardy, Hinkle Shanor LLP

Case Title:

Application of Steward Energy II, LLC for Compulsory Pooling, Lea County, New Mexico

Entries of Appearance/Intervenors:

None

Well Family

Combo Fee #1H

## Formation/Pool

Formation Name(s) or Vertical Extent:

San Andres, Exhibit A

Primary Product (Oil or Gas):

Oil, Exhibit A

Pooling this vertical extent:

Entire San Andres formation, Exhibit A

Pool Name and Pool Code:

Bronco; San Andres, South, 7500

Well Location Setback Rules:

Statewide rules and current horizontal well rules

Spacing Unit Size:

Quarter-quarter Section/40 acre, Exhibit A

## Spacing Unit

Type (Horizontal/Vertical)

Horizontal, Exhibit A

Size (Acres)

160 Acres, Exhibit A

Building Blocks:

40 Acres, Exhibit A

Orientation:

North to South, Exhibit A

Description: TRS/County

E/2 E/2 of 22-13S-38E, NMPM, Lea County, Exhibit A

Standard Horizontal Well Spacing Unit (Y/N), If No, describe

Yes, Exhibit A

## 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

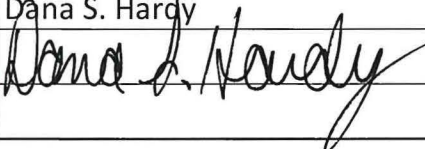
Exhibit A-4

## Well(s)

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)

Well #1	Combo Fee #1H, API #_____ SHL: 667' FSL and 359' FEL, Section 15, Township 13 South, Range 38 East BHL: 100' FSL and 350' FEL, Section 22, Township 13 South, Range 38 East; Standup; Standard
Well #2	
Horizontal Well First and Last Take Points	FTP: 100' FNL and 350' FEL, Section 22, T13S-R38E; LTP: 100' FSL and 350' FEL, Section 22, T13S-R38E, Exhibit A
Completion Target (Formation, TVD and MD)	San Andres, 5,362 TVD & 10,849' MD, Exhibit A
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$6500, Exhibit A
Production Supervision/Month \$	\$650, Exhibit A
Justification for Supervision Costs	The rates are fair and are comparable to the rates charged by Steward and by other operators in the vicinity. Exhibit A.
Requested Risk Charge	200%, Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-10
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-11
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-12
<b>Ownership Determination</b>	
and Ownership Schematic of the Spacing Unit	Exhibit A-3
Fract List (including lease numbers and owners)	Exhibit A-3, A-5 *Fee Leases
Pooled Parties (including ownership type)	Exhibit A-5
Inlocatable Parties to be Pooled	Exhibit A-6
Ownership Depth Severance (including percentage above & below)	None
<b>Index</b>	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-9
Chronology of Contact with Non-Joined Working Interests	Exhibit A-8



Overhead Rates In Proposal Letter	\$650 / \$6500, Exhibit A-7
Cost Estimate to Drill and Complete	Exhibit A-13
Cost Estimate to Equip Well	Exhibit A-13
Cost Estimate for Production Facilities	Exhibit A-13
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-1
Well Orientation (with rationale)	Exhibits B and B-1
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibit B
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3, A-5
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2
<b>Additional Information</b>	No special provisions/Stipulations
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	5-Oct-20



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

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

**Case No. 21455**

**SELF-AFFIRMED STATEMENT  
OF TAYLOR WARREN**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

2. I am the Land Manager at Steward Energy II, LLC ("Steward"). I have had direct involvement with Steward's development of the 160-acre, more or less, standard horizontal spacing unit ("HSU") that is the subject of Steward's application in this case. A copy of the application is attached as Exhibit A-1.

3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.

**A. Proposed Wells and HSU**

4. The proposed HSU is comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico

5. Steward seeks to pool all uncommitted interests in the San Andres formation underlying the HSU.

6. The horizontal spacing unit will be dedicated to the Combo Fee #1H well, which will be horizontally drilled from a surface location in Unit P in Section 15, Township 13 South,

Case No. 21455

STEWARD ENERGY

**Exhibit A**

Range 38 East to a bottom hole location in Unit P in Section 22, Township 13 South, Range 38 East.

7. The first take point for the Combo Fee #1H well is 100' FNL and 350' FEL in Section 22, and the last take point is 100' FSL and 350' FEL in Section 22. The target interval is in the San Andres Formation at 5,362' TVD and 10,849' TMD.

8. The proposed well will be completed from North to South, and the completed interval of the well will be orthodox.

9. The proposed well is located in the Bronco; San Andres, South, Pool Code 7500. The primary product in the pool is oil. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15. Spacing in this pool is based on quarter-quarter sections, and the HSU is constructed based on quarter-quarter sections.

10. The C-102 for the proposed well is attached as Exhibit A-2.

## **B. Ownership Determination**

11. A plat of the tracts included in the HSU is attached as Exhibit A-3. Steward's ownership interest in each tract included in the HSU is attached as Exhibit A-4. A list of the tract ownership is attached as Exhibit A-5.

12. The uncommitted interests to be pooled are identified in Exhibit A-5. A list of the unlocatable parties to be pooled is attached as Exhibit A-6.

13. There is no depth severance in the San Andres formation in the proposed HSU.

14. Steward has the right to pool any overriding royalty owners in the HSU.

## **C. Joinder**

15. I initially sent well proposal letters to the uncommitted interests on May 29, 2020 and sent a revised letter on August 4, 2020. Subsequently, I had follow-up communications with

the locatable interests. Samples of my well proposal letters are attached as Exhibit A-7. A summary of Steward's follow-up contacts with the locatable uncommitted interests is attached as Exhibit A-8.

16. A list of interest owners (Exhibit A to Joint Operating Agreement) is attached as Exhibit A-9.

17. 95.347223% of the working interests are committed to the proposed well.

18. In my opinion, Steward has made a good faith effort to obtain the voluntary joinder of uncommitted interests in the proposed well.

#### **D. Notice of Hearing**

19. Steward's proposed notice of hearing is attached as Exhibit A-10.

20. Notice of Steward's application and the Division hearing was provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letter and the associated green cards are attached as Exhibit A-11.

21. Notice of Steward's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as Exhibit A-12.

#### **E. Drilling and Operating Costs**

22. The AFEs for the proposed well are attached as Exhibit A-13. The estimated cost of the well is fair and reasonable and is comparable to the cost of other wells of similar depth and length drilled in Lea County.

23. Steward requests overhead and administrative rates of \$6,500 per month while the well is being drilled and \$650 per month while the well is producing. These rates are fair and are comparable to the rates charged by Steward and by other operators in the vicinity. They are also



the rates set forth in the Joint Operating Agreement for the HSU. Steward further requests that the rates be adjusted periodically in accordance with the COPAS Accounting Procedure.


24. Steward requests that it be designated the operator of the well.

25. Steward also requests that a 200% risk charge be assessed against the uncommitted interests if they are non-consenting working interest owners.

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

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

28. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 27 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.

  
Taylor Warren

09/29/2020  
Date

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

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

Case No. 21455

**APPLICATION**

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC ("Steward") applies for an order pooling all uncommitted mineral interests in the San Andres formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico. In support of its Application, Steward states:

1. Steward (OGRID No. 371682) is a working interest owner in the E/2 E/2 of Section 22 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Combo Fee #1H well, which will be horizontally drilled from a surface location in Unit P in Section 15, Township 13 South, Range 38 East to a bottom hole location in Unit P in Section 22, Township 13 South, Range 38 East.
3. The completed interval for the Combo Fee #1H well will be orthodox.
4. Steward has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners within the horizontal spacing unit to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of all uncommitted mineral interests in the San Andres formation underlying the E/2 E/2 of Section 22 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

Case No. 21455

**STEWARD ENERGY  
Exhibit A-1**

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

WHEREFORE, Steward requests that this Application be set for hearing on October 8, 2020 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the San Andres formation underlying the E/2 E/2 of Section 22;

B. Designating Steward as the operator of the Combo Fee #1H well;

C. Authorizing Steward to recover its costs of drilling, equipping, and completing the Combo Fee #1H well and allocating the costs among the well's working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Steward in drilling and completing the Combo Fee #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

*Counsel for Steward Energy II, LLC*



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Case No. 21455  
**STEWARD ENERGY**  
**Exhibit A-2**

Form C-102  
August 1, 2011  
Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code 7500	<sup>3</sup> Pool Name BRONCO; SAN ANDRES, SOUTH
<sup>4</sup> Property Code	<sup>5</sup> Property Name COMBO FEE	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 371682	<sup>8</sup> Operator Name STEWARD ENERGY II, LLC	<sup>9</sup> Elevation 3803'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	13S	38E		667	SOUTH	359	EAST	LEA

<sup>11</sup> 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	22	13S	38E		100	SOUTH	350	EAST	LEA

<sup>12</sup> Dedicated Acres 160.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

**DEFINING WELL**

**CORNER COORDINATES NAD 83, SPCS NM EAST**  
A - X: 925931.71' / Y: 796968.63'  
B - X: 925960.73' / Y: 794311.75'  
C - X: 926018.30' / Y: 791679.11'  
D - X: 924695.76' / Y: 791663.20'  
E - X: 924648.33' / Y: 794296.56'  
F - X: 924615.04' / Y: 796952.00'

**CORNER COORDINATES NAD 27, SPCS NM EAST**  
A - X: 884755.82' / Y: 796905.79'  
B - X: 884784.83' / Y: 794248.98'  
C - X: 884842.39' / Y: 791616.42'  
D - X: 883519.85' / Y: 791600.45'  
E - X: 883472.43' / Y: 794233.74'  
F - X: 883439.15' / Y: 796888.99'

**SURFACE HOLE LOCATION**  
667' FSL 359' FEL, SECTION 15  
NAD 83, SPCS NM EAST  
X: 925564.59' / Y: 797631.12'  
LAT: 33.18632111N / LON: 103.07744484W  
NAD 27, SPCS NM EAST  
X: 884388.70' / Y: 797568.24'  
LAT: 33.18621392N / LON: 103.07694582W

**FIRST TAKE POINT**  
100' FNL 350' FEL, SECTION 22  
NAD 83, SPCS NM EAST  
X: 925582.83' / Y: 796864.21'  
LAT: 33.18421320N / LON: 103.07741530W  
NAD 27, SPCS NM EAST  
X: 884406.94' / Y: 796801.36'  
LAT: 33.18410601N / LON: 103.07691631W

**LAST TAKE POINT/BOTTOM HOLE LOCATION**  
100' FSL 350' FEL, SECTION 22  
NAD 83, SPCS NM EAST  
X: 925666.12' / Y: 791774.88'  
LAT: 33.17022585N / LON: 103.07734265W  
NAD 27, SPCS NM EAST  
X: 884490.21' / Y: 791712.17'  
LAT: 33.17011864N / LON: 103.07684381W

**<sup>17</sup> 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 \_\_\_\_\_

**<sup>18</sup> 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.

SEPTEMBER 30, 2020

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number  
DAVID W. MYERS 11403

# EXHIBIT A-3



## **EXHIBIT A-4**

### **Steward's Ownership**

**Tract A - (E/2 OF THE NE/4 of Sec. 22, T13S-R38E, being 80.0 Acres, more or less)**

Steward Energy II, LLC	WI	61.439044%
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**Tract B - (E/2 OF THE SE/4 of Sec. 22, T13S-R38E, being 80.0 Acres, more or less)**

Steward Energy II, LLC	WI	63.916666%
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**STEWARD ENERGY**  
**Exhibit A-4**



# **EXHIBIT A-5**

## **Ownership by Tract and Status**

### **Tract A**

(E/2 OF THE NE/4 of Sec. 22, T13S-R38E, being 80.0 Acres, more or less)

#### **Committed**

<b><u>Owner</u></b>	<b><u>Type</u></b>	<b><u>Ownership</u></b>	<b><u>Status</u></b>
Steward Energy II, LLC	WI	61.439044%	JOA executed
G.O. Basic Energy I, LLC	WI	33.082562%	JOA executed
Whittington, Judith Hunt (Ovela Curry Hunt)	MI	0.347222%	AFE/Well Proposal Executed
Helton, Janice S. (Ovela Curry Hunt)	MI	0.347222%	AFE/Well Proposal Executed
Moore, Joyce E. (Ovela Curry Hunt)	MI	0.347222%	AFE/Well Proposal Executed
Randall, Joan (Ovela Curry Hunt)	MI	0.347222%	AFE/Well Proposal Executed

#### **Uncommitted**

<b><u>Owner</u></b>	<b><u>Type</u></b>	<b><u>Ownership</u></b>	<b><u>Status</u></b>
Ashton, Alisa Williams	MI	0.308642%	Unlocatable - pool
Estate of Della Terrell O'Heim	MI	0.694444%	Unlocatable - pool
Estate of Peggy Joyce Terrell Ebers	MI	1.388889%	Unlocatable - pool
Estate of Ruth Lucille Terrell Smith	MI	0.925926%	Unlocatable - pool
Terrell, David Allen	MI	0.231481%	Unlocatable - pool
Terrell, Robert Drake	MI	0.231481%	Unlocatable - pool
Williams, Larry D.	MI	0.308642%	Unlocatable - pool

### **Tract B**

(E/2 OF THE SE/4 of Sec. 22, T13S-R38E, being 80.0 Acres, more or less)

#### **Committed**

<b><u>Owner</u></b>	<b><u>Type</u></b>	<b><u>Ownership</u></b>	<b><u>Status</u></b>
Steward Energy II, LLC	WI	63.916666%	JOA executed
G.O. Basic Energy I, LLC	WI	34.416667%	JOA executed

#### **Uncommitted**

<b><u>Owner</u></b>	<b><u>Type</u></b>	<b><u>Ownership</u></b>	<b><u>Status</u></b>
Woolsey, Leroy	MI	1.666667%	Unlocatable - pool

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**STEWARD ENERGY**  
**Exhibit A-5**

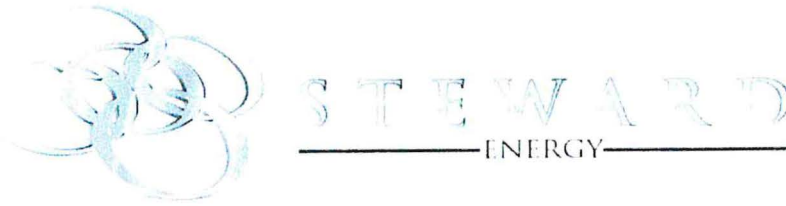
## **EXHIBIT A-6**

### **Unlocatable parties to be pooled**

<b><u>Owner</u></b>	<b><u>Type</u></b>	<b><u>Tract</u></b>
Ashton, Alisa Williams	MI	Tract A
Estate of Della Terrell O'Heim	MI	Tract A
Estate of Peggy Joyce Terrell Ebers	MI	Tract A
Estate of Ruth Lucille Terrell Smith	MI	Tract A
Terrell, David Allen	MI	Tract A
Terrell, Robert Drake	MI	Tract A
Williams, Larry D.	MI	Tract A
Woolsey, Leroy	MI	Tract B

Case No. 21455

**STEWARD ENERGY**  
**Exhibit A-6**



\*\*\*\*\*VIA CERTIFIED U.S.P.S. MAIL\*\*\*\*\*

May 21, 2020

**Re: Steward Energy II, LLC**  
**Well Proposal – COMBO FEE #1H**  
**E/2 Section 22, Township 13 South, Range 38 East, N.M.P.M.**  
**Lea County, New Mexico**

Peggy Joyce Terrell Ebers  
8815 60th Dr. NE  
Marysville, WA 98270

To whom it may concern,

This letter will serve as notice regarding the plans of Steward Energy II, LLC ("Steward") to drill the COMBO FEE #1H ("Well") with the horizontal component of the well being located in the E/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico. The Well will target the San Andres formation and will be drilled as a horizontal well with an approximate total depth drilled of 10,500 feet. The producing intervals of the Well will be located within the standard horizontal spacing unit ("Spacing Unit") approved by the New Mexico Oil Conservation Division.

Steward's ownership records indicate that you own an unleased mineral interest located within the Well's Spacing Unit, and as an unleased mineral owner you are offered participation in the Well based upon your proportionate mineral interest in the Spacing Unit. Your proportionate interest and share of cost in the Well are noted at the bottom of the attached Authorization for Expenditure ("AFE"). The itemized cost of the Well is listed on the AFE, and the total cost for drilling is \$1,266,896, with an additional \$1,870,600 to complete the well.

Please indicate your election as to your participation in the Well by checking the appropriate box in the space provided below and returning the second page of this letter to Steward using the enclosed envelope. In the event you elect to participate in the well, please also sign the bottom of the attached AFE, and include it within the envelope as well.

Please be advised that Steward has requested a risk penalty in accordance with New Mexico law. In the event you elect NOT to participate, but do desire to lease your mineral interest, please contact Steward's Land Department and request to speak with a Landman regarding your unleased interest.

Case No. 21455

**STEWART ENERGY**  
**Exhibit A-7**



Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

Steward Energy II, LLC  
Land Department  
2600 N. Dallas Parkway, Suite 400  
Frisco, Texas 75094

For questions regarding this well proposal please contact the Land Department at [land@stewardenergy.net](mailto:land@stewardenergy.net) or call (214) 297-0500.

Respectfully,



Taylor Warren  
Land Manager

Attachment

---

Proportionate Interest: 0.735294%

The undersigned elects to ☐ not to ☐ participate in the COMBO FEE #1H well with their proportionate interest.

**Peggy Joyce Terrell Ebers**

By: \_\_\_\_\_ Date: \_\_\_\_\_



## AUTHORIZATION FOR EXPENDITURE

**Well Name:** Combo Fee 1H

**Operator:** Steward Energy II, LLC

**Well Type:** Horizontal Oil

**Q/Q/Q-S/T/R:** E/2 of Sec. 22, T13S-R38E

**AFE Type:** Drilling

**Prop. Depth:** Approx TVD 5500, MD 10500

**Field:** Bronco; San Andres South

**AFE Number:** 2004011DR

**AFE Date:** 5/15/2020

**County, State:** Lea, NM

**Prep. By:** Ben Barton

**Surface**      **Long.**      -103.043462

**Lat.**      33.100082

**Bottom Hole**      **Long.**      -103.043543

**Lat.**      33.103665

**Project Description:** DRILL AND COMPLETE 1 MILE SAN ANDRES HORIZONTAL WELL

Account #	Cost Breakdown	Drilling	Completion Cost	Total
8200.100	Land, Surveying & Legal	\$15,000		\$15,000
8200.101	Abstract, Title & Permit	\$50,000		\$50,000
8200.102	ROW & Surface Damages	\$30,000		\$30,000
8200.103	Road, Pad Location & Pit Building	\$65,000		\$65,000
8200.104	Environ, Reg & Safety	\$3,500		\$3,500
8200.105	Well Insurance	\$2,200		\$2,200
8200.113	Contract Labor	\$5,500		\$5,500
8200.114	Consulting Services & Contract Supervision	\$51,500		\$51,500
8200.120	Vacuum & Pump Truck	\$10,000		\$10,000
8200.122	Material Transportation	\$8,000		\$8,000
8200.126	Fuel	\$30,500		\$30,500
8200.131	Chemical-Downhole Treating	\$2,400		\$2,400
8200.132	Mud & Additives	\$32,000		\$32,000
8200.140	Mob/Demob	\$62,000		\$62,000
8200.141	Mud Disposal/Pit Closure	\$150,000		\$150,000
8200.142	Trailer Rental, Camp & Catering	\$32,000		\$32,000
8200.144	Drilling Rig - Daywork or Footage	\$145,000		\$145,000
8200.149	Bits, Mills & Reamers	\$28,000		\$28,000
8200.151	Directional Services	\$94,500		\$94,500
8200.160	Casing Crews & Services	\$20,000		\$20,000
8200.161	Cementing Services	\$80,000		\$80,000
8200.170	Water Purchase & Transfer	\$25,000		\$25,000
8200.175	Surface Equipment Rental & Services	\$25,000		\$25,000
8200.176	Downhole Equipment Rental & Services	\$20,000		\$20,000
8200.193	Downhole Inspection/Testing - Casing, Tubing &	\$10,500		\$10,500
8200.301	Overhead	\$10,000		\$10,000
<b>IDC Total:</b>		<b>\$1,007,600</b>		<b>\$1,007,600</b>
8250.200	Conductor/Drive Pipe	\$16,500		\$16,500
8250.201	Surface Casing	\$49,296		\$49,296
8250.203	Production Casing	\$148,500		\$148,500
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$15,000		\$15,000
8250.214	Other Downhole Equipment	\$30,000		\$30,000
<b>TDC Total:</b>		<b>\$259,296</b>		<b>\$259,296</b>
<b>Drilling Total:</b>		<b>\$1,266,896</b>		<b>\$1,266,896</b>

Account #	Cost Breakdown	Drilling	Completion Cost	Total	
8300.100	Land, Surveying & Legal		\$3,000	\$3,000	
8300.101	Abstract, Title & Permit		\$5,000	\$5,000	
8300.114	Consulting Services & Contract Supervision		\$65,000	\$65,000	
8300.120	Vacuum & Pump Truck		\$25,000	\$25,000	
8300.122	Material Transportation		\$15,000	\$15,000	
8300.126	Fuel		\$70,000	\$70,000	
8300.131	Chemicals - Downhole Treating		\$3,000	\$3,000	
8300.142	Trailer Rental, Camp & Catering		\$3,000	\$3,000	
8300.143	Well Control - BOP, Isolation Assy		\$75,000	\$75,000	
8300.146	Completion/Workover Rig		\$32,450	\$32,450	
8300.148	Reverse Unit		\$14,000	\$14,000	
8300.149	Bits, Mills & Reamers		\$4,500	\$4,500	
8300.163	Cased Hole Logs		\$4,500	\$4,500	
8300.164	Wireline & Perforating		\$85,000	\$85,000	
8300.170	Water Purchase & Transfer		\$142,250	\$142,250	
8300.171	Stimulation - Frac, Acid, Gravel Pack		\$570,000	\$570,000	
8300.175	Surface Equipment Rental & Services		\$55,000	\$55,000	
8300.176	Downhole Equipment Rental & Services		\$25,000	\$25,000	
8300.179	Elect & Generator R&M		\$20,000	\$20,000	
8300.193	Downhole Inspection/Testing - Casing, Tubing & Rods		\$2,500	\$2,500	
ICC Total:			\$1,219,200	\$1,219,200	
8350.205	Wellhead Equipment, Flow Tee & Meter Run		\$15,000	\$15,000	
8350.206	Tubing		\$30,000	\$30,000	
8350.211	Electric Submersible Pumps		\$225,500	\$225,500	
8350.213	Frac Plugs, Bridge Plug, Packers, Tubing Anchors		\$25,400	\$25,400	
8350.221	Surface VSD, Transformer, POC & Associated Equipment		\$22,000	\$22,000	
8350.234	Surface Pump & LACT's		\$2,500	\$2,500	
TCC Total:			\$320,400	\$320,400	
8600.102	ROW & Surface Damages		\$46,000	\$46,000	
8600.111	Company Supervision		\$8,500	\$8,500	
8600.120	Vacuum & Pump Truck		\$8,000	\$8,000	
8600.122	Material Transportation		\$2,500	\$2,500	
8600.175	Surface Equipment Rental & Services		\$4,000	\$4,000	
IFC Total:			\$69,000	\$69,000	
8650.222	Instrumentation & Meters		\$13,000	\$13,000	
8650.223	SCADA & Communications		\$10,000	\$10,000	
8650.224	Electrical Installation & Power Generation		\$25,000	\$25,000	
8650.229	Prod & SWD Facility Inst.		\$85,000	\$85,000	
8650.231	Separator, Heater Treater, FWKO		\$64,000	\$64,000	
8650.233	Flowline & Gathering Lines		\$25,000	\$25,000	
8650.235	Miscellaneous Non-Controllable - Pipe, Valves & Fittings		\$40,000	\$40,000	
TFC Total:			\$262,000	\$262,000	
Completion Total:			\$1,870,600	\$1,870,600	
Drilling & Completion Total:			\$3,137,496		
OWNER NAME:	Peggy Joyce Terrell Ebers:	Owner Net %:	0.735294%	Owner Net Cost:	\$23,070

Approved by:

Signature

Peggy Joyce Terrell Ebers: \_\_\_\_\_

Date: \_\_\_\_\_

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.





\*\*\*\*\*VIA CERTIFIED U.S.P.S. MAIL\*\*\*\*\*

August 4, 2020

**Re: Steward Energy II, LLC  
Well Proposal – COMBO FEE #1H  
E/2E/2 Section 22, Township 13 South, Range 38 East, N.M.P.M.,  
Lea County, New Mexico**

Estate of Peggy Joyce Ebers  
PO Box 325  
Concho, AZ 85924

Dear Mineral Owner,

This letter will serve as notice regarding the amended plans of Steward Energy II, LLC ("Steward") to drill the COMBO FEE #1H ("Well"). The size of the Unit has been amended, from a 320 acre unit, to a 160 acre Unit that covers the E/2E/2 of Section 22, Township 13 South, Range 38 East, Lea County, New Mexico. This has changed your Proportionate Interest in the Unit. The surface location will be in the S/2 SE/4 of Section 15, Township 13 South, Range 38 East, Lea County, New Mexico. The Well will target the San Andres formation and will be drilled as a horizontal well with an approximate total depth drilled of 10,500 feet. The producing intervals of the Well will be located within the standard horizontal spacing unit ("Spacing Unit") approved by the New Mexico Oil Conservation Division.

Steward's ownership records indicate that you own an unleased mineral interest located within the Well's Spacing Unit, and as an unleased mineral owner you are offered participation in the Well based upon your proportionate mineral interest in the Spacing Unit. Your proportionate interest and share of cost in the Well are noted at the bottom of the attached Authorization for Expenditure ("AFE"). The itemized cost of the Well is listed on the AFE, and the total cost for drilling is \$1,467,530, with an additional \$1,920,500 to complete the well.

Please indicate your election as to your participation in the Well by checking the appropriate box in the space provided below and returning the second page of this letter to Steward using the enclosed envelope. In the event you elect to participate in the well, please also sign the bottom of the attached AFE, and include it within the envelope as well.

Please be advised that Steward has requested a risk penalty in accordance with New Mexico law. In the event you elect NOT to participate, but do desire to lease your mineral interest, please contact Steward's Land Department and request to speak with a Landman regarding your unleased interest.

Your election must be received by Steward within 30 days of the date this proposal was received by you. Failure to respond within 30 days shall be deemed an election NOT to participate. Please send your election to:

Steward Energy II, LLC  
Land Department  
2600 N. Dallas Parkway, Suite 400  
Frisco, Texas 75094

For questions regarding this well proposal please contact the Land Department at [land@stewardenergy.net](mailto:land@stewardenergy.net) or call (214) 297-0500

Respectfully,



Taylor Warren  
Land Manager

Attachment

---

Proportionate Interest: 0.00694445

The undersigned elects **to** ☐ **not to** ☐ participate in the COMBO FEE #1H well with their proportionate interest.

**Estate of Peggy Joyce Ebers**

By: \_\_\_\_\_ Date: \_\_\_\_\_



## AUTHORIZATION FOR EXPENDITURE

Well Name: Combo Fee 1H

Operator: Steward Energy II, LLC

Well Type: Oil

Q/Q/Q-S/T/R: E/2E/2 of Sec. 22, T13S-R38E

AFE Type: Drilling

Prop. Depth: TVD, MD

Field: Platang (San Andres)

AFE Number: 2004011DR

AFE Date: 8/4/2020

County, State: Lea, NM

Prep. By: Ben Barton

Surface Long.

Lat.

XLoc:

YLoc:

Bottom Hole Long.

Lat.

XLoc:

YLoc:

Project Description: Drill & Complete a 1 mile San Andres well including pilot hole and tank battery

Account #	Cost Breakdown	Drilling	Completion Cost	Total
8200.100	Land, Surveying & Legal	\$22,000		\$22,000
8200.101	Abstract, Title & Permit	\$70,000		\$70,000
8200.102	ROW & Surface Damages	\$25,000		\$25,000
8200.103	Road, Pad Location & Pit Building	\$58,500		\$58,500
8200.104	Environ, Reg & Safety	\$4,950		\$4,950
8200.105	Well Insurance	\$2,200		\$2,200
8200.113	Contract Labor	\$5,850		\$5,850
8200.114	Consulting Services & Contract Supervision	\$50,500		\$50,500
8200.120	Vacuum & Pump Truck	\$4,500		\$4,500
8200.122	Material Transportation	\$10,400		\$10,400
8200.126	Fuel	\$38,600		\$38,600
8200.131	Chemical-Downhole Treating	\$12,160		\$12,160
8200.132	Mud & Additives	\$40,000		\$40,000
8200.140	Mob/Demob	\$90,000		\$90,000
8200.141	Mud Disposal/Pit Closure	\$180,000		\$180,000
8200.142	Trailer Rental, Camp & Catering	\$22,700		\$22,700
8200.144	Drilling Rig - Daywork or Footage	\$142,800		\$142,800
8200.149	Bits, Mills & Reamers	\$34,500		\$34,500
8200.151	Directional Services	\$102,000		\$102,000
8200.154	Open Hole Logs	\$40,000		\$40,000
8200.160	Casing Crews & Services	\$18,700		\$18,700
8200.161	Cementing Services	\$84,000		\$84,000
8200.170	Water Purchase & Transfer	\$29,000		\$29,000
8200.175	Surface Equipment Rental & Services	\$49,800		\$49,800
8200.176	Downhole Equipment Rental & Services	\$36,400		\$36,400
8200.193	Downhole Inspection/Testing - Casing, Tubing &	\$32,650		\$32,650
8200.301	Overhead	\$10,000		\$10,000
	<b>IDC Total:</b>	<b>\$1,217,210</b>		<b>\$1,217,210</b>
8250.200	Conductor/Drive Pipe	\$13,600		\$13,600
8250.201	Surface Casing	\$47,400		\$47,400
8250.203	Production Casing	\$143,640		\$143,640
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$12,880		\$12,880
8250.214	Other Downhole Equipment	\$32,800		\$32,800
	<b>TDC Total:</b>	<b>\$250,320</b>		<b>\$250,320</b>
	<b>Drilling Total:</b>	<b>\$1,467,530</b>		<b>\$1,467,530</b>

Account #	Cost Breakdown	Drilling	Completion Cost	Total
8300.114	Consulting Services & Contract Supervision		\$51,000	\$51,000
8300.120	Vacuum & Pump Truck		\$6,000	\$6,000
8300.122	Material Transportation		\$13,000	\$13,000
8300.126	Fuel		\$42,000	\$42,000
8300.131	Chemicals - Downhole Treating		\$3,500	\$3,500
8300.142	Trailer Rental, Camp & Catering		\$3,000	\$3,000
8300.143	Well Control - BOP, Isolation Assy		\$45,000	\$45,000
8300.146	Completion/Workover Rig		\$30,450	\$30,450
8300.148	Reverse Unit		\$15,000	\$15,000
8300.149	Bits, Mills & Reamers		\$3,500	\$3,500
8300.164	Wireline & Perforating		\$57,000	\$57,000
8300.170	Water Purchase & Transfer		\$145,250	\$145,250
8300.171	Stimulation - Frac, Acid, Gravel Pack		\$500,000	\$500,000
8300.175	Surface Equipment Rental & Services		\$35,000	\$35,000
8300.176	Downhole Equipment Rental & Services		\$21,000	\$21,000
8300.179	Elect & Generator R&M		\$21,000	\$21,000
	<b>ICC Total:</b>		<b>\$991,700</b>	<b>\$991,700</b>
8350.205	Wellhead Equipment, Flow Tee & Meter Run		\$12,000	\$12,000
8350.206	Tubing		\$25,000	\$25,000
8350.211	Electric Submersible Pumps		\$225,500	\$225,500
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors		\$19,000	\$19,000
8350.221	Surface VSD, Transformer, POC & Associated		\$20,000	\$20,000
8350.234	Surface Pump & LACT's		\$2,500	\$2,500
	<b>TCC Total:</b>		<b>\$304,000</b>	<b>\$304,000</b>
8600.100	Land, Surveying, & Legal		\$2,000	\$2,000
8600.103	Road, Pad Location & Pit Building		\$13,000	\$13,000
8600.111	Company Supervision		\$12,500	\$12,500
8600.120	Vaccum & Pump Truck		\$1,500	\$1,500
8600.122	Material Transportation		\$3,800	\$3,800
8600.175	Surface Equipment Rental & Services		\$3,500	\$3,500
	<b>IFC Total:</b>		<b>\$36,300</b>	<b>\$36,300</b>
8650.222	Instrumentation & Meters		\$22,000	\$22,000
8650.223	SCADA & Communications		\$32,000	\$32,000
8650.224	Electrial Installation & Power Generation		\$86,000	\$86,000
8650.229	Prod & SWD Facility Inst.		\$64,000	\$64,000
8650.230	Compressor, Dehy, Line Heater		\$25,000	\$25,000
8650.231	Separator, Heater Treater, FWKO		\$76,000	\$76,000
8650.232	Tanks, Walkways & Stairs		\$146,000	\$146,000
8650.233	Flowline & Gethering Lines		\$5,000	\$5,000
8650.234	Surface Pump & LACTs		\$12,500	\$12,500
8650.235	Miscellaneous Non-Controllable - Pipe, Valves &		\$120,000	\$120,000
	<b>TFC Total:</b>		<b>\$588,500</b>	<b>\$588,500</b>
	<b>Completion Total:</b>		<b>\$1,920,500</b>	<b>\$1,920,500</b>
			<b>Drilling &amp; Completion Total:</b>	<b>\$3,388,030</b>
	<b>Net %:</b>	<b>0.694445%</b>	<b>Net Total:</b>	<b>\$23,528</b>

Approved by:

Signature

Estate of Peggy Joyce  
Ebers:

Date:

Date:

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.



## **EXHIBIT A-8**

At this time Steward was able to locate five (5) of the unlocatable mineral owners when well proposal letters were sent on August 17, 2020.

Steward continues to search for and speak with possible heirs to the remaining unlocatable mineral interest owners.

Case No. 21455

**STEWARD ENERGY**

**Exhibit A-8**

## EXHIBIT A-9

### Exhibit A to JOA

Steward Energy II, LLC..... 62.677855% WI  
2600 N. Dallas Parkway, Suite 400  
Frisco, Texas 75034  
Attn: Taylor Warren, Land Manager

G.O. Basic Energy I, LLC ..... 33.749614% WI  
P.O. Box 51451  
Midland, TX 79710  
Attn: Jack Holmes, President

Whittington, Judith Hunt..... 0.173611% WI

Helton, Janice S. ..... 0.173611% WI

Moore, Joyce E ..... 0.173611% WI

Randall, Joan ..... 0.173611% WI

Uncommitted..... 2.878086 WI %  
Steward Energy II, LLC to carry 65.0%  
G.O. Basic Energy I, LLC to carry 35.0 %

Case No. 21455

STEWARD ENERGY  
Exhibit A-9

**Application of Steward Energy II, LLC for compulsory pooling, Lea County, New Mexico.**

Applicant seeks an order pooling all uncommitted mineral interests in the San Andres formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico. The horizontal spacing unit will be dedicated to the Combo Fee #1H well, which will be horizontally drilled from a surface location in Unit P in Section 15, Township 13 South, Range 38 East to a bottom hole location in Unit P in Section 22, Township 13 South, Range 38 East. The completed interval for 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 Steward Energy II, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well location is approximately fifteen (15) miles southeast of Tatum, New Mexico.

Case No. 21455

**STEWARD ENERGY**  
**Exhibit A-10**



# HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

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

WRITER:

Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

September 10, 2020

## VIA CERTIFIED MAIL

Alisa Williams Ashton  
1501 Pueblo  
Midland, TX 79705

Re: Steward Energy II, LLC New Mexico Oil Conservation Division Application

Dear Ms. Ashton:

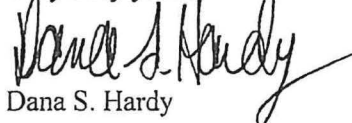
Enclosed is a copy of an application that Steward Energy II, LLC ("Steward") has filed with the New Mexico Oil Conservation Division ("the Division"). Steward's application (Case No. 21455) requests an order pooling all uncommitted mineral interests in the San Andres formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on October 8, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the Division's Hearings website: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend the hearing, but as an owner of an interest that may be affected by Steward's application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than October 1, 2020. The Pre-Hearing Statement must be filed with the Division and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

  
Dana S. Hardy

Case No. 21455

**STEWARD ENERGY**  
**Exhibit A-11**

Enclosure

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

PO BOX 1720  
ARTESIA, NEW MEXICO 88211  
575-622-6510  
(FAX) 575-746-6316

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

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



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <u>C. McMiller</u> <u>8-19</u> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Alisa Williams Ashton 1501 Pueblo Midland, TX 79705</p>		<p>B. Received by (Printed Name) <u>A. Ashton</u></p> <p>C. Date of Delivery <u>9-14-20</u></p>	
<p>2. Article Number (Transfer from service label) <u>7019 2970 0000 7642 9867</u></p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>			

9590 9402 5554 9249 4982 40

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <u>[Signature]</u> <u>19</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Clarence Leroy Woolsey 2016 Foxcroft Arlington, TX 76014</p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery <u>9/15</u></p>	
<p>2. Article Number (Transfer from service label) <u>7019 2970 0000 7642 9911</u></p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>			

9590 9402 5941 0062 9879 51

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

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

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

OFFICIAL RECEIPT

Certified Mail Fee  
\$

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

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage  
\$

Total Postage and Fees  
\$

Sent To  
David Allen Terrell  
2310 Bahama Road  
Austin, TX 78733

City, State, ZIP+4®  
Austin, TX 78733

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

SEP 18 2015

Postmark Here


USPS



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Domestic Return Receipt

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<p>1. Article Addressed to:</p> <p>Larry D. Williams  P.O. Box 173  Matador, TX 79244</p>		<p>B. Received by (Printed Name)  <i>Larry Williams</i></p> <p>C. Date of Delivery  <i>9-15-20</i></p>	
<p>2. Article Number (Transfer from service label)  7019 2970 0000 7642 9904</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>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>		<p>Restricted Delivery</p>	

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**OFFICIAL USE**

Certified Mail Fee  
\$

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

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage  
\$

Total Postage and Fees  
\$

Sent To  
Robert Drake Terrell

Street and Apt. No., or PO Box No.  
4119 Gairloch Lane

City, State, ZIP+4®  
Houston, TX 77025

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

7019 2970 0000 7642 9881

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Certified Mail Fee  
\$

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

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage  
\$

Total Postage and Fees  
\$

Sent To  
Ruth Lucille Smith

Street and Apt. No., or PO Box No.  
P.O. Box 14085

City, State, ZIP+4®  
South Lake Tahoe, CA 95702

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

# Affidavit of Publication

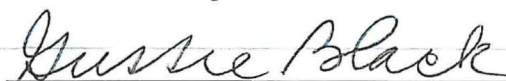
STATE OF NEW MEXICO  
COUNTY OF LEA

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  
September 15, 2020  
and ending with the issue dated  
September 15, 2020.

  
\_\_\_\_\_  
Publisher

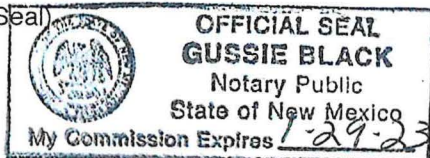
Sworn and subscribed to before me this  
15th day of September 2020.

  
\_\_\_\_\_  
Business Manager

My commission expires

January 29, 2023

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL

LEGAL

## LEGAL NOTICE September 15, 2020

This is to notify all interested parties, including Alisa Williams Ashton, the Estate of Della Terrell O'Heim, the Estate of Peggy Joyce Ebers, Ruth Lucille Smith, David Allen Terrell, Robert Drake Terrell, Larry D. Williams, Clarence Leroy Woolsey, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Steward Energy II, LLC (Case No. 21455). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on October 8, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the O C D H e a r i n g s w e b s i t e : <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order pooling all uncommitted mineral interests in the San Andres formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico. The horizontal spacing unit will be dedicated to the Combo Fee #1H well, which will be horizontally drilled from a surface location in Unit P in Section 15, Township 13 South, Range 38 East to a bottom hole location in Unit P in Section 22, Township 13 South, Range 38 East. The completed interval for 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 Steward Energy II, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well location is approximately fifteen (15) miles southeast of Tatum, New Mexico.  
#35816

02107475

00246380

HINKLE, HENSLEY, SHANOR & MARTIN, LLP  
PO BOX 2068  
SANTA FE, NM 87504

Case No. 21455

**STEWARD ENERGY**  
**Exhibit A-12**





## AUTHORIZATION FOR EXPENDITURE

**Well Name:** Combo Fee 1H

**Operator:** Steward Energy II, LLC

**Well Type:** Oil

**Q/Q/Q-S/T/R:** / / - / /

**AFE Type:** Drilling

**Prop. Depth:** TVD, MD

**Field:** Platang (San Andres)

**AFE Number:** 2004011DR

**AFE Date:** 12/9/2019

**County, State:** Lea, NM

**Prep. By:** Ben Barton

**Surface**      **Long.**  
**Bottom Hole**      **Long.**

**Lat.**      **XLoc:**      **YLoc:**  
**Lat.**      **XLoc:**      **YLoc:**

**Project Description:**

Drill & Complete a 1 mile San Andres Well

Account #	Cost Breakdown	Drilling	Completion Cost	Total
8200.100	Land, Surveying & Legal	\$22,000		\$22,000
8200.101	Abstract, Title & Permit	\$70,000		\$70,000
8200.102	ROW & Surface Damages	\$25,000		\$25,000
8200.103	Road, Pad Location & Pit Building	\$58,500		\$58,500
8200.104	Environ, Reg & Safety	\$4,950		\$4,950
8200.105	Well Insurance	\$2,200		\$2,200
8200.113	Contract Labor	\$5,850		\$5,850
8200.114	Consulting Services & Contract Supervision	\$50,500		\$50,500
8200.120	Vacuum & Pump Truck	\$4,500		\$4,500
8200.122	Material Transportation	\$10,400		\$10,400
8200.126	Fuel	\$38,600		\$38,600
8200.131	Chemical-Downhole Treating	\$12,160		\$12,160
8200.132	Mud & Additives	\$40,000		\$40,000
8200.140	Mob/Demob	\$90,000		\$90,000
8200.141	Mud Disposal/Pit Closure	\$180,000		\$180,000
8200.142	Trailer Rental, Camp & Catering	\$22,700		\$22,700
8200.144	Drilling Rig - Daywork or Footage	\$142,800		\$142,800
8200.149	Bits, Mills & Reamers	\$34,500		\$34,500
8200.151	Directional Services	\$102,000		\$102,000
8200.154	Open Hole Logs	\$40,000		\$40,000
8200.160	Casing Crews & Services	\$18,700		\$18,700
8200.161	Cementing Services	\$84,000		\$84,000
8200.170	Water Purchase & Transfer	\$29,000		\$29,000
8200.175	Surface Equipment Rental & Services	\$49,800		\$49,800
8200.176	Downhole Equipment Rental & Services	\$36,400		\$36,400
8200.193	Downhole Inspection/Testing - Casing, Tubing &	\$32,650		\$32,650
8200.301	Overhead	\$10,000		\$10,000
<b>IDC Total:</b>		<b>\$1,217,210</b>		<b>\$1,217,210</b>
8250.200	Conductor/Drive Pipe	\$13,600		\$13,600
8250.201	Surface Casing	\$47,400		\$47,400
8250.203	Production Casing	\$143,640		\$143,640
8250.205	Wellhead Equipment, Flow Tee & Meter Run	\$12,880		\$12,880
8250.214	Other Downhole Equipment	\$32,800		\$32,800
<b>TDC Total:</b>		<b>\$250,320</b>		<b>\$250,320</b>
<b>Drilling Total:</b>		<b>\$1,467,530</b>		<b>\$1,467,530</b>

Case No. 21455


**STEWARD ENERGY**  
**Exhibit A-13**

Account #	Cost Breakdown	Drilling	Completion Cost	Total
8300.114	Consulting Services & Contract Supervision		\$51,000	\$51,000
8300.120	Vacuum & Pump Truck		\$6,000	\$6,000
8300.122	Material Transportation		\$13,000	\$13,000
8300.126	Fuel		\$42,000	\$42,000
8300.131	Chemicals - Downhole Treating		\$3,500	\$3,500
8300.142	Trailer Rental, Camp & Catering		\$3,000	\$3,000
8300.143	Well Control - BOP, Isolation Assy		\$45,000	\$45,000
8300.146	Completion/Workover Rig		\$30,450	\$30,450
8300.148	Reverse Unit		\$15,000	\$15,000
8300.149	Bits, Mills & Reamers		\$3,500	\$3,500
8300.164	Wireline & Perforating		\$57,000	\$57,000
8300.170	Water Purchase & Transfer		\$145,250	\$145,250
8300.171	Stimulation - Frac, Acid, Gravel Pack		\$500,000	\$500,000
8300.175	Surface Equipment Rental & Services		\$35,000	\$35,000
8300.176	Downhole Equipment Rental & Services		\$21,000	\$21,000
8300.179	Elect & Generator R&M		\$21,000	\$21,000
	<b>ICC Total:</b>		<b>\$991,700</b>	<b>\$991,700</b>
8350.205	Wellhead Equipment, Flow Tee & Meter Run		\$12,000	\$12,000
8350.206	Tubing		\$25,000	\$25,000
8350.211	Electric Submersible Pumps		\$225,500	\$225,500
8350.213	Frac Plugs, Bridge Plus, Packers, Tubing Anchors		\$19,000	\$19,000
8350.221	Surface VSD, Transformer, POC & Associated		\$20,000	\$20,000
8350.234	Surface Pump & LACT's		\$2,500	\$2,500
	<b>TCC Total:</b>		<b>\$304,000</b>	<b>\$304,000</b>
8600.100	Land, Surveying, & Legal		\$2,000	\$2,000
8600.103	Road, Pad Location & Pit Building		\$13,000	\$13,000
8600.111	Company Supervision		\$12,500	\$12,500
8600.120	Vacuum & Pump Truck		\$1,500	\$1,500
8600.122	Material Transportation		\$3,800	\$3,800
8600.175	Surface Equipment Rental & Services		\$3,500	\$3,500
	<b>IFC Total:</b>		<b>\$36,300</b>	<b>\$36,300</b>
8650.222	Instrumentation & Meters		\$22,000	\$22,000
8650.223	SCADA & Communications		\$32,000	\$32,000
8650.224	Electrical Installation & Power Generation		\$86,000	\$86,000
8650.229	Prod & SWD Facility Inst.		\$64,000	\$64,000
8650.230	Compressor, Dehy, Line Heater		\$25,000	\$25,000
8650.231	Separator, Heater Treater, FWKO		\$76,000	\$76,000
8650.232	Tanks, Walkways & Stairs		\$146,000	\$146,000
8650.233	Flowline & Gathering Lines		\$5,000	\$5,000
8650.234	Surface Pump & LACTs		\$12,500	\$12,500
8650.235	Miscellaneous Non-Controllable - Pipe, Valves &		\$120,000	\$120,000
	<b>TFC Total:</b>		<b>\$588,500</b>	<b>\$588,500</b>
	<b>Completion Total:</b>		<b>\$1,920,500</b>	<b>\$1,920,500</b>
	<b>Drilling &amp; Completion Total:</b>			<b>\$3,388,030</b>
	<b>Net %:</b>	<b>64.920343%</b>	<b>Net Total:</b>	<b>\$2,199,521</b>

Approved by:

Signature

Steward Energy II, LLC:



Date: 7-10-2020

Date:

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.

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

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

**Case No. 21455**

**SELF-AFFIRMED STATEMENT OF  
SHANE SEALS**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

2. I am a geologist at Steward Energy II, LLC ("Steward"). I am familiar with the geological matters that pertain to Steward's application.

3. I have previously testified before the New Mexico Oil Conservation Division as an expert in geology, and my qualifications were accepted.

4. A general location map of the proposed horizontal spacing unit ("HSU") is attached as Exhibit B-1. Exhibit B-1 also provides the location of the well bore, a schematic of the proposed spacing unit, and a gunbarrel/lateral trajectory schematic.

5. A structure map of the San Andres formation is provided in Exhibit B-1. The map shows that the structure generally dips from north to south. It also shows a line of cross section and the HSU for the proposed Combo Fee #1H well.

6. Attached as Exhibit B-2 is a stratigraphic, west to east cross section. The well logs on the cross section provide a representative sample of the San Andres formation in the area. The target zone for the proposed well is continuous across the HSU.

Case No. 21455

**STEWARD ENERGY  
Exhibit B**

7. The preferred orientation for horizontal wells in the area is south to north or north to south because there is a slightly dominant stress regime that makes the orientation optimal for completion purposes.

8. The well's producing interval will be orthodox.

9. There are no depth severances in the San Andres formation in the proposed HSU.

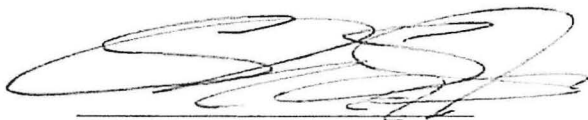
10. Based on the information discussed above, I am able to conclude that:

- a) The HSU is justified from a geologic standpoint;
- b) There is no faulting or other geologic impediment that could adversely affect the drilling of the proposed well; and
- c) Each quarter-quarter section in the HSU will contribute more or less equally to production.

11. In my opinion, the granting of Steward's application will serve the interests of conservation and the prevention of waste.

12. Exhibits B-1 and B-2 were either prepared by me or compiled from company records.

13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 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.



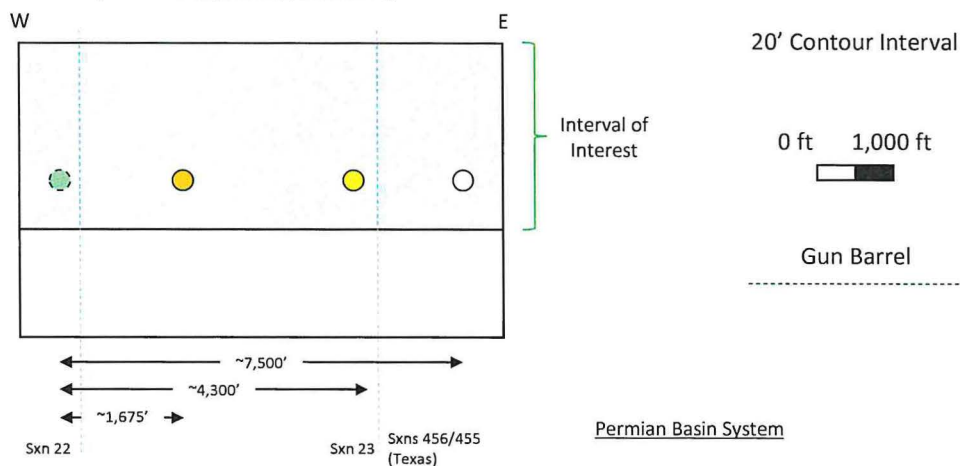
Shane Seals

9/23/2016  
Date

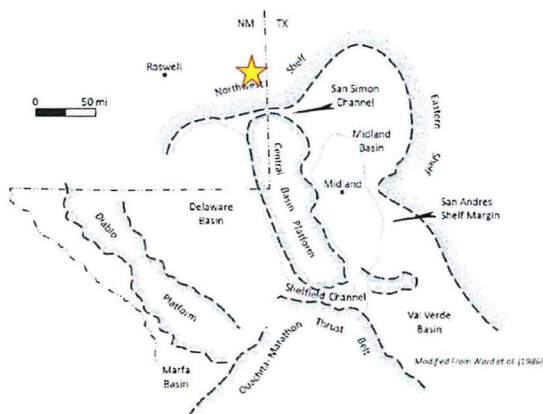


## Gun Barrel

(Not to scale - Refer to map for orientation)



### Permian Basin System



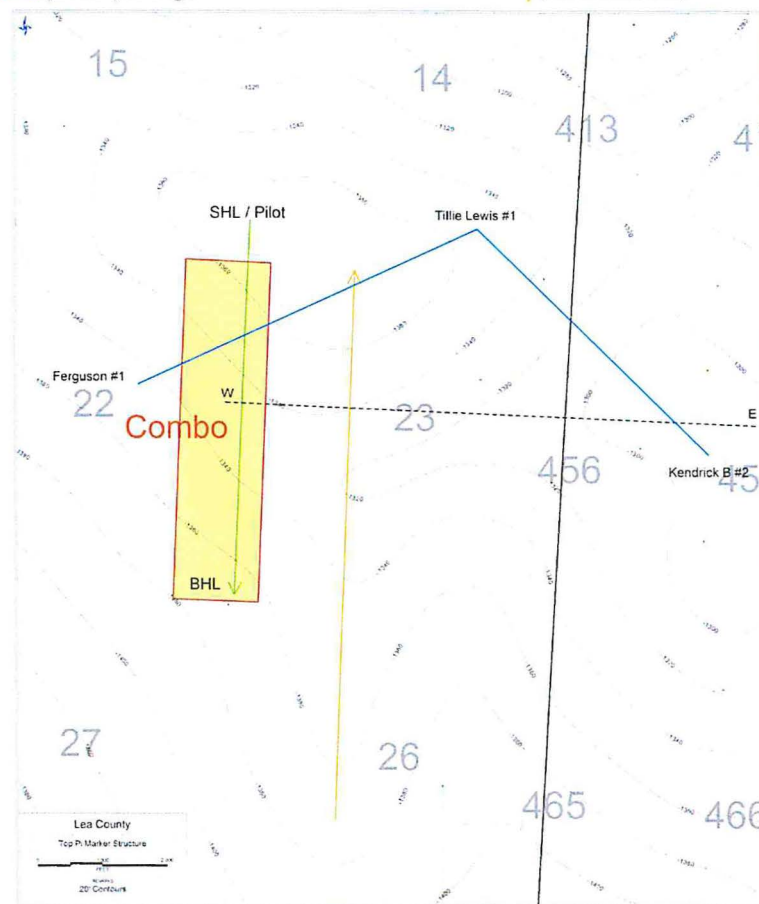
Top San Andres Pi Present

Producing Horizontal San Andres Well (Well Symbol at BHL)

Steward Energy (Combo) Acreage

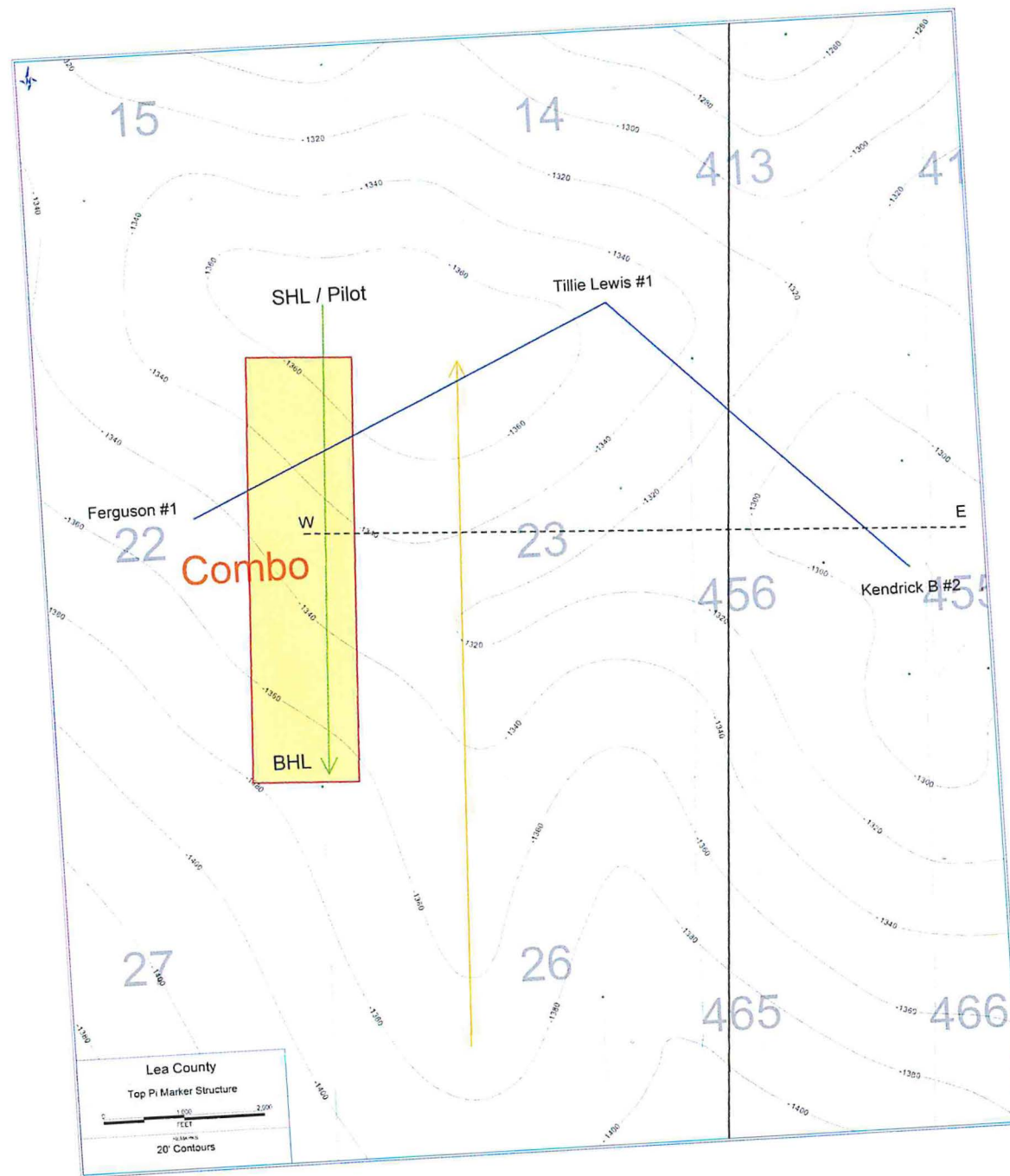
Proposed Combo Fee #1H (Arrow towards BHL)

Approved Felina Fee #5H (Arrow towards BHL)



Case No. 21455

**STEWART ENERGY**  
**Exhibit B-1**



Case No. 21455  
**STEWARD ENERGY**  
**Exhibit B-2**

Interval  
of  
Interest

